



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

164

R-909

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 20, 1941

Dear Sir:

Referring to the Board's letter of September 22, 1941, R-888, there is enclosed for your information a summary of the September 1941 reports of the activities of Federal Reserve Bank liaison officers in connection with the Defense Savings Program.

In order that the monthly summary may be of some current interest, it will be appreciated if arrangements are made so that statements of the activities of the liaison officer will be received at the Board's offices not later than the tenth of each month. If necessary, any activities of the liaison officer on the last few days of the month may be included in the report for the following month.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea", is written over a horizontal line.

L. P. Bethea,
Assistant Secretary

Enclosure

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

R-909a

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

Boston

A number of conferences have been held with employers desiring information regarding pay roll deduction plans and the Reserve Bank has been in close touch with several large companies now having such plans, assisting them in getting organized to handle the work.

New York

Continued effort has been made toward a 100 per cent qualification of sales agents. In the Second Federal Reserve District, there is now a 100 per cent qualification of New Jersey and Connecticut national banks and a like percentage of New York and New Jersey savings banks.

New York. Substantial progress has been made on work in connection with voluntary pay roll deductions. The plan being evolved is similar to that of the Minneapolis Reserve Bank, except that it is put into effect by the Committee rather than by the Bank. The Life Insurance Underwriters group is providing men who will devote their entire time to this work, assisting employers in setting up appropriate pay roll deduction records. Other groups also are arranging to provide the Committee with men to assist in this work. The State Bankers' Association is sending out salary allotment plan data for the attention of banks, following this up with suggestions to be passed on by the banks to their clients. With the approval of the Governor, a representative of the State Department of Education has become a member of the executive committee of the State Committee and is working out a coordination of the schools of the State with the Committee and cooperating with the Treasury Department in developing posters and written material adapted particularly to schools. It is expected that a school official will be a member of all local committees. The Reserve Bank continues to provide the State Chairman with statistical and economic research material.

Connecticut. With headquarters in Hartford, which is in the Boston District, it is logical that those in charge should be more concerned with the State as a whole than working with the New York liaison officer in any particular detail on Fairfield County, the only County in the Second District. No further contact has developed, although the liaison officer continues to work with the banks in Fairfield County.

New York (Cont'd)

New Jersey. It appears that the State Administrator is concentrating on the pay roll deduction plan and is pleased with the results so far obtained.

Philadelphia

The liaison officer has directed his efforts toward establishing closer relationship between companies which have pay roll deduction plans and the Bank's Fiscal Agency Department. Other activities included stimulating the interest of local newspapers in the Defense Savings Bond Program and assisting in a general way in the campaign of the Retail Merchants' Association. During the campaign, the liaison officer attended the organization meeting of the local Chamber of Commerce and outlined the results of the sales of bonds in the Third District.

Five additional companies have installed pay roll allotment plans, and the number of employees now participating has risen to approximately 30,000. The liaison officer has maintained close contact with all companies having such plans in order that a standard form of remittance might be used and has had company officials visit the Bank for the purpose of discussing any problems that may have arisen and of seeing the operation of the Defense Savings Unit. In the case of one company which did not secure a favorable response to its efforts to install a pay roll deduction plan, a new approach was suggested which it is hoped will be conducive to better results. At a meeting held in the Reserve Bank with officers of the Metropolitan Edison Company of Reading, Pennsylvania, the ground-work was laid for the presentation of the pay roll allotment plan described in the "Field Organization News Letter" of September 27, 1941.

Several photographs have been taken by newspapers showing officers of various fraternal organizations purchasing Defense Savings Bonds at the Reserve Bank. Arrangements have been made to furnish items of local interest to the press, using due care that such information does not in any way conflict with the publicity of the Defense Savings Staff.

The Secretaries of Banking of Pennsylvania, New Jersey, and Delaware have been very active in urging banks to qualify as issuing agents, and the liaison officer is furnishing them with periodic lists of banks that have qualified.

