

CAPITAL ISSUES COMMITTEE

May 25th, 1918.

My dear Sir:

At the request of the Chairman of the Capital Issues Committee, I desire to submit a tentative proposal to you on the subject of the budget of expenditures to be operative from the date the Capital Issues Committee was sworn in; to wit: May 17th, 1918; until the time of the expiration of the appropriation by Congress, June 30th, 1919, a period of approximately thirteem and one-half months.

As Chairman Hamlin has already telegraphed you, the Committee desires very much to avail itself of the services of the voluntary committees in the twelve Federal Reserve Districts, supplementing these, wherever it may be necessary, by putting on additional men or perhaps creating sub-committees in those districts, where there are important cities away from headquarters or where the distances to be covered are excessive.

It is recognized that during the period of the war bankers and business men are willing to give their services to the Government in this important work, and we must take advantage of the fact, but it is also recognized that these duties will throw so much additional work upon the Chairmen of the district committees, that they must be relieved by the employment of such clerks or secretaries as they require to handle the details and routine.

It appears to us in Washington that it will be more satisfactory to the local committees to assign to them a portion of the

appropriation and allow them considerable latitude as to how this allotment shall be spent. The only other alternative would be to fix the salaries in Washington and put upon our payroll here the employes who were to be designated for Government service in each of the twelve district headquarters.

The suggestion, therefore, occurs to me, and I am putting it out simply as a tentative proposal, that we should ask the Federal Reserve Bank of each District, operating in its statutory capacity of "Fiscal Agent of the Government", to act also as agent for the Capital Issues Committee, with the Chairman of its Board of Directors as Chairman of the local or district committee; that we will authorize Federal Reserve Banks to expend on our behalf a sum not exceeding a certain fixed amount, (in the case of your bank it is proposed to suggest) as a limit for the thirteen and one-half months period, ending June 30th, 1919.

If this basis were followed, expenditures up to this amount by the Federal Reserve Bank would be reimbursed by the Capital Issues Committee in Washington, and it would not dictate to you any way how the amount should be spent; we would not insist on having the entire time of any given number of employes, but would allow you to allocate this expense as you saw fit

Please advise at your early convenience if this will be satisfactory.

Yours very truly,