

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-388

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 22, 1941

Dear Sir:

In the Board's letter of September 2, 1941, S-296, each Federal Reserve Bank was requested to advise the Board as to the steps that have been taken to establish and maintain contact with the various State Defense Savings Bond organizations and to furnish it with a brief statement each month of the activities of the liaison officer in connection with the Defense Savings Bond Program.

The first replies to the above-mentioned letter have now been received from all Federal Reserve Banks, and there is enclosed a summary thereof in order that you may be informed as to the part other Federal Reserve Banks are taking in connection with the Defense Savings Bond Program.

It is our present intention to forward to you regularly summaries of the monthly reports of the Federal Reserve Bank liaison officers as long as it is felt that they may be of interest or assistance in connection with the Defense Savings Bond Program.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea".

L. P. Bethea,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
COPY TO LIAISON OFFICERS.

SUMMARY OF AUGUST 1941 REPORTS OF ACTIVITIES
OF FEDERAL RESERVE LIAISON OFFICERS IN CONNECTION WITH
DEFENSE SAVINGS BOND PROGRAM

Boston

Telephone contact has been made with the State Administrator for Massachusetts, and some publicity was arranged for September 9, on the occasion of Secretary Morgenthau's visit to Boston. The Bank's liaison officer has offered his services to the Massachusetts Administrator in any way that he can be of help.

Some correspondence has been had with the State Administrators in Connecticut, Rhode Island, Vermont, and Maine. No Administrator for New Hampshire has as yet been appointed.

New York

The liaison officer is taking an active part in the organization of the New York State Committee, his assistance having been solicited by the State Chairman.

Letters have been written to the State Chairmen of New Jersey and Connecticut, offering the Reserve Bank's cooperation and expressing its willingness to help in any way it can. While friendly and appreciative replies have been received, there has been no further development.

The Bank's Research Department has been assisting the New York State staff in selecting and preparing information which is desired in formulating plans for the sale of Defense bonds and stamps.

The Bank Relations Department has also been of assistance to the State organizations in working towards 100 per cent qualification of eligible banks as issuing agents.

Philadelphia

The work of the liaison officer has been largely confined so far to dealing with employers desiring information regarding pay roll deduction plans, businessmen who are interested in giving savings stamps as premiums, and individuals who are contemplating making regular purchases for the purpose of building up a retirement fund.

Some confusion has resulted from the fact that organizations have not been set up in Pennsylvania and Delaware, and employers who are instituting pay roll deduction plans find it difficult to get in touch with the proper representatives of the Defense Savings Staff in Washington. In some cases, however, the liaison officer has been able to suggest pay roll deduction

plans for consideration and has assisted in editing the preliminary announcements. In addition he was in close touch with six large companies now operating pay roll deduction plans and gave them help in getting organized. He was also of assistance in expediting the delivery of advertising material to the retail trade in order that merchants might have proper displays for their savings stamp campaign scheduled for the week September 15-20.

One of Philadelphia's leading newspapers has inaugurated a plan whereby its newsboys are to sell Defense Savings Stamps direct to their customers. Every newsboy is to carry a supply of albums and ten-cent Defense Savings Stamps.

Cleveland

Ohio. Recently the State Administrator opened an office in Cleveland and the liaison officer has discussed with him the progress of the campaign in Ohio. The Ohio Bankers Association has been very active in urging banks to qualify as issuing agents and the liaison officer sends each week to the Secretary of the Association the names of qualified agents that have been added to the list. The Superintendent of Banks has also been interested in this matter, and inquiries received from banks for information with respect to qualifying as issuing agents indicate that they have been urged to take this action by the Superintendent of Banks.

West Virginia. Letters have been forwarded to the State officials offering the Reserve Bank's assistance. The names of banks that have qualified as issuing agents are being furnished to the Commissioner of Banking in response to his request.

Pennsylvania and Kentucky. No appointments have as yet been made in these States, but it is understood that chairmen and administrators will soon be appointed.

Richmond

The State organization of Defense Savings Staff has been completed in only two States in the District, North Carolina and South Carolina, in each of which a State Chairman, State Administrator, and Deputy State Administrator has been appointed. In the District of Columbia, Virginia, and West Virginia, State Chairmen have been appointed, but no appointments have been made of State Administrators and Deputy State Administrators. No appointments have been made as yet for Maryland.