Cleveland

Ohio. Since the Administrator has opened an office in Cleveland and a Deputy Administrator has been appointed, more frequent contacts have been maintained. The liaison officer has accompanied the State Administrator to five group meetings of the Ohio Bankers' Association for the purpose of discussing Defense Bond activities, and the same procedure will

Cleveland (Cont'd)

be followed in connection with four other group meetings to be held during October. The Bankers' Association and the Superintendent of Banks have been very active in obtaining banks to qualify as issuing agents. A meeting of the Administrator, Deputy Administrator, a representative of the Cleveland Life Underwriters Association, and the liaison officer was arranged to discuss a plan to interest employers in a salary deduction plan. The Underwriters' Association has appointed a committee of top-ranking members to do this, and it is planned to hold a luncheon meeting of about 50 employers, at which time their cooperation will be solicited. It is also planned to follow a similar procedure in other cities in Ohio. The liaison officer received a request for assistance from a nonmember bank in a manufacturing city of about 10,000 population, which indicated that the community was not satisfied with the progress made in the sale of bonds. One of the larger Cleveland banks has discussed a salary deduction plan which it proposes to submit to employers who are customers of the bank. The payments will be collected by the employer and recorded at the bank in individual Defense Bond accounts for the employees. A bond will be purchased by the bank whenever an employee has accumulated the required amount.

West Virginia. The liaison officer has continued to notify the Commissioner of Banking as banks have qualified as issuing agents, and has written to the banking representative on the State Committee offering to be helpful in any way possible.

Kentucky. A State Chairman was recently appointed and the liaison officer has written to him offering to be of assistance in any way possible.

Pennsylvania. No appointments have been made by Defense Savings Staff.

Richmond

When the Deputy Administrator for Virginia was appointed, the liaison officer called upon him and offered his cooperation and assistance after explaining the Bank's position in the program. The Virginia organization is engaged in setting up an office in Richmond, and the liaison officer has arranged to assist the organization when it begins to function. No appointments for Maryland have as yet been made.

The liaison officer has kept in close touch with the Secretaries of the several State Bankers' Associations and the State Banking Commissioners in the District, all of whom have been very active in their efforts to have banks qualify as issuing agents. In several instances they have obtained applications and forwarded them to the Reserve Bank's liaison officer.

Richmond (Cont'd)

Copies of the weekly supplements to the list of qualified issuing agents have been furnished to bankers' associations and others entitled to receive them.

Several requests have been received for advertising material and copies of speeches, and the liaison officer has assisted in supplying the needs in each case.

Atlanta

Supplemental lists of qualified agents have been furnished to Secretaries of the State Bankers' Associations and others. Supplies have also been furnished to the Field Representatives of the Credit Union Section of the Farm Credit Administration.

The Bank has cooperated with the Georgia Administrator in arranging for Atlanta newspapers to make pictures in connection with the sale of Defense Savings Bonds to a fraternal order. Correspondence has also been had with other State Administrators on points concerning which they feel that they may in the future desire assistance.

Telephone calls, personal visits and letters have been handled from various business organizations requesting supplies, salary deduction plans and other information pertaining to the Defense Program. Close contact has been maintained with the State Chairman, Salary Allotment Division, and copies of salary deduction plans have been furnished him.

The Managing Director of the Nashville Branch spoke at a Rotary Club meeting in Columbia, Tennessee, on the subject of Defense Savings Bonds. Arrangements have been made for speeches on Defense Savings Bonds at the group meetings of the Georgia Bankers' Association being held in October.

Chicago

Activities during September have been on an expanding scale and the liaison officer has been in constant touch with the various State Administrators, particularly the one for Illinois.

The principal activity has been in connection with pay roll allotment plans, and, as information has been received from or regarding various corporations interested in instituting such a plan, it has been promptly transmitted to the respective State Administrators. Likewise, when applications for bonds have been received, a record of the concerns submitting the applications for employees has been maintained and the

Chicago (Cont'd)

State Administrators informed of the name of the official handling the transactions and such other information as has been received. The Reserve Bank has been able to make a number of constructive suggestions based on its experience with different types of plans.

Very appreciative letters have been received from the State Administrators, expressing their desire and willingness to cooperate in every way possible, and a personal invitation has been extended to the out-of-town Administrators to visit the Bank whenever they are in Chicago.

Assistance has been extended to the Illinois Administrator and his staff in connection with publicity matters, furnishing blank bonds to be used in posing pictures with celebrities. When requested, the President of the Reserve Bank has been willing to appear in photographs in order to bring the Bank into the picture and increase interest. The Illinois Administrator's office, which is in the Reserve Bank building, is not yet equipped with a mailing department, and the facilities of the Bank have been extended in forwarding posters, literature, etc. to various parts of the State.

