

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, November 20, 1942

**To All Banking Institutions, and Others Concerned,
in the Eleventh Federal Reserve District:**

There is reproduced herein the text of a statement made today by Secretary of the Treasury Morgenthau, giving information with respect to December Government financing.

Copies of the official circulars governing the new issues referred to in this statement will be mailed to you within the next few days.

Yours very truly,

R. R. GILBERT

President



TREASURY DEPARTMENT

Washington

For Release, Morning Papers,

Friday, November 20, 1942

Secretary Morgenthau today made the following statement:

In order to finance the war effort, which now is moving into final stride, the United States Treasury will borrow during December the unprecedented sum of approximately \$9,000,000,000 from all sources. This sum will be raised partly through the continuing sale of savings bonds and tax savings notes, and partly through offerings of a number of new Treasury issues designed for every class and type of investor. Thus every American will have an opportunity to back the armed forces with bonds.

The Victory Fund Committees will launch an intensive sales campaign on November 30 on three series of offerings of new securities. These well organized and expanding groups of 44,000 volunteer workers, drawn largely from the securities and banking fields, will solicit subscriptions from individual investors, corporations, savings and commercial banks, insurance companies, institutions, trusts and estates. The president of the Federal Reserve bank in each of the twelve districts is chairman of the Victory Fund Committee in his district.

At the same time the War Savings Staff, with its 300,000 volunteers in every community, will intensify its drive to add at least 7,000,000 more income-earners to the ranks of those already investing regularly in Series E War Savings Bonds through the payroll savings plan.

Almost every citizen has funds in the form of currency or bank deposits which can be enlisted in the war effort in one way or another through the purchase of government securities.

The special offerings to be sold under the direction of the Victory Fund Committees will consist of:

1. Twenty-six year $2\frac{1}{2}$ per cent bonds due December 15, 1968, callable December 15, 1963, to be issued in coupon or registered form at the option of the buyers. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to hold these bonds until ten years after the date of issue. There will be no limit to the amount of this issue, and no restrictions upon issuance excepting the temporary exclusion of commercial banks from ownership for their own account. Subscription books will be open November 30, and will remain open several weeks. The bonds will be sold in denominations from \$500 to \$100,000.

2. Two series intended for banks as well as other investors: (a) $1\frac{3}{4}$ per cent bonds due June 15, 1948, and (b) $\frac{7}{8}$ per cent certificates of indebtedness due one year after issuance. These securities will be open for subscription by banks, and also by all other classes of investors, whether private, corporate or institutional. Sales to commercial banks will be limited to \$2,000,000,000 or thereabouts of each series. Applications from commercial banks in amounts up to \$100,000 will be allotted in full, and larger subscriptions on an equal percentage basis.

All applications from others than commercial banks will be allotted in full. The total of these securities to be issued thus will be the \$4,000,000,000 from commercial banks, plus the full amount subscribed by others.

For all classes of subscribers other than commercial banks, subscription books will be opened November 30 for both series, and will remain open for several weeks. For commercial banks subscription books will be opened November 30 on the $1\frac{3}{4}$ per cent bonds and will remain open until the close of business December 2, while books will be opened December 16 on the $\frac{7}{8}$ per cent certificates and will remain open until the close of business December 18. In the case of such bank subscriptions, payment for the bonds must be made on December 11, and for the certificates on December 28.

The $1\frac{3}{4}$ per cent bonds will be issued in coupon or registered forms, at the option of the buyers. The $\frac{7}{8}$ per cent certificates will be issued in coupon form only. The bonds will be sold in denominations from \$500 to \$100,000, and the certificates from \$1,000 to \$100,000.

The 2½ per cent bonds, 1¾ per cent bonds and 7⁄8 per cent certificates of indebtedness will be dated December 1, 1942, and will bear interest from that date. Accrued interest will be charged on all subscriptions for which payment at a Federal Reserve bank or at an authorized depository is received later than December 1.

Any bank or trust company qualified to hold war loan deposits will be permitted to make payment by credit for securities subscribed for its own account or that of its customers up to any amount for which it shall be qualified in excess of existing deposits.

All elements of the banking and securities business will conduct a vigorous campaign to assure the widest possible public purchases of all issues of these securities. In conjunction with weekly sales of discount bills, these arrangements will make approximately half the \$9,000,000,000 of Treasury borrowing in December available from non-banking investors, while the other half will be made available by commercial banks. The widest possible public participation is essential in the interest of sound financing out of current income and savings.

After completion of this borrowing the Treasury does not expect to do further major financing until February. For its new money needs in January the Treasury will rely upon further sales of tax savings notes, savings bonds, and Treasury bills.