On July 30, Messrs. B. M. Edwards and G. F. Milton of the Treasury Department held a meeting in Richmond in the office of the Secretary of the Virginia Bankers Association for the purpose of selecting names of persons who might be invited to serve as members of the State organization in Virginia. The Bank's liaison officer attended the meeting and took part in the deliberations.

Richmond (Cont'd)

The Managing Director of the Baltimore Branch arranged for 15 bankers and other prominent citizens from various sections of Maryland to meet with Messrs. Edwards and Milton at the Baltimore Branch building on August 26, to discuss a State organization. The meeting was fully attended and the results of the conference were gratifying.

As soon as the Treasury authorized the Reserve Bank to release the names of qualified issuing agents, a list was prepared as of the close of business August 2, 1941, and weekly supplements have been issued since that time.

The liaison officer has communicated with each State Chairman appointed in the District, offering the fullest cooperation and assistance of the Bank and inviting him to call whenever he or members of his staff may have need for its services. The State Chairmen have been sent copies of the list of qualified issuing agents in their respective States, and supplements are being sent to them as issued. The list and supplements have also been sent to the Secretary of each State Bankers Association in the District as well as to State Banking Commissioners and others entitled to have them.

Atlanta

The liaison officer made seven speeches during July and August to civic clubs, bankers meetings and trade associations, to a total audience of approximately 600. The talks dealt in general with the problem of Defense financing, emphasizing in particular the necessity for public support of the Defense Savings Bond Program. The Managing Director of the Nashville Branch also addressed a group of about 150 members of the American Legion during August on "Why We Should Buy Defense Savings Bonds".

The Reserve Bank has cooperated with the Georgia Administrator in special publicity for the promotion of bond sales, and the officer in charge of the Fiscal Agency Department has been photographed in the local press together with the Administrator as selling savings bonds to various fraternal organizations.

A considerable volume of telephone inquiries from the general public have been answered by the liaison officer and other officers of the Bank, regarding various questions relating to Defense Savings Bonds. Explanations have been made to several business concerns regarding salary deduction plans. Lists of qualified agents have been furnished to Bankers Associations and Building and Loan Associations that are engaged in urging possible selling agents to qualify.

The Reserve Bank, by telephone calls, personal visits and letters, has been in touch with the various State Administrators in the District and has volunteered its services, but no attempt has been made to press such

Atlanta (Cont'd)

services on the Administrators, leaving to them the determination of when and how the Reserve Bank can be helpful. The Reserve Bank has been cordially received in every instance.

Chicago

The liaison officer is sending a letter to each State Administrator in the District, with the exception of Illinois and Iowa, extending his cooperation in connection with the sale of Defense Savings Bonds. The Illinois Administrator has his office in the Reserve Bank building and is seen daily, while the Iowa Administrator has not as yet been appointed.

A number of conferences have been had with the Illinois Administrator, and the Reserve Bank has supplied him with material and literature to help him in his work, but the status in the case of the other States is that of just "getting acquainted".

St. Louis

The Reserve Bank has written to the State Chairmen and State Administrators, offering its cooperation and asking whether there is anything that can be done by the officers and personnel of the Head Office or its Branches to assist in Defense Savings Bond sales. The liaison officer intends to visit the offices of the Defense Savings Staff of each State in the District in order to promote closer relations, obtain firsthand information as to the work being done, and to coordinate the efforts.

Lists of qualified issuing agents have been furnished to bankers' associations, building and loan associations, and others interested. Material has been furnished to an officer of a local bank who was asked to address an organization on the subject of Defense Savings Bonds. A request has been received for someone to address a convention in St. Louis on the same subject, and a speaker will be supplied. A number of firms have inquired about the pay roll deduction plan, and information in regard thereto has been furnished. A pay roll deduction plan has been instituted for the Reserve Bank's employees.

