U.S. Treasury Dept.

Press Releases

/

TREASURY DEPARTMENT

THE FOLLOWING COPY OF A LETTER WRITTEN BY SECRETARY McADOO TO HON. CLAUDE KITCHIN, REGARDIN THE DAILY TREASURY STATEMENT, MUST BE HELD IN CONFIDENCE AND NOT PUBLISHED UNTIL THE MORNING PAPERS OF MONDAY, MARCH 27, 1916.

Note:

For full text of letter see Subject File: Treasury Daily Statement.

Treasury Department,
Bureau of Publicity,
Liberty Loan of 1917.

For IMMEDIATE Release.

Washington, Dec. 10 - The necessity for purchasers of Liberty Bonds keeping them was impressed strongly upon about a hundred representatives of Liberty Loan Committees from all parts of the country by Secretary McAdoo in a conference today at the Willard Hotel. The conferenee was the first of a series that will be held throughout the greater part of this week for the purpose of coordinating the efforts of Liberty Loan workers in coming campaigns.

Lowered market prices for Liberty Bonds, the Secretary declared, were due to sales traceable to agents of the Kaier, thoughtless persons who do not realize that unnecessary sales drive down prices, and those who are forced by circumstances beyond their control to sell their bonds.

"Some persons sell these bonds for malevolent reasons," the Secretary said. "Investigations that I have made recently convince me that the hand of the Kaiser is behind certain sales. Of course I am not in possession of evidence which would convince a jury of the truth of this assertion, but I could convince any fair-minded man of it. Thoughtless persons, who think they have done their duty when they buy bonds, also sell them. These thoughtless persons can be changed to thoughtful ones if we will show them how their sales are affecting the government. We cannot influence the Kaiser's people, but we can put them in the penitentiaries, and I want to see them there, for we must deal relentlessly with all enemies of America."

Those who must realize on their bonds constitute the smallest number of persons disposing of their bonds, the Secretary declared, and if the selling problem that arises from their transactions is the only one with which the government has to deal, the question of maintaining high market values will be small.

It also is necessary to make it clear, the Secretary added, that the real service of a bond or war savings stamp buyer lies in lending his money to the government and not merely buying bonds or stamps.

Discussion of plans for meeting the question that has arisen from the value of bonds being driven down by sales was urged by the Secretary.

Touching on interest rates, the Secretary said he hoped it would not be necessary to raise them above the present four per cent rate for succeeding loans. He also added that he hoped it would be unnecessary to raise by taxes during the remainder of this fiscal year more money than now is provided for by law, and that no marked changes be made in the present tax rates for the coming fiscal year. This, however, he said, was a matter for congressional determination, and he had no idea as to the congressional view on it.

The Secretary paid a high tribute to the persons who are volunteering their services in the campaigns for financing the government. They do a service quite as necessary as the men who offer their lives on the battlefield, he declared.

Loud applause greeted the Secretary's remarks. Responding to them, former Governor W. A. McCorkle of West Virginia assured the Secretary of the deep-rooted desire of all those present and the people of the country to serve the government. He said that once the war situation and the desires of the government were made plain to them, they would respond readily.

Preliminary organization matters occupied the attention of the business session of the meeting. It was executive.

Treasury Department,
Bureau of Publicity,
War Savings.

For MORNING papers of Nov. 24, 1917.

Washington, Nov. 23- Allen Hollis, of Concord, and Robert K. Cassatt, of Philadelphia, were named today by Secretary McAdoo as state directors of the coming War Savings campaign for the state of New Hampshire and the Eastern section of Pennsylvania, respectively. Mr Hollis is a brother of Senator Hollis and a director of the Federal Reserve Bank of Boston. Mr Cassatt is a member of the investment banking firm of Cassatt & Company.

State directors for Arizona, Mississippi and North and South Dakota still are to be appointed.

****

Treasury Department.

For Morning papers of November, 27.

Secretary McAdoo announced the appointment of Mr. Arthur Hunter of New York as a member of the Advisory Board of the Division of Military and Naval Insurance of the Bureau of War Risk Insurance.

Mr Hunter is President of the Actuarial Society of America. He is the author of many scientific papers. He was Chairman of the Medico-Actuarial Mortality investigation, the largest investigation over made into the mortality among persons engaged in hazardous occupations, persons with consumptive family history, those over-weight, under-weight, etc. He is at present Chairman of an investigation which is now being made by sixty of the leading companies of the United States and Canada into the mortality in recent years in the United States and Canada.

Mr. Hunter was one of a group of five actuaries who prepared estimates for the Secretary of the Treasury on the probable cost to the Government of the insurance, compensation and indemnity provisions of the Military and Naval Insurance Act.

A Committee of the Actuarial Society of America gave the Government valuable assistance in connection with the last census, and Mr. Hunter was an active member of that Committee.

****

Treasury Department,
Bureau of Publicity,
War Savings.

For Morning papers of Nov. 27, 1917.

Washington, November 26, -Harry R. Tritle of Pheenix, Ariz., has been named by Secretary McAdoo as State Director for Arizona, in the War Savings Campaign, which will start December 3rd.

J. T. Thomas, of Grenada, Miss., who was asked to serve as State Director for Mississippi, has declined the appointment due to a pressure of other work, and the place still is vacant.

Federal Director H. B. Riley, of Chicago and Minneapolis Federal Reserve Districts, returned today to Washington from Chicago where he held a meeting with his State Directors. Six of the nine State Directors under his jurisdiction, he said, have completed the fundamental organization of their state forces. They have appointed, and received acceptances, for excutive committees averaging about twenty-five members, each member representing a different trade, occupation or industry, and organizing in turn committees of fifty, sub-divided locally for intensive work in their respective fields. Mr. Riley estimated that within a short time in Illinois alone there will be 50,000 persons engaged in active work under these committee organizations for the War Savings Campaign.

Federal Director F. W. Fleming for the St. Louis, Kansas City, and Dallas Federal Reserve Districts, today received a telegram from John Evans of Denver, State Director for Colorado, stating that at a state convention held there last Saturday, eighty-seven per cent of the population of Colorado was represented by county chairmen. Col. Fleming also received word from Moorhead Wright of Little Rock, Ark., State Director for Arkansas, that the Governor of his State is to issue a proclamation designating Christmas week as loyalty week and recomending public speaking in behalf of War Savings.

The following conventions of state workers have been called: Portland, Maine, November 27; Richmond, Virginia, November 28; Winston-Salem, North Carolina, December 1; Boston Mass., and Charleston, West Virginia, December 4; Providence, R. I. December 5;

****** ******

Treasury Department For Morning Papers of December 3.

Washington, D.C.,
December 2,1917.

Statement by Secretary McAdoo:

The use of gold coin as a circulating medium leads to rapid abrasion and consequent loss of value. There is a real economy in using currency in all ordinary domestic transactions, letting coined gold be used as security behind gold certificates and as reserve for Federal Reserve notes and other forms of paper currency or for foreign exchange settlements in cases where nothing else can be used in adjusting international balances.

There are some firms and corporations however, in various sections of the country which have been accustomed, in making up their payrolls, to use machines for counting money. While there is no objection to the use of these machines in handling silver coins, the use of gold in them in times like the present must be discouraged. In most cases firms and corporations which have been using gold in these machines have discontinued the practice, realizing the importance of protecting the country's gold supply and of discouraging the wasteful use of gold for payrolls, especially as in most cases the recipient of the gold coin would prefer paper money. In some cases, however, paymasters have seen fit to consult their own convenience and continue to make demands upon the banks for gold coin for payroll purposes. The banks, realizing the waste incident to the use of gold for such purposes, have objected to meeting the demands of the paymasters but in some instances have been threatened with the loss of the account in case of their failure to comply, statement being made that other banks in the community would be willing to furnish the gold in consideration of the transfer of the account. It is hoped, however, that upon reflection, firms and corporations which are still using gold and banks which signify their willingness to furnish it, will realize that this is a selfish and unpatriotic attitude and that for the sake

TREASURY DEPARTMENT. For MORNING papers of December 6, 1917.

Secretary McAdoo today made the following appointments in the Treasury Department:

James L. Wilmeth, of Arkansas, Chief Clerk of the Department, to be Director of the Bureau of Engraving and Printing, to succeed Joseph E. Ralph.

Paul F. Myers, of New Jersey, to be Chief Clerk of the Treasury Department, to succeed Mr. Wilmeth.

John L. Summers, of Tennessee, to be disbursing Clerk of the Treasury Department, to succeed Sydney R. Jacobs, who was recently appointed Deputy Commissioner in Charge of Accounts of the Bureau of War Risk Insurance of the Treasury Department.

Mr. Wilmeth entered the Treasury Department through the Civil Service in 1895; was promoted through the various grades until he became an expert accountant and then law clerk in the office of the Comptroller of the Treasury. He was appointed Chief Clerk of the Department on September 26, 1910. Through his long service he has become very familiar with the whole administrative machinery of the Department, and is regarded by Secretary McAdoo as particularly qualified to assume the important post of Director of the Bureau of Engraving and Printing.

Mr. Myers, who succeeds Mr. Wilmeth as Chief Clerk, entered the Internal Revenue Service as a Revenue Inspector, on October 17, 1913. On March 27, 1915, he was appointed Chief Clerk of the Bureau of Internal Revenue. He held this position until November 1st of this year, when he was promoted to the position of Executive Attorney of the Bureau. Mr. Myers has become familiar with the administrative detail of the Department particularly through his service as Chief Clerk of the Internal Revenue Bureau, and is eminently qualified to assume the broader functions as Chief Clerk of the Department.

Mr. Summers entered the Treasury Department through the Civil Service in June, 1886, serving in clerical and secretarial positions until he was appointed Deputy Disbursing Clerk of the Department on August 15, 1916. His experience in that office has fitted him to assume the duties of Disbursing Clerk which has been relinquished by Mr. Jacobs to go to the Bureau of War Risk Insurance.

Treasury Department For IMMEDIATE Release.

Washington, Dec. 12 - A conference of representatives of fraternal organizations and fraternal insurance societies throughout the country, called by Secretary McAdoo for the purpose of obtaining the co-operation of their members in the Liberty Loan and War Savings stamp campaigns, will hold its first session in the auditorium of the Interior Department tomorrow morning at 10 o'clock.

Virtually all of the presidents, grand masters and other officers of the leading fraternal organizations have accepted invitations to attend and a representative delegation is expected to be present.

Assistant Secretary of the Treasury Rowe will preside. Secretary McAdoo, Lewis B. Franklin, director of the War Loan Organization, and Frederic A. Delano, a member of the Federal Reserve Board and vice chairman of the National War Savings Committee, will speak. Several general discussions of ways and means of obtaining active participation of all members in the campaigns will be held.

-0-

Treasury Department,
Bureau of Publicity,
War Loan Organization.

For morning papers of May 5, 1918.

GREATEST WAR LOANS OF BELLIGERENT NATIONS.

British Victory Loan early in 1917 -5% - Total subscriptions, $5,096,245,320

United States Second Liberty Loan - 4% - Total subscriptions $4,616,000,000

Eighth German War Loan -4½% and 5% -Total subscriptions $3,600,000,000.

French War Loan of 1915 - 5% - Total subscriptions $2,261,864,409.

Austrian Seventh War Loan -5%- total subscriptions $1,150,000,000.

Italian Fourth War Loan -5%- Total subscriptions $1,000,000,000.

Hungary -Seventh War Loan -6%- Total subscriptions $600,000,000.

Canadian Victory Loan - November 1917 - 5½% - Total subscriptions $418,000,000.

TREASURY DEPARTMENT
BUREAU OF PUBLICITY
WAR LOAN ORGANIZATION FOR MORNING PAPERS OF MONDAY SEPT.9,1918

UNITED STATES GOVERNMENT
THIRD LIBERTY LOAN
STATISTICAL DATE COVERING SUBSCRIPTIONS OBTAINED
AS COMPARED WITH QUOTAS ASSIGNED,
PERCENTAGE OF POPULATION REACHED, ETC.,
PREPARED BY THE WAR LOANS ORGANIZATION,
U. S. TREASURY DEPARTMENT.

Note:
See Subject File: U.S. Securities---General

15

For Publication in the
Moring Papers of
Wednesday, Sept. 11,1918.

Washington, D.C. Sept.10,1918.

The following is a copy of a letter which Secretary McAdoo has written to Chairman Kitchin of the Ways and Means Committee.

September 5,1918.

Dear Mr. Kitchin:

In connection with the tax bill now before the Congress, and without awaiting its enactment, I feel constrained to bring to your attention a matter affecting the Fourth Liberty Loan. The delay in the enactment of the tax bill, the fact that the rates of income surtaxes, to which the interest on Liberty Bonds, except the First Liberty Loan, is subject, will be higher, and the rate of normal income tax on unearned income will be lower, than I had contemplated, materially affect the prospects of the Fourth Liberty Loan.

I do not mention these things critically, for I realize that the Ways and Means Committee have labored faithfully and earnestly during the hot summer months in the consideration and preparation of the tax bill, I have already expressed my acceptance of a normal tax of 12% without a differential against unearned incomes, and in principle I am now agreed with the Committee that a substantial increase in surtax rates will be necessary in order to produce the indicated revenue.

The market price of Liberty Bonds, which responded favorably to the suggestion of an increased normal tax, from which the Bonds will be exempt by their terms, was depressed by the newspaper reports of a greatly increased surtax, to which the interest on the Bonds will be subject. I have been anxious to stabilize the interest rate upon Government Bonds, believing that by so doing we should be reducing the cost of the war, not only today for ourselves, but, in the future, for ourselves and for our brave men who are fighting in France and who will have little or no opportunity to accumulate and invest in Liberty Bonds though they must upon their return join the army of tax-payers who must pay this interest. I have sought to avoid the issue of bonds at such a rate and upon such terms as might result ultimately, when the war is won, in the accumulation of great wealth in the hands of a relatively small proportion of our population, carrying interest at a high rate and exempt from taxes.

The magnificent patriotism of our people and the fervor and efficiency of the Liberty Loan organization have made it possible to place the Liberty Bonds in the hands of many millions of persons who had never before been investors in securities of any kind. Bonds of the Third Liberty Loan received the widest possible distribution and I feel sure that we all owe a duty to the millions of subscribers of small means not merely to pay them a fair rate of interest, which we are doing, but to take such measures as may be necessary to insure to them a market for the bonds at approximately par in case their necessities are such as to force them to realize upon the investment which they have made in the Government's obligations. The Bond Purchase Fund, which was provided in the Third Liberty Bond Bill, has been very useful in stabilizing the price of Liberty Bonds, but it has not been, and we could not expect it to be, effective to sustain the price against adverse developments, and in the face of the fact that the Government's recurring demands upon the absorptive power of the investment community are in such proportions and of such frequency as to prevent the development of any important buying power in the investment market between Liberty Loan campaigns.

I have been much impressed by the success of the plan which has been adopted in Canada for the purpose of maintaining the market value of Canada's Victory Bonds. A careful study of that plan is being made in the Treasury and by the War Finance Corporation, and I am glad to learn that the bankers of the country have been making a similar study. I am not without hope that some such plan may be made effective in the United States, although conditions here are very different and it will not do to depend too much upon the experience of our neighbor. In any event, it will not do to proceed in this matter abruptly, nor without the creation of an immense organization countrywide in its ramifications. To make such a plan effective, it would be necessary to put an end to dealings in bonds on the exchanges, and accordingly to substitute an active and adequate market through the banking houses of the United States acting in close cooperation with an instrumentality of the Government, probably the War Finance Corporation. At the same time, it would be necessary to put an end to the numerous schemes, many of them actually fraudulent, for inducing inexperienced holders of Liberty Bonds to exchange them for merchandise or property of less inherent value though carrying the promise of a higher value or a higher income return. In order that the Treasury may be placed in a position to carry such plans as these into effect, if they should be found expedient, I suggest for your consideration the present enactment of appropriate legislation.

Last year I had the privilege of explaining to you and your colleagues on the Ways and Means Committee very fully the reasons why I advocated making the income from Liberty Bonds subject to income surtaxes. I still believe that that course was wise and that the arguments advanced in favor of it were sound. It will not do,however, to press any theory, however sound, to an extremity, and it is obvious that, as a practical matter, we cannot keep the interest rate on Government bonds stationary, or substantially so , and continue indefinitely to increase the surtaxes, to which the income from these bonds is subject, without at the same time limiting the market for Liberty Bonds to those who have little or no surtaxes to pay. Since the bond and tax legislation which was under discussion in the summer of 1917 and which was enacted in the fall of 1917, the interest on Liberty Bonds has been increased only $\frac{1}{4}$ of 1%, whereas the surtax rates now in contemplation would carry an increase in the taxes to which the interest on the bonds is subject rising above 150% increase in some classes. Surtaxes on income from $5000 to $200,000 would under the new tax bill on the average be doubled. In order to give the numerous small holders of Liberty Bonds the advantage of a market upon which they may sell their bonds in case of necessity, and also to attract subscriptions from the great number of investors of ample means but not of great wealth, it will be necessary immediately either to increase the interest rate, or to neutralize the increased surtaxes by freeing the bonds to a limited extent from such taxes.

I recommend that a portion of the income of these bonds should be free from surtaxes for the period of the war and for a brief interval thereafter. This course would make it possible to meet the exigencies of the present situation and to counter-balance the adverse effect on the market value of Liberty Bonds of the increased surtax rates, and at the same time would not be open to the very grave objection which exists against any unlimited or permanent exemption, which would deprive the Government of the United States of the power to meet its necessities in the future by supertaxes on incomes derived from Liberty Bonds. If the surtax rates should be reduced after the war, the interest which is fixed in the bonds would continue. Having, as I believe, in fairness to the patriotic people who will subscribe for the Fourth Liberty Loan, to choose between one of two methods for making the bonds more attractive, neither of which is wholly satisfactory, I am inclined to recommend at this time that the holders of these bonds be given a qualified and limited freedom from surtaxes in respect to their holdings rather than that the interest rate should be increased. I believe that on the whole the wise and expedient thing is to grant a limited exemption calculated to counterbalance the increase in surtax rates now contemplated, and which I believe will be only temporary, rather than to increase the interest rate on Liberty Bonds for the life of the bonds.

I am influenced in this determination by the fact that it continues necessary to sell Liberty Bonds in competition with billions of dollars of bonds of the United States, the various States and municipalities, which are wholly exempt from surtaxes, as well as from all forms of taxation, so that the person whose income is subject to surtaxes is apt to make a comparison of the income return from the Liberty Bonds which he is asked to subscribe for, not with the income return from corporation and other securities such as carry no exemption from taxation, but with the income return from wholly exempt bonds of the United States and the various States and municipalities. Under the existing state of the Constitution and laws, such a comparison cannot be avoided. In these circumstances, we must find a middle ground between the sound view which would refuse all exemptions from surtaxes, and the practical necessity of taking into account the fact that such exemptions will in any event be gained, as surtaxes are steadily increased, by shifting funds into Governmental, State and municipal bonds, the income from which is exempt from surtaxes as well as from normal taxes.

In granting such exemption, I think appropriate provision should be made to the end that those who subscribe for bonds of the Fourth Liberty Loan may, to the extent of a specified portion of their holdings, participate in the exemption in respect to bonds of the First Liberty Loan, converted, the Second Liberty Loan converted and unconverted, and the Third Liberty Loan.

Should these views commend themselves to the Congress, I believe that immediate action should be taken so that the status of the Bonds of the Fourth Liberty Loan, in respect to taxation, may be promptly known. It is, in fact, imperative that this status should be quickly known.

There are certain other matters to which I desire to call the attention of your Committee at this time:

The provisions of Section 8 of the Second Liberty Bond Act, as amended by the Third Liberty Bond Act, should be extended so as to authorize the Secretary to deposit the proceeds arising from the payment of war-profits taxes with qualified depositary banks and trust companies in the United States in the same manner as the proceeds of income and excess profits taxes.

The time has come to make provision for the sale of War Savings Certificates in 1919. The limit of $1,000 on the amount which may be sold by any one person should be made to apply separately to the series which will be issued in 1919, so that one holder may own $1,000 of that series in addition to $1,000 of the series of 1918. At the same time the limit of $2,000,000,000 now imposed on the aggregate amount of theissue should be enlarged, or, better, removed; for the necessary distribution of the War Savings Stamps among thousands of post offices and other agencies engaged in making sales over the counter may make the limit very embarrassing long before the cash receipts of the Treasury indicate that the limit is about to be reached.

In the negotiations which I have had, and am having, with or in foreign countries in the effort to stabilize foreign exchange, I find myself seriously hampered because I am without the freedom of action which is possessed by the finance ministers of European countries. I may only sell bonds or Treasury Certificates of Indebtedness, which involves often international complications, and may not obtain banking credits nor operate as freely as may be necessary in the effort to stabilize exchange. Notwithstanding these restrictions, the Treasury has been able to make substantial progress in dealing with this difficult problem. I urge upon you, however, the incorporation in the law of the necessary authority to give greater flexibility to the operations of the Treasury in this respect.

I believe it is highly desirable at this time that the President should be empowered to investigate ,regulate, or prohibit not only the export or earmarking of gold or silver coin or bullion or currency, but also the hoarding or melting thereof.

Last March I called the attention of the Congress to the importance of amending the provisions of Section 5200 of the Revised Statutes limiting the amount of loans which National Banks may make to any one borrower. A bill was reported by the Banking and Currency Committee of the House, H.R.10691, passed by the House and reported with amendments by the Committee on Banking and Currency of the Senate, but not acted upon by the Senate. The Senate did pass a bill, Senate 4099, dealing to a certain extent with the same subject matter prior to the Senate Committee report on the House Bill; and on the Senate Bill no action has been taken by the House. It is essential that this matter be disposed of before the Fourth Liberty Loan is offered.

By way of suggestion and in order the better to formulate my views for your consideration, I have taken the liberty of preparing a Bill which would deal with the various points I have mentioned in this letter. A draft of this Bill is enclosed. May I not ask that the Ways and Means Committee give these points its immediate attention with a view to the enactment of the necessary legislation, if my suggestions commend themselves to the Committee, in ample time to become effective before the opening of the Fourth Liberty Loan campaign on September 28th. I feel that the success of this Loan is deeply involved in this legislation.

Mr. Leffinwell is fully informed of my views concerning these matters and is authorized to speak for me in my absence, should the Committee desire any further information.

Cordially yours,
(Signed) W.G.McAdoo.

Hon. Claude Kitchin,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.

D[illegible] sending a copy of this letter and the enclosure to Senator Simmons.

Tenative Draft submitted to Mr. Kitchin by Secretary McAdoo, for the consideration of the Ways and Means Committee.

An Act To supplement an Act, approved July ninth, nineteen hundred and eighteen, entitled "An Act To authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That until the expiration of the calendar year ending December 31 next following the calendar year in which shall occur the date of the termination of the war between the United States and the Imperial German Government, as defined in the Second Liberty Bond Act, (1) the interest on an amount of bonds of the Fourth Liberty Loan the principal of which does not exceed $30,000, owned by any individual, partnership, association, or corporation, shall be exempt from graduated additional income taxes, commonly known as sur-taxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations; and (2) the interest on an amount of bonds of the First Liberty Loan Converted, the Second Liberty Loan, converted and unconverted, and the Third Liberty Loan, the principal of which does not exceed $45,000 in the aggregate, owned by any individual, partnership, association, or corporation, shall be exempt from said taxes; Provided, However, that no owner of bonds of the First, Second or Third Liberty Loans shall be entitled to exemption under subdivision (2) of this paragraph in respect to the interest on an aggregate principal amount of such bonds exceeding one and one-half times the principal amount of bonds of the Fourth Liberty Loan originally subscribed for by such owner and still owned by him at the date of his tax return. The exemption herein provided for are in addition to the exemption provided in the Second Liberty Bond Act in respect to the interest on an amount of bonds and certificates, authorized by said Act and amendments thereto, the principal of which does not exceed in the aggregate $5000, and in addition to all other exemptions provided in said Second Liberty Bond Act.

Sec. 2. That Section 6 of the Second Liberty Bond Act is hereby amended by striking out the figure "$2,000,000,000" and inserting in lieu thereof the figure "$4,000,000,000," Said Section is further amended by striking out the words "and it shall not be lawful for any one person at any one time to hold war savings certificates to an aggregate amount exceeding $1000, and inserting in lieu thereof the words "and it shall not be lawful for any one person at any one time to hold war savings certificates of any one series to an aggregate amount exceeding $1000."

Sec. 3. That the provisions of Section 8 of the Second Liberty Bond Act, as amended by the Third Liberty Bond Act, shall apply to the proceeds arising from the payment of war-profits taxes as well as income and excess profits taxes.

Sec. 4. That the Secretary of the Treasury may make arrangements in or with foreign countries to stabilize the foreign exchanges and to obtain foreign currencies and credits in such currencies, and he may use any such credits and foreign currencies for the purpose of stabilizing or rectifying the foreign exchanges, and he may designate depositaries in foreign countries with which may be deposited as he may determine all or any part of the avails of any foreign credits or foreign currencies.

Sec. 5. That Clause (b) of Section 5 of the Trading with the Enemy Act be, and hereby is, amended to read as follows:

"(b) That the President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange or in bonds or certificates of indebtedness of the United States and the export, hoarding, melting or earnmarkings of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States), and transfers of evidence of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy or otherwise, or between residents of one or more foreign countries, by any person within the United States; and he may require any such person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed."

Sec. 6. That section fifty-two hundred of the Revised Statutes, as amended, be, and hereby is, amended to read as follows:

Sec. 5200. The total liabilities to any association, of any person, or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such associations, actually paid in and unimpaired and one-tenth part of its unimpaired surplus fund: Provided, however, That (1) the discount of bills of exchange drawn in good faith against actually existing values, (2) the discount of commercial or business paper actually owned by the person negotiating the same, and (3) the purchase or discount of any note or notes secured by not less than a like face amount of bonds of the United States issued since April twenty-fourth, nineteen hundred and seventeen, or certificates of indebtedness of the United States, shall not be considered as money borrowed within the meaning of this section, but the total liabilities to any association, of any person or of any company, corporation, or firm, upon any note or notes secured by such bonds or certificates of indebtedness, purchased or discounted by such association, shall not exceed ten per centum of the capital and surplus of such association, except subject to such rules, regulations, and limitations as may be established from time to time by the Comptroller of the Currency, with the approval of the Secretary of the Treasury."

Sec. 7. That the short title of this Act shall be "Supplement to Fourth Liberty Bond Act."

21

TREASURY DEPARTMENT
BUREAU OF PUBLICITY
WAR LOAN ORGANIZATION

FOR MORNING PAPERS
NOVEMBER 11, 1918.

INTEREST OF REGISTERED BONDS OF THE LIBERTY LOANS.

Note:
For full text of Circular see Subject File: U.S. Sec.- in General

TREASURY DEPARTMENT.

For Release Afternoon papers
November 27th.

Dear Sir:

November 27, 1918.

I am sure that every patriotic banker as well as every patriotic citizen in the United States recognizes the imperative duty of financing the Government not only to the conclusion of the armistice, but until peace has been determined and war bills have been paid. Until the peace treaty is signed, a splended army of American herees must be kept on duty in France as a guaranty that the kind of peace for which America has fought will be secured. The expense of maintaining our forces in Europe, both upon land and upon sea, and other war bills, must be paid. They cannot be paid unless the Treasury continues to have the adequate support of the bankers and people of America.

I am sure that I do not have to emphasize the appeal to the patriotism of America. That patriotism is not of the incomplete or unfinished sort; it will not be content with half doing the glorious work we have so auspiciously begun. It will be content only with a realization of all of the fruits of our glorious victories, and this cannot be accomplished until the war has been financed and peace - the handsome peace which America wishes to secure to the world - has been escorted back to America as well as to the other nations of the world.

It is, therefore, necessary that a rational program of Government financing shall be executed. The policy adopted in February last and again in June, of laying before the banking institutions of the country as nearly as may be the requirements of the Government during the period prior to the Third and Fourth Liberty Loans, met with very gratifying response which provided adequately for the necessities of the Government without strain or inconvenience; and I am writing now to inform you of the program for the ensuing five months, so far as one can be made at this time, in order that every bank and trust company in the United States may have adequate notice and be able to prepare itself to meet patriotically the requirements of the Government. I am sending a similar letter to every bank and trust company in the United States.

The expenditures of the Government, excluding transactions in the principal of the public debt, during this fiscal year, beginning July 1, 1918, to an including November 23, 1918, a period of less than five months, amounted to $8,213,070,568.65, according to the Treasury daily statements. Such expenditures during the current month of November to and including November 23, amounted to $1,577,148,144.93, or at the rate of nearly $2,000,000,000 for the month. The proceeds of the Fourth Liberty Loan in excess of the amount of Treasury Certificates issued in anticipation of that loan have been exhausted; and the remaining installment payments to be made on subscriptions to the Fourth Liberty Loan will but little more than cover the Treasury Certificates of Indebtedness issued in anticipation of that loan and as yet unpaid. Evidently some time must pass before the readjustment from a war to a peace basis can reflect itself in material diminution of the daily cash outgo from the Treasury. Indeed the wise policy of prompt liquidation of contracts might actually result for a time in the acceleration of demands upon the Treasury; while strengthening and making more liquid the banking position of the country.

Uncertainties with respect to pending revenue legislation make it impracticable and inexpedient to borrow further at this time in anticipation of taxes. In this period of readjustment it would be difficult to set in motion any plan for the continous sale of Government bonds and it seems that the wise policy will be to plan for one more great popular campaign in the spring for the sale of bonds, which should be of short maturities, and meanwhile to provide for the Government's necessities by the issue of Treasury Certificates at fortnightly intervals. The first issue of the certificates will be dated December 5, 1918, and will mature May 6, 1919, with interest at $4\frac{1}{2}$ per cent; and similar issues, it is expected, will be made on Thursday of every other week following December 5.

It is not at this moment possible to forecast the cash disbursements of the Government during the period of some five months which must intervene before the proceeds of another great public loan could reach the Treasury, nor therefore, to announce at this time the minimum amount of each fortnightly issue to certificates further than to say that in all probability it will not be less than $500,000,000 nor more than $750,000,000. The Federal Reserve Banks will advise all National and State Banks in their respective districts of the amount of certificates which they are expected to take from time to time in pursuance of this program, which amount can be figured roughly to equal $2\frac{1}{2}$ per cent of the gross resources of each bank and trust company for every period of two weeks, or a total of 5 per cent monthly.

I appeal with confidence to the patriotic bankers to continue to furnish the financial assistance imperatively required by the Government to support America's sons on land and sea until the final consummation of their wonderful victories.

Cordially yours,

(Signed) W. G. McADOO

To
The President
of the Bank or
Trust Company addressed.

Treasury Department,
Bureau of Publicity,
War Loan Organization. For release in Monday morning papers, January 27.

"WAR SAVINGS CERTIFICATES PAYABLE ONLY TO ORIGINAL OWNERS."

January 23, 1919.

1. The following is quoted from a notice issued by the Secretary of the Treasury.

"My attention has been directed to the numerous offers made by unscrupulous persons through advertisements and in oth er ways to buy War Savings Certificate Stamps and, as a result of such offers, I am informed that owners of such securities have suffered material losses which could have been avoided by redemption of the War Savings Certificate Stamps at post offices, as provided by law."

"In order that the interests of owners of War Savings Certificate Stamps of either series may be safe-guarded, I hereby notify all persons to refrain from offers to buy War Savings Stamps or accept the same in trade."

2. In pursuance of the foregoing, postmasters are directed not to pay War Savings Certificates on which the names of the owners have not been entered or have been erased or c hanged; since, under the rregulations, they are not transferable, and are payable only to the original owners, except in case of death or disability.

3. Postmasters are further instructed not to pay any War Savings Certificates presented by persons or firms known to be buying, or publicly offering to buy, War Savings Stamps or Certificates from the owners, unless positive evidence is submitted that the Certificates were originally issued to the persons or firms presenting them for payment.

4. When consulted by owners of War Savings Stamps in regard to offers to purchase such stamps at less than current value, postmasters should invite their attention to the fact that War Savings Certificates may be cashed at money-order post offices after ten days' written notice, and that this is a privilege accorded by law. At the same time it should be pointed out that the need of the Government for the pro ceeds of the War Savings Stamp issue is great, and the holders should be urged to retain their stamps until maturity as a patriotic act unless their necessities are urgent.

(signed) A. M. Dockery.

Third Assistant Postmaster General."

Treasury Department,
Bureau of Publicity,
War Loan Organization.

For Morning papers, February 9, 1919.

STATEMENT BY SECRETARY GLASS:

The impression seems to exist that policies initiated during the war by Secretary McAdoo and by the Federal Reserve Board for the conservation of credit are still fully effective and are responsible for inactivity in the building trades. The activities of the country have undergone a great change since the signing of the armistice and many industries which were engaged in the production of war material and for which credits were essential are now directing their energies to other lines more nearly related to the normal activities of peace. Consequently, many of the policies which were adopted to meet war needs are now out of date. My own impression is that inactivity in the building trades is directly traceable not to any insufficiency of credit but to the continuance of abnormally high costs. The building trades of the country responded promptly to the view of my predecessor and of the Federsl Reserve Board and cooperated in a patriotic way with the Government in its program for the conservation of credit during the period of the war, and I am glad to say that in my judgment there is now no valid reason why sufficient credit should not be made available for useful building operations.