During the A.B.A. Convention, Mr. B. M. Edwards, Assistant to the Secretary, and Mr. R. W. Sparks, Associate Field Director of Defense Savings Staff, were honor guests and spoke briefly at a luncheon given by President Young to State Banking Commissioners and Supervisors who were attending the Convention. Messrs. Johnston and Touchstone of Defense Savings Staff, who are primarily interested in broadening the pay roll allotment plan, also visited the Bank.

The general policy of the Reserve Bank is to supplement the work of the State Administrators rather than to attempt to initiate sales promotional work. It is the Reserve Bank's view that leadership in sales promotional work must rest either with the State Administrators or the Reserve Bank, as otherwise embarrassing and harmful conflicts might very easily result. The relationship with the various State Administrators is very harmonious, and it is believed that this type of cooperation will produce the most beneficial results.

St. Louis

The liaison officer called upon the Secretary of the St. Louis Defense Savings Committee who appreciated the offer of assistance given. The liaison officer also visited the office of the State Defense Savings Staff in Jefferson City, Missouri.

On September 25, the liaison officer addressed a meeting of the St. Louis Chapter of the Missouri Mutual Credit League on the subject of

St. Louis (Cont'd)

Defense Savings Bonds, and remarks were included relative to credit unions qualifying as issuing agents.

An article was published in the September 30 issue of the Reserve Bank's Monthly Review of Conditions relative to Defense Savings Bonds. The "Minute Man" illustration appeared on the cover. Edgar A. Guest's poem, "Bonds for Defense", as well as numerous captions, "Buy Defense Savings Bonds", were inserted in the employees' monthly publication, "Four-Four News".

Supplemental lists of banks qualified as issuing agents have been furnished to bankers' associations and others interested. Several of the State bankers' associations and supervisors have taken an active part in encouraging banks to qualify as issuing agents. Figures on sales of Defense Securities are given to the press weekly, and much helpful publicity has been received.

Minneapolis

During September, the Reserve Bank invited to luncheon-meetings at the Bank the heads of approximately 125 Minneapolis firms employing approximately 60,000 people. These firms are in the process of installing a pay roll deduction plan to enable their employees to conveniently purchase Defense Savings Bonds. As of September 30, 66 of these firms having 30,796 employees report that 13,532 employees had signed pay roll deduction orders aggregating \$137,303 monthly (these figures are not final), which indicate that 43 per cent of their employees are already purchasing bonds under this plan at an average of \$10 a month for each employee. There are about 60 additional firms which are now in the process of installing this pay roll deduction plan, but figures are not as yet available on their progress.

Kansas City

Contact has now been established and is being maintained with all State Administrators in the District and supplies, information and monthly reports of activity and progress are being furnished to them. Similar contacts are being maintained with the Secretaries of State bankers' associations and others in an effort to extend the number of qualified issuing agents. A letter has been addressed to all banks that have qualified, but have not yet ordered a stock of bonds, urging them to do so.

The Reserve Bank has cooperated with numerous firms and municipalities, assisting them in inaugurating pay roll deduction plans. A representative of the Bank has led discussions with groups of various organizations, the most recent being the Midwest District Meeting of the

Kansas City (Cont'd)

Credit Union National Association at Omaha, Nebraska, and the Corporate Fiduciary Association at Kansas City, Missouri.

Dallas

(No report submitted.)

San Francisco

During September, the liaison officer kept in constant touch with Defense Savings Bond organizations of the States comprising the District and furnished them with material of interest, such as a Speakers Handbook on United States Defense Savings Bonds and Stamps, prepared by the California Bankers' Association. The handbook has been used by five hundred competent bank speakers who have been appearing before hundreds of organizations throughout the State. In addition, State Administrators have been kept informed of changes in the list of issuing agents.

There has also been brought to the attention of State Administrators, with the suggestion that it may be of interest to the Presidents of State banking associations, the legend, "Support Your Government ... Buy Defense Bonds, Stamps and Tax Notes!", which appears on the monthly statements of account rendered to customers of a bank in San Diego.

In the absence of the appointment of an Administrator for Northern California, the Reserve Bank has aided some industrial organizations to project their pay roll deduction plans. The Bank has also furnished material in connection with the establishment of a plan of pay roll deduction to the managing editor of the official publication representing the personnel in the employ of the State of California.

While the services appear to be appreciated, it is felt that there are limitations at this time as to how far liaison officers may go in dealing with field forces without giving the appearance of assuming some of the prerogatives of the Defense Savings Staff in Washington.