

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2938]
May 1, 1945]

SEVENTH WAR LOAN

*To all Banking Institutions
in the Second Federal Reserve District:*

The goal established for the Seventh War Loan Drive is 14 billion dollars, to be raised through the sale of United States Government securities to investors other than banking institutions accepting demand deposits. Of this amount, 7 billion dollars has been established as the goal for sales to individuals, the highest quota that has been set for individuals in any War Loan Drive. The goal for sales of Series E War Savings Bonds, which is included in the individual quota and which is also the highest quota ever set, is 4 billion dollars. The Treasury is determined to reduce the use of bank credit in war financing to a minimum.

Although we now can see the end of the war in Europe, bitter fighting still lies ahead. For some time to come, expenditures for war must remain at high levels. Taxation and borrowing from nonbank investors are the best ways to meet these expenditures, if idle dollars are not to become inflationary dollars. Funds in the hands of individual and other nonbank investors are large and increasing. In these circumstances, the goals set by the Treasury are rightly difficult but practically attainable. They must be attained, and the banks of this District and throughout the country have an important stake in helping to attain them.

In order that you may be thoroughly familiar with the conditions of the drive and the terms of the securities offered, we enclose a copy of our Circular No. 2935, dated May 1, 1945. In accordance with our procedure in previous drives, the circular contains general information regarding the drive and the official offering circulars relating to each of the issues to be sold. The work of the members of your staff will be facilitated if they will study carefully the material on pages 2 to 8 prior to the drive and retain copies for ready reference during the drive. The efficient cooperation of the banks will continue to be a major factor in the solicitation and entering of subscriptions, particularly of their customers.

Please advise us of the number of additional copies of Circular No. 2935 that you will need.

ALLAN SPROUL,
President.