TREASURY DEPARTMENT

FOR MORNING PAPERS,
February 11, 1919.

Note:
For full text of statement see Subject File: U.S. Sec.---General

TREASURY DEPARTMENT. FOR MORNING PAPERS, FEB. 13, 1919

COPY

Washington
February 11, 1919.

To the Honorable

The Secretary of the Treasury.

Sir:

On November 2, 1918, your predecessor appointed the undersigned committee to investigate present conditions in the gold mining industry and to study the problem carefully and thoroughly with a view to definitely ascertaining all the difficulties confronting gold production and submitting suggestions of sane and sound methods of relief.

The nature of the problem submitted to the Committee was well stated in the letter of Secretary McAdoo to Delegate Sulzer of Alaska, under date of June 10, 1918, to which reference has been made in almost all resolutions or discussions of the subject since that time. That letter is reproduced herewith.

At that time the war was at its height and there was every prospect of a prolonged war. Contrary to the belief apparently entertained in many quarters the structure of banking credit in any country during war time does not depend very much, if at all, on the amount of gold that can be made available as a reserve for that structure. Undoubtedly the rise in prices in this country since 1914 is to a great extent due to the heavy importations of gold during 1915 and 1916, but it does not follow that the export of a corresponding amount of gold at the present time would operate to bring down prices. As a matter of fact it is the judgment of this Committee that it would not so operate until we have reached or approached normal peace conditions. In time of peace the gold reserve is undoubtedly an important factor in controlling the credit structure but in time of war that structure is determined by other causes. This distinction is sometimes overlooked and much inaccurate thinking is due to this oversight. Under war conditions the imperative necessity of the Government for the production of war essentials determines Government expenditure, and this expenditure cannot be modified to meet the banking needs of the country; on the contrary, the banking policies of the country must conform to the fiscal policy of the Government. Under these circumstances, the only way in which the expension of banking credits can be checked is by a reduction of civil demands to correspond with the expanding needs for Government expenditure. The credit saved through this reduction of civil demands becomes available to the Government through the purchase of Government securities, or through the payment of taxes. To the extent to which such saving and resulting investment does not take place Government obligations must be taken by the banks, giving rise to credits to the Government which create additional purchasing power for the use of the Government. This additional purchasing power, in turn, competes with the demands of private individuals, driving up prices against the Government and against the civil consumer and ultimately impairs the individual's purchasing power to an amount roughly equivalent to the impairment that might better have been brought about through voluntary saving.

The credit structure thus erected depends inevitably upon Government needs and upon the willingness and ability of the community to impose upon itself voluntary restraint in expenditure. In other words, the structure will be high if the community fails to save.

The results in saving achieved in the United States were remarkable but no program of saving can be instantly put into effect and the expansion of the credit structure that took place under these circumstances was inevitable and could not have been controlled through any reduction in the gold reserve.

This being so and a long war being believed in prospect, it was important to maintain a strong gold reserve in order that there might be no impairment of confidence in the convertibility of our currency and in our ability ultimately to settle any international indebtedness in gold.

The cessation of hostilities has radically changed this situation, and, with the change in the situation, any need of particular effort to promote or stimulate our gold production which may have existed has ceased. There is now no danger of an impairment of confidence. The dimensions of our financial problems are becoming clear and we know that we can without permanent strain meet any financial requirement the Government will be willing to assume. Some further expansion of credit may result from our expenditures for demobilization and readjustment but we can look forward to a comparatively early contraction of our credit structure with the attending circumstances of a free gold market and a gold reserve that shall once more perform its normal function of regulating credit conditions. That movement will, we believe, be both preceded and accompanied by lower commodity prices.

Under these circumstances, there is in our opinion no need for artificial stimulation of gold production. Not only has any need therefor passed, but there have come into operation causes that will in due time restore all industry, including the mining of gold, to a normal basis. Gold mining will then become again normally profitable and respond automatically to normal stimuli.

It is therefore the judgment of this Committee that no steps should be taken by the Government to stimulate or promote the production of gold.

The representatives of the gold mining interests very properly based their suggestions for relief on the public necessity for a larger production of gold and not on the hardships suffered by them as parties interested in an industry in which the margin of profit had been rapidly shrinking, and in many cases had entirely disappeared or been turned into a loss. They recognized that such diminishing profits and such losses were inevitable under the shifting conditions of war, and that merely as producers they had no better claim to relief than any other section of the community suffering a reduction of profits or incurring losses under the changing incidence of war conditions.

In the course of its consideration of the subject referred to it this Committee has conferred with a Committee appointed by the American Gold Conference held at Reno in August, 1918, under the Presidency of Governor Emmet D. Boyle, of Nevada; it has had the benefit of the very complete survey of the conditions of the gold mining industry contained in the report dated October 30, 1918, of the Committee appointed by the

Secretary of the Interior to study the gold situation, of which Hennen Jennings, Esq., was Chairman; and of the report dated November 29, 1918, of the Gold Production Committee appointed by the Commissioners of the British Treasury under the Chairmanship of Lord Inchcape; they have conferred with or secured the views of Prof. Irving Fisher and other eminent economists, besides which they have had referred to them a considerable volume of correspondence expressing widely varying views which had been received by the Secretary of the Treasury and the Director of the Mint.

It is interesting to note that the British Treasury Committee arrived at the same conclusion as that which we have reached.

We cannot refrain from expressing gratification at the substantial unanimity of opinion among those whose position or experience entitles their views to respectful consideration against suggested measures of relief that would have had a tendency to undermine or upset our standards of value.

Respectfully submitted,

ALBERT STRAUSS

EDWIN F. GAY

RAYMOND T. BAKER

EMMET D. BOYLE

POPE YEATMAN.

TREASURY DEPARTMENT - For morning papers February 14, 1919

February 13, 1919.

Statement by Secretary Glass before the Ways and Means Committee concerning the Fifth Liberty Bond Bill.

In order that any of you who may not have had an opportunity to read it may be familiar with the general considerations which led me to propose legislation in the form now before you as a draft of a Fifth Liberty Bond Bill I will ask you to bear with me while I read my letter of February 10th to Mr. Kitchin.

Washington, D. C.,
February 10, 1919.

Dear Mr. Kitchin:

Now that the revenue bill has passed the House I desire, in accordance with the intimation contained in my letter of January 15th to you and my talk with you and Mr. Fordney, to ask the attention of the Ways and Means Committee to the necessity of the immediate enactment of legislation amending the Liberty Bond Acts so as to make possible the funding by a Victory Liberty Loan in the spring of the floating debt which has been incurred and will be incurred up to that time. The Victory Liberty Loan could not be issued successfully, now that hostilities have ceased, within the limitations imposed by existing laws.

After most careful consideration of the matter and after receiving and considering the views of bankers, liberty loan workers and others whose views are most entitled to consideration, very reluctantly I am constrained to say that I cannot wisely determine now in February the terms of the bonds or other obligations which it would be wise to offer for subscription in April when the Liberty Loan campaign should probably begin. At the moment we are in a period of readjustment. To the slackening of industrial and commercial activity incident to the termination of active warfare has been added the usual dullness of the winter season. The necessary and desirable contraction of our credit structure has begun and will be greatly facilitated by the enactment of appropriate legislation to permit the liquidation of claims arising under informal army contracts. Steps have been taken to break the deadlock which had arisen growing out of the maintenance, nominally at least, of war prices in certain basic industries. Upon the enactment of appropriate legislation to enable the Food Administration to protect the guaranties given by the United States, I am hopeful that it will prove possible to restore the operation of the law of supply and demand with respect to foodstuffs with, as I believe, a consequent reduction in the cost of living. A period of rising prices and of intense industrial activity such as we have experienced during the past four years is always a period of great apparent prosperity, and a period of falling prices and of the contraction of credits is always a period of depression. The retardation of the process of readjustment by artificial means can only increase the evils inherent in the situation. Buying will not begin and activity will not set in until the community at large is satisfied that prices have reached bedrock. I am very hopeful that measures now under discussion may result in the rapid acceleration of the readjustment and I am firmly convinced that if that be done, America has before her a new period of great and growing prosperity. I am even sanguine enough to believe that it is within the range of the possible that so much may have been accomplished on the lines above indicated before the expiration of two months from now that the whole situation will have been changed and that we may look forward to the successful issue of the Victory Liberty Loan on terms which today would seem quite impossible.

Furthermore, merely as a matter of the technique of bond selling, it would be a fatal mistake to fix the terms of the Loan so long in advance of the offering. The issue would become stale and its attractions would have been discounted long before the Loan Campaign begins. It will be remembered that the Second Liberty Bond Act was approved as late as September 24th and the bonds were offered on October 1st, 1917; that the Third Liberty Bond Act was approved April 4th and the bonds offered on April 6, 1918; and that the supplement to the Fourth Liberty Bond Act was approved September 24th and the bonds offered on September 28th, 1918.

Therefore, and in view of the early expiration of the life of the present Congress and the apparent impossibility of convening and organizing the new Congress in time to enact further bond legislation before the Victory Liberty Loan campaign begins, I reluctantly ask greater latitude in the exercise of a sound discretion as to the terms of the Victory Liberty Loan than has been conferred by the Congress in respect to previous loans. I should be only too glad to have the Congress share with me the responsibility of this extraordinarily difficult determination, but, believing that it would be a grave mistake to reach a final determination at this time, I must ask authority to deal with the matter as the situation may develop.

Holding these views, I have ventured to have prepared and I submit to you herewith, a draft of a bill to amend the Liberty Bond Acts and for other purposes. This bill would (1) increase the authorized issue of bonds from twenty billion dollars to twenty-five billion dollars; (2) remove the limitation as to interest rate so far as regards bonds maturing not more than ten years from the date of issue; (3) authorize the issue of not to exceed ten billion dollars of interest-bearing, non-circulating notes having maturities from one to five years; (4) authorize the issue of bonds and notes payable at a premium; (5) exempt war savings certificates from income surtaxes; (6) confer authority upon the Secretary of the Treasury to determine the exemptions from taxation in respect to future issues of bonds and notes and to enlarge the exemptions of existing Liberty Bonds in the hands of subscribers for new bonds and notes; (7) exempt from income surtaxes and profits taxes all issues of Liberty Bonds and Bonds of the War Finance Corporation held abroad; (8) extend the period for conversion of 4% Liberty Bonds on the lines suggested in my letter of January 15th to you; (9) create a 2½% cumulative sinking fund for the retirement of the war debt; (10) continue the existing authority for the purchase of obligations of foreign governments after the termination of the war in accordance with the views expressed by Secretary McAdoo by letter and in his testimony before the Ways and Means Committee; and (11) extend the authority of the War Finance Corporation so as to permit it to make loans in aid of our commerce, thus supplementing the aid which may be given by the Treasury on direct loans to foreign governments and in a measure relieving the Treasury of demands for such loans.

I am sure that your Committee will wish to discuss all of these mattefs fully with me and I shall not burden you at this time with a fuller statement of my views concerning them.

I am sending a copy of this letter to Senator Simmons.

Very truly yours,
(Sgd). Carter Glass.

Enclosure.

Hon. Claude Kitchin,
House of Representatives,
Washington, D.C.

On the date the armistice was signed the United States was in the fortunate position of having outstanding no short-time indebtedness, excluding war saving certificates, that was not covered and more than covered by the deferred installments on subscriptions for the bonds of the Fourth Liberty Loan. But expenditures in November, December and January, according to the Treasury daily statement, exclusive of transactions in the principal of the public debt, amounted to $5,958,576,114.24, or at the rate of nearly $2,000,000,000 a month, and the amount of Treasury certificates of indebtedness outstanding on January 31st was $4,798,064,800, of which $3,225,099,500 were issued in anticipation of the Victory Liberty Loan. Expenditures for the first seven months of the fiscal year ending June 30, 1919, exclusive of the principal of the public debt amounted to $12,594,498,537.96. It is apparent that unless there should be a very radical reduction in expenditures during the last five months of the current fiscal year Secretary McAdoo's hope that the expenditures for the whole fiscal year would be in the neighborhood of only $18,000,000,000 must be disappointed. I have not as yet been able to obtain revised estimates from the War Department and other Departments of the Government of their probable expenditures. The cash disbursements during the first ten days of the current month of February have shown a gratifying decrease but the knowledge that heavy payments on the settlement of informal army contracts are being held in abeyance awaiting the enactment of appropriate legislation and that protracted discussion concerning the terms of peace will necessitate the continuance of large military expenditures abroad; the continuance of large expenditures by the Shipping Board; the Navy program and the guaranties and commitments of the Food Administration prevent me from looking forward to any great reduction in cash disbursements in the early future.

With these things before us and with a floating debt of nearly $5,000,000,000, increasing at the rate of, say, $1,400,000,000 a month, you will, I know, not be surprised by my recommendation of an increase in the authorized amount of bonds.

The amount of bonds authorized and unissued under existing Liberty Bond Acts is slightly in excess of $5,000,000,000; the authorization under the First Bond Act having been $2,000,000,000 and under the Second, Third and Fourth Acts $20,000,000,000 and approximately $17,000,000,000 of bonds having been issued under the four acts. It is needless to say that the Treasury does not contemplate the issue in connection with the Victory Liberty Loan of any such amount of bonds as $10,000,000,000. It has, however, been the practice of the Treasury since the Second Liberty Loan to allot the entire amount of bonds subscribed for. In order to be in a position to do this in connection with the Victory Liberty Loan if it should then be thought wise to follow that policy, it is necessary to authorize some increase in the amount of bonds authorized to be issued. In making the change it seemed wise to suggest an increase to a figure which, so far as at present information is available, would seem to represent the maximum possible amount of the bonded debt growing out of the war.

Not in addition to but as an alternative of the issue of such bonds I have suggested the authorization of an issue of notes limited to $10,000,000,000 and I should like to suggest also an increase in the maximum amount of Treasury certificates from $8,000,000,000 to $10,000,000,000. It cannot be too plainly stated that these three items of $10,000,000,000 each are not cumulative. It is contemplated merely that authority should be given to the Treasury to finance the existing and expected indebtedness either by the issue of Treasury certificates or by the issue of notes or by the issue of bonds. It may be desirable to adopt all of these methods in succession. It may be desirable to issue Treasury certificates in the first instance and bonds to refund them as has been done in the past. It may be desirable to refund the Treasury certificates into notes and the latter ultimately into bonds. Conditions may be such that the issue of a series of notes of a shorter maturity than is indicated in Section 4 of the Second Liberty Bond Act as appropriate for a bond issue, but of a longer maturity than that permitted for Treasury certificates of indebtedness, would be desirable. Conditions in April might be such that it would be easy and wise to issue a short time note bearing a relatively high rate of interest and carrying with it the privilege of conversion into bonds bearing interest at a lower rate and having a longer maturity. This would make necessary authority for the issue of both the notes and the bonds to the full amount to be raised but, of course, would not necessitate the existence of both as outstanding indebtedness at any one time. On the other hand, it might be desirable to make an alternative offer of bonds and notes leaving the subscriber a choice between the two. This also would necessitate double authorization but only one debt.

In respect to the notes and also in respect to bonds of a maturity of ten years or less I have asked authority to determine the interest rate as the situation may develop. I am by no means convinced that conditions will be such in April as to necessitate an increase in the interest rate over that provided in existing law to an important extent if at all, yet if I were obliged to determine now what is the lowest rate at which I could undertake with certainty to finance the requirements of the Government when the issue is offered in April I should be obliged to name a maximum rate much higher than that which, if developments are as favorable as I expect they will be in the interval, will, I hope, be sufficient to float the Loan. There is not, I venture to say, a solvent banking house in America which would enter into a firm obligation today to purchase in April any inportant amount of securities of any character at any price whatever--certainly not at a price which failed to make such an allowance for contingencies in the interval as would be regarded as prohibitive by the borrower. Yet that is exactly what the Congress would require the Secretary of the Treasury to do if it were to fix the interest rate today. I cannot undertake the responsibility of saying now at what rate the bonds or notes may be sold in April and if you were today to fix a maximum rate such as to be sufficient in any possible contingency you would by that very act tend to force the adoption of that maximum rate when the Loan is offered. No Liberty Loan has ever been sold at a lower rate than the maximum fixed by the Act under which it was issued. On the other hand, in the Second Liberty Bond Act, which was approved nearly a year and a half ago, you conferred upon Secretary McAdoo authority to issue Treasury certificates of indebtedness without limit as to the rate of interest and he and I have been able to maintain the rate of 4½% for such certificates, during a full year, including the period when our war prospects were at their darkest and, the recent period when the cessation of hostilities has made the problem of selling Government securities most difficult. The floating debt, represented by Treasury certificates now outstanding and to be issued in the interval before the Victory Liberty Loan is offered, must be refunded, and bonds or notes must be sold to an amount sufficient to accomplish this purpose. To withhold from the Secretary of the Treasury the power to issue bonds or notes bearing such rate of interest as may be necessary to make this refunding possible might result in a catastrophe. To specify in the Act the maximum amount of interest at a figure sufficient to cover all contingencies would be costly because the maximum would surely be taken by the public as the minimum.

I have suggested that authority be conferred upon the Treasury to issue bonds or notes payable at a premium at maturity believing that it might be found desirable to issue bonds following the lines of the British National War Bonds which have been issued so successfully during the past year and a half. Payment of a slight premium at maturity would have a number of advantages over an increase in the nominal interest rate: (1) it would carry with it an inducement to saving and to the retention of the bonds; (2) it would tend to limit depreciation in the market; (3) it would probably have a somewhat less injurious effect upon the market value of existing issues of Liberty Bonds and other securities than a flat increase in the interest rate; and (4) it would make possible more exact computation of the effective interest rate to be borne by the bonds or notes than is possible where bonds are issued and paid at par. A fractional semi-annual interest payment involves infinite annoyance to bond holders, banks and the Government itself, which would be to a great extent avoided by payment of a small premium only once at maturity. I do not undertake to say that it will be found wise to issue bonds or notes payable at a premium but I do say that the Treasury should be equipped with authority to do so if that be found expedient.

I have asked for authority to determine the exemptions from taxation to be carried by the bonds, notes and Treasury certificates. Such exemptions could not be greater than that conferred by the Congress in the First Liberty Bond Act. It would not be less than exemption from State and local taxes. Within these limits I believe it is expedient that the Treasury should have authority to determine the exemptions. As a matter of principal, I agree entirely with Secretary McAdoo that exemptions from taxation even in respect to the Government's own bonds are undesirable. He, however, found it necessary as a practical matter to modify those views to meet the exigencies of the situation in connection with the Fourth Liberty Loan. The bonds of the Second Liberty Loan carried a higher rate of interest than those of the First, the bonds of the Third carried a higher rate of interest than those of the Second, and the bonds of the Fourth carrier greater exemptions from taxation than those of the Third, That something must be done to make the bonds or notes of the Victory Liberty Loan more attractive than their predecessors is apparent. Whether the needed attraction should be found in increased interest rate or in additional exemptions from taxation or by a combination of both would be unwise to determine now. In the discussion of the pending Revenue Bill and of the Supplement to the Fourth Liberty Bond Act Secretary McAdoo called attention to the relation between income taxes and the rate of interest on the bonds. In his letter of June 5, 1918, to Mr. Kitchin concerning the Revenue Bill Secretary McAdoo wrote as follows:

> This brings me to another consideration of great moment in the Government's financial plans. I hope that it will not be necessary further to increase the interest rate on Government bonds. The number of subscribers to the three Liberty loans aggregate 30,000,000. The people who

subscribed are impatient of those who have not. Various plans have been urged upon me for forcing the people to buy Liberty bonds. The man of small means who buys a $100 bond wants his neighbor to do so, too. There is a popular demand also for high taxes upon war profits. There is also a popular demand that all the people should contribute to financing the war. There should, therefore, be a substantial increase in the normal income tax rate and a higher tax should be levied upon so-called unearned than on earned incomes. Income derived from Liberty bonds would be exempt from this taxation, and the relation between income from Liberty bonds and income from other securities would be readjusted without increasing the rate of interest on Liberty bonds. It would not tax the patriotic purchasers of Liberty bonds on their holdings, but it would weigh heavily upon the shirkers who have not bought them. It would make the return from Liberty bonds compare favorably with the return from other securities. It would give the Government's bonds an essential and necessary advantage over those of corporate borrowers, and would very greatly decrease the relative advantage which State and municipal bonds now enjoy through the total exemption which they carry. It would produce a gradual readjustment of the situation in the investment markets instead of an abrupt one, as would be the case if the interest rate on Liberty bonds should be increased.

A normal tax falls upon all alike. Therefore, as I pointed out in my statement before the Ways and Means Committee last summer, there is not the same objection to the exemption from normal income taxes as there is to the exemption from surtaxes. A substantial increase in the normal income tax is the soundest and surest way of stabilizing the price of Government bonds. If we have to increase the interest rate on Government bonds, the increased rate may continue for 10 to 30 years and some of the bonds which we have issued will go to great premiums not long after the war is over. If we make the bonds at the present rate more attractive by increasing the normal tax, then the decrease in taxation which will follow the close of the war will automatically adjust the situation. I believe that to stabilize the price of Government bonds by first increasing and subsequently reducing the normal income taxes, from which the holders of these bonds are exempt, is sound finance and sound economics.

There is another feature deserving of consideration. We are asking the people to finance this war, and we are offering them an investment paying $4\frac{1}{4}$ per cent interest. The people have responded wonderfully to this appeal. In the last Liberty loan campaign 17,000,000, approximately, subscribed. There is a widespread feeling that many people who are able to do so, especially those who are making vast profits out of the war, are not doing their part, either in the purchase of Liberty bonds or in the payment of taxes - that they are investing in corporate stocks and bonds producing high returns instead of in the bonds of their own Government producing reasonable returns, when the first duty of patriotism and self-protection demands that they shall buy Government bonds for the protection of the Nation in its hour of peril.

> There is a natural feeling among the masses of the people that taxation upon incomes and upon war profits should be high enough to bring the return from corporate investments more nearly on a parity with the return from Government bonds; that the Government should not be forced to compete for credit with war industries, which are profiting abnormally and which, unless restrained by the exercise of sound and just taxation, will constantly add to the difficulties of the people of the United States in their effort to supply the Government at reasonable interest rates with the credit it needs to fight successfully this war for liberty.

And on September 5, 1918, Secretary McAdoo wrote to Mr. Kitchin concerning the Supplement to the Fourth Liberty Bond Bill as follows:

> The delay in the enactment of the tax bill, the fact that the rates of income surtaxes, to which the interest on Liberty bonds, except the first Liberty loan, is subject, will be higher, and the rate of normal income tax on unearned income will be lower, than I had contemplated, materially affect the prospects of the fourth Liberty loan.
>
> ....
>
> The market price of Liberty bonds, which responded favorably to the suggestion of an increased normal tax, from which the bonds will be exempt by their terms, was depressed by the newspaper reports of a greatly increased surtax, to which the interest on the bonds will be subject.
>
> ....
>
> Last year I had the privilege of explaining to you and your colleagues on the Ways and Means Committee very fully the reasons why I advocated making the income from Liberty bonds subject to income surtaxes. I still believe that that course was wise and that the arguments advanced in favor of it were sound. It will not do, however, to press any theory, however sound, to an extremity, and it is obvious that, as a practical matter, we can not keep the interest rate on Government bonds stationary, or substantially so, and continue indefinitely to increase the surtaxes, to which the income from those bonds is subject, without at the same time limiting the market for Liberty bonds to those who have little or no surtaxes to pay.
>
> ....
>
> In order to give the numerous small holders of Liberty bonds the advantage of a market upon which they may sell their bonds in case of necessity, and also to attract subscriptions from the great number of investors of ample means, but not of great wealth, it will be necessary immediately either to increase the interest rate or to neutralize the increased

surtaxes by freeing the bonds to a limited extent from such taxes.

....

I am influenced in this determination by the fact that it continues necessary to sell Liberty bonds in competition with billions of dollars of bonds of the United States, the various States and municipalities, which are wholly exempt from surtaxes, as well as from all forms of taxation, so that the person whose income is subject to surtaxes is apt to make a comparison of the income return from the Liberty bonds which he is asked to subscribe for, not with the income return from corporation and other securities such as carry no exemption from taxation, but with the income return from wholly exempt bonds of the United States and the various States and municipalities. Under the existing state of the Constitution and laws, such a comparison can not be avoided. In these circumstances, we must find a middle ground between the sound view which would refuse all exemptions from surtaxes and the practical necessity of taking into account the fact that such exemptions will in any event be gained, as surtaxes are steadily increased, by shifting funds into governmental, State and municipal bonds, the income from which is exempt from surtaxes as well as from normal taxes.

In granting such exemption, I think appropriate provision should be made to the end that those who subscribe for bonds of the fourth Liberty loan may, to the extent of a specified portion of their holdings, participate in the exemption in respect to bonds of the first Liberty loan converted, the second Liberty loan converted and unconverted, and the third Liberty loan.

The considerations which led Secretary McAdoo to recommend increased exemptions from taxation in September are more potent now. The Capital Issues Committee which had exercised a restraining influence upon the issue of State and municipal securities has ceased to function and such securities are now being issued without restriction. The Treasury itself has found it necessary to resume the sale of bonds of the Federal Land Banks and these must continue to be issued in increasing amounts carrying as they do exemption from all taxation. Those who are subject to higher rates of surtaxes will escape taxation at those rates to a very considerable degree by investment in the $8,000,000,000 or $10,000,000,000 of existing securities carrying exemption therefrom and the new securities of the same character continually being offered. They will seek also for investment more speculative securities carrying a very high nominal income rate. Low rate taxable bonds have no attraction for them.

The cessation of hostilities, the discontinuance of war work and war wages have greatly decreased the investment power of the millions of patriotic Americans of small means who subscribed so liberally to the Second, Third and Fourth Liberty Loans. They will, I know, subscribe and subscribe largely to the Victory Liberty Loan. But whether it be in their power to subscribe as largely as they have subscribed for bonds of other Loans I do not know. In any event it is essentially in their interest that an obligation be devised which will not only be attractive to them in the first instance but which will have such characteristics as will tend to insure the maintenance of its market price after the drive is over. I cannot now determine what those characteristics should be but I regard it as essential that I should be free to enlarge the exemptions from taxation if, when the time comes to determine the terms of the new issue, that should seem desirable.

I believe it essential that in connection with the issue of the Victory Liberty Loan a plan should be devised which will fully protect the interests of the holders of the existing Liberty Loan Bonds. As a matter of public policy it would not be wise nor right to make a gift to the holders of those bonds but I believe it will be wise and proper to confer upon those holders of the old bonds who subscribe to the new Loan additional exemptions from taxation under terms and conditions and within limitations to be determined. Such a course would not only be a great aid to the sale of the obligations of the new Loan but should be effective to improve the market price of existing issues which has suffered from heavy liquidation due, I believe, in large measure, to the changed conditions following the cessation of hostilities.

I have recommended that the holders of war savings certificates be exempt from taxation to the same extent as the holders of bonds of the First Liberty Loan. These certificates are of short maturity. The maximum amount which may be held by anyone is limited to $1,000. The interest is not payable until maturity or earlier redemption and in the hands of holders who await the date of maturity before collecting their certificates will in any event therefore escape war taxation. The effort has been and is being made to get the widest possible distribution of these certificates among the people of the United States. I believe the loss in revenue from this exemption will be negligible and that the conferring of the exemption will make the certificates what they ought to be, clearly the most desirable security issued by the Government, for I feel entirely confident that the Government will not under any conditions which can now be foreseen ever have to issue any security more attractive than an obligation bearing interest at the rate of 4% per annum compounded quarterly and exempt from all taxation.

I have suggested that Liberty Bonds and War Finance Corporation bonds held abroad should be exempt from all taxation. This is an enlargement of a provision already adopted by the Congress in relation to such bonds payable in foreign moneys. The early cessation of hostilities put an end to efforts to sell obligations payable in foreign moneys before any important amount had been sold. I believe substantial amounts would be invested in the United States Government bonds of the various Liberty Loans by persons in neutral countries with which the exchanges are now adverse to the United States if such investors could be assured of exemption from taxation in the United States. This would supply a number of desirable markets for the secondary distribution of Liberty Bonds and would have a beneficial effect upon those exchanges which are now adverse.

As to the extension of the privilege of converting the 4% Liberty Loan Bonds into 4¼% bonds I expressed myself fully in my letter of January 15th to Mr. Kitchin as follows:

Washington, D. C.,
January 15, 1919.

Dear Mr. Kitchin:

The total amount issued of 4% bonds of the First Liberty Loan Converted was $568,318,450 of which there remain outstanding as of December 31, 1918, in the hands of the public, unconverted, after deducting bonds purchased and retired by means of the Bond Purchase Fund and bonds held by the War Finance Corporation $200,680,900

The total amount issued of 4% bonds of the Second Liberty Loan was $3,807,862,350 of which there remain outstanding as of December 31, 1918, in the hands of the public, unconverted, after deducting bonds purchased by means of the Bond Purchase Fund and bonds held by the War Finance Corporation $866,999,900

Total 4% Liberty Bonds outstanding as of December 31, 1918 .... $1,067,680,800

Under the terms of the contract with the holders of these bonds the conversion privilege expired on November 9, 1918, six months after it arose. Every effort was made by Secretary McAdoo to give publicity to the fact of the conversion privilege and its approaching expiration, and that privilege remained open for six months. My belief is that those who did not avail themselves of the conversion privilege within the period fixed by the terms of the contract which the Government made with them fall among the class of small holders who are unaccustomed to bond investments and who, on account of the very wide distribution of Liberty Loan Bonds were not reached by general publicity, and could not except in the case of registered bonds, be reached by Department circular. Insistence upon the letter of the contract will result in loss to a group of patriotic bond holders towards whom a special duty of consideration exists. The United States has suffered nothing by their failure to act promptly in the exercise of the conversion right and it is my judgment that the conversion privilege should be extended. I propose to submit to your Committee in connection with the bond bill which it will be necessary for me to present at an early date for your consideration, a provision intended to extend the conversion privilege so that the higher rate of 4¼% shall be effective from the semi-annual interest payment date next succeeding the date of presentation for conversion.

I am writing this letter to you now and giving it to the press in order that the holders of these bonds may be informed of my views concerning the matter.

I am sending a copy of this letter to Senator Simmons.

Very truly yours,

(Signed) CARTER GLASS.

Hon. Claude Kitchin, Chairman,
Committee on Ways and Means,
House of Representatives.

I believe that immediate steps should be taken to set up a sinking fund for the retirement of the war debt. I have suggested the creation of a 2½% cumulative sinking fund calculated to retire the whole debt, so far as I can now estimate it, within a period of some 25 years. A cumulative sinking fund has the advantage of making the amount to be set aside for the service of the debt both on account of interest and sinking fund substantially a permanent item at a fixed figure until the debt is retired. The maturities and redemption dates for existing Liberty Loan Bonds have been arranged with great wisdeom and thoughtfulness by Secretary McAdoo, the bonds of the Second Loan being redeemable during the period between 1927 and 1942, those of the Third Loan being payable in 1928, those of the Fourth Loan being redeemable during the period between 1933 and 1938 and those of the First Loan being redeemable during the period between 1932 and 1947. Secretary McAdoo announced before he retired and I have confirmed the announcement that the Victory Liberty Loan will be of short maturities. Assuming that these maturities will cover the period between one year after the termination of the war and the year 1927 it will always be in the power of the Government to use the sinking fund effectively for the redemption of bonds of the Liberty Loans.

I should accompany the bill with a recommendation for the repeal of the existing paper sinking funds had not this recommendation been repeatedly made in the annual reports of the Secretary of the Treasury without action.

I have with me and would like to make a part of my statement the following:

(1) Statements showing classified receipts and disbursements, exclusive of the principal of the public debt, by months from March 1, 1917, to January 31, 1919, as published in daily Treasury statements.

(2) Memorandum concerning the existing authorizations for issues of Liberty Bonds showing the balance of authority under existing law.

(3) Statement showing the interest bearing debt of the United States as of January 31st, including the issue of Treasury certificates which opened on January 30th, the final figures for which were not received until a week or ten days later.

(4) Statement of the bonds purchased by the Treasury for the Bond Purchase Fund to January 31, 1919.

(5) Statement showing the final allotment of subscriptions to the Fourth Liberty Loan corrected to February 1st.

(6) Copy of the British War Loan Act of July 30, 1918.

