

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, April 1, 1944

FIFTH WAR LOAN DRIVE

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

There is reproduced herein the full text of the press statement of Secretary of the Treasury Morgenthau, for release Monday, April 3, 1944, announcing the dates and the goal for the Fifth War Loan Drive, as well as the types of securities to be offered during the drive.

Yours very truly,

R. R. GILBERT

President



TREASURY DEPARTMENT

Washington

For Release, Morning Newspapers, Monday, April 3, 1944

Henry Morgenthau, Jr., Secretary of the Treasury, announced today that the Fifth War Loan will start on June 12, and run to July 8. The goal will be \$16,000,000,000, of which \$6,000,000,000 is to come from sales of bonds to individuals.

"In the Fourth War Loan," the Secretary said, "individuals invested \$5,300,000,000. In planning to get \$6,000,000,000 of the Fifth War Loan's \$16,000,000,000 goal in individual sales, we are asking more than ever before from the American people. Fifth War Loan goals were set high because the nation's treasury must borrow a great deal of money this year to keep the war going. We will need more than twice as much as we can expect to get in taxes.

"Since January 1, 1944, the direct costs of the war have exceeded \$23,000,000,000. With the critical phases of the war still ahead of us, certainly no decline in expenditures is now in prospect. For this reason the \$16,000,000,000—all of which is to be raised from investors other than commercial banks—is urgently needed."

The Secretary pointed out that the major emphasis throughout the entire period of the drive will be placed on the quota of \$6,000,000,000 for individuals.

During the period from June 12 to June 26, only sales to individuals will be reported by the Treasury, although subscriptions will be received from all non-banking investors during the entire period of the drive. The campaign to sell to individuals will be supplemented starting June 26 with an intensive campaign to sell all other non-banking investors—the quota for which is \$10,000,000,000.

All subscriptions for savings bonds and savings notes processed by the Federal Reserve banks or the Treasury between June 1 and July 31, 1944, will be credited to the drive.

The goal and the securities to be offered were determined by the Treasury after consultation with a group of chairmen of the State War Finance Committees, officials of the Federal Reserve System, a committee of the American Bankers Association and other investment authorities.

The securities, which will be sold under the direction of the State War Finance Committees, are as follows:

- Series E, F and G Savings Bonds
- Series C Savings Notes
- 2½ percent Bonds of 1965-70
- 2 percent Bonds of 1952-54
- 1¼ percent Notes of 1947
- ⅞ percent Certificate of Indebtedness

The 2½ percent bonds to be offered in the drive will be an additional issue of the 2½ percent bonds of 1965-70 dated February 1, 1944, due March 15, 1970, callable March 15, 1965. Although the bonds of this issue are dated February 1, 1944, the interest on the bonds to be sold during the drive will accrue from June 26. A special coupon will be attached to such bonds covering interest that will accrue to September 15, 1944, the due date of the first coupon. The bonds will be issued in coupon or registered form at the option of the buyers, in denominations from \$500 to \$1,000,000. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to own these bonds until February 1, 1954, except for the limited investment of time deposits, as described below.

The 2 percent bonds will be dated June 26, 1944, due June 15, 1954, callable June 15, 1952, and will be issued in coupon or registered form at the option of the buyers, in denominations of \$500 to \$1,000,000.

The 1¼ percent notes will be dated June 26, 1944, due March 15, 1947, and will be issued in denominations of \$1,000 to \$1,000,000 and in coupon form only.

The 7/8 percent certificates of indebtedness will be dated June 26, 1944, due June 1, 1945, and will be issued in denominations of \$1,000 to \$1,000,000 and in coupon form only.

The Treasury will request that there be no trading in the marketable securities and no purchases of such securities other than on direct subscription until after the closing of the drive.

The procedure for handling subscriptions of dealers and brokers will be similar to that prescribed in the Fourth War Loan Drive.

To avoid unnecessary transfers of funds from one locality to another, the Treasury again urges that all subscriptions by corporations and firms be entered and paid for through the banking institutions where funds are located. This request is made to prevent disturbance to the money market and the banking situation. The Treasury will undertake, as in the Fourth War Loan Drive, to see that statistical credit is given to any locality for such subscriptions as the purchaser may request; except that subscriptions from insurance companies will be credited to the State of the home office as in the past.

In order to help in achieving its objective of selling as many securities as possible outside of the banking system, the Treasury requests the cooperation of all banking institutions in declining to make speculative loans for the purchase of Government securities. The Treasury is in favor of the banks making loans to facilitate permanent investment in Government securities provided such loans are made in accord with the joint statement issued by the National and State bank supervisory authorities on November 23, 1942.

Concurrently with the drive, but not as a part of it, commercial banks will be permitted to subscribe to the 2 percent and 2½ percent bonds, as well as to Series F and Series G bonds, in limited amounts for the investment of their time deposits. The total limit on such purchases, including those made for the same purpose in accordance with the formula announced by the Treasury last December, will be 20 percent of the savings deposits and time certificates of deposit issued in the names of individuals, or \$400,000, whichever is less, for any one bank. The limitation of \$100,000 on the amount of Series F or Series G Bonds (Series 1944) or a combination of the two, held by any one institution will remain unchanged. Purchases of securities made by commercial banks for the limited investment of time deposits will not be credited toward the goal of the drive.