The American Bankers Association's Defense Savings poster has been reproduced on the cover of the Bank's "Monthly Review of Conditions", and consideration is being given to including in the "Monthly Review" periodic information relative to progress in Defense Savings Bond sales, as well as reproducing additional posters on the cover. The employees' monthly publication, "Four-Four News", has been sprinkled with reminders to buy Defense Bonds.

The weekly "Field Organization News Letter", issued by Defense Savings Staff, has proved very interesting and helpful. These letters are being studied with a view to compiling plans that can be utilized by various organizations.

Minneapolis

The Bank's liaison officer contacted the Chief National Bank Examiner and the superintendents of banks in all States in the District, except Montana, and prevailed upon them to issue letters urging all banks under their supervision to qualify as issuing agents. Every officer of the Reserve Bank lent his support in such cases as banks offered objections and the results were gratifying.

A definite method of procedure has been established to interest employers and employees in a salary deduction plan for the purchase of Defense Savings Bonds, as follows:

1. The liaison officer prevailed upon the Life Underwriters' Association to appoint a permanent committee to handle the solicitation of employers and to follow each case to its conclusion. This committee picked 50 general agents, managers, and top-flight producers who were chosen because of their long experience in contacting the employer class, their perfection in selling, and their trained persistence in accomplishment. The group was invited to a luncheon at the Reserve Bank and was addressed by the Reserve Bank's President, who emphasized the Treasury's edict that there should be no high pressure salesmanship. The head of the Minneapolis Committee also spoke and the Chairman of the life insurance agents' committee presented the details of the plan.

2. The Reserve Bank is holding a series of luncheons to which are invited the heads of all concerns employing a sufficient number of employees to make the salary deduction plan worthwhile. The practical, economic and patriotic background is explained and the salary deduction plan laid before them. Each employer is requested to sign a card designating the man in his organization to whom the salary deduction plan may be presented in detail.

3. The Reserve Bank agrees to prepare letters on firm letterheads for the signature of the president of each company, directing the attention of employees to the desirability of the bonds. The name of each employee is to be typed on a pay roll deduction order card.

The Press indicates full support of the salary deduction plan and has been present at the preliminary luncheons. While the plan is entirely experimental, if the enthusiasm and cooperation to date is any indication of the outcome, it is believed it will have marked success. If successful in Minneapolis, it may be established in other large cities in the District.

Kansas City

Contact has been established with Defense Savings Bond organizations in Colorado, Kansas, Missouri, New Mexico and Oklahoma, and they have been advised of the Reserve Bank's desire and willingness to cooperate with them in

Kansas City (Cont'd)

connection with the Defense Savings Bond Program. No advice of the appointment of State Administrators for Nebraska or Wyoming has been received.

The Bank's liaison officer has been working closely with the local Defense Savings Bond Committee and with similar committees in Colorado and Kansas, and information, supplies and assistance has been furnished as requested. Lists of qualified issuing agents have been furnished weekly to bankers' associations and to others interested. State Bankers' Associations and the State Bank Commissioners are cooperating actively and it is hoped that a more satisfactory showing of State Banks qualified as issuing agents may be reported in the near future.

Dallas

Immediately following the appointment of the Texas State Administrator the Reserve Bank's President contacted him and offered the services of the Bank in carrying on his work. Subsequently, the President attended a meeting of the Dallas Clearing House Association for the purpose of discussing the manner in which the Dallas banks may participate in the sales program and be of assistance to the State Administrator.

The Bank's liaison officer has contacted the State Administrators in all States of the District, except Louisiana, where no appointment has been made. The liaison officer has also contacted an officer of a Dallas Bank who is representing the American Bankers' Association in its efforts to promote Defense Savings Bond sales in Texas.

While the Reserve Bank has tendered its full cooperation to the State Administrators and to the A.B.A. representative, it has not yet been called upon to render any service or to participate actively in the sales program.

San Francisco

The liaison officer is now engaged in compiling the roster of personnel of the various organizations established in the District. It is the intention to maintain charts of each State's organization and personnel of all committees. Inquiry is being made through the proper channels regarding the professional and business antecedents of appointees, as it is believed that the importance personalities play in activities of wide scope make it very desirable to be acquainted with those participating in leadership.

No official notification has been received of appointments of State Chairmen, State Administrators, or Deputy State Administrators for California or Utah.