This latter, I think, will interest you as bearing upon the extent of the discretion which I have asked the Congress to repose in me under the unusual circumstances now confronting the Treasury. Following is the authority conferred upon the British Treasury by the Parliament:

> I.-(1) Any money required for the raising of any supply granted to His Majesty for the service of the year ending the thirty-first day of March nineteen hundred and nineteen, and, in addition, of a sum not exceeding two hundred and fifty million pounds, or for the raising of any sum required for cancelling securities or Treasury bills under the powers of this Act, may be raised in such manner as the Treasury think fit, and for that purpose they may create and issue any securities by means of which any public loan has been raised or may be raised, or such other securities bearing such rate of interest and subject to such conditions as to repayment, redemption, or otherwise, as they think fit.

The Bill contains two provisions designed to meet a situation which is of vital importance both to the United States and the European Allies. The first of these provisions authorizes loans to the Allied Governments to provide for purchases in the United States for export therefrom, for expenditures in the United States in connection with such purchases and for the payment of interest to the United States, subject to two limitations - one that the credits shall cease one year after the termination of the war and the other that the total amount advanced shall be limited to the amount remaining unexpended of the sum authorized by previous legislation to be loaned to foreign Governments for war purposes.

The second provision authorizes the War Finance Corporation to make advances under proper restrictions to exporters not to exceed at any one time the sum of one billion dollars.

These proposals are designed to meet partially the situation growing out of the temporary exhaustion of the European Allies as regards foreign commerce and finance and out of the transition of the United States from a debtor to a creditor nation which has been brought about by the war.

Destruction of property by the enemy, demands on the man power and manufacturing facilities of the nations and the limitations imposed by shipping requirements upon the supplies of raw materials have combined to reduce the commercial production of the European Allied countries available for export to small proportions and at the same time the needs of the war have compelled them to make imports on a scale far transcending anything known before the war.

During the years 1917 and 1918 our foreign trade showed a net balance of $6,400,000,000 (or $3,200,000,000 a year) and our trade with Great Britain, France and Italy alone accounted for $6,235,000,000 of this balance. In the year immediately preceding the opening of the European war, i. e. the year ending June 30, 1914, our total balance of trade was $471,000,000 and our balance with the three countries named, $337,000,000. The trade figures for Great Britain for 1918 (up to November) show that its exports for the year were in money value smaller and in quantity far smaller than in the preceding year and her total trade for the 11 months ending November showed an excess of imports of practically 3 1/2 billion dollars.

The necessity of foreign purchases before we entered the war has greatly impaired the resources of the European Allies available to meet an adverse balance of trade, so that today they cannot import goods they need without financial assistance. The Treasury has insisted that, as far as possible, this finance should be secured through private channels; but the United States, before the war, was an importer of capital rather than an exporter and it is not to be expected that our people will adjust themselves to the changed situation so rapidly as to make it possible for all or even the greater part of the needs of these countries to be met privately. Investment in foreign securities was practically unknown in the United States before the commencement of the European war and the habit is one which cannot be widely extended in a short period of time. Some measure of governmental aid during the transition period is therefore necessary if we are to be able to export the food supplies and other commodities which European Allies desire to secure and which it is to our interest to sell them.

In asking the extension of the powers of the War Finance Corporation, it has been my thought to avail of methods approximating as nearly as possible to commercial practice, and to enable the funds to be secured without resort to the Treasury or the issue of Liberty Bonds. The War Finance Corporation will of course if the legislation is enacted secure funds by the issues of its bonds to the public which it is already authorized to make.

I do not feel, however, that this action alone will meet the situation. Our exporters will, of course, be liable to the War Finance Corporation for all advances made by it, and must limit their commitments, however well secured they may be. Moreover, in some cases our Government will either directly, or in effect, be the vendor. The machinery of the War Finance Corporation is not applicable to such cases. It is anticipated that substantial sales of property of the United States Government now in Europe to foreign Governments can be effected to the mutual advantage of the Governments concerned. The materials referred to include railroad materials and equipment, port and dock equipment and other property of the American Expeditionary Forces. Again, the Government as guarantor of the price of wheat has a direct interest in foreign sales of wheat.

The interest payments due from the several Governments on their obligations held by the United States now aggregate over $200,000,000 each half year and it is probable that few of the Governments at the present time can meet these payments without assistance. The requirements for reconstruction of Belgium and Northern France cannot yet be fully determined, but it is probable that some of them will be such as cannot be met without Government loans.

For these reasons I urgently ask the authority to broaden the purposes for which the loans to foreign Governments may be made. I do not ask an increased appropriation and it would not be my purpose to avail of the authority where commercial loans or the powers of the War Finance Corporation could, in my judgment, be used to meet the requirements. I do, however, feel very strongly that before the Congress adjourns powers should be given sufficiently broad to enable the situation to be dealt with. We are creditors of the European Allies to the extent of over eight billion dollars and we have a very real interest in the early restoration of their economic life and their ability to enter upon foreign trade. These Allies include the countries to which for many years the greatest volume of our exports has flowed, and if our foreign trade is to continue and to grow, our trade with these countries must continue to be a large part of the total. Business in the United States is now hesitant and unemployment is growing. Upon the maintenance of our exports depends in a large measure whether this situation shall become aggravated or relieved.

I am convinced that exports must be greatly curtailed unless the Government for the present emergency (and only during that emergency) lends financial aid along the lines I have indicated. I view with the greatest concern the task of raising the funds needed by the Government during this year but I am nevertheless willing somewhat to increase those needs for this purpose being satisfied that the resultant effects will be such that the task as a whole will thereby be lightened.

AUTHORIZATIONS FOR ISSUES OF LIBERTY BONDS.

The First Liberty Bond Act (April 24, 1917) authorized new issues of bonds of not to exceed $6,000,000,000

The same Act authorized the issue under the terms of such Act of the unissued bonds previously authorized as follows:

For construction of Panama Canal (Act August 5, 1909), but including the unissued Panama Canal Bonds authorized to be issued for the Nitrate Plant - Act June 3, 1916 - and for the Shipping Board - Act September 7, 1916 - The amount of issued Postal Savings Bonds being deducted from the amount authorized - approximately - 225,000,000
For extraordinary expenditures (Act March 3, 1917) 100,000,000
For expediting naval construction (Act March 4, 1917) 150,000,000
And in addition authorized an additional amount to provide for payment of Loan of 1908-18 63,945,460
Total authorization under First Liberty Bond Act 5,538,945,460

First Liberty Loan subscriptions allotted 2,000,000,000

Balance bonds unissued under First Liberty Bond Act 3,538,945,460

The Second Liberty Bond Act (September 24, 1917) authorized the issue of bonds (in addition to the $2,000,000,000 issued under the First Liberty Bond Act), not to exceed in the aggregate .... $7,538,945,460 and provided that of such sum $3,538,945,460 should be in lieu of unissued bonds authorized by the First Liberty Bond Act.

The Third Liberty Bond Act (Apr. 4, 1918) increased the authority for the issue of bonds to ....$12,000,000,000 and

The Fourth Liberty Bond Act (July 9, 1918) further increased such authority to 20,000,000,000

Issues of Liberty Bonds under Second Liberty Bond Act, and under such Act as amended,

Subscriptions allotted -
Second Liberty Loan $3,807,891,900
Third Liberty Loan 4,176,516,850
Fourth Liberty Loan 6,993,073,250
$14,977,482,000

Balance authority under existing law for issues of Liberty Bonds $5,022,518,000

February 12, 1919.

54

INTEREST-BEARING DEBT OF THE UNITED STATES.

January 31, 1919.

(Preliminary figures, subject to correction)

BONDS.

Title.	Rate.	Amount Outstanding.
Consols of 1930	2%	$ 599,724,050
Loan of 1925	4	118,489,900
Panama's of 1916-36	2	48,954,180
Panama's of 1918-38	2	25,947,400
Panama's of 1961	3	50,000,000
Conversion Bonds	3	28,894,500
Postal Savings Bonds	2½	11,349,960
First Liberty Loan of 1932-47	3½	1,413,805,200
First Liberty Loan of 1932-47 Converted	4	198,865,200
First Liberty Loan of 1932-47 Converted	4¼	376,129,100
Second Liberty Loan of 1927-42	4	860,365,100
Second Liberty Loan of 1927-42 Converted	4¼	2,752,153,400
Third Liberty Loan of 1928	4¼	4,055,687,050
Fourth Liberty Loan of 1933-38	4¼	6,917,000,000
		$17,457,365,040

TREASURY CERTIFICATES.

Title.	Rate.	Amount Outstanding.
Certificates of Indebtedness:		
In anticipation of Victory Liberty Loan -		
Series V.A (Dec.5/18-May 6/19)	4½	$ 613,438,000
Series V.B (Dec.19/18-May 20/19)	4½	572,494,000
Series V.C (Jan.2/19-June 3/19)	4½	751,684,500
Series V.D (Jan.16/19-June 17/19)	4½	600,101,500
Series V.E (Jan.30/19-July 1/19)	4½	687,381,500
In anticipation of Internal Revenue Taxes -		
Tax Series of 1919 (Aug.20/18-July 15/19)	4	66,811,000
Series T. (Nov.7/18-March 15/19)	4½	794,172,500
Series T.2 (Jan.16/19-June 17/19)	4½	297,775,000
(Pittman Act)	2	123,008,000
Special Issues	2-4½	291,198,600
		$ 4,798,064,800

WAR SAVINGS CERTIFICATES (Cash Receipts)	4	$ 1,011,609,242

------o------

TOTAL INTEREST-BEARING DEBT.

Bonds	$17,457,365,040
Treasury Certificates	4,798,064,800
War Savings Certificates	1,011,609,242
	$23,267,039,082

------o------

(23,267,039,082)

Division of Loans and Currency
February 12, 1919.

Bond Purchase Fund.

Bonds Purchased to January 31, 1919:

		Par Amount.
First Liberty Loan Converted 4's..................		$ 656,000
Second Liberty Loan 4's............	$ 63,050,000	
Second Liberty Loan Converted 4½'s..	132,295,000	195,345,000
Third Liberty Loan 4¼'s..........................		115,935,500
Fourth Liberty Loan 4¼'s........................		35,000,000
Total.............		$346,936,500

--FOURTH LIBERTY LOAN--

Final Allotment of Subscriptions.
(Corrected to February 1, 1919.)

Federal Reserve District	
Boston	$632,124,850
New York	2,044,931,750
Philadelphia	598,763,650
Cleveland	701,909,800
Richmond	352,685,200
Atlanta	217,885,200
Chicago	969,209,000
St. Louis	295,340,250
Minneapolis	242,046,050
Kansas City	295,951,450
Dallas	146,090,500
San Francisco	462,250,000
Treasury	33,885,550*
	$6,993,073,250

*Includes Army Subscriptions, subject to change.

TREASURY DEPARTMENT
Division of Loans and Currency
February 4, 1919

TREASURY DEPARTMENT. Released for publication in Morning Papers, April 2, 1919.

(COPY)

Washington, March 31, 1919.

My dear Senator:

I received your letter of March 27th. I do not share your present fear for the Victory Liberty Loan nor do I understand what unfavorable developments have taken place since you addressed the Senate upon the first of March apparently in support of (certainly not in opposition to) the Victory Liberty Loan Bill to lead you to the view you now express. On March 1st in your speech in the Senate you said, among other things:

> Mr. President, I do not share the hopelessness expressed by some Senators. We have had deposited in the banks and other financial institutions of the United States during the past four years sums totaling over $5,000,000,000 more than those institutions contained previous to that time. Then, too, Mr. President, the wealth of this country totals in the neighborhood of $235,000,000,000. So I see no reason why we should not feel certain of the future, provided Congress legislates intelligently and does everything in its power to keep down the costs of Government.

I do not share the hopelessness now expressed by you nor your present desire to increase the costs to the Government by increasing its interest charges. The Victory Liberty Loan Bill became law after very full and adequate consideration by the Congress. You, yourself, advocated one amendment to the Bill, but only one, that requiring that a vignette of Colonel Roosevelt should be printed on all the notes (which, if it had been adopted, would have so delayed the work of the Bureau of Engraving and Printing as to have made impossible the delivery of the notes during or at the close of the campaign). The printed hearings before the Ways and Means Committee of the House occupy 99 printed pages. The printed hearings before the Finance Committee of the Senate occupy 54 printed pages. Thirty six large pages in double columns and fine type of the Congressional Record are devoted to the debates and addresses in the House and 40 pages to those in the Senate concerning the Bill. The Bill was reported by a unanimous vote by the Ways and Means Committee of the House and passed the House with a practically unanimous vote, three Congressmen only being recorded in the negative. This is to the lasting honor of the members of that Committee and of the House who, without distinction of party, joined in writing and passing this Bill which was so necessary to the welfare of the people and to the preservation of the credit and financial strength of our great country. It is true that political issues had arisen before the Bill was reported by the Finance Committee or passed the Senate which prevented like unanimity in those bodies. But although a few Senators expressed criticism of one or another provision of the Bill, there was, be it said to the credit of the Senate, no concerted opposition to the Bill or to any important feature of it and the Bill passed the Senate without a record vote two days and a half before the Senate adjourned.

The enactment of the Bill was received with relief and gratification by the country at large and by the members of the great Liberty Loan organization. They evinced no lack of confidence in the Treasury's ability to solve the problems entrusted to it by the congress; nor have

I any fear of the Treasury's ability to solve those problems, given, as I am assured it will have, the patriotic support of the great Liberty Loan organization and of a united and victorious people.

To act in accordance with your suggestion and ask the President to call the Congress in special session to enact immediately additional legislation in aid of the Victory Liberty Loan would imply a distrust which I do not feel of the action already taken by the Congress and approved by the President, for there have been no adverse developments since that action was taken.

With a view to determining the terms of the Victory Liberty Loan it has been my duty to inform myself not only concerning the surface conditions, which should be obvious to you and to every well-informed American, but also concerning the undercurrents affecting our financial and industrial welfare and which bear directly and indirectly upon the Victory Liberty Loan. I have been engaged, with the aid of the best minds at my disposal - and they include the members of the great War Loan Organization both at the Treasury in Washington and throughout the country which has so successfully and brilliantly supported the Treasury of the United States throughout the period of active warfare - in the study of those conditions and I am glad indeed to be able to tell you that as a result of that study I take a very optimistic view of the prospect for the Victory Liberty Loan and of the future of this country.

It is perhaps not unnatural that we Americans, like all the other peoples of the world, should have had to go through a period of depression and discontent, even of bitterness, after the winning of the great war. But this was only the natural reaction from the intense physical and spiritual effort which the war called forth, from the over-stimulation of all our energies and activities. The cessation of hostilities followed hard upon a bitter political fight, and came just before the approach of winter, a time when the resumption of normal peace activities was most difficult. The winter has passed and we have every expectation of the early conclusion of peace. Already commerce and industry begin to show signs of the renewed life which must follow the removal of the restraints and interferences which war made necessary. The problems which arose from the failure of the Congress to enact legislation for relief of the railroads and other important legislation presented a very serious situation and one of great embarrassment to the Government but means will be found to carry them along until the time when the Congress shall be called in special session.

The war is won. Our present National debt of less than $25,000,000,000 and our ultimate National debt, after all war bills are paid, which ought not in any event to exceed $30,000,000,000, against which we shall hold some $10,000,000,000 of obligations of foreign governments, is the barest fraction of our National resources. The relation of our debt to our population and resources is small indeed compared to that of any of the great countries of Europe.

The discontinuance of Government interference with the foreign exchanges, made possible by the cessation of hostilities, has demonstrated the true position of dollar exchanges, which not only is at a premium in relation to the currencies of all of the European countries which were engaged in the war, but has now approached par or actually reached a premium with respect to the currencies of European neutrals.

Our reserve, the greatest in amount in the world, the greatest in relation to circulation and deposit in any of the countries which were engaged in the war, was on March 28, 1919, 51.9% of the combined Federal Reserve note and deposit liabilities of the Federal Reserve Banks. This compares most favorably with a combined reserve of 49.8% on November 8, 1919, just before the armistice, particularly in view of the fact that since that date the Government's expenditures, for the most part growing out of the war, have approximated $8,000,000,000, the greater part of which has necessarily been provided by the sale of Treasury Certificates of Indebtedness to the banking institutions of the country.

There is today no insufficiency of credit for the needs of any useful enterprise nor insufficiency of gold to support our credit structure. The payment of the Government's bills, the settlement of its contracts and the liquidation of its liabilities should go forward with all possible speed. There never has been and never will be lack of cash in the Treasury to make the payments. Now that the war is over and the industry of the country is no longer subjected to the forcing process which was necessary to stimulate the maximum of production of war supplies, the needs of industry and commerce for credit will automatically be greatly reduced. The Government's expenditures, which shortly after the armistice reached a maximum in excess of $2,000,000,000 in a month, should, after the war bills have been paid, shrink quickly back to say $2,000,000,000 a year in addition to the interest and sinking fund charges on the public debt. This debt is widely distributed among perhaps 20,000,000 of our people, and involves merely a payment by the taxpayers to the taxpayers - for we are fortunate above all the great countries of the world in having practically no foreign debt.

I know of no one who does not believe that the Liberty Bonds of the outstanding issues will sell well above par long before their maturity. The Congress has provided in the Victory Liberty Loan Act a sinking fund which is calculated to retire all the bonds and notes of the Liberty Loans in less than twenty-five years. The liquidation which has taken place in Liberty Bonds since the armistice is, in my judgment and, I believe, in that of most thoughtful financiers, traceable to other causes than the interest rate and terms of the bonds. Foremost of these causes is the fact that many patriotic Americans, individuals and companies, subscribe for bonds, in a spirit of patriotic fervor induced by the war, in excess of their ability to hold. The "oversold" condition of the market for Liberty Bonds thus created was accentuated by the reaction following the armistice, which made many feel they were released from the duty of holding their bonds in aid of the Government's credit; by the desire to realize losses before the end of the year and thus reduce taxes; by the changed financial position of many bondholders growing out of the termination of hostilities; and, worst of all, by the wicked devices of bond sharps and swindlers who took advantage of the inexperience of many small investors in Liberty Bonds whom the Treasury was, failing the necessary legislation, powerless to protect. Another element in depreciating the market value of Liberty Bonds has, no doubt, been the pessimistic utterances of many people who, like yourself, have seen only the dark side of the page and who have exaggerated both publicly and privately the difficulty of floating the Victory Liberty Loan. This pessimism has, I think, already been more than discounted in the market price of existing issues. I have not allowed myself to be disconcerted by these pessimistic utterances because I know that similar opinions were expressed to Secretary McAdoo before each of the four Liberty Loans offered during the period of active warfare, although during that period those who held such views were for the most part considerate enough to express them to the Treasury privately and avoid public utterances, which would have added to its burdens.

I believe that all these adverse influences have spent their force, I am sanguine to believe that the market for Liberty Bonds has seen its worst and that the market position of the bonds will improve as true understanding of the immense strength of the financial position of the United States becomes disseminated and as the Victory Liberty Loan campaign proceeds.

I am encouraged to take these hopeful views not only because of the general considerations to which I have called your attention but also because of the special success which the Government's financial operations have met since the armistice. Since the armistice the banking institutions of the country have responded to the request of the Treasury to meet the current requirements of the Government by purchases of Treasury Certificates without any diminution of their patriotic enthusiasm. The sale of Treasury Certificates of Indebtedness at the rate of 4½% established over a year ago has continued with undiminished success. Indeed, such sales have recently proceeded so successfully and in such large amounts as to make necessary the omission just now of one of the regular bi-weekly offerings.

This success was contemporaneous with another financial operation of the Treasury no less gratifying. Approximately $1,000,000,000 of income and profits taxes were paid into the Treasury during the period of two or three weeks before and after March 15th, without financial disturbance, thanks to the provision which had been made in advance by the sale of Treasury Certificates of Indebtedness maturing March 15th and to the effective cooperation of the Federal Reserve banks, and this notwithstanding that the activities of the Sub-Committee on Money of the Liberty Loan Committee had come to an end about two months before.

In writing you thus fully in answer to your letter I have proceeded upon the assumption that it was written with the intention of aiding in solving the financial problems before us. I have made this assumption notwithstanding that the suggestion, thus made by you but little more than three weeks before the opening of the campaign, was given to the press before it reached me, that you made no such suggestion when the Bill was before the Senate, and that you have sought no opportunity to confer with me concerning it in the weeks that have intervened. I now ask that you give to the Treasury of the United States, upon which, subject to the approval of the President and to the limitations imposed by the Acts of Congress, rests the responsibility for determining the terms of the Victory Liberty Loan, that patriotic support and confidence without which no financial program of such magnitude can be successful. The welfare of all our people is at stake. The great Liberty Loan organization is truly representative of all the people. It has pledged its patriotic support to the Victory Liberty Loan, the same patriotic support which it gave to four previous Loans, and I ask you to join with me and them to make this Victory Liberty Loan, this last great popular Loan, the success it can and should be, not for the honor and glory of the Secretary of the Treasury or of this Administration, but for the welfare and greater good of the whole American people and as a lasting monument of our appreciation of those heroic men who went out from among us to suffer and, some of them, to die, for all of us in France.

Sincerely yours,

(Signed) Carter Glass.

Hon. William M. Calder,
1648 Eleventh Avenue,
Brooklyn, N. Y.

TREASURY DEPARTMENT,
BUREAU OF PUBLICITY,
WAR LOAN ORGANIZATION.

FOR MORNING PAPERS, JULY 1, 1919.

67

(COPY)

June 13th, 1919.

Honorable Carter Glass,
The Secretary of the Treasury,
Washington, D. C.

My dear Mr. Secretary:-

I hereby tender my resignation as Director of War Loan Organization, to take effect at the close of business June 14th, 1919.

It has been a great pleasure to me to have had this opportunity of working under your direction.

Yours sincerely,

(Signed) L. B. Franklin

Director.

(COPY)

June 17, 1919.

My dear Mr. Franklin:

It is with deepest regret that I accept your resignation as Director of the War Loan Organization of the Treasury Department, to take effect at the close of business June 14, 1919, as tendered in your letter of the 13th of June.

When I entered the Treasury, I had, with one or two exceptions, little or no acquaintance with the official staff of the Secretary, but I was well aware of the efficiency of the organization created by my predecessor. Rather than make any changes, as is customary upon the appointment of a new Secretary, I was impressed with my good fortune in being able to appeal to the patriotism of those who had rendered such splendid service during the war to remain for a time, at least, to help me carry the burden of the Treasury portfolio during the important period which has followed the signing of the armistice. Mr. McAdoo told me in words of unstinted praise of your eminent service and loyal devotion to the Government during the Liberty Loans. My association with you has accentuated his representations and I am happy to say that I have found you all that he portrayed. It was during the Victory Liberty Loan that your effective work came under my observation and I want you to know how deeply I appreciate and how highly I value the very large part you played in the success of the loan. Your intelligent efforts, your capacity for organization and your unfaltering spirit of helpful cooperation, coupled with your love of country and your own pleasing personality, have challenged my admiration and affection. You leave the Treasury with the profound satisfaction of having served your country faithfully and well during the greatest crisis of her history.

In severing our official relations, please let me express every good wish for your health and happiness and be assured of my very warm regard.

Cordially yours,

(Signed) Carter Glass.

L. B. Franklin, Esq.,
38 Sanford Avenue,
Flushing, Long Island,
New York.

-o-

69

SAVINGS DIVISION
U. S. TREASURY DEPT.

A 2-
July 2, 1919.

(FOR RELEASE FOR EVENING PAPERS OF JULY 2.)

(For Press Associations and Washington Correspondents)

---oOo---

WASHINGTON, JULY 2.,- The Savings Division of the Treasury Department announced today the resignation of C. Edgar Persons as Director of Publication for the division. Mr. Persons who took charge of the publicity of the Fuel Administration during the war and of the publicity of the Savings Division of the Treasury last spring, leaves to become part owner and managing editor of the Sacramento (Cal) Union.

Prior to his service with the Fuel Administration Mr. Persons was widely known to newspapermen as news editor of the Western Division of the Associated Press at San Francisco and as a member of the staffs of the Chicago Journal and Chicago Tribune.

He will be succeeded as Director of Publication by Thomas A. Cannell, also a San Francisco newspaperman who was Mr. Persons' chief assistant at the Fuel Administration and in the Savings Division of the Treasury.

---- BUY W.S.S.----

(374)

TREASURY DEPARTMENT. For Morning papers, July 6, 1919.

STATEMENT FOR THE PRESS.

The attention of the Secretary of the Treasury has been directed to a statement made in a bullion circular issued in London to the effect that the agreement between the British Government and the United States Government covering the sale to the former by the latter of 200,000,000 ounces of silver, bound the British Government not to buy any silver at a higher price than $1.00 per ounce while the Pittman Act remains in force. Inquiries have been directed to the Secretary of the Treasury as to whether the said limitation imposed on the British Government in regard to price is still in force. On August 15, 1918, a public statement was made by the Treasury Department to the effect that it had been made a condition of the sale of silver under the Pittman Act that the purchaser of such bullion should not pay a higher price for silver in other markets than in those of the United States, and the Federal Reserve Board at the same time announced that thereafter export licenses for silver would be granted only for civil or military purposes of importance in connection with the prosecution of the war and only in cases where the silver to be exported had been purchased at a price which did not, directly or indirectly, exceed $1.01½ per ounce one thousand fine.

The arrangement with the British Government did, in fact, contain the limitation quoted above, but said limitation was subject to waiver by the Secretary of the Treasury from time to time and was on August 15, 1918, waived to the extent of permitting purchases by the British Government at a price not exceeding $1.01½ per fine ounce.

Subsequently, on May 6, 1919, announcement was made by the Federal Reserve Board that licenses for the export of silver bullion or silver coins of foreign mintage would thereafter be granted freely and without condition as to price or otherwise. At the same time the British Government was notified that the Secretary of the Treasury had until further notice waived the provision of the existing arrangement with the British Government limiting that Government and the Secretary of State for India to a price of $1.01½ per fine ounce in respect of silver purchased by them in the United States or elsewhere.

SAVINGS DIVISION
U.S. TREASURY DEPARTMENT

#A126

July 23, 1919.

(FOR RELEASE FOR EVENING PAPERS
OF JULY 23, 1919)

(News Associations and Washington Correspondents)

------oOo------

Washington, D.C., July 23:- Harold Braddock, of Montclair, N.J., today transmitted to the Secretary of the Treasury his resignation as Director of the Savings Division of the Treasury Department.

Previous to appointment to this position by Secretary McAdoo last November, Mr. Braddock was Director of the Military Entertainment Council appointed by the Secretary of War and Director of the Smileage Division of the War Department Commission on Training Camp Activities. At the time the United States entered the war he was Vice President of the American City Bureau, of which he has been a founder. He became associated with the Red Cross War Council in the summer of 1917 and later was Director of the Library War Council appointed by the Secretary of War.

The Savings Division, which was organized with the appointment of Mr. Braddock as Director, had the threefold task of promoting the sale of all Government securities as an investment, of informing the public of the desirability of holding Government securities when purchased, and of increasing thrift as a national practice because of the benefits to be derived by the nation as well as by the individual, economically and socially.

This Thrift and Savings Movement secured the unanimous approval and active cooperation of organized labor and the labor press, of the public schools throughout our country, of the general Federation of Women's clubs and other women's organizations, of fraternal organizations and of leaders in industry and finance.

(474)

As Mr. Braddock said in his letter to the Secretary: "These results by the Savings Division could not have been secured had it not been for the group of sincere and intelligent men and women comprising the Savings Division Staff, as well as the unbounded confidence and loyal helpfulness at every step of the way by Mr. L. B. Franklin, Mr. Leffingwell, Mr. Cooksey and the other members of the official Treasury family. The time has now come when the responsibility to my family requires that I return to private life. Accordingly, I should like to have my resignation take effect not later than August 31st."

The retiring Director has not announced his plans for the future.

William Mather Lewis, as associate director, has been appointed to fill the vacancy.

-----BUY W.S.S.-----

(474)

For Monday morning papers, July 28, 1919

74

THE SECRETARY OF THE TREASURY
WASHINGTON

July 25, 1919.

Dear Sir:

I am writing the banking institutions of the country, in pursuance of the plan followed by my predecessor during the past year and a half, to inform them of the financial plans for the remainder of the calendar year and the probable requirements of the Treasury during that period, and indeed during the fiscal year ending June 30, 1920, in so far as they may now be foretold. I have only recently had occasion to lay before the appropriate Committees of Congress a report of the financing of the war to the end of the fiscal year June 30, 1919. A copy of this report may be had upon application to any Federal Reserve Bank or to the Treasury Department.

It is not possible at this time, when appropriations for the coming year are under consideration by the Congress, when contract claims by and against the United States are still in process of settlement, when demobilization is still incomplete, when the extent of the liability on the wheat guaranty is unascertained, and when the business upon which the income and profits tax receipts in the first half of the calendar year 1920 are to be based is still only half transacted, to make a formal estimate of the receipts and expenditures of the United States during the fiscal year 1920 (ending June 30, 1920). I do not hesitate to say, however, that I anticipate that the Government will be in receipt of revenues under existing law and from the Victory Liberty Loan during the fiscal year 1920 to the amount of at least $6,500,000,000, divided somewhat as follows:

Internal Revenue	$4,940,000,000
Customs	260,000,000
Sale of public lands	3,000,000
Miscellaneous	300,000,000
Total ordinary receipts	$5,503,000,000
Victory Liberty Loan installments	1,032,000,000
Total	$6,535,000,000

In the absence of a budget system or of any Treasury control of governmental expenditure, it is even more difficult to foretell the expenditures than the receipts of the Government. Current expenditures, which reached the maximum of $2,060,000,000 in December, 1918, fell in June to $809,000,000, and, after deducting the amount of the certificates of indebtedness of the Director General of Railroads paid during the present month of July, should show a still further decrease in this month. Allowing for all the elements of uncertainty above referred to, I have no present reason to believe that the expenditures of the Government during the fiscal year 1920 will exceed the amount of its receipts as above indicated, excluding transactions in the principal of the public debt other than the

Victory Loan. If these expectations prove to be correct, the gross public debt of the United States, which on June 30, 1919, amounted to $25,484,506,160.05

should be increased during the fiscal year 1920 by not more than the amount of the deferred installments of the Victory Liberty Loan payable in the fiscal year 1920 .... 1,032,000,000.00

making a total public debt on June 30, 1920, when presumably the whole cost of the war will have been financed, of say $26,516,506,160.05

The realization of these sanguine expectations is contingent upon the practice of most rigid economy by the Government and the continuance of ample revenues from taxation.

The heaviest period of expenditure during the current fiscal year will probably fall in the summer months of July, August, and September, because of the heavy disbursements of the Railroad Administration heretofore held back for lack of an appropriation, the heavy payments in settlement of Army contracts and on account of demobilization, and the maturities of certificates issued in anticipation of the Victory Loan. The amount of certificates outstanding in anticipation of the Victory Liberty Loan at any one time (excluding certificates redeemed, tax certificates, etc.), which on

May 5th had reached the peak at $5,797,296,500

had up to July 22 been reduced by 4,402,519,000

leaving outstanding $1,394,777,500

During the next few months, therefore, the actual cash requirements of the Treasury cannot be expected to show a heavy further decrease, and, on the other hand, the proceeds of the deferred installments of the income and profits taxes for the year 1919, and the deferred installments on Victory Loan subscriptions will not have been fully received until nearly the end of the calendar year 1919.

Three months have passed since the last offering of Treasury certificates other than those issued in anticipation of taxes. This interval has been made possible by the rapid decrease in the current expenditures of the Government, the very large early payments on the Victory Loan, and the ready sale of tax certificates. Beginning early in June, these have been issued up to July 22 to the aggregate amount of $1,875,437,500, but in amounts less than the income and profits tax receipts due at their respective maturities. Having borrowed as much as it is, in the Treasury's judgment, proper to borrow in anticipation of the income and profits tax installments payable September 15 and December 15, and having already sold up to July 22 Treasury certificates maturing March 15, 1920, to the amount of about $275,000,000, so that the limit of that issue also would soon be reached, the time has come when the issue of loan certificates should be resumed.

The Treasury has, accordingly, determined to issue loan certificates, of five months' maturity, and, with a view to aiding the banking institutions of the country in the distribution of these certificates, will issue the certificates on the 1st and 15th of each month, beginning August 1, 1919, thus making the issue semimonthly instead of biweekly as heretofore, and setting fixed dates in each month on which the issues will open. Treasury certificates which, at the beginning of our participation in the war, had little or no market outside of the banking institutions of the country, have come to be appreciated by a great and steadily increasing class of investors. Banking institutions, on the other hand, which at the outset were loath to sell certificates to their customers, fearing loss of deposits, have come increasingly to realize the wisdom and advantage of buying and distributing the certificates. Those incorporated banks and trust companies (numbering some 9,500) which have availed themselves of the privilege, open to all, of becoming depositaries of the proceeds of the certificates purchased, have found ample compensation in the resulting deposits.

