

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, September 19, 1944

**To the Managing Officer
of the Bank Addressed:**

On September 12, we forwarded to all financing institutions in this district detailed information regarding the program of guaranteed loans and commitments authorized under the Contract Settlement Act of 1944. This program, commonly called the T loan program, is one phase of the Congressional commitment to provide contractors with adequate interim financing, pending the settlement of claims involving terminated war contracts.

The Director of Contract Settlement and the Services are placing great reliance upon the T loan program. This new program affords the commercial banks of the country and the Federal Reserve System a two-fold opportunity. First, it will permit both to serve the national interest by assisting in the orderly transition from war to peace. Second, it should generate commercial loans for the private banking system and to that extent reduce the volume of direct financing through Government lending agencies.

The T loan program, in comparison with the V and VT loan programs, has been simplified and liberalized, so that contractors may promptly "unfreeze" their working capital, pending the settlement of claims, and commercial banks may supply them the credit needed for that purpose. I feel sure the commercial banks and the Federal Reserve banks, working as a team, can and will do this important job successfully.

Yours very truly,

R. R. Gilbert

President