The minimum amount of each semimonthly issue of the certificates should not in any case exceed say $500,000,000, and, after September and during the balance of the calendar year, should not on the average exceed half of that amount, for then all the Victory Loan certificates will have been paid or provided for, and such progress should have been made in Army settlements and in demobilization as greatly to reduce the requirements of the current program. That would mean the issue, during the remaining five months of the calendar year, of certificates to the amount

of, say	$3,500,000,000
During the same period there will mature and be paid loan and tax certificates to the aggregate amount of	2,997,540,500
Net increase	$502,459,500

The figures which the Treasury is now able to present seem fully to justify the announcement made in April that the Victory Loan would be the last Liberty Loan, and the statement, made in the report to the Committees of Congress above referred to, that the Treasury expects to be able to meet its further temporary requirements by the sale of Treasury Certificates of Indebtedness, bearing interest at the rate of $4\frac{1}{2}$ per cent or less, and also to fund as many of these as it may be desirable to fund by the issue of short-term notes, in moderate amounts, at convenient intervals, when market conditions are favorable, and upon terms advantageous to the Government.

The Federal Reserve Banks will advise all national and State banks and trust companies in their respective districts of the minimum amounts of certificates they are expected to take from time to time in pursuance of this program, which should be not less than 1.6 per cent of the gross resources of each bank and trust company for each semimonthly issue during August and September, and may fall as low as say 0.8 per cent toward the end of the calendar year.

The program may be varied at opportune times by the substitution of an issue of tax certificates or by an alternative offering of such certificates, to which no quota will be applicable.

It is with confidence that I lay before the banking institutions of America, who did so much to make our successful record of war finance possible, the present program of the Government's current requirements for the balance of the calendar year, and ask each of them not only to subscribe its quota for each semimonthly issue of Treasury certificates, but to use its best efforts to distribute these certificates as widely as may be among investors.

Cordially yours,

Carter Glass.

To

The President
of the Bank or
Trust Company addressed.

9—9012

TREASURY DEPARTMENT
BUREAU OF PUBLICITY
WASHINGTON.

For afternoon papers, Thursday, Aug. 7, 1919.

Secretary Glass announced that John H. Mason, of Philadelphia, has been appointed Director of War Loan Organization, in place of Lewis B. Franklin, who resigned some weeks ago. Mr. Mason is President of the Commercial Trust Company of Philadelphia. He has been an important factor in the Liberty Loan Organization of the Philadelphia Federal Reserve District throughout the period of the war and has served with conspicuous success as Director of War Loan Organization in that district since the fall of 1918. Mr. Mason will assume his new duties on August 15th.

TREASURY DEPARTMENT

Washington, August 13, 1919.
Afternoon papers.

Secretary Glass has appointed Joseph E. Murphy as Assistant Chief of the United States Secret Service, filling the vacancy caused by the promotion of W. H. Moran as Chief of the Service. Mr. Murphy is at present Operative in Charge of the White House Detail. He was first appointed in the Service May 5th, 1899, as an assistant operative. For four years thereafter he was employed as an assistant in the Philadelphia, St. Louis, Boston, and New York headquarters of the Service. In 1905 he was put in charge of the New England district, with headquarters at Boston, where he remained until 1907, when he was brought to Washington and assigned to the White House Detail. Returning to Boston in 1909, he remained in charge of that headquarters until 1913, when he returned to the White House Detail and a year later was made Operative in Charge. Mr. Murphy has had a distinguished career in the Secret Service, having participated in the investigation of some of the most important counterfeiting cases that have been developed in recent years. While in charge at Boston, he directed the investigation which resulted in the arrest of John Davis, alias Henry Lieberman, etc., a counterfeiter of international repute, who was discovered in the act of counterfeiting \$5, \$10, and \$20 notes. For this Lieberman, or Davis, was sentenced to thirteen years in the penitentiary. Previous to this, Davis had been arrested under the name of Henry Schmidt, with others, in London, for engraving plates for counterfeiting five pound Bank of England notes. He also had been convicted of making counterfeit American Express Money Orders, which were extensively circulated in Europe and America. In New York, Mr. Murphy assisted in many cases of great importance. His father, the late John E. Murphy, was Chief of Police of Columbus, Ohio, and later one of the best operatives in the Secret Service with which he was connected for many years.

For Morning papers, Sept. 27, 1919

TREASURY DEPARTMENT

Washington,

September 26, 1919.

Statement by Secretary Glass:

Publications to the effect that the Secretary of the Treasury had announced that the United States had concluded an agreement whereby the annual interest of the obligations of foreign governments held by the United States would be allowed to accumulate are unauthorized and untrue. The question of the conversion of the demand obligations of such foreign governments is one which the Treasury is prepared to take up with the Governments of the Allies and at the same time to discuss the funding, during the reconstruction period, or say for two or three years, of interest on the obligations of foreign governments acquired by the United States under the Liberty Loan Acts.

-0-

TREASURY DEPARTMENT. For morning papers, Monday, Oct. 27, 1919.

Washington, D. C.

Secretary Glass has accepted the resignation of Hon. L. S. Rowe as Assistant Secretary of the Treasury, to take effect upon the qualification of his successor. Dr. Rowe has resigned to accept the position of Chief of the Division of Latin American Affairs in the Department of State. The following is a copy of the Secretary's letter of acceptance:

"THE SECRETARY OF THE TREASURY
Washington

My dear Doctor Rowe:

By direction of the President, I hereby accept your resignation, tendered in your letter of the 24th of September, to take effect upon the qualification of your successor, in order that, in response to the invitation of the Secretary of State, you may assume charge of the Division of Latin American Affairs in the Department of State.

I write this letter with a feeling of very genuine regret. I can not let the opportunity pass without expressing to you my deep and heartfelt appreciation of the loyalty and devotion with which you have served the Treasury in the important capacity of Assistant Secretary. When I assumed the office of Secretary of the Treasury last December, I received from my distinguished predecessor personal testimony of the efficient and intelligent manner in which you have discharged the duties of your office. I have felt that it was a part of my good fortune that you were willing to continue and help me carry the burden of this Department for a time, at least, until I could become more familiar with its manifold functions. From personal observation and association, I am now in a position to commend, of my own knowledge, your very great contribution in the way of intelligent and effective service to the success of the Treasury in its most trying period. You have had charge of a very important function of this Department, and I know that you will always regard it a privilege to have served the Government in so responsible a post during the great war; and it will be a comfort to you in the years to come to look back and realize that you served the country so well. I speak for all your associates as well as myself when I say that you leave behind memories that reflect the esteem and affection in which you are held. While I am sorry that our official relationship must come to an end, I am delighted to know that you are going to assume the responsible duties of Chief of the Division of Latin American Affairs in the State Department where you will be able to cooperate with and support the Treasury in its efforts to promote financial and commercial relations between the United States and Latin America.

With cordial regard, I am

Sincerely your friend,

(Sgd) Carter Glass.

Hon. L. S. Rowe,
Assistant Secretary
of the Treasury.

TREASURY DEPARTMENT FOR AFTERNOON PAPERS, NOV. 7, 1919.

STATEMENT BY SECRETARY GLASS.

For the month of October just past the total ordinary and special disbursements of the United States amounted to $576,349,205.58. This is the lowest figure since June, 1917. In the month of October the net current deficit (excess of disbursements over receipts, exclusive of transactions in the principal of the public debt) was $319,239,450.35, the lowest figure for any month since April, 1917, excluding months in which income and profits taxes were payable. Large receipts from the sale of accumulated stores, etc., coming under the general head of "salvage", taking the form of both repayments to appropriations and consequent diminution of ordinary expenditures and of additions to miscellaneous revenue, have contributed to this gratifying result.

The following are the total disbursements, exclusive of the principal of the public debt, and the excess of disbursements over receipts, exclusive of the principal of the public debt, by months from April 6, 1917, to October 31, 1919, inclusive:

	TOTAL DISBURSEMENTS	EXCESS OF DISBURSEMENTS OVER RECEIPTS
April 6 to 30, 1917 -----	$ 279,213,777.20	$ 195,767,617.24
May, 1917 ---------------	526,565,555.96	328,298,166.79
June, 1917 (Revised) ----	410,107,295.39	124,382,137.43
TOTAL APRIL 6, 1917, TO JUNE 30, 1917 -------	1,215,886,628.55	648,447,921.46
July, 1917---------------	662,310,845.97	578,383,209.69
August, 1917-------------	757,457,364.14	682,960,833.28
September, 1917----------	746,378,285.69	670,268,923.19
October, 1917------------	944,368,752.52	853,910,461.96
November, 1917-----------	936,081,807.53	846,591,030.09
December, 1917-----------	1,105,211,859.32	1,000,152,788.90
January, 1918------------	1,090,356,045.69	986,999,835.82
February, 1918-----------	1,012,686,985.74	913,538,546.05
March, 1918--------------	1,155,793,809.24	999,044,531.19
April, 1918--------------	1,215,287,779.23	1,005,968,634.97
May, 1918----------------	1,508,195,233.65	913,449,122.66
June, 1918---------------	1,512,573,702.42	*419,198,311.36
TOTAL FOR FISCAL YEAR 1918	12,696,702,471.14	9,032,119,606.44

*Excess of Receipts over Disbursements.

	TOTAL DISBURSEMENTS.	EXCESS OF DISBURSEMENTS OVER RECEIPTS
July, 1918	$1,608,282,654.44	$ 966,435,517.30
August, 1918	1,805,513,223.02	1,653,261,191.30
September, 1918	1,557,264,285.27	1,405,379,631.47
October, 1918	1,664,862,260.99	1,513,281,501.03
November, 1918	1,935,249,308.93	1,624,255,045.74
December, 1918	2,060,975,855.48	1,857,073,591.25
January, 1919	1,962,350,949.83	1,766,508,108.49
February, 1919	1,189,913,903.62	1,027,154,739.79
March, 1919	1,379,811,785.51	81,962,839.29
April, 1919	1,428,928,306.38	1,006,376,005.82
May, 1919	1,112,337,471.73	833,075,261.05
June, 1919	809,389,949.83	*372,110,613.93
TOTAL FOR FISCAL YEAR 1919	18,514,879,955.03	13,362,622,818.60
July, 1919	976,273,570.34	748,491,867.32
August, 1919	765,797,744.38	497,258,913.42
September, 1919	667,221,630.24	*475,333,814.93
October, 1919	576,349,205.58	319,239,450.35
TOTAL JULY 1, 1919, TO OCTOBER 31, 1919	2,985,642,150.54	1,089,656,416.16

* Excess of Receipts over Disbursements.

RECAPITULATION:	TOTAL DISBURSEMENTS	EXCESS OF DISBURSEMENTS OVER RECEIPTS
April 6, 1917, to June 30, 1917,	$ 1,215,886,628.55	$ 648,447.921.46
Fiscal Year 1918 ----------------	12,696,702,471.14	9,032,119,606.44
Fiscal Year 1919 ----------------	18,514,879,955.03	13,362,622,818.60
July 1, 1919, to October 31,1919	2,985,642,150.54	1,089,656,416.16
GRAND TOTALS ------------	35,413,111,205.26	24,132,846,762.66

The foregoing figures are upon the basis of the Treasury Daily Statements.

--o--

TREASURY DEPARTMENT

For Sunday morning papers,
NOVEMBER 16, 1919.

Secretary Glass has appointed William S. Broughton, of Illinois, Commissioner of the Public Debt. This is a new position, the creation of which has been made necessary by the large increase of the debt operations of the Government on account of the war. The Commissioner, under the Assistant Secretary in Charge of Fiscal Bureaus, will have administrative jurisdiction over the Division of Loans and Currency and the office of the Register of the Treasury, the two branches of the Department which handle and account for all Government securities, including their issue, exchange, conversion and redemption, and the payment of interest, together with the large bookkeeping operations connected with these activities.

The appointment of Mr. Broughton, is a recognition of merit and the promotion of a civil service official. He entered the Treasury as a clerk in the office of the Auditor for the Navy Department at $1200 per annum in 1898, rising to the position of Assistant Chief of the Division of Loans and Currency on July 1, 1911, and to the position of Chief of that division on January 5, 1914. In the capacity of Chief of the Division of Loans and Currency, Mr. Broughton was in charge of the stupendous physical operations connected with the issue, redemption, etc., of the public debt during the war. In that period, the debt increased from one and a quarter billion dollars to more than twenty-six billion dollars, and the organization of the division from 88 to over 2800 employees. The efficient manner in which Mr. Broughton discharged his duties and his great familiarity with the loan operations of the government caused the Secretary to select him for the important position which has just been created.

To succeed Mr. Broughton, Secretary Glass has advanced to the position of Chief of the Division of Loans and Currency C. N. McGroarty, one of the Assistant Chiefs of that division.

TREASURY DEPARTMENT November 18, 1919.

The following correspondence between President Wilson and Secretary Glass is for IMMEDIATE RELEASE.

C O P Y

THE SECRETARY OF THE TREASURY

WASHINGTON

November 16, 1919.

My dear Mr. President:

The Governor of Virginia has tendered me an ad interim appointment to the Senate of the United States pending the election of a successor to the late Senator Martin in November of next year. It is a high distinction and a mark of confidence which I deeply appreciate. But, dearly as I love my own State, I cannot fail to realize that my immediate obligation is to you and to the country in your hour of illness.

Hence, if it is your judgment that I would better remain at my post in the Treasury, you may be sure I am quite prepared cheerfully to accept that view. Conversely, if it should seem to you advisable, in all the circumstances, for me to take service again in the legislative branch of the government, I would desire to accept the honor which Governor Davis has been pleased to offer me.

With assurances of unabated devotion and great anxiety for your complete restoration to health, I am, Mr. President,

Sincerely yours,

(Signed) CARTER GLASS.

The President,
The White House.

COPY

THE WHITE HOUSE
WASHINGTON

November 17, 1919.

My dear Mr. Secretary:

It was most thoughtful and generous of you to consult my desires in the matter of your selection by Governor Davis for the senatorship from Virginia, left vacant by the death of Senator Martin. Of course you must accept the appointment. While your withdrawal from the Administration as a Cabinet officer is a matter of deep regret to me and to your associates, I feel that your fine ability may again be utilized as a member of the Senate, in advancing the interests of the Nation and the Administration in that great forum.

No President has had a more loyal, a more devoted, or a more resourceful friend than you have been to me. Your work as chairman of the Banking and Currency Committee of the House of Representatives in connection with the establishment of the Federal Reserve Act, and your stout support of the Administration at every turn while a member of the House caused us to rely upon you in every emergency.

While your occupancy of the office of Secretary of the Treasury has been brief, the administration of its affairs under your guidance has moved forward to the highest levels of efficiency and high devotion to the public interest.

Governor Davis has honored the old State of Virginia by paying tribute to so distinguished a son. We shall watch your career in the Senate with affectionate interest and admiration.

Cordially and sincerely yours,

(Signed) WOODROW WILSON.

Honorable Carter Glass,
Secretary of the Treasury.

SAVINGS DIVISION
U.S.TREASURY DEPT.

B 104.

(FOR RELEASE UPON RECEIPT)

---oOo---

Huston Thompson, member of the Federal Trade Commission has voiced an earnest warning against the exchange of Liberty Bonds for stocks of speculative or doubtful value. In an address before the Association of Life Insurance Presidents, held in New York, Mr. Thompson said that in spite of repeated warnings, thousands of unsuspecting bondholders have lost their savings through investment in these wild cat companies.

"Thousands of complaints have been made to the Federal Trade Commission," Mr. Thompson said "by unsuspecting victims of the hundreds of 'get rich quick' corporations which sprang into existance during the war.

"The complaints became so numerous that the commission sent out a questionaire to several hundreds of these financial speakeasies and as a result all but forty voluntarily ceased operation."

The Board of Commerce of Erie, Pa., has taken the matter up as a matter of personal service to Erie citizens. It has been shown that so many propositions are being offered to the people for investment that the board has decided to make investigation of any investment proposal submitted by a citizen and will report as to the safety of the investment and the amount of risk involved. Many corporations already have voluntarily submitted their proposals to the board for investigation. Should the examination of the board prove a proposition to be fraudulently conducted, there will be no hesitation whatever in making such announcement of the findings as will save the people of Erie from loss by reason of their participation in the proposal submitted.

---BUY W.S.S.---

SAVINGS DIVISION # B 78.
U.S. TREASURY DEPT.

(FOR RELEASE FOR MORNING PAPERS OF FRIDAY, NOV. 28th)

(For Press Associations and Washington Correspondents)

---oOo---

STATEMENT BY SECRETARY OF THE TREASURY

The Treasury again warns owners of Liberty Bonds against stock-promoters who are trying to persuade them to exchange their Government securities for stock in fraudulent ventures. Information which comes to the Treasury indicates that, particularly in sections of the country where new enterprises are being floated, a surprisingly large number of people are allowing themselves to be made the dupes of swindlers. It is a principle of investment that safety goes normally with a relatively low rate of return, and the suggested high returns upon stocks which are being offered is enough to create suspicion. Where Liberty bondholders are urged to give up their securities for stocks of speculative character, good sense suggests the presumption that the offer is made because the Liberty bonds are worth decidedly more than the stock. Experience in a great number of cases shows that the stock is worthless, and the bond owner who makes the exchange is simply another victim to the army of sharpers who find easy booty in these days of reckless speculation.

Self-interest and good business judgment should decide in favor of the holding of Liberty bonds, which are declared by those most experienced in investment to be the world's best security. The bond owner who continues his partnership with the Government has the added satisfaction of knowing that, by helping to maintain the urgently-needed capital resources of the country, he is making his contribution to the solution of the reconstruction problem, in which the nation's welfare is as vitally concerned as by the war. It is the duty of citizens in every community to sound the warning against fraudulent operators in Government securities at this time when we can ill afford to dissipate our resources for the profit of the unscrupulous fowl.

CARTER GLASS

-----BUX W.S.S.-----

FOR IMMEDIATE RELEASE.

December 18, 1919.

(COPY)

My dear Congressman:

Reports and urgent advices received from reliable sources as to the shortage and utter lack of food in certain portions of Europe are so serious that I feel it my duty to lay some of the facts before Congress. Although the shortage of food in Europe as a whole is less this winter than last, there is in parts of Europe (especially Austria, Poland and Armenia) a most dangerous shortage of food, clothing and fuel. In these places there has not been sufficient recovery of economic life to enable the people to produce enough to meet their requirements, or to enable them to buy or to borrow sufficient food and clothing to keep them alive. In certain sections whole populations are now dangerously weak and hopeless from hunger. The death rate caused by starvation is already increasing to an alarming extent, and unless something is done, great numbers will die from starvation or cold. It is unnecessary to elaborate the grave effects which this may have on the social order and the economic fabric, not only in the places where these conditions exist, but in the whole of Europe, and even the world. The British Government has informed this Government that it is prepared to share with us to the extent of its ability in the relief of Austria, which, according to our information, is in the most desperate condition.

As you are aware, the Treasury has strongly held the opinion that this Government should, at the earliest possible moment, discontinue lending money to other governments. I have urged that private initiative should be restored and that credits for purchases in the United States should be obtained through private channels. In discussing in my Annual Report the international financial situation I said that "we are prone to overlook the vast recuperative power inherent in any country which, though devastated, has not been depopulated, and the people of which are not starved afterwards." I am reluctantly convinced now that in order to meet the urgent necessity of keeping the destitute populations of Europe alive through this winter, there must be taken at once measures for their relief. The resources and efficiency of the private charities of this country are not adequate to the necessities which cannot in the nature of the case be financed through ordinary private channels. I therefore have the honor to request that your Committee afford me the opportunity of laying before it any information which it may desire and which I am able to furnish, in order that appropriate legislation may be considered at once.

The emergency is of such magnitude; the dictates of humanity are so pressing; the possible effects of the present situation upon the social, economic, and financial rehabilitation of Europe, and consequently upon the trade and prosperity of the world, in which the United States has so great a stake, may be of such consequence that I do not hesitate from the standpoint of humanity and public policy to assume the responsibility of appealing to the humane and practical sentiments of the Congress to take immediate steps to furnish from our surplus, the food necessary to save the situation. We cannot and must not now fail to supply some food on credit to save human lives and safeguard civilization, for which we have already expended so many lives and billions of dollars.

Cordially yours,

(Signed) Carter Glass.

Honorable Joseph W. Fordney,
Chairman of Ways and Means Committee,
House of Representatives,
Washington, D. C.

92

TREASURY DEPARTMENT.

For Saturday Morning Papers.
January 3, 1920.

Secretary Glass has appointed Robert G. Hand, of Mississippi, Commissioner of Accounts and Deposits. This is a new position, the creation of which has been necessary by the large increase in the accounting transactions of the Treasury and the cash deposits of the Government in banks throughout the country on account of war operations. The Commissioner, under the Assistant Secretary in charge of Fiscal Bureaus, will have administrative supervision over the Division of Bookkeeping and Warrants, the Division of Public Moneys, and their relations to the Treasurer's office.

The appointment of Mr. Hand is a recognition of merit and the promotion of a Civil Service official. He entered the Treasury as a clerk in the office of the Auditor for the War Department, at $660 per annum, in 1901, rising to the position of Assistant Treasurer of the United States in April, 1919. The efficient manner in which Mr. Hand has discharged his duties in each of the positions which he has occupied in the Treasury service and his great familiarity with the accounting and banking methods of the Government caused the Secretary to select him for the important position which has just been created.

-0-

TREASURY DEPARTMENT

Release Morning Papers, Monday, January 12, 1920.

STATEMENT BY SECRETARY GLASS.

It will no doubt be recalled that on September 8th, in announcing an issue of Tax Certificates, I made certain statements concerning the Government's financial position and prospects for the balance of the calendar year and said that the turn of the tide had come. Now that the figures at the year's end are in hand it appears that my most sanguine expectations have been more than realized. On the basis of Treasury daily statements, the Government's gross debt on August 30, 1919, was . . .$26,596,701,648.01.

On December 31 it amounted to	25,837,078,807.38.
a reduction of	759,622,840.63
Its floating debt (unmatured Treasury Certificates of Indebtedness) on August 30 was .	$ 4,201,139,050.39.
On December 31 it amounted to	3,578,485,800.37.
a reduction of	622,653,250.02.
The portion of the floating debt requiring to be refunded (socalled "Loan Certificates") on August 30 amounted to	$ 2,012,387,500.00.
On December 31 it amounted to	1,326,661,000.00.
a reduction of	685,726,500.00.

The Loan Certificates outstanding on December 31 were of issues maturing January 2, January 15, February 2 and February 16, 1920, and have been or will be paid from cash on hand December 31 and from the proceeds of the sale of Tax Certificates thereafter issued, thus consummating the Treasury's plan for financing the unfunded portion of the war debt in such a way as to avoid any large funding operations.

As to the future it may be stated positively that unless Congress should enter upon new fields of large expenditure not included in the Treasury's estimates or should make a reduction in the amount of taxes in addition to the reduction made a year ago upon the recommendation of Secretary McAdoo from about $6,000,000,000 to about $4,000,000,000, we may look forward confidently to the retirement of the floating debt out of the taxes provided by existing law and miscellaneous receipts coming within the general head of war salvage (although further issues of Tax Certificates in diminishing amounts will be necessary from time to time in the intervals between income and profits tax installment payments), and to the gradual reduction of the funded war debt through the operations of the Liberty Loan Bond Purchase Fund and Sinking Fund already created by law. On the other hand, should Congress embark upon new fields of large expenditure or further reduce taxes, it will, as I have already indicated, be clearly necessary to revise the Treasury's plans and call upon the country to finance the resulting deficit by the issue of a new Liberty Loan.

(COPY)

STATEMENT FOR THE PRESS

TREASURY DEPARTMENT

For Wednesday morning papers, January 21, 1920

The following is a copy of a letter recently addressed to a correspondent by Secretary Glass:

"I have read with great interest and pleasure your letters of January 7 in which you combat the tendency to speak of a depreciated American dollar. Your letters are not only an evidence of practical patriotism but they exhibit as well good sense and clear thinking of a stimulating kind.

I am in hearty accord with your view that the practice of referring to "a 50-cent dollar" is bad policy on the part of our citizens and in provocative of an unhealthy spirit of discontent. The underlying assertion, moreover, is contrary to the facts.

There is nothing the matter with the American dollar. Its intrinsic value is unchanged, since our currency in the main rests fundamentally on gold which, with unimportant exceptions, is the standard of value the world over. Naturally, since gold is the standard, its value cannot change. It is the unchanging value by which the value of all other commodities is measured. The purchasing power of the American dollar abroad, as indicated by the currenct exchange rates for the currencies of our European allies in the war, has since the beginning of the war very decidedly increased. The purchasing power of the dollar at home is materially less than it was before the war for the simple reason that the costs and prices of labor and of most of the commodities in common use have sharply risen. The causes of the rise in prices are not far to seek. They are primarily the excess of demand over supply coupled with the present tendencies to reckless spending and the apparent willingness of many purchasers to pay without question whatever prices are asked. You are familiar perhaps with the following statement made by Governor Harding of the Federal Reserve Board in a letter on the monetary question addressed in August, last, to the Senate Committee on Banking and Currency:

'The principal cause of the advance of prices before and during the war was the urgent need of the governments of the allied world for goods of all kinds for quick delivery in large volume and the competition of this buying by governments with purchases by private individuals who failed to contract their expenditures at a rate commensurate with the growing expenditures of these governments. In the post-war period, through which we are now passing, the country has experienced rising prices owing, in part, to a general relaxation of the war time regime of personal economy, resulting in an inceased demand for commodities by individuals who restricted their purchases during the war but who are now buying in competition with export demand. In addition, accrued incomes and increased wages have led to heavy demands for commodities not of prime necessity, which have resulted indiverting labor and material from essentials to nonessentials.'

In conclusion, I desire to say that the Treasury warmly appreciates your interest and action in the matter and agrees with you that every opportunity should be availed of to counteract the effort of those who through either malice or lack of understanding seek to disparage our American currency."

Resignations. 97

TREASURY DEPARTMENT. Release for morning papers, Jan. 23, 1920.

John H. Mason has resigned as Director of the War Loan Organization of the Treasury Department and his resignation has been accepted by Secretary Glass. Following is a copy of the Secretary's letter of acceptance:

"I have very reluctantly concluded that I must yield to your earnest wish to be relieved of your duties as Director of War Loan Organization of the Treasury Department as of December 31, 1919. The success of the issue of Treasury Certificates dated January 2nd appears to be already assured and with it the consummation of the Treasury's plan for shifting the maturities of the unfunded portion of the war debt to tax dates and thus avoiding any large refunding operations. The reorganization of the Savings Division has been completed with increasing sales and greatly decreased expenses. I think that you are fully justified in feeling that the work you came to Washington to do has been completed and that I am not justified in asking you to remain here longer at a personal sacrifice to yourself. In the months of your service as Director of War Loan Organization you have rendered to the Treasury and to the country services of the highest importance and have filled the office of Director of War Loan Organization with eminent skill and success. You will carry with you my high appreciation and warm personal regard."

TREASURY DEPARTMENT.

FOR MORNING PAPERS,
JANUARY 24, 1920.

Being asked whether the Treasury exercises any supervision over the issue of securities in this country, Secretary Glass said:

During the war the Capital Issues Committee undertook to determine whether it was compatible with the national interest that certain issues should be made. The work of that Committee came to an end shortly after the armistice.

During the war, including that portion of the post-armistice period during which the United States Government was financing the requirements of the Allies, the Treasury was unwilling that their governments should compete with it by the issue of securities in our markets. Latterly, the attitude of the Treasury has been favorable to the issue under proper safeguards in our markets of sound investment securities of foreign governments, and of states, municipalities and private borrowers, when emanating from those countries with which the international exchange is favorable to the United States, and it may be assumed without inquiry that the Treasury does not object to such issues. But the effort must be to sell the securities, and procure the investment in them of new savings, and not to dislodge United States Government securities by inducing the holders to sell and exchange them.

The principal need of most of the countries of Europe is for capital here, rather than for bank credit. By maintaining doubtless necessary embargoes on the export of gold, th e principal countries of Europe prevent their people from making payment in cash of their international debit balance, thus necessitating the settlement of that balance by investment of American capital in Europe. In the position of most of the European exchanges, resulting from these gold embargoes, even transactions which under normal conditions would be regarded as self-liquidating and therefore appropriately to be financed by means of bank credit, will not readily be liquidated in dollars. The requirement of Europe for credit, therefore, should be met by the sale of capital issues to investors rather than by the manufacture of bank credit which could only result in unhealthy inflation of our own domestic credit structure.

Neither the Capital Issues Committee nor the Treasury has ever undertaken to authorize, approve, or pass upon the merits of, any issue of securities whatever, whether of private companies, municipalities, states or governments, and the fact that any such issue was not objected to must not in any case be construed as carrying authorization, approval or recommendation. The use of the name of the United States Government or of any department of the Government in connection with the issue of any such securities is unauthorized.

TREASURY DEPARTMENT.

For morning papers
January 30, 1920.

Following is copy of a letter which Secretary Glass has addressed to Homer L. Ferguson, President of the Chamber of Commerce of the U. S. of A:

January 28, 1920.

Sir:

I have the honor to acknowledge receipt of the letter of January 22, 1920, signed by yourself and Messrs. A. C. Bedford, John H. Fahey, and Harry A. Wheeler, to whom, as a Committee designated by the Chamber of Commerce of the United States, was referred a communication transmitting a memorandum signed by forty-four prominent American citizens addressed to the United States Government, the Reparations Commission, and the Chamber of Commerce of the United States, recommending that the Chamber of Commerce of the United States designate representatives of commerce and finance to meet with those of other countries for the purpose of examining the situation as set out in the communication, and recommending such action as may be advisable.

In compliance with your request for an expression of opinion from the Treasury in respect to the observations and recommendations contained in the memorial, I may first state that the views and policy of the Treasury in respect to the international financial situation are set forth in the enclosed extracts from my annual report, (pages 11 to 14 inclusive).

With much that is contained in the memorial the Treasury is in hearty accord. Concerning the need of increased production and decreased consumption, the need of balancing governmental budgets and taking effective measures to deflate currency and credit, concerning the need of prompt and proper determinations by the Reparations Commission which will make possible the resumption of industrial life in Germany and the restoration of trade with Germany, there can be no doubt.

The people of the United States are being called upon by taxes and otherwise not only to meet the Government's expenditures but to reduce the war debt. So far as the countries of Europe are concerned, the adoption of similar policies is a matter for the governments of those countries and for the Reparations Commission.

In an effort to alleviate the situation the United States Government has done all that was considered advisable and practicable. Since the Armistice, we have extended to foreign governments the following financial assistance.

Direct Advances	$2,380,891,179.65
Funds made available to those governments through the purchase of their currencies to cover our expenditures in Europe	736,481,586.76
Army and other governmental supplies sold on credit (approximately)	685,000,000.00
Relief (approximately)	100,000,000.00
Unpaid accrued interest up to Jan. 1, 1920, on Allied Government obligations	324,211,922.00
TOTAL..............	$4,226,584,688.41

The Treasury is opposed to further governmental aid beyond that outlined in my Annual Report, and in my recent communication to the Ways and Means Committee of Congress with respect to the extension of interest on the Allied Government obligations held by the Government of the United States and to the supplying of relief to certain portions of

Europe. The governments of the world must now get out of banking and trade. Loans from government to government not only involve additional taxes or borrowings by the lending government with the inflation attendant thereon, but also a continuance by the borrowing government of control over private activities which only postpones sound solutions of the problems.

The Treasury is opposed to governmental control over foreign trade and finance and even more opposed to private control. It is convinced that the credits required for the economic restoration and revival of trade must be supplied through private channels; that as a necessary contribution to that end, the governments of the world must assist in the restoration of confidence, stability and freedom of commerce by the adoption of sound fiscal policies; and that the Reparations Commission must adopt promptly a just and constructive policy.

The memorial which was simultaneously circulated in Europe differs in its scope and character from the one presented in the United States. The European memorial contains some passages omitted in the American memorial which apparently advocate further governmental financial assistance, and also requests the respective governments to designate representatives to attend the proposed conference, which would give it an official character.

The Treasury has not looked with favor upon certain features of the memorial nor upon the proposed conference, being apprehensive lest the memorial and such a conference should serve to cause confusion and revive hopes (which, I am certain, are doomed to disappointment) that the American people through their Government will be called upon to assume the burdens of Europe by United States Government loans. Such

123

matters as the suggestion of further Governmental loans by the United States, the cancellation of some or all of the obligations of European governments held by the United States Government (as contemplated by a passage contained in the European memorial but omitted from the American memorial), and the deferring of obligations of foreign governments held by the United States to liens created in favor of loans hereafter made for reconstruction purposes, are clearly not appropriate for consideration in such a conference as is contemplated by the memorial.

The existing world-wide inflation of currency, credit and prices is a consequence of the fact that for a period of four or five years the peoples of this earth have been consuming and destroying more than they have produced and saved, and against the wealth so destroyed the warring nations have been issuing currency and evidence of indebtedness. The consequence of the world's greatest war is profound and inescapable. It has affected all the nations of the civilized world, as well those who participated actively in the war as those who did not. The inflation exists in the neutral countries of Europe and in the Orient It exists where there was no war debt, where the war debt was badly handled, and to some degree where the war debt was well handled.

The problems to the cure of which the distinguished gentlemen are directing their attention, have been the subject in one form or another, of daily study of the Treasury Department since the outbreak of the war, and especially since the signing of the Armistice. These problems have at all times been complex and difficult, and simple solutions have never been possible, because they involve some factors which are not susceptible of solution by any comprehensive plan. The process of healing the wounds inflicted by the war must necessarily be slow and painful, involving as it does not only the physical restoration of industry and agriculture, but as well the restoration to habits of industry of masses of men accustomed by the war to unsettlement. We must necessarily, and to a great extent, depend upon and encourage the independent activity and resourcefulness of each person affected to repair his own fortunes, with the assistance of his business connections in other countries, and also upon each individual to return to a normal life of industry and economy.

From the moment of the cessation of hostilities the Treasury of the United States has pursued a policy of looking towards the restoration as promptly as possible of normal economic conditions, the removal of Governmental controls and interferences and the restoration of individual initiative and free competition in business. It has insisted upon strict economy in Governmental expenditure and upon the maintenance of taxes at a level which, with the salvage of war materials and supplies, etc., will insure the prompt retirement of the floating debt of the United States and the establishment of a fund adequate for the retirement of the funded debt in the course of a generation. The Treasury long since, with the cooperation of the Federal Reserve Board, removed the embargo on the export of gold, thus enabling American citizens and, indeed, the nations of the world, to the extent that they find credit here, to finance their purchases throughout the world in cash.

Rightly or wrongly, a different policy has been pursued in Europe. European governments have maintained, since the cessation of hostilities, embargoes upon the export of gold. The rectification of the exchanges now adverse to Europe lies primarily in the hands of European governments. The normal method of meeting an adverse international balance is to ship gold. The refusal to ship gold prevents the rectification of an adverse exchange. The need of gold embargoes lies in the expended currency and credit structure of Europe. Relief would be found in disarmament, resumption of industrial life and activity and the imposition of adequate taxes and the issue of adequate domestic loans.

The American people should not, in my opinion, be called upon to finance, and would not in my opinion respond to a demand that they finance, the requirements of Europe in so far as they result from the failure to take these necessary steps for the rehabilitation of credit.

Such things as international bond issues, international guaranties and international measures for the stabilization of exchange are utterly impracticable so long as there exist inequalities of taxation and domestic financial policies in the various countries involved; and when these inequalities no longer exist such devices will be unnecessary.

It is unthinkable that the people of a country which has been called upon to submit to so drastic a program of taxation as that adopted by the United States, which called for financing from current taxes a full one-third of the war expenditures, including loans to the Allies, should undertake to remedy the inequalities of exchange resulting from a less drastic policy of domestic taxation adopted by the other governments of the world. The remedy for the situation is to be found not in the manufacture of bank credit in the United States for the movement of exports, a process which has already proceeded too far, but in the movement of goods, of investment securities and, in default of goods or securities, then of gold into this country from Europe; and in order that such securities may be absorbed by investors our people must consume less and save.

The United States could not, if it would, assume the burdens of all the earth. It cannot undertake to finance the requirements of Europe because it cannot shape the fiscal policies of the governments of Europe. The Government of the United States cannot tax the American people to meet the deficiencies arising from the failure of the governments of Europe to balance their budgets, nor can the Government of the United States tax the American people to subsidize the business of our exporters. It cannot do so by direct measures of taxation nor can it look with composure upon the manufacture of bank credit to finance our exports when the requirements of Europe are for working capital rather than for bank credit. Lamentable as would be the effects upon our industrial life and upon Europe itself of the continued maintenance of an exchange barrier against the importation into Europe of commodities from the United States, this country cannot continue to extend credits on a sufficient scale to cover our present swollen trade balance against Europe, while paying cash (gold and silver) to the countries of Central and South America and the Far East with which it has an adverse balance on its own and international account. The consequence of the maintenance by Europe of this barrier will be to force the United States to do business with those countries with which it is able to do business on a cash basis. The only other policy which the United States could adopt would be the policy of reestablishing embargoes on gold and silver and of inflating its own currency to the same extent that the currencies of Europe are inflated with a view to lowering its exchange to a parity with theirs. This would involve taxing the whole people for the benefit of our exporters and the benefit of Europe and submitting to have imposed on the United States domestic financial policies adopted by Europe but quite contrary to those heretofore adopted by the United States. It would mean a world-wide inflation, the abandonment of the gold standard, and, ultimately, chaos.

If the peoples and governments of Europe live within their incomes, increase their production as much as possible, and limit their imports to actual necessities, foreign credits to cover adverse balances would most probably be supplied by private investors and the demand to resort to such impracticable methods as government loans and bank credits would cease.

There is no more logical or practical step towards solving their own reconstruction problems than for the Allies to give value to their indemnity claims against Germany by reducing those claims to a determinate amount which Germany may be reasonably expected to pay, and then for Germany to issue obligations for such amount and be set free to work it out. This would increase Germany's capacity to pay, restore confidence, and improve the trade and commerce of the world. The maintenance of claims which cannot be paid causes apprehension and serves no useful purpose.

Private investors can only make loans to the extent of their savings in excess of domestic capital requirements and then will only make them to the extent that they have confidence in the securities or obligations offered. The adoption of the measures indicated should add to the confidence of the private investor.

If the Chamber of Commerce of the United States considers it advisable and desirable to designate representatives to attend an unofficial conference, the Treasury does not desire to offer any objection provided the scope and character and limitations of such a conference as well as the impossibility of United States government action are clearly understood.

Cordially yours,

(Signed) CARTER GLASS.

Homer L. Ferguson, Esq.,
President, Chamber of Commerce
of the United States of America,
Washington, D. C.

FROM THE ANNUAL REPORT OF THE SECRETARY OF THE TREASURY 1919

The international financial situation

The international financial situation is one of great importance and in which we are seriously interested. The present position relative to foreign financing and the general policy of the Treasury concerning this vital problem should be fully stated.

Since the armistice the United States has advanced to the Governments of the Allies, as of the close of business October 31, 1919, the sum of $2,329,257,138.55, and there remained on that date an unexpended balance of $593,628,111.45, from the total loans of $10,000,000,000 authorized under the Liberty loan acts.

The Treasury asked and obtained power for the War Finance Corporation to make advances up to the amount of $1,000,000,000 for nonwar purposes and the War Finance Corporation is prepared to make such advances.

By the act approved September 17, 1919, the Federal Reserve Board is authorized to permit, until January 1, 1921, national banks to invest to a limited extent in the stock of American corporations principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate exports.

The Secretary of War is authorized to sell surplus Army stores on credit.

The United States wheat director is authorized to sell wheat to Europe on credit.

The power which at present exists in the Government or governmental agencies to assist in meeting Europe's financial needs is, therefore, considerable. This power must, of course, be exercised with extreme caution and with the most careful regard for the urgent needs of our own people for an ample supply of foodstuffs and other necessities of life at reasonable prices.

The Treasury is considering with representatives of the Governments of the Allies the funding of the demand obligations which the United States holds into long-time obligations, and at the same time the funding during the reconstruction period, or say for a period of two or three years, of the interest on the obligations of foreign Governments acquired by the United States under the Liberty loan acts.

The Treasury believes that the need of Europe for financial assistance, very great and very real though it is, has been much exaggerated both here and abroad. Our hearts have been so touched by the suffering which the war left in its train, and our experience is so recent of the financial conditions which existed during the war (when men were devoting themselves to the business of destruction) that we are prone to overlook the vast recuperative power inherent in any country which, though devastated, has not been depopulated, and the people of which are not starved afterwards. We must all feel deep sympathy for the suffering in Europe to-day, but we must not allow our sympathy to warp our judgment and, by exaggerating Europe's financial needs, make it more difficult to fill them.

Men must go back to work in Europe, must contribute to increase production. The industries of Europe, of course, can not be set to work without raw materials, machinery, etc., and, to the extent that these are to be secured from the United States, the problem of financing the restoration of Europe belongs primarily to our exporters. Governmental financial assistance in the past and talk of plans for future Government or banking aid to finance exports have apparently led our industrial concerns to the erroneous expectation that their war profits, based so largely on exports, will continue indefinitely without effort or risk on their part. To them will fall the profits of the exports and upon them will fall the consequences of failure to make the exports. So soon as domestic stocks, which were very low at the time of the armistice, have been replenished, those industries which have been developed to meet a demand for great exports, paid for out of Government war loans, will be forced to close plants and forego dividends unless they maintain and develop an outlet abroad. The industries of the country must be brought to a realization of the gravity of this problem, must go out and seek markets abroad, must reduce prices at home and abroad to a reasonable level, and create or cooperate in creating the means of financial export business. There is no reason for high commodity prices in the specter of European demand nor for high interest rates in the specter of European credits. Our fear must be that the cessation of war exports will result in closed plants, passed dividends, and general depression. The way to avoid those evils is to stimulate production and encourage industrial and commercial activity and not to burden them with high interest rates which are a deterrent to these things, but unfortunately are not a deterrent, except temporarily, in such times as these to speculation.

Since armistice day, the consistent policy of the Treasury has been, as far as possible, to restore private initiative and remove governmental controls and interferences. It has been the view of the Treasury that only thus can the prompt restoration of healthy economic life be gained. The embargoes on gold and silver and control of foreign exchange have been removed, as well as the voluntary and informal control of call money and the stock exchange loan account. The control exercised by the Capital Issues Committee over capital issues has been discontinued. Thus the financial markets of the United States have been opened to the whole world and all restrictions removed that might have hindered America's capital and credit resources, as well as its great gold reserve, from being available in aid of the world's commerce and Europe's need.

There are those who believe that the dollar should be kept at par -- no more, no less -- in the market of foreign exchange. If effective action were taken to carry out such a policy, it could only be done by drawing gold out of the United States when the dollar would otherwise be at a discount and by inflating credit when the dollar would otherwise be at a premium.

The dollar is now at a premium almost everywhere in the world. Its artificial reduction and maintenance at the gold par of exchange in all currencies is quite unthinkable unless we propose to level all differences in the relative credit of nations and for our gold reserve substitute a reserve consisting of the promises to pay of any nation that chooses to become our debtor. Inequalities of exchange reflect not only the trade and financial balance between two countries, but, particularly after a great war such as that we have been through, the inequalities of domestic finance. The United States has met a greater proportion of the cost of the war from taxes and bond issues than any other country. Largely as a consequence of this policy, the buying power of the dollar at home has been better sustained than has the buying power at home of the currency of any European belligerent. For the United States to determine by governmental action to depress the dollar as measured in terms of foreign exchange and to improve the position of other currencies as measured in terms of dollars would be to shift to the American people the tax and loan burdens of foreign countries. This shifted burden would be measured by the taxes to be imposed and the further loans to be absorbed by our people as a consequence, and by increased domestic prices.

United States Government action at this time to prevent in respect to foreign exchange the ordinary operation of the law of supply and demand, which automatically sets in action corrective causes, and to prevent the dollar from going to a premium when its natural tendency is to do so, would artificially stimulate our exports, and, through the competition of export demand with domestic demand, maintain or increase domestic prices.

The view of the Governments of the Allies, I take it, is that had they (after the war control of their imports had been relaxed) attempted to continue to "peg" their exchanges here at an artificial level by Government borrowing, the effect would have been to stimulate their imports and discourage their exports, thus aggravating their already unfavorable international balances.

It is not, of course, to be expected that the breach left by the withdrawal of governmental support of exchange can be filled by private initiative until the ratification of the treaty of peace has given reasonable assurance against the political risk which, rather than any commercial or credit risk, now deters private lenders. Some progress has already been made in placing here through private channels the loans of allied and neutral European countries and municipalities. The Treasury favors the making, in our markets, of such loans, which contribute to relieve the exchanges. I am sure that when peace is consummated, and the political risk measurably removed, American exporters and European importers will lay the basis of credit in sound business transactions, and I know that American bankers will not fail then to devise means of financing the needs of the situation nor American investors to respond to Europe's demand for capital on a sound investment basis.

Meanwhile it is well to remember the invisible factors, which are always at work toward a solution of the problem. Immigrants' remittances to Europe are, and will continue to be, a very large item in rectifying the exchanges. As soon as peace is concluded foreign travel will be a further item. Another very important factor is the purchase of European securities and properties and repurchase of foreign-held American securities by American investors. But the principal factor in Europe's favor is the inevitable curtailment of her imports and expansion of her exports. These processes, of course, are stimulated by the very position of the exchanges which they tend to correct.

TREASURY DEPARTMENT FOR IMMEDIATE RELEASE.

Washington, February 2, 1920.

Upon the recommendation of the Secretary of the Treasury, the President has appointed the following as members of the Annual Assay Commission:

Representative William A. Ashbrook, Ohio.
J. Edward Barry, Cambridge, Mass.
John Stewart Bryan, Richmond, Va.
Col. Richard Burgess, El Paso, Texas.
Senator Arthur Capper, Kansas.
George H. Dern, Salt Lake, Utah.
Mrs. Kellogg Fairbanks, Chicago, Ill.
Louis Fischer, Washington, D. C.
T. V. Gregory, Emlenton, Pa.
Dr. J. M. Henderson, Columbus, Ohio.
Dr. A. R. Johnson, Reevesville, S. C.
Sedgwick Kistler, Lock Haven, Pa.
Mrs. B. B. Munford, Richmond, Va.
Joseph H. O'Neil, Boston, Mass.
Representative John M. Rose, Penna.
Harry Scheeline, Reno, Nevada.
Till Taylor, Pendleton, Oregon.
Samuel W. Traylor, Allentown, Pa.
R. A. Underwood, Plainview, Texas.
Garland E. Vaughan, Lynchburg, Va.
Representative Albert H. Vestal, Indiana.
N. B. Wescott, Onley, Va.
Charles E. Wright, Montpelier, Idaho.

The Comptroller of the Currency.)
The Judge of the District Court for the) Ex-Officio members.
Eastern District of Pennsylvania.)
The Assayer, U.S.Assay Office, New York.)

The commission will meet in Philadelphia February 11, 1920, to test the weight and fineness of the coins reserved by the several mints of the United States during the calendar year 1919. At all of the mints, out of every delivery coming to the Treasury, a certain number of pieces are taken and forwarded under seal to the Philadelphia Mint for examination by the Annual Assay Commission, in order to secure a due conformity to their representative standards of fineness and weight. This is in accordance with Section 3547 of the Revised Statutes.

TREASURY DEPARTMENT For Morning Papers, February 2, 1920.

STATEMENT BY SECRETARY GLASS.

With the permission of the British Charge d'Affaires, I take pleasure in making public the attached copy of a letter received from him. It shows substantial agreement between the two Governments with respect to finance. The British Government does not contemplate fresh borrowing in the United States and, on the other hand, does contemplate relief measures like that which I have recently proposed to the Committee on Ways and Means.

BRITISH EMBASSY,
Washington

January 13, 1920.

Sir:

I am desired by my Government to make the following statement to you:-

In view of repeated allegations in the press that the British Government desire to borrow large sums in the United States, His Majesty's Government state that as has been explained more than once in the British Parliament it is entirely contrary to the policy of the British Treasury to incur a fresh indebtedness in the United States. Since June 1919 the whole expenditure of the British Government in the United States was financed without fresh borrowing and the first steps have been taken to reduce outstanding indebtedness. The loan issued in the market on November 1, 1919, by the British Government was issued for the purpose solely of meeting maturing indebtedness.

Some confusion seems to have arisen out of the fact announced in the press both in Great Britain and the United States that the British Government have invited the cooperation of the Governments of other countries and in particular of the United States with them in joint action for further measures of relief and reconstruction in the suffering parts of Europe. Any such measures if finally agreed upon must obviously involve no further borrowings by the people of the United Kingdom from the United States but further advances by the United Kingdom as well as by the United States and such other countries as take part in the joint action contemplated to countries requiring assistance.

I have the honour to be

with the highest consideration,

Sir,

your most obedient,

humble servant,

(Signed) R. C. Lindsay.

The Honourable
Carter Glass,
Secretary of the Treasury of the United States,
Washington, D. C.

TREASURY DEPARTMENT. FOR MORNING PAPERS, FEBRUARY 3, 1920

Remarks by Secretary Glass and Secretary Houston upon the occasion of Secretary Houston taking the oath of office as Secretary of the Treasury, February 2, 1920:

Secretary Glass:

Mr. Secretary, I am apprised by the White House of the fact that your commission is on its way over. I haven't it here to hand you, but that is a mere formality. I want to express my gratification that I am to turn this great office over to you, who have been a comrade and colleague of mine in the President's Cabinet. I take some satisfaction in saying that I do it with the confidence that you will find everything in good shape, and you will have a staff to begin with which has served the Government with unsurpassed fidelity and which has served me with a loyalty concerning which I can not trust myself to speak. They are all fine men; they are all real Americans; they are men who have already done a great service for their country and with your confidence and under your administration, such as you may care to retain, they will continue cheerfully and patriotically and with great diligence to serve their country and to serve you. I leave them with a feeling of regret to which I can not give utterance. It is that personal touch that makes me regret having to go away from here, but I go to another forum in which I hope I may be of service to you and to this great Department and to any of these men who have been of such great service to me; and I wish for you, Mr. Secretary, a most honorable and effective service here. I am sure it will be rendered with your accustomed fidelity and love of country, and that the really brilliant administration of my predecessor and his staff, which I have sought in some measure to maintain, will be by you effectively maintained.

Secretary Houston:

Mr. Secretary and Senator-Elect, I am deeply grateful to you. It is a very high honor to succeed you as Secretary of the Treasury and to follow such a long line of distinguished administrative officers. I know something of the services of the gentlemen who are now connected with this Department. I know something of their zeal and fidelity and loyalty to the nation and to their former chiefs. I feel confident that I can count upon their continued devotion and efficiency. It will be my duty and my pleasure to do everything in my power to create favorable conditions under which they may do their work; and I shall hope to have as intimate personal and friendly contacts and relations as you have had. It is a matter of great satisfaction to me that, immediately upon leaving this position, you go to that great body, the Senate of the United States. I know that you will contribute to that body distinguished service such as you have rendered to the people through this office. I congratulate the nation and the Senate of the United States upon your accession to that body. You have my warmest good wishes, and I am sure those of all the members of the Treasury Department of the United States.

--o--

TREASURY DEPARTMENT

Released for afternoon papers,
February 4, 1920.

February 3, 1920.

Secretary Houston made public the attached comparative statements of the public debt on August 31st, 1919, when the debt reached its peak, and January 31st, 1920, on the basis of daily Treasury statements, showing a decrease, principally from salvage and taxes, in the floating debt of about $730,000,000 and in the total debt of about $930,000,000 in the last five months.

COMPARATIVE STATEMENTS OF TOTAL GROSS DEBT - AUGUST 31, 1919, and JANUARY 31, 1920.

(On the basis of Daily Treasury Statements).

CLASSIFICATION	August 31, 1919.		January 31, 1920.		Increase	Decrease
OLD BONDS -		$883,463,130.00		$883,549,390.00	$86,260.00	
LIBERTY BONDS -						
First Liberty Loan	$1,984,796,730.00		$1,962,320,630.00			
Second Liberty Loan	3,566,425,969.00		3,418,428,153.00			
Third Liberty Loan	3,953,714,057.50		3,747,230,055.00			
Fourth Liberty Loan	6,714,521,061.00	16,219,457,817.50	6,558,888,983.00	15,686,867,821.00		$532,589,996.50
Total bonds		17,102,920,947.50		16,570,417,211.00		
NOTES: Victory Liberty Loan		4,113,402,679.65		4,494,675,770.57	381,273,090.92	
TREASURY CERTIFICATES -						
Tax	1,925,837,500.00		2,638,549,500.00			
Loan	2,012,387,500.00		486,208,000.00			
Pittman Act	220,275,000.00		259,375,000.00			
Special issues	42,639,050.39	4,201,139,050.39	87,757,555.56	3,471,890,055.56		729,248,994.83
War Savings Certificates (Net cash receipts)		933,647,191.08		889,357,574.45		44,289,616.63
Total interest-bearing debt		26,351,109,868.62		25,426,340,611.58	381,359,350.92	1,306,128,607.96
Debt on which interest has ceased		10,006,500.26		8,328,342.07		1,678,158.19
Noninterest-bearing debt		235,585,279.13		233,720,141.91		1,865,137.22
TOTALS		26,596,701,648.01 25,668,389,095.56		25,668,389,095.56	381,359,350.92	1,309,671,903.37 381,359,350.92
Net decrease		$928,312,552.45				$928,312,552.45

TREASURY DEPARTMENT. FOR SATURDAY MORNING PAPERS, FEBRUARY 7.

STATEMENT BY SECRETARY HOUSTON.

Subscriptions for Treasury Certificates of Indebtedness, Series TM-4, dated February 2nd, maturing March 15, 1920, bearing interest at the rate of $4\frac{1}{2}\%$ per annum, closed at the close of business on Friday, February 6th. Final reports have not been received, but preliminary reports show that the subscriptions exceed $300,000,000. This brings to a successful conclusion the very interesting and important operation initiated last September looking to financing the balance of the war debt in such a way as to avoid the necessity of great funding operations, by spreading maturities and meeting them, so far as may be, out of tax receipts and salvage. Excluding Pittman Act and special certificates held by Federal Reserve Banks and the War Finance Corporation, and about $105,000,000 certificates maturing this month (payment of which has already been provided for) the unfunded debt of the Government now consists wholly of tax certificates. The amount of these tax certificates maturing on any one date does not in any case exceed the estimated amount of the income and profits tax installment payable on such date. Such income and profits taxes are based upon last year's business. The aggregate amount of tax certificates now outstanding is approximately $2,930,704,500 of which over $842,000,000 mature and will be paid on March 15, 1920, out of the income and profits tax installment payable to the Government on that date.

The current deficit (excess of disbursements over receipts, exclusive of principal of public debt) for the month of January, 1920, amounted to only $92,955,669.77, the lowest figure since March, 1917, (excluding months in which income and profits tax installments were paid), while the current surplus (excess of receipts over disbursements, exclusive of principal of public debt) for the preceding month of December amounted to $600,280,932.61, which is the highest figure in the history of the Government, with the exception of June, 1918, in which month a whole year's income and profits taxes were payable; and there is every reason to expect that the current surplus of March, June, September and December, 1920, will largely exceed the current deficit of the other eight months, if Congress adheres to a rigid policy of economy in Governmental expenditure.

--o--

TREASURY DEPARTMENT. FOR IMMEDIATE RELEASE.

February 12, 1920.

STATEMENT BY SECRETARY HOUSTON.

The last issue of the Treasury's "loan" certificates of indebtedness matures on Monday. Since the Treasury announced its readiness to redeem these certificates before maturity about $38,000,000 have been redeemed and the amount remaining outstanding last night was only about $60,000,000. The significance of this very interesting and important fact is not perhaps fully realized. When these certificates have been paid the Treasury will have outstanding in the hands of the public no floating debt whatever in the sense of short term certificates requiring to be refunded at maturity. The amount of tax certificates outstanding February 10th is approximately as follows:

Series T-8, int. $4\frac{1}{2}\%$, dated July 15, 1919, due Mar. 15, 1920	$315,844,500
Series T-9, int. $4\frac{1}{4}\%$, dated Sept. 15, 1919, due Mar. 15, 1920	74,295,500
Series T.M.3-1920, int. $4\frac{1}{4}\%$, dated Dec. 1, 1919, due Mar. 15, 1920 .	152,307,500
Series T.M.4-1920, int. $4\frac{1}{2}\%$, dated Feb. 2, 1920, due Mar. 15, 1920. .	304,877,000
	$ 847,324,500
Series T.J.-1920, int. $4\frac{1}{2}\%$, dated Dec. 15, 1919, due June 15, 1920.....	728,130,000
Series T-10, int. $4\frac{1}{2}\%$, dated Sept. 15, 1919, due Sept. 15, 1920	657,469,000
Series T.D.-1920, int. $4\frac{3}{4}\%$, dated Jan. 2, 1920, due Dec. 15, 1920	703,026,000
Total tax certificates outstanding Feb. 10, 1920........	$2,935,949,500

These certificates mature on income and profits tax installment dates and the amounts of the various maturities in no instance exceed the estimated amount of the taxes payable at the maturity date. The tax payments which have thus been anticipated and which are payable during the calendar year 1920 are payable in respect to the income and profits of the calendar year 1919, and consequently would not be adversely affected if any recession of business and profits should take place in 1920. The Treasury is naturally pleased with the success of the operations initiated last September and now brought to a successful conclusion which have made this splendid achievement possible. It is very grateful for the patriotic support and assistance of the Federal Reserve Banks and the Treasury certificate organization and of the banking institutions of the country which have subscribed for the certificates in the first instance and distributed them very widely among investors. The rapid reduction of Government expenditure and realization of the surplus stocks accumulated for war purposes have been important factors in making possible the reduction of the floating debt and the gross debt of the Government in the past five months. The result of the elimination of loan certificates and the great reduction in the floating debt and gross debt have both been contributed to by the application to the payment of loan certificates of an important part of the balance in the general fund, which it had been necessary to retain at a high figure as long as the loan certificates were outstanding in order to provide for these frequent maturities, and which it was possible to reduce greatly in connection with their retirement.

Although the Treasury will, of course, be obliged to borrow from time to time to meet the current deficit (which in January amounted to less than $93,000,000), in the intervals between income and profits tax installment payments, and the current requirements of the War Finance Corporation, the fact that the Treasury has no uncovered maturities is of immense importance. So long as the Treasury had certificates of indebtedness maturing in very large amounts and on dates when it could only provide the funds to meet them by fresh borrowings, its position might under certain circumstances have become embarrassing (though it never did).

and it was consequently impossible for the Federal Reserve Board to exert any effective control over credit. The point is illustrated by the following quotation from the London Economist of January 24th:

> Plenty of money and a consequent demand for bills have been the chief features of the internal history of the money market. The plenty may be attributed to the fresh creation of Ways and Means Advances, necessitated by the maturing of more Treasury bills than were applied for. By this process, as we have frequently pointed out, dealers in and users of credit can now at any time oblige the Government to create more "cash at the Bank" by the weapon that they hold in the shape of 1,000 millions odd Treasury bills outstanding. Thus the powers that be can make money dear by paying more for it, but they cannot make it really scarce until, by taxation or otherwise, they have reduced the effectiveness of this weapon.

The fact that the Treasury of the United States is no longer in the position somewhat similar to that described by the Economist is of immense importance for the general welfare of the country and incidentally to the holders of Liberty Bonds and Victory Notes, since the danger of the Treasury's being obliged to borrow large sums to meet maturing certificates upon disadvantageous terms has been eliminated. The position of the Treasury today and the future of the market for the outstanding issues of Liberty Bonds and Victory Notes is very bright. The whole color of the picture would, of course, be changed if Congress should embark upon new expenditures on a large scale. The whole problem today is that of giving the people time and will to save capital sufficient to enable them to absorb that part of the war issues which is still owned or loaned upon by banks and as well the flood of securities which are being pressed upon our markets from foreign sources in consequence of the extreme depression in European exchanges.

In that connection it is interesting to observe that the extreme depression in high grade investment securities in this country at the present time is to a very important extent the result of heavy selling of such securities in our markets from foreign sources. This, as Secretary Glass said in his Annual Report, is one of the processes which is stimulated by the very position of the exchanges which it tends to correct. By absorbing these high grade investment securities, the American people are furnishing capital to Europe at a time of Europe's need and are giving this help in just the way that Europe helped America in the period of America's growth and of her own monetary troubles. In the days of the infancy of the Republic, in the days of our Civil War and of the period of reconstruction after the Civil War, of the monetary panics which we suffered at frequent intervals until the establishment of our Federal Reserve System, America suffered greatly for lack of capital and credit and because of her depreciated currency and, later, her inelastic currency. In those days Europe came to America's aid, not by government loans, not with any comprehensive plan, but by the investment of private capital upon attractive terms in American enterprises and in the purchase of American securities at bargain prices. Europe profited enormously by these investments and America profited too because she obtained the capital she needed at the price that the capital was worth to her. Honest and energetic business men in both countries went to work in their own way and solved the problem on business terms. Yet in those days Europe was far better able to meet the relatively small demands of America than is America now, burdened as she is by Government expenditures since the beginning of the war to the aggregate amount of about $36,700,000,000, to meet the stupendous demands of Europe today. I am confident that the solution of Europe's problems will be found by the wisdom and courage of European statesmen in facing the monetary difficulties imposed upon them by the great war and by the enlightened, sympathetic and friendly cooperation of the business men and workmen of America and Europe when peace is restored and the hope and fear of government interferences are removed.

TREASURY DEPARTMENT.

Release for afternoon papers, Feb. 20, 1920.

Washington, Feb. 20, 1920. - Secretary Houston said that the story carried in some newspapers that the Treasury would shortly issue Certificates of Indebtedness bearing interest at 5 per cent is utterly baseless. The Treasury does not expect to have to issue certificates before the middle of March, when about $850,000,000 of Treasury certificates will be paid off out of taxes, and sees nothing in the present situation to indicate that it will be either necessary or desirable to increase the interest rate on Treasury certificates.

TREASURY DEPARTMENT For release Wednesday Morning Papers, March 10, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series T M-1921, dated and bearing interest from March 15, 1920, payable March 15, 1921, with interest at the rate of four and three-quarters per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates will have two interest coupons attached, payable September 15, 1920, and March 15, 1921.

Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

Certificates of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates. The certificates of this series do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before March 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of any and all series maturing on March 15, 1920, and, pursuant to an arrangement between the Treasury and the War Finance Corporation, bonds of that Corporation maturing April 1, 1920, with unmatured coupons attached, will be accepted at par with an adjustment of accrued interest in payment for any certificates of the Series T M-1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
TUESDAY, MARCH 23, 1920.

STATEMENT BY SECRETARY HOUSTON.

As already announced by the Treasury and the several Federal Reserve Banks, exchanges of the temporary $4\frac{1}{4}$ per cent coupon bonds of the Third Liberty Loan for permanent bonds with all subsequent coupons attached began on Monday, March 15, 1920, and are now being carried on, chiefly through the several Federal Reserve Banks, as fiscal agents of the United States, with the cooperation of the banking institutions of the country. Detailed information concerning the exchanges is given in Treasury Department Circular No. 164, dated December 15, 1919. The temporary coupon bonds of the Third Liberty Loan had no interest coupons attached for interest accruing after March 15, 1920, and therefore became exchangeable by their terms on and after that date for new bonds with all subsequent coupons to maturity. Full supplies of the permanent Third $4\frac{1}{4}$'s are available, and it is hoped that the exchanges will proceed as promptly as possible, in such a way as to meet the convenience of holders of temporary bonds and banking institutions as well as the Treasury Department. The next interest payment on the Third Liberty Loan does not occur, however, until September 15, 1920, and it is understood that in the meantime, up to about September 6, 1920, the temporary Third $4\frac{1}{4}$'s will still be recognized as good delivereies in the market, so that there is no necessity for any immediate rush by bondholders to exchange their temporary bonds for permanent bonds.

The Treasury has made ample provision in connection with these exchanges of temporary for permanent bonds whereby recognized banking institutions in the United States who make no charge for their services may effect exchanges for themselves and their customers without expense or risk on account of the transportation of the temporary bonds surrendered or of the permanent bonds issued upon exchange. Adequate provision has also been made whereby incorporated banks and trust companies may make over-the-counter exchanges. Full information as to these arrangements is available at the respective Federal Reserve Banks. In view of the liberal arrangements which have thus been made for effecting the exchanges, and in view of the fact that no charge for the exchange is imposed by the United States, the Treasury confidently appeals to the banking institutions of the country to handle exchanges of temporary for permanent bonds without expense to the holders, and thus complete their patriotic service in connection with the war loans by carrying out this last, and mechanically the largest, operation related to our war financing without imposing charges for their own services. Holders of temporary bonds will, it is hoped, consult their own banks and avail themselves of their assistance in effecting the exchanges for permanent bonds.

Deliveries of permanent bonds in exchange for temporary bonds will be made within the United States by the Federal Reserve Banks and the Treasury Department at the risk and expense of the United States, whether or not submitted through banking institutions, but the arrangements for the transportation of temporary bonds surrendered for exchange at the expense and risk of the United States are available only when presented through recognized banking institutions to the Federal Reserve Banks. In other words, holders of temporary bonds who surrender their bonds direct to a Federal Reserve Bank or the Treasury Department for exchange will be obliged to make their own arrangements for the transportation and insurance of the temporary bonds surrendered.

First Liberty Loan Converted 4 per cent bonds, Second Liberty Loan 4 per cent bonds, First Liberty Loan Converted $4\frac{1}{4}$ per cent bonds, and Second Liberty Loan Converted $4\frac{1}{4}$ per cent bonds are all expected to be available in permanent form for delivery in exchange for temporary bonds within the next month or six weeks, and exchanges of these bonds will be handled in substantially the same manner as exchanges of the Third Liberty Loan bonds. Inasmuch as the temporary First $4\frac{1}{4}$'s and Second $4\frac{1}{4}$'s have coupons attached covering interest to June 15 and May 15, 1920, respectively, they need not be exchanged for permanent bonds until those dates; in fact, before June 15 and May 15, 1920, respectively, the permanent First $4\frac{1}{4}$'s and Second $4\frac{1}{4}$'s are required chiefly for delivery upon conversion and exchange of temporary First 4's and Second 4's, which have no coupons attached for interest accruing after December 15 and November 15, 1919, respectively, but whose exchange has been postponed awaiting the preparation of the permanent $4\frac{1}{4}$'s, in order that both conversion and exchange might be effected simultaneously. As repeatedly announced, the First 4's and Second 4's are still convertible into $4\frac{1}{4}$ per cent bonds, pursuant to the terms of the extended conversion privilege, and holders of temporary 4 per cent bonds are therefore urged to submit their bonds for both exchange and conversion. As already announced, in the absence of written instructions to the contrary, temporary 4 per cent bonds presented for exchange for permanent bonds will be deemed to be presented also for conversion into $4\frac{1}{4}$ per cent bonds.

The temporary $4\frac{1}{4}$ per cent bonds of the Fourth Liberty Loan still have one unmatured coupon attached, due October 15, 1920. Exchanges of temporary Fourth Liberty Loan bonds will therefore not begin until approximately October 15, 1920, when it is expected that adequate stocks of permanent bonds will be available so as to permit exchanges to be carried on in substantially the same manner as exchanges of Third Liberty Loan bonds. Temporary First Second $4\frac{1}{4}$'s do not become exchangeable until December 15, 1920. The First $3\frac{1}{2}$'s and both series of Victory notes were issued originally in permanent form.

All 4 per cent and $4\frac{1}{4}$ per cent registered Liberty bonds are already in permanent form and need not be exchanged for other bonds. Holders of temporary 4 per cent and $4\frac{1}{4}$ per cent coupon Liberty bonds are therefore strongly urged to present their temporary bonds for exchange for registered bonds instead of for coupon bonds in permanent form, and in that event will promptly receive registered bonds upon exchange. The exchanges of temporary for registered bonds may be made at any time, and need not await the completion of the permanent coupon bonds. Substantially the same facilities are available for exchanges of temporary bonds for registered bonds as for exchanges for permanent coupon bonds, and holders of the temporary bonds should have no difficulty in arranging with their [illegible] banks for exchanges into registered bonds without expense.

-o-

FOR RELEASE NOT BEFORE ELEVEN P.M.,
FRIDAY, MARCH 26, 1920.

ADDRESS

on

THE FOREIGN TRADE OUTLOOK

to the

INDUSTRIAL CLUB OF CHICAGO

by

EUGENE MEYER, JR.
Managing Director of the War Finance Corporation.

Chicago

March 26, 1920.

A consideration of foreign trade in all its aspects would involve every phase of our existence. It is closely intertwined with our politics, our finance, our industry and commerce, our railroad and marine transportation and insurance. It influences labor, our educational system and social conditions generally, and is in turn influenced by every one of our human activities. A comprehensive treatment of the subject would involve all these considerations not alone in our country, but in all other parts of the world as well. Our foreign trade is the concrete expression not only of our exchange of goods, but to a great extent of our intellectual, personal and institutional relations with other peoples. It is, therefore, necessary for me to confine my discussion of the subject to special aspects. I shall be more than happy if I can present to you here tonight something of interest, out of my experience in contact with foreign trade as Managing Director of the War Finance Corporation during the past year. In addition, I shall, however, permit myself a few generalizations based upon that experience, which I submit merely as my personal expressions of opinion.

I shall begin by telling you how the War Finance Corporation was given authority by Congress to help foreign trade. During the war American industry became concentrated on the production of food supplies, raw materials, and manufactured goods. Upon the signing of the armistice a great derangement was inevitable. To those who realized how vast was the volume of our exports for the use of the armies and peoples in Europe, and who were aware that the financing was entirely a matter of United States Government loans authorized only for a limited period, the magnitude of the approaching problem was manifest. The Treasury sought to aid the situation by asking Congress for authority to amend the War Finance Corporation Act to permit it to make loans to American exporters and American bankers who finance them; this authority was the more willingly granted because it called for no new appropriation. We are apt to forget what an unusual step Congress took when it authorized a Government institution to use a fund of one thousand million dollars for financing foreign trade. I had the privilege of presenting the matter to the Ways and Means Committee of the House and to the Committee on Finance of the Senate, and I should like to say that I think Congress responded most sympathetically, not only to the picture of the needs of American industry, American labor, and American finance, but also to the appealfor the consideration of the needs of Europe. In testifying on the amendment I stated that

> "a prompt restoration of international trade will enable Europe to restore its industry and employment of labor, and thus to hasten its political and social peace. Unemployment and hunger are the surest sources of social disorder. In extending credits at this time to foreign countries to enable our industries and theirs to resume normal activity promptly, I believe we would be making a most important contribution toward international peace and prosperity, and that the results arising would benefit alike the country extending the credits and the countries which receive them."

The authority to help foreign trade became effective on March 3rd, 1919, but it was by no means a simple task to get the machinery to function. The representatives of foreign governments with whom I had the opportunity to confer on the question showed little interest.

American manufacturers, exporters, and bankers were very reserved in their views and did not seem to visualize the problems that gradually were to become increasingly acute. Some of our most prominent bankers, following the slogan "Get the Government Out of Business", thought it had been a mistake for the Government to give authority to help the financing of export trade. Some of the men who were strongly against this temporary extension of Government functions are now loudly proclaiming that the War Finance Corporation's authority does not go far enough, that it should assume a much greater part of the risk to American business and of the burdens of European needs.

With a view to getting a more intimate knowledge through an exchange of ideas with some of the responsible government officials and financial authorities in Europe, I spent two weeks in Paris and ten days in London in the summer of 1919. In Paris the picture I got was one of almost pathetic reliance on the ability of America to cure all the troubles of Europe. Europeans failed to realize either that there were limits to American possibilities of assistance, or that cooperation of the governments and business of the European peoples themselves was necessary.

In England it was felt by some economists that a decline in exchange would be a good thing, because it would discourage imports and encourage exports. These people, in my opinion, ignored, or at least minimized the extent to which the extreme demoralization in exchange, which has since occurred, affects the cost of living to a people that must subsist on imported food. I actually had the strange experience of hearing the head of an important bank in London tell me that exchange would not go down, and that he expected very shortly to be lending money to America. This would indicate that all the ignorance on the subject is not confined to the United States. It is only fair to add that there is a certain natural jealousy in Europe of America's financial position. Europe had financed the world, including America, and contemplated with reluctance the steps which we proposed in order to help them, and was inclined to view them as measures which, if not so designed, would nevertheless have the effect of transferring the financial center of the world from Europe to America.

In Paris and in London I suggested methods of creating international obligations in forms that would have been practicable and helpful, had the governments cooperated with the industries to create the proper securities, but the difficulties of the whole situation had not made themselves sufficiently apparent to make it seem expedient to the foreign governments to follow out the plan. Finding that Europe was loath to accept this idea, I proposed on my return to America that we list in our public markets, under proper safeguards, the internal loans of some of the principal European governments, or their industrial issues. These issues were to be tax exempt for American holders, as our investors could not afford to hold these securities and pay both American and foreign taxes. Stimulated by the decline in exchange, a considerable, though unorganized, market has gradually developed, and there is now, as we all know, an enormous investment and speculative interest in exchange and in the foreign securities which carry with them an exchange speculation. This speculation is being carried on with reckless disregard of possible drastic foreign taxation and of currency readjustments.

The plan of having official listings formally approved by the foreign governments was opposed at first by some American bankers, and by the time both the American banking interests and the foreign governments had changed their attitudes a considerable part of the funds that had been available earlier were diverted to other channels.

But not to expand too much on the details of the past, I shall sum up the record of the past year. We exported in 1919 more than ever before in our history; our excess of exports over imports reached new high levels, and on the whole, as far as the volume of our trade is concerned, we came through the difficulties better than might have been expected. This result was produced largely by Treasury loans to foreign governments to the extent of \$2,400,000,000; by furnishing dollar funds to foreign governments to the extent of \$737,000,000, to cover the expenditures of the United States Government for the maintenance expenses of our expeditionary forces; by the sale on credit to European nations to the extent of \$685,000,000 of our government supplies; by credits amounting to \$100,000,000 given to Europe for relief. Furthermore the deferment of interest to the extent of \$324,000,000, which would otherwise have been due to the United States Government, made a grand total of government aid amounting to \$4,226,000,000. Besides this official aid the American public repurchased from Europe large amounts of American securities held abroad, the sale of which was stimulated by the decline in exchange. Our investment bankers financed large foreign dollar loans, and our merchants and manufacturers gave credits in considerable amounts. These forms of assistance, public and private, sufficed to take care of our great export trade during 1919 so that the pressure for the War

Finance Corporation's assistance did not become strong until exchange became materially depressed. During all this time the Directors of the War Finance Corporation held frequent conferences with foreign interests and with American merchants, manufacturers, and bankers. The fundamental difficulty was that both the foreigners and the Americans had become accustomed to having their business financed by means of United States Government funds, and it was hard for them to realize that this method could not continue.

The War Finance Corporation was under pressure from all quarters, especially from its own desire to help the situation. It would have been easy to help if we stretched the letter of the law. All sorts of schemes were presented to shift the responsibility from the exporter and banker to the Government. Companies with limited capital sought unlimited credit. The Directors of the War Finance Corporation have stood firmly for the honest interpretation of the Act, and while no man can say with finality what constitutes adequate security in times of world upheaval, we have endeavored to follow a policy that our consciences could justify. I do not believe that we have been lacking in courage. I do not believe that a single sound and eligible proposition has been turned down.

The actual loans granted by the War Finance Corporation thus far have not been large. The total is about $30,000,000. It was extended to various manufacturers and bankers that sent railroad equipment to Poland, electrical and agricultural machinery to England, France, Italy, Belgium and Australia; food to Belgium and machinery for steel plants to France. But the work of the Corporation is not to be judged by the figures in the balance sheet. Most of our work during the war consisted in helping others to help themselves. In presenting the amendment to Congress I stated that it was

> "designed to meet an unprecedented condition of the world's international trade, and to stimulate our bankers and our merchants to the greater courage and the prompter action that are necessary to meet the emergency. It is not designed to displace private enterprises or to put the Government permanently into the general banking business. The amendment is limited as to time and as to purpose."

It is with this idea in mind that we have been endeavoring to stimulate our bankers and our merchants. We are encouraging the formation of Edge Law corporations under the Federal Reserve Board and we are equally ready to help wherever bankers propose to organize under state laws for the financing of foreign trade. During the war many of the names of the industries which we helped never appeared on the books of the War Finance Corporation. I recall one loan of $20,000,000 and one of $15,000,000 which our Corporation agreed to make, if funds could not be obtained through other channels; but this assurance made it possible to obtain the money elsewhere. The finest letter the War Finance Corporation ever received in appreciation of its services came from the representatives of an industry that needed $30,000,000, whose problems the Directors of the War Finance Corporation succeeded in solving without making actual advances. However, I do not wish you to think that we confined our activities to the realm of psychology, or that in foreign trade we propose so to limit our action, but I wish to point out that the War Finance Corporation has been of value far in excess of the amount indicated by our loans.

I think that the world might have progressed toward a restoration of international trade relations much more rapidly than it has, but

142

we must bear in mind that numerous factors weighed against it. The long-drawn-out treaty negotiations in Paris, the necessary concentration on the consideration of territorial and political questions and the discussions on the League of Nations took precedence over a practical consideration of important financial and commercial problems that lie at the root of many of the present difficulties. Moreover, very little has been done, or could have been done, by us in the absence of a treaty, in renewing relations with the enemy countries, and the newly constituted republics. Another great handicap was the complete elimination of Russia which had played so large a part in European markets before the war, not only because it supplied its neighbors with foodstuffs and raw materials, but also because it consumed the finished products of the English, French, and German manufacturing centres. This confusion of the commercial machinery was increased through sudden and violent fluctuations in exchange that were due in part to the absence of a fluid international security market. During the summer and early autumn European loans might have been placed with investors in America but foreign governments refused to place them in the expectation of assistance from the United States Government, or in the hope of getting better terms later. The opportunity passed, and the funds were diverted to other purposes.

In spite of these hindrances and many disappointments great progress has unquestionably been made, and one of the important factors in our progress was the educational value of wide-spread discussion of the problems. This general interest was greatly stimulated by the unprecedented action of the Congress in authorizing the use of a thousand million dollars by a Government institution to assist foreign trade - a sum equal to the nation's entire debt before the war - a step that indicated to the country, the importance attached to the problem by the Treasury and the Congress. Another evidence of our new attitude toward foreign trade problems was the passing of the Edge Law, which is designed to create long term banking machinery which should develop into the permanent agencies for financing foreign trade. Some of our large industrial companies quickly adapted themselves to the new conditions and granted extensive long term credits to foreign purchasers on a scale hitherto outside of their experience; but what has helped to stabilize conditions most of all is the restoration of many of the normal trade channels that had been diverted or closed during the war. Food supplies have been made available from the Far East, from Australia, from Argentina, and the increasing European crops may be counted upon as a great influence in ameliorating the difficulties.

As a result of this betterment of European conditions the immediate outlook in this country is one of diminishing exports of food and increasing exports to European countries of the raw materials needed for the reconstruction of industry, for manufacturing goods for their home consumption, and for their re-export. Chemicals, cotton, copper and many forms of manufactured goods will be in greater demand. The resumption by European countries of trade with Germany, Poland, and Czecho-Slovakia is under way, and the economic necessity of resuming trade with Russia at the earliest possible moment is now thoroughly understood. The recent news from Germany is disturbing, but it would appear more remarkable that such disturbance has not come sooner, and the ability of Germany to maintain a reasonable degree of order under the difficult conditions prevailing during the last sixteen months argues in favor of a prompt restoration of order, provided steps are taken to determine the

144

indemnities in a definite way and to make the German people feel that they have a stake in the future.

The War Finance Corporation and other organizations have under consideration numerous and important plans which will result in a continuation of export of supplies for Europe, and I believe that they will be effective in bringing about within the next few months a great improvement of commercial and industrial conditions in Europe. More cooperation from our merchants and bankers is needed, but the work is well on its way, and if Chicago and other interior points will coöperate the results will be more satisfactory and more speedily obtained. Chicago is already a great financial center, and is destined to even greater development in the near future. It cannot allow foreign commerce and banking to localize exclusively in the seaboard cities. Interior banks have both the ample resources and the men capable of developing foreign trade, if only they are willing to devote themselves to the subject with foresight. The War Finance Corporation regrets that there has been less active interest on the part of interior financial and commercial centers than was expected, and I take the liberty now to urge you men to devote yourselves to the problem. The Directors of the War Finance Corporation are ready to work with you in any of your foreign interests.

It would be unwise to minimize the gravity and extent of the problems that immediately confront us. They justly claim our first attention. But it would be equally unwise to disregard the more distant future with the change in policies that it is bound to bring. If we are successful in our plans for the immediate problems, we shall make Europe, first, self-sustaining, and then our competitors in the markets of the world. We must, therefore, lose no time in studying and organizing for the trade of South America and the Far East, which must necessarily become the great markets for our manufactured goods in the future. Their demands and those of other prospective markets should be estimated in advance and a consistent portion of our producing capacity must be allotted to them. It will not suffice to starve the foreign demand when trade is brisk at home and then hope during periods of domestic dullness to flood the overseas market with American goods. This new trade must be cherished and developed if it is to prove a real support in future years.

The present unlimited demand for American products, regardless of price, is due to abnormal and temporary conditions. And as Europe restores her disordered industrial situation there will be a substitution of new and different demands that we must begin to consider and be prepared to meet. It is also necessary to bear in mind that vast, undeveloped portions of the world with fertile soil and cheap labor are entering upon a period of rapid development. They will fill the increased needs for foodstuffs and raw materials, and they will at the same time increase their consumption of finished products. England and other countries are busily engaged in endeavoring to develop a supply of cotton within their own colonial possessions; and while I think that they are justified in this course we must not forget that our entire balance of trade for the last sixty years is measured by our exports of cotton. Nor should we overlook the fact that China and India will be industrialized more rapidly than it is now possible to imagine, and that the market for our manufactured goods is bound to feel their competition in no uncertain way. Looking ahead we cannot fail to see great changes looming before us. We cannot tell their extent or ascertain their exact direction, but we Americans can face the future with confidence if we exercise intelligent foresight and a will to adjust ourselves to the inevitable course of economic events. And let me warn you that failure to interpret these events is always costly. For this is the stuff that wars are made of, the belated use of force to alter conditions that wisdom did not foresee and forestall.

Where do we stand? Have we a plan and a purpose? Our leaders must educate themselves and the people to the meaning, the methods and the importance of foreign trade. We must develop a policy to meet new situations. The policy must be one which the people can understand and support. It may not be imposed from above; it cannot be originated from below. It must be a policy in the interest of the nation as a whole, based on the facts of our natural conditions, and founded upon the faith and ideals of the people. It must be broad enough to supply a general direction for our industry and finance. It must take cognizance of labor conditions and of social relations at home and abroad. It must be honest and generous toward others, but it must firmly protect American rights and American purposes. It must be based upon the principle of "live and let live." It cannot be narrowly selfish and succeed. But if it pursues an ideal not rooted in realities, it will no less certainly fail. As much harm can be done by trying to anticipate as by being too slow to respond to social progress. He works most soundly for the betterment of international relations who endeavors to build upon a basis of mutual interest and common advantage, but does not try unduly to accelerate changes that require growth and development in order to endure.

Not only do we need to develop policies, but we need to create organizations to carry them out. To what extent shall such organizations be governmental? To what extent shall they be private? And how may they be related advantageously to each other? Both Germany and England have advanced further than we in relating business to government in the conduct of foreign trade. The English Board of Trade is a highly centralized organization of business and government whose president sits as a member of the cabinet. Germany, through the system of officially controlled kartels, had likewise highly centralized its business organizations and compelled their collaboration with the government. But this had been carried to such an irksome degree before the war that there was a great cry for freedom from bureaucratic control. These organizations were built up in England and Germany to suit their own conditions. We should study them and decide what they contain of value to us, but we should not copy them. They are suited to countries with geographical and political conditions quite different from those obtaining in this country. In such matters let us heed our war experience. Our industrial organization differed radically from the European forms, because it was built up to suit our own country. Broadly speaking, it aimed at centralized government direction and regulation but had decentralized and local administration. It was based fundamentally upon cooperation and not upon coercion, and it could have been successful in maintaining production in no other way. An over-centralized governmental control would be fatal in America because our great distances and our diversified geographical conditions make such a control unsuitable.

In the organization of our foreign trade the Webb-Pomerene Export Corporations Act and the Edge Bank Corporations Act constitute a nucleus from which with time and favoring circumstances we may build. The Edge Law banking corporations are of special interest, because they are based upon the sound theory that capital for long-term foreign credits and investment must be obtained from the investment markets. Such funds cannot with safety to the country be made available through ordinary bank credits. They must represent the surplus savings of the people that are available for foreign purposes; and it must be distinctly understood that all capital so employed represents at this time capital withdrawn from our domestic needs. We must seek a proper balance in the relation between the two urgent calls, but for either or for both the only way is through public economy and private savings.

Our foreign trade organizations must have a continuity of policy. Like our naval, military and diplomatic policies, a trade policy must be continuously sustained in order to be effective and should not be subject to sudden changes with the advent of every new administration. In this way our merchants would learn to value foreign trade from a long-range point of view, and would be able to plan for more remote as well as immediate returns. But before we can achieve results in this direction, it will above all be essential to make public service more attractive to competent men. As long as the recognition and reward for this work remain as incommensurate with the effort as they now are in comparison with private enterprise, so long will all policies of adequate government cooperation remain an idle dream.

Both political parties should further the needs of the hour by

149

declaring their policies and defining in their platforms their plans for the organization of foreign trade. Certain fundamental ideas seem basic to these policies. From recent experience America has learned to know that it wants ships of its own. It does not desire to do all the shipping for the world, but it demands a merchant marine and an industry capable of producing it. The country is willing to entertain a discussion of methods, but unless I am mistaken, it demands ships and the things that ships need. It wants marine insurance, and it wants fuel depots around the world. Further, America wants an integrated industry to the extent of insisting upon the development and maintenance of key industries within its own geographical limits. It does not want to hear again that any ambassador from any country is in a position to cable his government to embargo an insignificant amount of chemical materials for the purpose of throwing four million American workmen out of employment, as Bernstorff did in March, 1915. Great quantities of goods which we need, such as rubber, tin, silk, coffee, cocoa, and tea, cannot be obtained in this country, but the essential things that we can produce at home the American people must and will have.

The materials that we cannot ourselves produce, must be obtained through payment in exports suited to the needs of other countries. The totals of these irreducible imports are large and increasing in amount. It is because we have these great needs that can be satisfied only outside of our country that foreign trade is a necessity. To enable us to fill these various needs of our own we must be in a position to fill the needs of others. That is the fundamental meaning of all trade. We must also make up our minds whether we believe in and want the open door, or whether we look forward to a world divided into spheres of economic influence. Whatever may be our wish, let us insist that our parties and our statesmen define their attitudes and their purposes with regard to foreign trade policies and organization.

We cannot conduct an intelligent policy in our foreign relations without an adequate solution of internal economic and social problems. England's organization for foreign trade is magnificent. She has a general staff and a standing army in the form of a trained personnel in shipping, insurance and banking, an information service and relatively unlimited numbers of men acquainted with the people, the products, and the needs of the entire world. But back of these splendid trade organizations is a people torn by social discontent which constantly hampers their plans, and largely deprives them of the effectiveness they would otherwise achieve.

I am not trying to stir up a spirit of economic domination for America, but a nation like an individual should feel the obligation of making the most of its powers. This is America's hour, - its hour of opportunity, its hour of realization, its hour of service to the world.

FOR RELEASE NOT EARLIER THAN
ELEVEN P.M. FRIDAY, MARCH 26, 1920.

151

(Initialed) R. C. L.

TREASURY DEPARTMENT

FOR RELEASE Morning Papers,
Monday, Mar. 29, 1920.

Secretary Houston announced that subscriptions for the issue of Treasury certificates of indebtedness of Series T M - 1921, dated March 15, 1920, maturing March 15, 1921, closed at the close of business Saturday, March 27th. Final reports have not yet been received, but preliminary reports indicate that the aggregate subscriptions approximate $200,000,000.

SPG ONL

152

TREASURY DEPARTMENT

FOR RELEASE AFTERNOON PAPERS
Wednesday, March 31, 1920.

Secretary Houston to-day announced that the total amount of subscriptions for Treasury certificates of indebtedness of series T M - 1921, dated March 15, 1920, maturing March 15, 1921, was $201,370,500. The certificates of this series bear interest at the rate of $4\frac{3}{4}$ per cent, and subscriptions closed on March 27, 1920.

The subscriptions were divided among the several Federal Reserve Districts as follows:

Federal Reserve District	Subscriptions Allotted
Boston	$ 10,202,000
New York	59,982,000
Philadelphia	5,131,500
Cleveland	17,420,500
Richmond	5,981,500
Atlanta	2,582,500
Chicago	21,926,000
St. Louis	6,806,000
Minneapolis	3,257,500
Kansas City	7,235,500
Dallas	4,719,500
San Francisco	16,063,000
Treasury	40,063,000
Total -	$201,370,500

TREASURY DEPARTMENT.

FOR MORNING PAPERS,
TUESDAY, APRIL 6, 1920.

Following is a copy of a telegram sent by the Treasury Department to the Governors of the Federal Reserve Banks:

"April 5, 1920.

"There appears to be some danger that emphasis laid in the press upon reduction of the public debt in March will lead to a misunderstanding of the Treasury's situation. Though progress has been made since last August in reducing the gross debt and the floating debt of the Government of the United States from taxes and salvage and by reducing the net balance in the general fund, it would be a mistake to assume that any such reduction in the public debt as occurred in March was other than temporary. The income and profits tax payment in March amounted to $919,000,000 on the basis of Treasury daily statements while the Government's other current revenues amounted only to about $180,000,000. Its current expenditures in March exceeded $537,000,000. Obviously the Government must be a heavy borrower in April and May and the public debt will be again increased in those months. The fact that so large a proportion of the Government's annual income is paid in four months of the year, March, June, September and December, will necessarily result in fluctuations of the public debt and it is a mistake to concentrate attention upon the operations of those months and to leave out of account the intervening months in which current expenditures have regularly exceeded current receipts to a greater or less extent. The operations for the first nine months of the fiscal year 1920 show a current deficit of $214,000,000. The peak of the war debt was not reached, however, until August 31, 1919, and a comparison of the public debt on that date with the public debt on March 31st shows that important progress has been made in the reduction of the public debt - particularly the floating debt - from taxes and salvage and by reducing the net balance in the general fund. In that connection, however, it should be borne in mind that the period of August 31st to March 31st, though it covers only seven months' expenditures, includes three quarterly income and profits tax installments.

TREASURY DEPARTMENT

FOR MONDAY MORNING PAPERS,
APRIL, 12, 1920.

Secretary Houston said that recent changes in the situation, which he had had the advantage of discussing with the Federal Reserve Bank Governors meeting in Washington during the past week, had led him to the determination that it would be wise to meet the current requirements of the Government, enlarged as they are by expenditures in connection with the return of the railroads to private control, by the issue of Treasury certificates of relatively short maturities and bearing interest at higher rates. Accordingly he was announcing an issue of 5% certificates of three months maturity and 5¼% certificates of six months maturity.

-O-

TREASURY DEPARTMENT

For release, Morning Papers,
Monday, April 12, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from April 15, 1920, the certificates of Series F 1920 being payable on July 15, 1920, with interest at the rate of five per cent per annum, and the certificates of Series G 1920 being payable on October 15, 1920, with interest at the rate of five and one-quarter per cent per annum semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates without coupons will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series do not bear the circulation privilege, and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before April 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The combined issue will be for $250,000,000 or more.

-0-

TREASURY DEPARTMENT

For Morning papers of
April 14, 1920.

The following telegram has been sent to governors of the Federal Reserve Banks by the Treasury Department:

"Newspaper stories in connection with current issues of Treasury certificates to the effect that while in previous announcements the Treasury reserved the right to allot subscriptions at par, all will be accepted on the two issues now offered, are incorrect. As a reading of the official announcement will show, the terms in this respect are identical with previous issues. The Treasury reserves the right to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Though the Treasury has indicated the amount of the issue will be $250,000,000 or more, and Federal Reserve Banks have been authorized to make allotment in full in the order of receipt of applications, it is the Treasury's intention to close the subscriptions promptly when the aggregate amount received and notified to the Treasuty reaches $250,000,000. If subscriptions in excess of that amount are allotted, it will be because of the practical difficulty in connection with the country-wide subscription of obtaining telegraphic reports rapidly enough to close the subscription when the exact amount is reached."

TREASURY DEPARTMENT

For SUNDAY MORNING papers,
April 18, 1920.

STATEMENT BY SECRETARY HOUSTON.

The authorization conferred upon the Secretary of the Treasury by Congress to make purchases of Liberty Bonds and Victory Notes for the 5% Bond Purchase Fund expires one year after the termination of the war. The continuance of a technical state of war beyond the period contemplated at the time the authority was conferred has presented to the Secretary of the Treasury the practical problem of determining what his future course should be with respect to the Bond Purchase Fund. Secretary Glass, in his Annual Report said, "Purchases of bonds under authority of sec. 6 of the act of Apr. 4, 1918 (bond purchase fund), are not included as an item of estimated expenditure (for the fiscal year beginning July 1, 1920); this authority expires one year after the termination of the war, and the Secretary reserves decision with respect to such purchases after July 1, 1920." Congress created in the Victory Liberty Loan Act a 2½% Sinking Fund to commence July 1, 1920. In view of the fact that on July 1st more than a year will have elapsed since the flotation of the last Liberty Loan and of the further fact that unless Government expenditures should be greatly decreased or taxes increased, continued purchases for the Bond Purchase Fund could only be financed by the issue of additional Certificates of Indebtedness, thus increasing the floating debt while decreasing the funded debt, my present intention is not to treat the two funds as cumulative but to discontinue purchases for the Bond Purchase Fund on and after July 1, 1920, and to make purchases thereafter only for the Sinking Fund created under the Victory Liberty Loan Act. The approximate amount of the Bond Purchase Fund quota for the period ending June 30, 1920, will be taken over from the War Finance Corporation or, to a limited extent, purchased in the market, and in either case canceled and retired.

Hereafter such purchases as the Treasury may have to make for the Bond Purchase Fund or the Sinking Fund under the general program above announced will be occasional and not habitual.

I am confirmed in the determinations above set forth by the fact that the natural market in Liberty Bonds and Victory Notes has now reached such dimensions that the purchases for the Bond Purchase Fund have ceased to be a dominating factor. The recent liquidation which has brought the bonds and notes to new low levels seems to find its chief source in selling by industrial and other corporations which were large purchasers during the Liberty Loan campaigns and which are now under pressure to find funds for their current business, in a period when necessary measures of credit control make further expansion of bank loans both difficult and expensive. This offers a unique opportunity to investors large and small, the quotations for the bonds and notes being extremely attractive to investing institutions and private investors. I believe that the time has come when the disappearance of the Government from the market, except as an occasional purchaser within the limitations above outlined, will have a beneficial effect upon the market for the bonds and notes, both by reducing the Treasury's current borrowings on Treasury certificates and stimulating the interest of investment bankers and the public in the market for Liberty and Victory securities.

TREASURY DEPARTMENT.

FOR MORNING PAPERS,
APRIL 27, 1920.

The following is a copy of a letter from Secretary Huston to a correspondent with regard to certain statements and opinions expressed in an address by Mr. Glenn E. Plumb.

April 13, 1920.

Dear Sir:-

I received your letter of April 10th referring also to previous letter of March 29th quoting from an address by Mr. Glenn E. Plumb and asking my views.

The Federal Reserve Banks are operated in the interest of the community as a whole and not that of any group or special interest. Their resources, made available to the community as a whole within the limitations imposed by law, are supplemented by the special provision made through the Federal Farm Loan System for rural credits.

The statements made by Mr. Plumb concerning the increase in the volume of our currency are incorrect. I hand you herewith a copy of a letter dated August 8, 1919, from Governor Harding of the Federal Reserve Board to Senator McLean of the Committee on Banking and Currency of the United States Senate discussing the expension of the currency and giving accurate figures.

As to Government receipts and expenditures, Mr. Plumb's statements are incorrect and grossly misleading.

162

On the basis of Treasury daily statements, the Government's total expenditures from April 6, 1917, to March 31, 1920, excluding principal of the public debt, were $37,455,645,853.66

Its total receipts for the same period, excluding principal of the public debt, were. 14,198,247,793.34

The excess of such disbursements over such receipts for the war period was ....$23,257,398,060.32, which is the amount of the net increase in the public debt for the war period, after deducting the amount of the net increase of the balance in the general fund, and is represented by Liberty Bonds, Victory Notes, Treasury Certificates and War Savings securities outstanding.

It is a little difficult to understand just how Mr. Plumb fell into the mistakes which he has made in discussing this subject. Apparently his principal difficulty lay in confusing appropriations not repealed with expenditures, when in fact appropriations are merely Congressional authority for making expenditures and are sometimes largely in excess of expenditures.

I am not in favor of a capital tax. In this connection, I am enclosing a copy of an extract from Secretary Glass's Annual Report for 1919 on the subject of Taxation. A capital tax would in my judgment be entirely impracticable and so disturbing to industry and commerce as to upset business and bring production to a standstill. The great bulk of the capital of the country is invested in industry and trade and is the basis for production. To levy a tax on the capital so invested and apply it in reduction of the National debt would involve a fundamental dislocation of business and diminution of production far out of proportion to any advantages arising from the consequent reduction in the public debt, and at a time when the greatest need of the world is for increased production and when our National debt is already undergoing large and systematic reduction as the result of the existing program of taxation. An inevitable effect of a capital tax, moreover, would be to discourage saving and encourage extravagance and wasteful spending, not only for the time being but to a greater or less extent for generations to come. By its very nature the tax would be levied regardless of ability to liquidate and pay, and would fall heaviest on those who have accumulated savings by thrift and enterprise and leave untouched those who have lived up to the limit of their incomes, thus putting a premium on waste and extravagance and a penalty on brains and thrift. There is nothing in the financial position of this Government which would warrant the adoption of so radical and dangerous a measure.

Very truly yours,

(Signed) D. F. HOUSTON.

Treasury Department

For Morning papers,
Tuesday, May 11th, 1920.

May 10, 1920.

STATEMENT BY SECRETARY HOUSTON

At my request the War Finance Corporation has suspended the making of further advances in aid of exports, except pursuant to commitments heretofore made. The general powers of the Corporation expire six months after the termination of the war and the special powers conferred upon it under the Victory Loan act expire one year after the termination of the war. The continuance of a technical state of war long after the time contemplated when this legislation was enacted and when the conditions which gave rise to it have ceased to exist, has presented a problem of no small concern. The act creating the Corporation was passed during the war. In general terms, it was intended that the Corporation should assist business and agencies in activities for the successful prosecution of the war. After the armistice when business had suffered a recession in consequence of the cancellation of war orders, and when there was a fear that exports might decline and unemployment exist, an amendment to the act was passed authorizing the Corporation to assist in the financing of exports. Now, more than a year later, and after direct Government loans to European governments have for all practical purposes been discontinued, business is prosperous and involuntary unemployment is negligible. The export business not only has not declined but has actually increased. In the calendar year 1918, total exports amounted to $6,149,000,000. They rose in the calendar year 1919 to $7,922,000,000, and for the first quarter of this year they greatly exceeded those of the first quarter of last year. Obviously, private interests are not failing to finance exports. In the circumstances it does not seem necessary now that the Government should continue to intervene to stimulate exports, particularly as it is compelled to resort from time to time to temporary borrowing in part to meet its present obligations. In existing circumstances, it seems clear that the Government should enter the borrowing field as seldom as possible and then for the lowest possible sums. It would be a question whether the Government should continue to aid and stimulate exports considering their present volume privately financed even if the Treasury had surplus funds. It seems clear to me that it should not continue to do so when the Treasury has to resort to borrowing from time to time. The entire capital stock of the War Finance Corporation, $500,000,000, has been issued and is held by the Treasury. This and its reserve fund of about $25,000,000 are invested to the extent of about $422,000,000 in United States bonds, notes and certificates of indebtedness, and to the extent of about $103,000,000 in other loans and investments. Consequently, if theCorporation continues to make loans in aid of exports, it can do so only by calling upon the Treasury of the United States to redeem securities of the United States in which the capital furnished by the United States is invested, or by selling bonds of the War Finance Corporation to the public. These bonds, although not guaranteed by the United States Government, would nevertheless be marketable only on account of the ownership of the entire capital by the Government.

TREASURY DEPARTMENT.

For Release, Morning Papers, Wednesday, May 12, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series H 1920, dated and bearing interest from May 17, 1920, payable November 15, 1920, with interest at the rate of five and one-half per cent per annum.

Applications will be received at the Federal Reserve Banks.

Bearer certificates, without coupons, will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000.

Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before May 17, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The amount of the issue will be $100,000,000 or more.

-0-

TREASURY DEPARTMENT

For release morning papers

Monday, May 17, 1920

STATEMENT BY THE DIRECTOR OF THE MINT

The provisions of the Pittman Act are mandatory and, in accordance with them, the Secretary of the Treasury has given standing orders to the Director of the Mint to buy silver at $1 per ounce, 1000 fine, delivered at the option of the Director of the Mint at the Assay Office in New York or the mints in Philadelphia, Denver and San Francisco, up to the aggregate amount of 207,000,000 ounces. Under the terms of the Act the silver so purchased must be the product both of mines situated in the United States and of reduction works so located, and clear and unequivocal proof to that effect will be required. Forms for such proof may be obtained at said assay office and mints.

TREASURY DEPARTMENT.

For release MORNING papers,
Tuesday, May 18, 1920.

Secretary Houston announced that subscriptions for the issue of $100,000,000 $5\frac{1}{2}\%$ Treasury Certificates of Indebtedness, Series H, 1920, dated May 17 and maturing November 15, 1920, closed on Monday, May 17th, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue was oversubscribed by about $25,000,000.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,

Thursday, May 20, 1920.

Secretary Houston to-day announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series H, 1920, dated May 17, 1920, maturing November 15, 1920, was $129,749,500, and that the total amount of subscriptions allotted was $102,863,000. Subscriptions for this Series closed on May 17, 1920, the date of issue, and the amount offered was $100,000,000 or more. Eight of the Federal Reserve Banks over-subscribed their quota. With a view to making the aggregate amount allotted as nearly as possible $100,000,000, the Treasury allotted only 20 per cent on over-subscriptions.

The subscriptions were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	QUOTA	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Cleveland	$ 9,060,000	$ 17,833,000	$ 10,814,000
San Francisco	7,060,000	10,942,000	7,836,000
New York	33,920,000	50,516,500	37,239,000
Kansas City	4,000,000	5,546,000	4,309,000
St. Louis	4,000,000	5,185,500	4,237,000
Philadelphia	7,060,000	8,000,000	7,248,000
Boston	8,660,000	8,951,500	8,718,000
Chicago	14,000,000	14,391,000	14,078,000
Richmond	3,460,000	2,965,500	2,965,500
Dallas	2,400,000	2,014,500	2,014,500
Atlanta	2,920,000	2,063,000	2,063,000
Minneapolis	3,460,000	1,341,000	1,341,000
Total -	$100,000,000	$129,749,500	$102,863,000

MAY 22, 1920. FOR IMMEDIATE RELEASE.

May 10, 1920.

My dear

I received your letter of May 7th.

I think it would be a mistake to accept Liberty Bonds in payment of any part of the Federal taxes for 1921 except estate taxes. The Government's necessities are so urgent that the whole amount of its revenues must be applied to meet its current disbursements including, if possible, the reduction of its floating debt. To accept payment of even ten per cent of the taxes in Liberty Bonds would add to the Government's financial burdens and the difference would have to be made up by additions to floating debt, an operation which could not in the end benefit the outstanding bonds. After all, the thing which will most benefit the market for Liberty Bonds is the retirement of the floating debt. The suggestion which has been made to you would reverse this process and in effect convert funded debt into floating debt.

I may add that Liberty Bonds are widely distributed among persons of small means, who are not themselves heavy taxpayers, and are not so largely held by corporations and persons of great wealth. A provision at this time permitting them to be accepted in payment of taxes would under these circumstances result in making it possible for corporations and wealthy persons to reduce the amount of their taxes by buying Liberty Bonds in the market at a discount and turning them in to the Government at a profit. It would not correspondingly benefit the great majority of holders of Liberty Bonds.

The effort in the Liberty Loan campaigns and since has been to reach the savings of the people and place the Government's war debt in the hands of millions who would become to that extent capitalists and permanent investors. If we are to reach promptly a sound economic position, the peoples' taxes and other current outgo should be met out of their current income. To accept the Government's funded war debt in payment of current taxes would be a step towards further undoing the work of the Liberty Loan Organization in seeking out funds for permanent investment from savings. This objection does not lie against the acceptance of Liberty Bonds in payment of estate taxes which, economically speaking, are capital taxes; but to accept Liberty Bonds which are or should be a capital investment in payment of an income tax would be a mistake. The present depreciation of Liberty Bonds is largely due to the reaction which our people underwent after armistice day and the tendency to treat them as spending money for current purposes. This is a tendency which the Government should discourage, not encourage.

It is a matter of the utmost importance for our future welfare that the Government should exercise the most rigid economy and retire the war debt with the utmost rapidity. The proper course, however, to be pursued in that respect is to retire first the debt of shortest maturity. This in the long run will benefit most the holders of the Liberty Bonds of longer maturity because they will be relieved of apprehension of further financing to meet the floating debt and earlier maturing funded debt. I hope very much that as a result of rigid economy in Government expenditure, the maintenance of adequate revenue from taxation and the prompt salvaging of disposable war assets it will be possible within the next two years to retire the bulk of the floating debt (Treasury Certificates) and to apply taxes due during the year before their maturity to the payment of the Victory Notes which mature in May, 1923. The adoption of such a course will do more to bring Liberty Bonds to par or better than anything else that can be done. In the long run their holders would only be injured by the reverse process of retiring the bonds of longer maturity before the floating debt and the short-dated Victory Notes have been gotten out of the way.

For these reasons I believe that the suggestion which has been made to you would be undesirable in every way.

Sincerely yours,

(Signed) R. C. LEFFINGWELL

TREASURY DEPARTMENT.

FOR RELEASE IN MORNING PAPERS
OF MONDAY, JUNE 7.

STATEMENT BY ASSISTANT SECRETARY LEFFINGWELL:

The following is a copy of a letter received from a former service man. It exemplifies the manly and unselfish spirit which I believe actuates the vast majority of the service men. I withhold his name lest he be annoyed by unsought publicity.

"June 1, 1920

"Sec'y Leffingwell

"My dear Sir:

"I rec'd your very sensible and considerate letter and copy of your fine address some time ago after having written you an insulting letter, and please allow me to apologize for having made a mistake. I now believe you are honest and sincere in your beliefs, even tho some of them may be wrong. For myself I think you have made me see that any money we extracted from excess war profits etc would ultimately have to be paid by the ordinary tax-payer and consumer, in which case I do not favor immediate help to able-bodied men who lost nothing only their time during their service and who would have had nothing more otherwise, and even tho it cost me heavily and put farming as a business in a bad shape, I can stand it but think something should be done for widows, orphans and cripples, the other can wait.

"Yours very truly"

The following is a copy of my letter which elicited this reply:

"May 17, 1920.

"Dear Sir:

"I received your letter of May 14th. I am sorry that you should have been exasperated by the somewhat sensational newspaper account of the brief and incidental reference to the soldiers' bonus which occurred in my address at the Academy of Political Science on 'Treasury Methods of Financing the War in Relation to Inflation.' Perhaps you will do me the honor to read the enclosed copy of the address.

"The Treasury's views and mine concerning the bonus are well known, having been stated fully by Secretary Glass, Secretary Houston, Governor Harding and me before appropriate Committees of Congress.

"I yield to no one in admiration of the magnificent body of men who, with light hearts and dauntless courage, entered upon the great adventure and who won the war for all of us. For the families of those who gave their lives, for the men who were disabled and for those of them who are in actual want, there should be prompt and ample provision made by Congress. But the service which our military forces rendered to the American people and the world cannot be measured in money, and I cannot believe that any considerable proportion of the service men favor the demand for an indiscriminate bonus, or that those who perhaps thoughtlessly have favored it would continue to do so if they realized how disastrous would be the consequences to the American people.

"The Government of the United States has been called upon to raise $37,500,000,000 since the declaration of war. The people of the United States have provided two-thirds of this vast sum in loans to their Government and one-third in taxes and miscellaneous revenue. The Government of the United States levied surtaxes running as high as 65 per cent upon incomes and as high as 80 per cent upon war profits and excess profits. Upwards of 20,000,000 American citizens subscribed for Liberty Bonds and Victory Notes, and have seen the value of their holdings shrink in the investment markets to a maximum of 15 per cent in consequence of the inordinate demands for capital and credit growing out of the great war. Millions of Americans made great sacrifices in order that our magnificent army should not want the means to bring that war to a successful and prompt conclusion. Old men, and women and children denied themselves food and clothing and the pleasures of life. Millions have toiled without increase of pay and submitted without complaint to the grim necessity of self-denial or actual want because of the increased cost of living and the economic and financial burdens imposed upon all of us by the great war. The people of America are struggling under the burden of the war debt and the war taxes. Necessary projects for social welfare and for the development of industry are held in abeyance for lack of capital and credit. Our banks are loaded down with holdings of and loans upon Government war securities. In these circumstances for the

Government to attempt to raise the vast sum demanded by the advocates of the bonus would spell disaster - disaster because of the inevitable further shrinkage in value of the outstanding securities of the Government, the inevitable added load of taxes, the inevitable denial of credit for necessary purposes and the inevitable increase in the cost of living.

"For five years the world consumed and destroyed more than it produced. Only by working and saving, by rigid economy in public and private expenditure, can the people of this earth hope to emerge from troubles which the war left with us. We cannot consume more than we produce. We cannot spend money we have not saved.

"It was my duty to warn the country that to yield to the demands of the advocates of the bonus would spell financial and economic disaster for all of us, the service men included. I am confident that you and other service men will not long condemn the public servant who dares to take and hold an unpopular position in the line of duty as he sees it.

"Very truly yours,

"R. C. Leffingwell."

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,

Friday, June 18, 1920.

STATEMENT BY THE DIRECTOR OF THE MINT.

Under the express terms of the Pittman Act, silver purchased by the Director of the Mint under the Act at the fixed price of $1 per ounce one thousand fine must be the product both of mines situated in the United States and of reduction works so located. As previously announced, the Director of the Mint has received standing orders from the Secretary of the Treasury to purchase silver under the Act up to an aggregate amount of 207,000,000 ounces, delivered at the option of the Director of the Mint at the Assay Office in New York, or at the Mints in Philadelphia, Denver, or San Francisco, and is making such purchases when satisfied by clear and unequivocal proof that the silver is the product of mines situated in the United States and of reduction works so located. Forms for such proof, appropriate for use in case of silver wholly produced and reduced in the United States, without admixture of foreign silver, were furnished to said Assay Office and Mints under date of May 15, 1920.

In order to cover the practical situation presented by the fact that a large proportion of the domestic production of silver is smelted and refined in conjunction with foreign silver and comes from the refineries as part of a mixed product of domestic and foreign silver, the Director of the Mint is further prepared to purchase under the Act silver which forms part of a mixture of foreign silver and domestic silver up to the proportionate part of such mixed product which represents the product of mines located within the United States and of reduction works so located, upon clear and unequivocal proof as to the proportionate part of the mixed product which represents domestic production. Forms for such proof, appropriate for use in case of mixed silver, will be available at said Assay Office and Mints, and in addition to a general affidavit from the vendor in each case will include supporting affidavits from the miner, smelter, and refiner, together with such sworn statements and exhibits from their books of account as may be required by the Director of the Mint. The form of general affidavit from the vendor, and of supporting affidavit from the miner are appended hereto for the information of all concerned; full information as to the additional supporting affidavits and proof will be available at said Assay Office and Mints. Deliveries of mixed silver under the Act will be accepted upon the filing of a satisfactory general affidavit by the vendor, subject to the later filing of the necessary supporting proof. It will be noted that as to mixed silver already produced and refined, it will be necessary to show that the silver mined in the United States which enters into the mixed product, was delivered to reduction works located in the United States since January 17, 1920. It will be noted further that in order to have assurance that the benefits of the Pittman Act go to American producers, for whom they were intended, the Director of the Mint will require in connection with the purchases supporting affidavits from the miners to the effect that settlement has been made with them on the basis of the fixed price of $1 per ounce, adjusted to the equivalent price for silver 999 fine and to the cost of delivery refinery to Mint.

AFFIDAVIT BY VENDOR IN CONNECTION WITH

PURCHASE OF SILVER UNDER PITTMAN ACT.

State of -----------)
) ss.
County of ----------)

In order to make a sale of silver to the Director of the Mint in accordance with the provisions of the Pittman Act approved April 23, 1918, the undersigned hereby represents and certifies under oath that he is the ________________of ___________________, owner of certain silver to the
(Title of Office)   (Name of Vendor)
amount of _____________fine ounces more or less, forwarded to the United States Mint at _____________on the _________day of ______________1920, and delivered for sale to the Director of the Mint under the provisions of said Act for account of said vendor; that said silver is the product of mines situated in the United States and of reduction works so located, being either (1) wholly without admixture of the product of foreign mines or reduction works, or (2) part of a mixture of foreign silver and domestic silver delivered to domestic reduction works since January 17, 1920, and within the proportionate part of such mixed product which represents the product of mines located within the United States and of reduction works so located, delivered by such mines to such reduction works since January 17, 1920, after taking into account sales heretofore made to the Director of the Mint under said Act; and that the vendor will forthwith file with the Superintendent of said Mint such statements and exhibits from its books of account and also such supporting affidavits and sworn statements or exhibits by itself and by the miner, smelter, and refiner, as may be demanded by the Director of the Mint under said Act.

____
(Signature of Vendor or duly authorized officer).

Subscribed to and sworn to before me this ____day__________________,192_.

____
NOTARY PUBLIC.

181

MINER'S SUPPORTING AFFIDAVIT.

STATE OF)
) ss.
COUNTY OF)

The undersigned, being duly sworn, deposes and says:

That he is the ______________ of ______________________,
(Title of officer) (Name of mine owner)

owner of the ______________________mine, situated in the
(Name of mine)

County of ______________________, State of _______________;

that the said ______________________has sold and delivered to
(Name of mine owner)

__________________________________on the ________day of __________.

1920, at its smelting plant known as the _________________Smelter,

situated in the County of ____________________, State of ____________.

_________fine ounces of silver, which was produced at the said mine located as aforesaid and contained in certain parcels of ore as described in settlement or liquidation sheet No. ____________of said ____________________________, and that said silver was paid for at the rate of not less than $1.00 per ounce, adjusted to the equivalent price for silver 999 fine and to the cost of delivery refinery to mint.

____

Subscribed and sworn to before me this ____day of ________1920.

____
Notary Public.

PRESS STATEMENT

182

TREASURY DEPARTMENT

For RELEASE MORNING PAPERS,
July 9th, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from July 15, 1920, the certificates of Series B 1921 being payable on January 15, 1921, with interest at the rate of five and three-quarters per cent per annum payable semi-annually, and the certificates of Series TM 2-1921 being payable on March 15, 1921, and bearing interest at the rate of five and three-quarters per cent per annum.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1000, $5,000, $10,000, and $100,000. The certificates of Series B 1921 will be issued without coupons. The certificates of Series TM 2-1921 will have one interest coupon attached, payable March 15, 1921.

The certificates of both said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series do not bear the circulation privilege. The certificates of Series B 1921 will not be accepted in payment of taxes.

The certificates of Series TM 2-1921 will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before July 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series F 1920, maturing July 15, 1920, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series B 1921 or TM 2-1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The combined issue will be for $200,000,000 or thereabouts.

TREASURY DEPARTMENT

For Release, Morning Papers,

Wednesday, July 21, 1920

Secretary Houston announced that subscriptions for the $5\frac{3}{4}$ per cent Treasury certificates of indebtedness of Series B 1921, dated July 15, 1920, and maturing January 15, 1921, and of Series TM 2-1921, dated July 15, 1920, and maturing March 15, 1921, closed at the close of business on Tuesday, July 20, 1920. Preliminary reports received from the twelve Federal Reserve Banks show that the combined issue, which was for $200,000,000, has been oversubscribed. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

- 0 -

SAVINGS DIVISION
U.S.TREASURY DEPT.

C 38.

(FOR RELEASE FOR MORNING PAPERS OF JULY 22nd.)

(FOR PRESS ASSOCIATION & WASH. CORRES.)

----oOo----

WASHINGTON, July 21:- Keen appreciation of the educational, economic and financial policy recently adopted by Organized Labor, as a factor in the protection of holders of Liberty Bonds and government securities and the advancement of individual and national welfare and prosperity was expressed by Secretary of the Treasury David F. Houston in a letter to Samuel Gompers, made public today.

Secretary Houston's letter was in acknowledgement of the action taken by the Montreal convention of the American Federation of Labor which urged the purchase of Liberty Bonds at present prices and their retention until maturity by all union members and reiterated endorsement of the thrift and savings capaign of the government.

The letter declared that if the principles adopted by the American Federation of Labor were followed by the nation, all holders of government bonds would be protected, for the basic intrinsic of these securities backed by the good faith and resources of the nation were unchanged and would remain so. The reiteration of the principles of thrift, saving and safe investment, Secretary Houston said could not but tend to the welfare both of the individual and the nation.

Secretary Houston's letter was as follows:

"The Treasury Department had learned with keen interest of the educational, economic and financial policy outlined by the American Federation of Labor, in convention at Montreal, looking to the advancement of the financial welfare and future prosperity of the individual and the nation through purchase and retention until maturity of government securities.

"The patriotic part played by Organized Labor in the financing of the United States during the war, already has been fittingly acknowledged. Permit me to say that, in my opinion, the policy of the American Federation of Labor, enunciated in Resolution No. 98 at Montreal, faithfully and successfully carried out, as I am sure it will be, will perform no less a service in time of peace.

"The prosperity, the stability and the well being of the nation and of every state and community in it, is inseparably linked with the prosperity, the financial independence and the moral strength of its citizens. Waste and extravagance will produce not only economic ills but inevitable individual deterioration and unhappiness. The reiteration therefore of the principles of thrift, saving and safe investment, outlined so forcibly in the Federation resolution, cannot but tend to the welfare both of its members and the country as a whole.

"Nowhere are Liberty Bonds more widely distributed than among the ranks of Organized Labor. Both the Treasury Department and the American Federation of Labor are desirous of protecting the holders of those Government obligations. They can protect those who hold their bonds and buy more, but they cannot protect those who sell at present prices. But if the principles adopted by your organization are followed out by the nation, all holders of bonds will be protected, for the basic, intrinsic value of the securities backed by the good faith and total resources of the nation, is unchanged and will remain unchanged.

"I sincerely hope that the request of the Federation for the provision of facilities for partial payment purchase of Liberty Bonds and Victory Notes may be accorded the hearty and immediate response from employers, banks and other agencies which it deserves."

----BUY W.S.S.----

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
FRIDAY, July 23d,

Secretary Houston today announced that the total amount of subscriptions allotted for the two issues of Treasury certificates of indebtedness dated July 15, 1920, (Series B-1921, maturing January 15, 1921, Series T.M.2-1921, maturing March 15, 1921) was $201,061,000. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota) as follows:

FEDERAL RESERVE DISTRICT	SERIES B-1921	SERIES T.M.2-1921	TOTAL SUBSCRIPTIONS ALLOTTED
New York	55,808,500	34,583,000	90,391,500
San Francisco	7,900,000	7,100,000	15,000,000
Philadelphia	9,742,000	4,508,000	14,250,000
Kansas City	5,795,000	2,210,500	8,005,500
Cleveland	7,990,000	6,164,500	14,154,500
St. Louis	3,702,500	2,300,000	6,002,500
Boston	8,852,000	3,786,500	12,638,500
Chicago	10,044,500	8,177,000	18,221,500
Atlanta	1,485,000	1,726,000	3,211,000
Richmond	1,550,000	2,195,000	3,745,000
Dallas	1,192,500	495,000	1,687,500
Minneapolis	721,500	1,032,500	1,754,000
Treasury	12,000,000	---------	12,000,000
Total	126,783,500	74,278,000	201,061,500

TREASURY DEPARTMENT

For release morning papers,
Monday, July 26, 1920.

STATEMENT BY SECRETARY HOUSTON.

My letter of June 10, 1920, to banks and trust companies, in connection with the offering of Treasury certificates of indebtedness dated June 15th, called attention to the fact that Treasury certificates to the amount of nearly $1,000,000,000 would mature on or before July 15th and stated, first, that the completed operations for the fiscal year ending June 30, 1920, should show little, if any, current deficit; and, second, that both gross debt and floating debt would be further greatly reduced by the operations incident to the handling of the Treasury certificate maturities from June 15th to July 15th. The results show that the Treasury's expectations have been realized.

On the basis of daily Treasury statements, the total ordinary receipts for the fiscal year ended June 30, 1920, amounted to $6,694,565,388.88 and current ordinary disbursements amounted to $6,766,444,461.09, leaving a net current deficit (excess of current ordinary disbursements over ordinary receipts) of only $71,879,072.21 for the fiscal year 1920, the first full fiscal year after hostilities ceased. After taking into account the special deposit of the War Finance Corporation, resulting from its redemption of United States securities (explained on page 2 of the Daily Treasury Statement for June 30, 1920), the net ordinary disbursements for the fiscal year 1920 were $6,403,343,841.21, leaving an adjusted surplus (excess of ordinary receipts over net ordinary disbursements) of $291,221,547.67 for the fiscal year.

The operations incident to the handling of the maturities of Treasury certificates from June 15th to July 15th have now been completed, and have resulted in further reductions in both the gross debt and the floating debt of the United States. The gross debt on June 30, 1920, on the basis of daily Treasury statements, amounted to $24,299,321,467.07, as against $25,484,506,160.05 at the end of the previous fiscal year on June 30, 1919, and $26,596,701,648.01 on August 31, 1919, when the gross debt was at its peak. In other words, the gross debt on June 30, 1920, had been reduced by $2,297,380,180.94 from its peak on August 31, 1919, and by $1,185,184,692.98 from the figure on June 30, 1919. On July 20, 1920, on the basis of daily Treasury statements, the gross debt amounted to $24,264,309,321.54, showing a further reduction of about $35,000,000 after taking into account the $201,061,500 face amount of Treasury certificates issued under date of July 15th. The floating debt (loan and tax certificates unmatured) on June 30, 1920, amounted to $2,485,552,500 as against $3,267,878,500 at the close of the previous fiscal year on June 30, 1919, and $3,938,225,000 on August 31, 1919. On July 20, 1920, the loan and tax certificates outstanding amounted to $2,453,946,500, showing a further reduction of about $31,000,000 as the result of the redemption of loan certificates since the close of the fiscal year 1920 in the amount of some $232,000,000 and the issue of loan and tax certificates dated July 15th in the amount of some $201,000,000.

Further issues of Treasury certificates will be offered as necessary from time to time to provide for the current requirements of the Government and to meet maturities of Treasury certificates now outstanding. The amounts of these issues will depend in large measure upon the extent of the burdens imposed upon the Treasury by the Transportation Act, 1920, in connection with the return of the railroads to private control, including particularly the liability on the guaranty, which is as yet unascertainable. While, as the result of new issues of Treasury certificates in the intervals between the large income and profits tax installments there may be temporary increases in both gross debt and floating debt, the Treasury expects, though it is impossible to speak positively, that both gross debt and floating debt will, during the first two quarters of the current fiscal year, be reduced below the figures outstanding on June 30, 1920, and that unless additional burdens should be imposed by legislation there will be an important further reduction in the last two quarters of the fiscal year.

TREASURY DEPARTMENT

For Release Morning Papers,
Monday, August 9, 1920.

STATEMENT BY SECRETARY HOUSTON.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series C 1921, dated and bearing interest from August 16, 1920, payable August 16, 1921, with interest at the rate of six per cent per annum payable semi-annually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The certificates will have two interest coupons attached, payable February 16, 1921, and August 16, 1921.

Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The

191

interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before August 16, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the

Federal Reserve Banks fo the respective districts.

The issue will be for $150,000,000 or thereabouts.

(Initialed) S.P.G.

SPG:HRS

TREASURY DEPARTMENT

For Release, Morning Papers,

Tuesday, August 17, 1920.

Secretary Houston announced that subscriptions for the 6 per cent Treasury certificates of indebtedness of Series C 1921, dated August 16, 1920, and maturing August 16, 1921, closed at the close of business on Monday, August 16, 1920, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue, which was for $150,000,000 or thereabouts, has been oversubscribed by about $50,000,000.

-0-

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS

Thursday August 19, 1920

Secretary Houston today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series C-1921, dated August 16, 1920, maturing August 16, 1921, was $208,347,500, and that the total amount of subscriptions allotted was $157,654,500. Subscriptions for this Series closed on August 16, 1920, the date of issue, and the amount offered was $150,000,000 or thereabouts. Eight of the Federal Reserve Banks over-subscribed or equalled their quota. With a view to making the aggregate amount allotted as nearly as possible $150,000,000, the Treasury allotted only 20 per cent on over-subscriptions.

The subscriptions were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	QUOTA	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Philadelphia	10,590,000	19,770,500	12,426,000
New York	50,380,000	85,000,000	57,704,500
Cleveland	13,590,000	20,927,500	15,057,500
Boston	12,990,000	18,249,500	14,042,000
San Francisco	10,590,000	14,750,000	11,422,000
Richmond	5,190,000	7,073,500	5,567,000
St. Louis	6,000,000	7,426,500	6,285,500
Kansas City	6,000,000	6,000,000	6,000,000
Atlanta	4,380,000	4,262,500	4,262,500
Chicago	21,000,000	20,250,500	20,250,500
Dallas	3,600,000	2,544,000	2,544,000
Minneapolis	5,190,000	2,093,000	2,093,000
Total -	150,000,000	208,347,500	157,654,500

TREASURY DEPARTMENT

For release, MORNING PAPERS,
TUESDAY, SEPTEMBER 7, 1920,
AND NOT EARLIER.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from September 15, 1920, the certificates of Series T M 3-1921 being payable on March 15, 1921 with interest at the rate of five and three-quarters per cent per annum, and the certificates of Series T S-1921 being payable on September 15, 1921, and bearing interest at the rate of six per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series T M 3-1921 will have one interest coupon attached payable March 15, 1921, and the certificates of Series T S-1921 two interest coupons attached, payable March 15 and September 15, 1921.

The certificates of both said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

Certificates of these series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates, respectively. The certificates of these series do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before September 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series T 10, maturing September 15, 1920, and of Series G 1920, maturing October 15, 1920, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series T M3-1921 or T S-1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts.

The combined issue will be for $400,000,000, or thereabouts.

THE SECRETARY OF THE TREASURY

WASHINGTON

September 7, 1920.

Dear Sir:

Treasury certificates of indebtedness to the amount of about $640,000,000 mature on September 15, 1920, and about $160,000,000 mature on October 15, 1920. The greater part of these $800,000,000 maturing certificates will be covered by the installment of income and profits taxes payable on September 15th. In order to provide for the balance of the certificates requiring to be refunded and meet the current requirements of the Government up to October 15th, the Treasury has decided, on the basis of the best estimates available at this time, to offer Treasury certificates of indebtedness in the amount of $400,000,000, or thereabouts, in two series, both dated September 15, 1920, one series designated T M 3-1921, bearing 5 3/4 per cent interest, maturing March 15, 1921, and the other series designated T S-1921, bearing 6 per cent interest, and maturing September 15, 1921. Applications for Treasury certificates of these series will be received through the several Federal Reserve Banks, from which full particulars concerning the offering may be obtained. Treasury certificates of the series maturing September 15, 1920, and October 15, 1920, will be accepted at par with an adjustment of accrued interest in payment for any certificates of the two series now offered which may be subscribed for and allotted.

On the basis of daily Treasury statements, during the first two months of the current fiscal year beginning July 1, 1920, the ordinary receipts of the Government amounted to $628,767,191.13, while the ordinary disbursements during the same period amounted to $754,072,901.76, leaving a net current deficit (excess of ordinary disbursements over ordinary receipts) of $125,305,710.63. This net current deficit for the first two months of the fiscal year is due chiefly to actual cash payments, in amount of some $130,000,000, made necessary by the provisions of the Transportation Act, 1920, in connection with the return of the railroads to private control. According to the latest estimates, payments on account of the railroads will probably continue on a large scale during the balance of the present calendar year, and will be relatively heavy during the month of September. Notwithstanding the net current deficit during the first two months and these extraordinary payments on account of the railroads, it is expected that the first quarter of the fiscal year, ending September 30, 1920, will show a surplus.

The gross debt of the Government on August 31, 1920, on the basis of daily Treasury statements, amounted to $24,324,672,123.79, as against $24,299,321,467.07 at the close of the fiscal year ended June 30, 1920, an increase of only $25,350,656.72. The floating debt (loan and tax

198

certificates unmatured) on August 31, 1920, amounted to $2,571,201,000, as against $2,485,552,500 on June 30, 1920. As a result of the operations incident to the handling of the maturities of Treasury certificates on September 15th and October 15th, and the payment of the income and profits tax installment on September 15th, it is expected that the increases in both gross debt and floating debt which have occurred since June 30th as the result chiefly of the heavy railroad payments will be more than overcome and that both gross debt and floating debt will be materially reduced by September 30th below the amounts outstanding on June 30, 1920. Further issues of Treasury certificates during the months of October and November may subsequently result in temporary increases in both gross debt and floating debt, but the Treasury confidently expects that by the completion of the second quarter of the fiscal year, on December 31, 1920, any such temporary increases will have been overcome, and that the gross debt and floating debt on December 31st will have been further reduced below the amounts outstanding on September 30th.

The Treasury certificates of the two series now offered, dated September 15th, are exempt from State and local taxes, except inheritance taxes, and from the normal Federal income tax and the corporation income tax, and are admissible assets for the purpose of calculating profits taxes. The certificates are acceptable in payment of Federal income and profits taxes payable at their respective maturities and the United States reserves no option to call them for redemption before maturity. These features, together with the attractive interest rates and absolute safety of principal and interest, make the certificates extremely desirable investments. The Treasury believes, therefore, that banks generally should feel free to subscribe largely for the certificates with the confident expectation of prompt resale for investment. In this connection, it is interesting to note that all reporting member banks (about 818 member banks in leading cities, which are believed to control about 40 per cent of the commercial bank deposits of the country, and to have subscribed in the first instance for about 75 per cent of the Treasury certificates of indebtedness now outstanding) held on August 27, 1920, only about $430,000,000 face amount of Treasury certificates, notwithstanding the fact that there were outstanding on that date some $2,571,000,000 face amount of loan and tax certificates.

The Treasury again asks the banking institutions of the country for their continued support and, in particular, to subscribe liberally for the certificates now offered and use their best efforts to obtain the widest possible distribution of them among investors.

Cordially yours,

/s/ D. F. Houston

Secretary.

To
The President
of the Bank or
Trust Company addressed.

TREASURY DEPARTMENT

For Release, Morning Papers,
Thursday, September 16, 1920

Secretary Houston announced that subscriptions for the $5\frac{3}{4}$ per cent Treasury certificates of indebtedness of Series T M 3-1921, dated September 15, 1920, maturing March 15, 1921, and the 6 per cent Treasury certificates of indebtedness of Series T S-1921, dated September 15, 1920, maturing September 15, 1921, closed at the close of business on Wednesday, September 15, 1920, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $400,000,000, or thereabouts, has been oversubscribed, and that the total subscriptions approximate $475,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

C 121.

SAVINGS DIVISION
U.S.TREASURY DEPT.

(FOR TUESDAY PAPERS, SEPTEMBER 21, 1920)

(For Press Associations & Wash. Correspondents)

---oOo---

Washington, Sept. 20, 1920:

That War Savings Securities provide an opportunity for small investors, which has been quietly taken advantage of by millions of Americans, and that they offer a field for supplying Government funds which should be generally recognized is the substance of a statement made by William Mather Lewis, Director of the Savings Division of the Treasury Department, today.

"In the discussion now going on as to the desirability of raising the postal savings rates and thus increasing the funds available from this source", said Mr. Lewis, "one element has been left out of consideration by those who have made statements concerning the matter. An interest rate of four percent, the establishment of facilities for savings in all post offices, the creation of a security which always remains at par, have been suggested, but it has not been added that all these elements are already in existence in War Savings Securities. Every post office in the United States sells Thrift Stamps and War Savings Stamps. War Savings Stamps pay four percent interest compounded quarterly, if held to maturity, and are always redeemable even before maturity at cost price plus nearly three percent interest. Treasury Savings Certificates having maturity values of $100 and $1,000, which have the same general features as the War Savings Stamps, are on sale at numerous post offices and banks. Agitation for a four percent rate on small savings is, therefore, without basis inasmuch as such a rate is now available through Government Savings Securities offered at all post offices.

"The total amount of these small securities sold since the beginning of the War Savings Movement in 1917 is about $1,168,559,000. Of this amount some $360,356,000 have been redeemed, leaving about $808,203,000 still in the hands of savers. Although sales have decreased since the War, because of the lack of the war appeal and the discontinuance of spectacular campaigns, the let up on the habit of saving, and the natural tendency to turn funds from War Savings Securities to Liberty Bonds at the present attractive prices, the demand for the securities still continues strong in many parts of the country and fills a real need. While sales have decreased, redemptions have also materially decreased and the evidence is constantly accumulating that the people appreciate the value of Savings Securities as investments. Numerous labor organizations have recently passed resolutions presenting to their membership the advantages of War Savings Securities; and in the Third Federal Reserve District alone 60,000 members have been added to Government Savings Societies in industrial plants during the present year. In the textile plants of New England Savings groups are flourishing. The National Educational Association has recognized the educational and economic value of these small securities as used in the schools. In Ohio the children invested an average of seven dollars per capita in them during the last school year, and in Texas the children have purchased approximately $13,000,000 worth since they were put on sale in 1917. These are only random examples of hundreds which could be cited to prove the wisdom of providing small Government securities which give the smallest saver the opportunity for absolutely sound investment at a good rate of interest and at the same time the chance to aid in financing the Government."

---- BUY W.S.S.----

TREASURY DEPARTMENT

For Release, Monday Morning

Newspapers, September 27, 1920.

Certain statements in circulation purporting to represent the views of the Secretary of the Treasury on a phase of the credit situation are either inaccurate or have been misinterpreted. What the Secretary said is this:

"I am in favor of every legitimate effort to promote the orderly marketing of all commodities, but the Government cannot be a party to an undertaking to hold commodities off the market to enable the owners artificially for speculative purposes to maintain war prices or higher than war prices. As a matter of fact the banks of the country during the last twelve months have been extending large credits to meet the demands from industry and agriculture. Since August, 1919, the loans and investments of about 800 reporting member banks increased over two and one-half billions of dollars. As these reporting banks represent about 40 per cent of the resources of all the banks, it is estimated that the total increase in loans and investments since August, 1919, has been over five and one-half billions of dollars. Even from January 23, 1920, when the increase in discount rates went into effect, to August 27, 1920, the loans of about 800 reporting member banks, exclusive of loans secured by Government obligations and other stocks and bonds, increased about one and a quarter billions of dollars. This would reflect a total increase of commercial loans in all banks, it is estimated, of perhaps three billions of dollars. Since the crop-moving demands came on the bills discounted and purchased by the Federal Reserve Banks have increased at the rate of about fifty millions a week, and the Federal Reserve notes at the rate of from thirty to forty millions a week. The increase in the volume of Federal Reserve notes from January 23, 1920, to August 27, 1920, was $360,000,000."

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
SEPTEMBER 28, 1920.

SECRETARY HOUSTON TODAY GAVE TO THE
PRESS THE FOLLOWING COPIES OF HIS
TWO LETTERS OF SEPTEMBER 28, 1920, TO
JAMES W. MC CARTER, EX-ASSISTANT
REGISTER OF THE TREASURY.

Note:

For full text of letters see Subject File: U.S. Sec. -General

TREASURY DEPARTMENT

For Release, Morning Papers,
Thursday, September 30, 1920.

STATEMENT BY SECRETARY HOUSTON

I have noticed Senator Harding's remarks in Baltimore and in Wheeling on the operations of the Treasury and on the fiscal policies of the Government. It is obvious that the Senator himself knows little of the subject and that he is being badly advised by people who do not take the trouble to ascertain the facts or are willing to misrepresent them for partisan purposes. It is astounding to me that any citizen of the United States, least of all a candidate for the Presidency, should deal so lightly with the exceedingly sensitive and important financial and credit operations of his Government and become a party to the circulation of such false and misleading statements. I find it particularly difficult to understand the Senator's misstatements, since the facts have been frequently announced in summary form by the Treasury and are even available in detail from day to day in the daily Treasury statements published by the Treasury.

Senator Harding is quoted as saying at the outset with respect to the public debt that "the most recent suggestion for increasing this burden of debt is that the Secretary of the Treasury contemplates putting out a new loan in a series of notes aggregating about $400,000,000." The Senator evidently refers to my circular letter of September 7, 1920, to the banks and trust companies of the country.

I assume that the Senator has reference, when he speaks of a "new loan," to the offering of Treasury certificates of indebtedness dated September 15th. That offering is not in contemplation; it has been successfully sold. If the Senator had taken the pains to ascertain the facts, as publicly announced, he would know that the offering was closed on September 15, 1920, almost two weeks before his address at Wheeling, and that the public debt, instead of being increased by the operations of the Treasury in connection with the September 15th offering of Treasury certificates and quarterly tax payment, was substantially reduced, inasmuch as approximately $650,000,000 of maturing certificates were retired at the same time that some $450,000,000 of new certificates were issued. In fact, on the basis of the published daily Treasury statements through September 25th, the gross debt of the United States on September 25, 1920, amounted to $24,101,235,110.91, as against $24,299,321,467.07 on June 30, 1920, or a decrease during the current fiscal year of $198,086,356.16 instead of the increase alleged by Senator Harding, while the floating debt (loan and tax certificates unmatured) on September 25th amounted to $2,352,029,500 as against $2,485,552,500 on June 30, 1920, or a decrease of $133,523,000 instead of the increase alleged by Senator Harding. I may add that if the Senator had made a frank quotation from my letter of September 7th he need not have fallen into the errors made in his address, for in that letter I expressly called attention to the fact that as a result of the September 15th operations the Treasury expected that the relatively slight increases of $25,000,000 in the gross debt and $85,648,500 in the floating debt which occurred between June 30th and August 31, 1920, as the result chiefly of heavy railroad payments, would be more than overcome by the end of September, and that by September 30th both gross debt and floating debt would be materially reduced below the amounts outstanding on June 30th. The figures above given for September 25th indicate that the Treasury's expectations in this respect will be amply fulfilled. As frequently pointed out by the Treasury, and as universally understood in the business and financial world, it is inevitable that, since the large income and profits tax payments are made in four quarterly installments, there will be more or less substantial fluctuations in both gross debt and floating debt in the eight odd months in which no large taxes are payable, and it has been the history of the large tax payment periods for at least the past year that the increases in the debt in the intervals between the payments have been more than overcome each time by the decreases effected as the result of the quarterly tax payment.

Senator Harding's statements that the public debt of the United States is constantly increasing are not only untrue but are peculiarly lacking in frankness for he bases the statement upon a $25,000,000 increase in the two months of July and August, 1920, omitting to state the fact that in the year from August 31, 1919, when the public debt reached its peak at $26,596,701,648.01, to August 31, 1920, there had been a decrease in the gross public debt of $2,272,029,524.22, and a decrease in the floating debt of $1,367,024,000. Since August 31,1920, the public debt has been further decreased as already indicated.

Senator Harding makes a further incomplete quotation from my letter of September 7th, and states that during July and August the current expenditures of the Government exceeded current receipts by the sum of $125,305,710.63. He concludes that the Government faces a current deficit at this rate, amounting to a billion dollars a year. The Senator omitted to quote, however, the remainder of the paragraph which gave these figures and went on to state that the "current deficit for the first two months of the fiscal year is due chiefly to actual cash payments, in the amount of some $130,000,000, made necessary by the provisions of the Transportation Act, 1920, (the Esch Cummings' Act), in connection with the return of the railroads to private control". My letter of September 7th also expressly called attention to the fact that the Treasury expected the first quarter of the fiscal year, ending September 30, 1920, to show a surplus. The Senator, preferring to direct attention to a supposed deficit, studiously omitted to state the fact that the published Daily Treasury Statements through September 25th already indicate that the Treasury's prediction will be amply fulfilled, and that from the beginning of the fiscal year to that date there has been an excess of ordinary receipts over ordinary disbursements (that is to say, a surplus and not a deficit), amounting to $325,916,431.38. Before speaking so lightly of the National finances, the Senator should have remembered that it is impossible to obtain a true picture of the Government's financial position by picking out two odd months such as July and August, and that a true picture can be obtained only by quarters. The Treasury has frequently called attention to this condition and it is generally understood by well informed observers.

The Senator's remarks as to the issuance of Treasury certificates bearing interest at $5\frac{3}{4}$ and 6 per cent and the effects of such issues on business and money conditions are based upon a misunderstanding of the elementary principles underlying the Government's current financing. He states, for example, that by offering certificates at these rates the Government is "drawing out of the banks of the country large sums which would otherwise serve to supply the insistent needs of industry". That statement betrays compplete ignorance of the situation to which my letter of September 7th called attention, namely, that, largely as the result of the issuance of Treasury certificates at rates of interest attractive to investors, Treasury certificates are being increasingly absorbed by investors and taken out of the hands of the banks. In fact, on August 27, 1920, the 818 reporting member banks of the Federal Reserve system (which are believed to control about 40 per cent of the commercial banking resources of the country and to have subscribed in the first instance for about 75 per cent of the Treasury certificates then outstanding), held only about $430,000,000 of Treasury certificates, although there were outstanding on that date about $2,571,000,000 of loan and tax certificates. On the same date, notwithstanding the preferential rates of discount maintained by the Federal Reserve Banks, there were less than $350,000,000 of Treasury certificates pledged with the Federal Reserve Banks to secure loans. Senator Harding is also in error when he states that the effect of

the interest rates paid

by the Government on Treasury certificates is to "drive higher and higher the interest rates on industrial and business loans and thereby to increase the cost of doing business and conseqently the cost of living". It is obvious to those who are well-informed that the issues of Treasury certificates at rates of interest comparable with market rates for similar securities, far from being the cause of the present credit stringency and of the prevailing high rates for money, are merely the result of the same conditions which have caused the increase in interest rates generally and which affect not only private borrowings but borrowings by the Government to meet its current requirements.

Senator Harding's further statement that, "The Administration went into the world war without any workable plan of finance. It came out of the war without such a plan", seems to be but another example of a partisan attempt to deprive the American people of their legitimate pride in financing the war, an achievement without parallel in the financial history of this or any other country, in this or any other war. I should further remind the Senator that the President, and Secretary Glass and I, repeatedly brought to the attention of the Sixty-sixth Congress the necessity of revision of the tax laws and presented definite and workable plans for such revision, urging immediate action. The Republican party has seemed to endorse these proposals in every respect save one, namely, the plea for immediate action; that party, for example, recognized the importance and feasibility of many of the tax revisions which I suggested to the Congress in March, 1920, to the extent of adopting them in almost the same words (though without giving credit) in its National platform, in spite of the fact that it had been impossible to obtain any action by the Republican Congress looking toward tax revision.

After a careful reading of Senator Harding's Wheeling address, I confess I am forced to the conclusion that the Senator's chief difficulty is that he has forgotten that the United States was engaged in the war and has successfully financed the unparalleled burdens thrust upon it by the war and conditions growing out of the war.

TREASURY DEPARTMENT

RELEASED FOR MORNING PAPERS,
October 7, 1920.

The following are copies of letters which Secretary Houston recently wrote in response to inquires.

Note:
For full text of letters see Subject File: Secretary's Speeches.

TREASURY DEPARTMENT.

FOR RELEASE MORNING PAPERS,
FRIDAY, OCTOBER 8, 1920.

STATEMENT BY SECRETARY HOUSTON.

Treasury certificates of Series G 1920 to the amount of about $125,000,000 mature on October 15, 1920, and on the same date semi-annual interest will be payable on Fourth Liberty Loan bonds to the amount of about $125,000,000. The Treasury is offering for subscription an issue of $5\frac{3}{4}$ per cent five months tax certificates dated October 15, 1920, maturing March 15, 1921, in the amount of $100,000,000 or thereabouts. A further reduction in both gross debt and floating debt may, therefore, be expected in connection with the October 15th offering of Treasury certificates.

TREASURY DEPARTMENT.

FOR RELEASE MORNING PAPERS
FRIDAY, OCTOBER 8, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series T M 4-1921, dated and bearing interest from October 15, 1920, payable March 15, 1921, with interest at the rate of five and three-quarters per cent per annum.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates will have one interest coupon attached payable March 15, 1921.

Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

Certificates of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates. The certificates of this series do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before October 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series G 1920, maturing October 15, 1920, and of Series H 1920, maturing November 15, 1920, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series T M 4-1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The amount of the issue will be $100,000,000, or thereabouts.

Mr Kelly

217

Read
M

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,
SATURDAY, OCTOBER 16, 1920.

Secretary Houston announced that subscriptions for the $5\frac{3}{4}$ per cent Treasury certificates of indebtedness of Series T M 4-1921, dated October 15, 1920, maturing March 15, 1921, closed at the close of business on Friday, October 15, 1920, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue, which was for $100,000,000, or thereabouts, has been oversubscribed, and that total subscriptions aggregate over $160,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

FEDERAL RESERVE BOARD X-2031

STATEMENT FOR THE PRESS

Release for SUNDAY MORNING PAPERS October 16, 1920.
October 17, 1920.

In view of the representations which have recently been made to the Board as to the unavailability of credit in agricultural sections the Board requested information concerning credit conditions throughout the Country from the Chairmen and Governors of Federal Reserve Banks at their usual autumn conference here this week. The Board is advised that credit has been steadily available for the successive seasonal requirements of agriculture, as well as for the needs of commerce and industry, and that there is no ground for expecting that its availability for these purposes will not continue. The present improved credit situation is due in part to the timely steps taken last spring, following conferences between the Board and Governors and Directors of Federal Reserve Banks to provide credit for crop moving requirements, and in part to the subsequent improvement in transportation reported from all districts except in a few localities.

Between January 2 and October 1 of the present year about 800 leading member banks from all sections of the country which report their condition to the Board weekly and which represent approximately 70 per cent of member bank resources, have increased their loans for agricultural, industrial and commercial purposes by an amount exceeding $1,800,000,000. This great increase in the credit extended to their customers has in the main been made possible by the accommodation extended member banks by the Federal Reserve Banks.

During the same period, the twelve Federal Reserve Banks have increased their holdings of agricultural and commercial paper by more than $500,000,000, and from January 23 to October 1, 1920 increased their issues of Federal Reserve notes by over $460,000,000. At the same time, Federal Reserve Banks having surplus funds have extended accommodation to Federal Reserve Banks in agricultural and livestock districts by means of discounts, aggregating on October 1, over $225,000,000.

The disturbances in price and demand which have recently manifested themselves in markets for various agricultural and other commodities, not only in the United States but in other countries as well, are inevitable and unavoidable consequences of the economic derangements occasioned by the World War. The United States continue to have a heavy volume of exports although foreign demand for certain agricultural staples has somewhat decreased. But the chief market for our raw and manufactured products is at home, and our present huge crops of immense value may be expected gradually and in regular course to move from producers to consumers. The recent census, reckoning our population at 105,000,000 emphasizes anew our own capacity as consumers irrespective of the demands of other countries.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS

Monday, October 18, 1920

Secretary Houston today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series T.M.4-1921, dated October 15, 1920, maturing March 15, 1921, was $185,076,500, and that the total amount of subscriptions allotted was $124,252,500. Subscriptions for this Series closed on October 15, 1920, the date of issue, and the amount offered was $100,000,000 or thereabouts. Ten of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Philadelphia	$ 29,601,000	$ 13,822,500
Cleveland	26,836,000	14,393,000
San Francisco	14,600,000	9,332,000
Dallas	4,428,000	3,008,500
Richmond	5,939,500	4,204,000
New York	55,407,500	40,566,500
Kansas City	6,481,500	4,744,500
Boston	13,322,000	10,059,000
St. Louis	6,070,000	4,621,000
Chicago	18,113,500	15,234,000
Atlanta	2,227,500	2,227,500
Minneapolis	2,050,000	2,050,000
Total -	$ 185,076,500	$ 124,252,500

TREASURY DEPARTMENT. Washington, October 19, 1920.

The following copy of the address to be delivered by the Secretary of the Treasury before the convention of the American Bankers Association at Washington, October 20, 1920, must be held in confidence and not released until delivered which is expected to be at 10:05 A.M., Wednesday, October 20, 1920:

It is a great pleasure and privilege to appear before this gathering of American bankers. You and those you represent occupy an important position in the financial affairs of the nation. Very many people, both here and abroad, are interested in you and will attach much importance to what you say and do. I shall not presume to speak to you concerning your duties and responsibilities or the fundamental relation you bear towards the problems of sound finance and banking. You are a part of a great whole. You are on the firing line and for six years you have seen some heavy and active service and I have no doubt that many of you could exhibit the scars of battle. But in spite of the fact that you have served, that you have aided in keeping this nation strong and sound in the greatest strain it has ever endured, in making it possible to finance and win the war, and in bearing the burdens during a trying period of readjustment, you wear no decorations and have received few testimonials. For the first time in its history in a great crisis this nation has had an adequate banking machinery and system and it has passed through the greatest financial storm of all time safely and is now proceeding in orderly fashion. Much of the credit for the happy outcome must be accorded to the bankers and banks of this nation, for no matter what the banking laws or machinery may be, a nation's banking cannot be better than its bankers and business men. You have done your part patriotically with patience, intelligence and judgment. You have at all times cooperated with the Treasury and other governmental agencies, and I gladly extend to you expressions of the Treasury's appreciation and thanks.

It is essential that this cooperation and the high spirit of patriotism persist. We still have many difficult situations to face. We are not yet out of the woods, so to speak. We still confront highly abnormal problems. The fighting has ceased but war problems remain. The sad thing about war is that it is not ended when the fighting ceases. It leaves behind it hideous burdens and legacies which involve sacrifices for many generations. And these trying situations confronting us are rendered in a measure more difficult than similar situations during the war for the simple reason that unfortunately patriotism has in part been demobilized, many people not realizing that peace has her need of patriotism quite as intense as war. We find all about us many difficulties. We are in the midst of an active period of transition and it will require of us all the patience, moderation and wisdom at our command. It will require much clear thinking and courage on the part of all good citizens. A heavy fog has settled down over the financial field as over the political and it cannot easily be dissipated.

For many months we have been facing one sort of problem; now we are confronted with exactly the opposite sort. For at least two years the public has been excited over the prevalence of abnormally high prices and the high cost of living resulting from increased costs, inflation and extravagance. Our thoughts have been occupied with prudent measures to bring the nation safely back, not to pre-war conditions but to stable conditions. The expansion of credits which was marked during the war did not end with the armistice. There was a real apprehension everywhere that there might be industrial stagnation, unemployment and reduced production. The appeal was that business should go forward. Business men and the banks in whose hands the initiative lay responded and liberal credits were extended. Between the armistice and October 1, 1920, the loans and investments of all banks, it is estimated, increased more than seven billions of dollars and Federal Reserve notes more than $740,000,000. In January, 1920, on the recommendation of certain Reserve Banks, steps were taken, partly through increased rates, to control the undue credit expansion; but it persisted. We were threatened with a continuance and extension of the cycle of rising prices, of demands of labor for additional wages, and a situation which might make it difficult for the banks to give adequate aid in emergencies. Further steps were taken and for a few weeks in the early summer the brakes worked and something like an equilibrium was established. Still in the period from January 23, 1920, when the advance was made in the rediscount rates of the Federal Reserve Banks to 6 per cent for commercial paper, to the end of September, the loans and investments of all the banks in the country, it is estimated, increased approximately one billion dollars, and the Federal Reserve note circulation 460 millions. But what is more important is the fact that accommodations extended to agriculture, industry and commerce, it is estimated, increased more than three billions of dollars and possibly nearer four billions, this large increase in the accommodations for agricultural, industrial and commercial purposes being made possible by the shifting of funds following the reduction of loans to the Government and against stock and bond collateral. Since the crop-moving season opened in July of this year the loans have increased at an average rate of 22 millions a week and the Federal Reserve note circulation at the rate of 20 millions.

A little while ago, it appears, the crest of the wave of high costs, of credit expansion and high prices passed. Labor troubles seemed to be decreasing, industrial conditions to be in the process of adjustment, and the way to be opening for more normal activities.

Scarcely had the tendency towards a reduction of the cost of living manifested itself when counter forces began to operate. Resistance on the part of the producer was immediately manifested. Every producer is willing for the products of every other producer to fall but protests the decline of his own. There is much human nature in this but not much reasonableness. Just now the chief complaint comes from the producers of agricultural commodities; and there is no question that they are confronted with serious and real difficulties. The products of the farms have been enormous. They come in over a very short period in great volumes. The machinery for storage and distribution is as yet crude and inadequate and the prices of the products which normally in such circumstances show a marked tendency to fall are unduly affected owing to the disordered conditions of the markets of the world. For these things no one in particular is now to blame. The situation is the result mainly of war, and in no small measure of the failure of this nation, and the failure of nations everywhere to date, to devise better arrangements for the storage and marketing of farm products. In the circumstances it seems to some farmers that they are in the way of being hit first, if not exclusively. They are naturally disturbed and distressed and are seeking relief through measures some of which are not practical and others of which are suicidal.

The first impulse of many who are searching for the way out is to turn to the Government, and especially to the Treasury, as the sole instrumentality for full economic salvation. This disposition, well developed before the war, was reinforced during hostilities by practices of the Government which became necessary for the successful prosecution of the war and for the preservation of national life. It is the same disposition which causes resort to the Government for appropriations for all sorts of enterprises, many even of a purely local character. It is this disposition, rather than self-aggrandizing efforts of Federal Departments to extend their functions, which is the main explanation of mounting Federal budgets and of centralizing tendencies frequently criticized. If there is a fault, and I think there is, the blame must rest largely on the public which remains quiescent while interested groups are clamorous. When the people appreciate this fact there will be a remedy and not until then.

This attitude so extremely manifested is unwholesome and menacing, and it is of the highest importance that individuals and communities return to a normal degree of self-help and self-reliance. We have demobilized many groups but we have not demobilized those whose gaze is concentrated on the Treasury. In the present circumstances producers whose products cannot be satisfactorily marketed and whose prices are falling, are demanding that the Treasury intervene. They ask either that it deposit money in certain sections or that the activities of the War Finance Corporation be resumed.

Neither of these things is feasible. The Treasury has no money to lend and no money to deposit except for Government purposes. It is not in the banking business and should not be. It is borrowing money periodically to meet current obligations in the intervals between large tax payments, at a cost of about 6 per cent. On several occasions before the Federal Reserve System was instituted the Secretary of the Treasury, at a time when the Treasury had a surplus, did deposit small sums of money in banks in various sections of the country to meet emergencies; but this necessity is obviated by reason of the existence and practices of the Federal Reserve System, and it is interesting to note that at this time Reserve banks in certain sections of the country are rediscounting for banks in crop-moving sections approximately six times as much as was ever deposited for crop-moving purposes by the Secretary of the Treasury.

Furthermore, the War Finance Corporation was a war agency and was created to help win the war. It was clearly desirable that war agencies should cease to function as quickly as possible. The only power of the Corporation which has any possible bearing on the immediate situation is one which was inserted after the armistice with a particular possible state of facts in view. Fearing that with the cessation of exports for military purposes after the armistice, exports might not go forward, Congress empowered the Corporation, in order to promote commerce with foreign nations, to make advances under certain conditions. As a matter of fact, exports not only did not decline, they increased at an astounding rate. While the pre-war exports had risen to about two and one-half billions of dollars, and while in 1918, the last year of the war, they were valued at six billions of dollars, they rose in 1919 to 7.9 billions and are going forward this year at the rate of eight billions, and 50 per cent of these approximately consists of agricultural products. It is clear that the condition contemplated by

Congress did not arise. Exports have gone forward in enormous volume and are being privately financed. Individuals or firms have not been unable to obtain funds with which to finance exports. But there are limitations imposed by an unfortunate situation. This country has not yet found itself able to join the other civilized nations of the world in establishing a prompt peace, upon the full restoration of which, as the recent Brussels Conference correctly stated, improvement of the financial position of the world largely depends. And furthermore, as the same body pointed out, borrowing countries of Europe lack sufficient satisfactory securities. This is the chief obstacle in the way of their securing credit and this obstacle the Government of this country cannot remove. The War Finance Corporation has no money of its own. It or the Treasury would have to borrow the money, and borrow it at a cost of about 6 per cent. And it is being called upon to do this to stimulate exports which are going forward in such volume as to continue the already existing derangements of international exchange.

Signs are abundant that there is a vast deal of misrepresentation and misunderstanding of the facts, of underlying economic forces, and of the powers, policies and possibilities not only of the Treasury but also of the Federal Reserve Board and the Federal Reserve Banks.

During the war forces were set in motion which no Government could or did control. No Government succeeded in checking the rising tide of costs and prices; and now with the return of millions of men to productive activities, with the beginnings of more normal conditions everywhere, with the restoration of better transportation on land and sea, and with the fuller contribution of nations once more to the world's stock of goods, reverse forces are operating which no Government can thwart. It is unreasonable to expect that this Government can control a world-wide movement of prices.

But there is a real problem which must receive the most earnest and sympathetic consideration. While business is fundamentally sound there are large present derangements, and particularly at this season in the marketing of farm products.

Several things seem theoretically clear: The first is that those who produce what farmers buy should be willing to do everything in their power to continue production and to sustain their fair part of the burden incident to falling prices. An argument certainly can be made for the justice of a contemporaneous reduction of the prices of all commodities, and one might be made for a prior reduction in the prices of manufactured products, since the turnover in business is rapid while that of the farmer is seasonal. Whether this ideal can be fully translated into action I have no means of determining but that it is being translated in part current facts testify. The second is that nothing be omitted consistent with sound finance to assist in the gradual and orderly marketing of all commodities and particularly of the farmers' products, which represent the results of a whole year's operations and but a single turn-over. That the authorities of the Federal Reserve System recognize this I know. That you also do I have no doubt. I am sure that the bankers of this nation recognize their obligation to see that the fundamental activities of their several communities are provided for and that they will do everything in their power to aid in the gradual and orderly marketing of products, expecially in this seasonal period.

From the member and non-member banks of the nation, aided by the wise action of the Federal Reserve Banks, must relief be sought and furnished. The Federal Reserve Board cannot furnish it. It has no lending power and no money to lend. It is a supervisory body and not a bank. The Federal Reserve Banks have no money to lend to individuals but can assist in the creation of credit through the rediscount of eligible paper from banks. Neither the Board nor the Reserve Bank has any discretion as to the loans which member or non-member banks may make or decline to make, or the rates at which they extend their accommodation to customers; and may I pause to say that there are indications of a practice on the part of some banks (but I am glad to say of relatively few banks,) of indulging in the game well known in Washington of passing the buck and of ascribing their unwillingness or inability to extend loans to the action of the Federal Reserve Board. This is as much out of accord with the facts as it is with good ethics. All the authorities of the Federal Reserve System, including the member banks, have a keen and sympathetic appreciation of the difficult problem.

They will, in my judgment, do everything in their power to promote the orderly distribution of products and I believe that they will succeed, although not to the satisfaction of every individual. Facts widely published and well known to you evidence this disposition and they refute the assertion that there has been a contraction of credits.

Let me now turn to matters less urgent perhaps but certainly no less important.

There has been no little discussion of the need of refunding the Liberty loans. There are those who advocate their refunding into obligations bearing a higher rate of interest in order to improve market prices of the bonds. The Treasury is opposed to any such step. It opposed on public grounds the cash bonus proposals for soldiers. It even more strongly opposes this bonus proposal for capital. The obligation of the Government is to pay the principal of the loans at maturity and the interest in the meantime. That obligation will be met. There is little doubt that the major part of the outstanding bonds will in the near future return towards par and perhaps go to a premium before their maturity. Fundamental objections to these suggestions are that refunding is unnecessary, that it would tend to perpetuate the war debt, and would upset the Treasury's well-considered program of debt reduction. There are many instances of refunding of loans after the principal trouble is over, at a lower rate of interest, but there are few instances of their refunding before maturity at a higher rate of interest.

The maturities of the Liberty bonds and Victory notes, with the options to the Treasury of redemption prior to maturity, were carefully arranged with a view to give the Treasury adequate control over the debt and to make it practicable for the country to follow an orderly program of retirement.

There has already been marked improvement in the public debt situation. On the basis of daily Treasury statements, the gross debt of the United States on August 31, 1919, was slightly over $26\frac{1}{2}$ billion dollars, of which nearly four billions represented loan and tax certificates maturing within the year. On September 30, 1920, the gross debt was $24,087,000,000, a reduction of over $2\frac{1}{2}$ billions, while the floating debt was $2,347,000,000, or approximately $1,600,000,000 less than on August 31, 1919. These reductions were effected chiefly by the application of the proceeds of taxation and salvage and were made possible to some extent by the reductions of Treasury balances effected as a result of reduced expenditure and the retirement of large amounts of loan certificates. The Treasury expects that further reductions in both gross and floating debt will be shown at the end of the current month and that by the close of the current quarter there will be a much more substantial decrease.

The present gross debt of $24,087,000,000 includes $15,293,000,000 of Liberty bonds maturing between 1928 and 1947, about $4\frac{1}{4}$ billions of Victory notes maturing in May, 1923, approximately 800 millions of war savings certificates maturing mainly on January 1, 1923, and $2,347,000,000 of loan and tax certificates maturing within a year. Within a period of less than three years, ending in May, 1923, there will become payable about $7\frac{1}{2}$ billions of Government obligations, of which approximately $4\frac{1}{4}$ billions represent Victory notes.

Sound fiscal policy dictates that the receipts from taxes and salvage be kept sufficiently high not only to meet current bills, including interest and sinking-fund charges, but also to retire the floating indebtedness and a considerable part of the Victory notes before the close of the fiscal year 1923. Earlier plans and expectations were disarranged by the unexpectedly large burdens placed upon the Treasury by the Transportation Act. According to the estimates there will be paid on account of the railroads during the current fiscal year probably a billion dollars, of which one-quarter billion has already been called for and paid. It is obvious that these payments will limit the progress which the Government had expected to make in the retirement of the floating debt. It is expected, however, that perhaps the heaviest payments on this account will have been completed by the spring of next year, and then for the remaining months of the fiscal year the Treasury looks forward to a more rapid reduction of the floating debt. By the end of the fiscal year, in the absence of unforeseen contingencies, it will probably be reduced below two billions and it may be brought as low as a billion and a half. The balance should be retired during the fiscal year 1922. By the end of that year the Victory loan should have been reduced by perhaps a half billion dollars as a result of sinking-fund operations. The remainder, say, $3\frac{3}{4}$ billions, will then have become substantially floating debt, as it will mature during the following fiscal year. Provision should be made, therefore, under proper Treasury regulations, for the acceptance of Victory notes during the fiscal year 1923, before maturity, in payment of income and profits taxes. In this way and through sinking-fund operations it should be possible to reduce the Victory loan so that at maturity it would stand at approximately three billions of dollars. In the meantime, on January 1, 1923, the unredeemed

222

war savings certificates of the series of 1918 will mature and must be provided for. The Treasury is committed to the continuance of the Government savings plan and expects to push the campaign for the sale of these securities during the coming year. That the campaign has been effective is illustrated not only by the savings invested in these securities but also by the general spirit of thrift which has been developed.

Included in the gross debt is of course the amount borrowed at the time credits were extended to European countries associated with us in the war. This amounts to nearly ten billions of dollars. The indebtedness incurred by the United States to make the foreign loans is not cared for by the Sinking Fund. Congress contemplated that foreign repayments would provide for that part of our debt. Of late there has been no little discussion as to how this foreign debt should be treated. Some advance the proposal that is should be cancelled. This is a favorite plan of some Europeans and some Americans. The suggestion is based first on one ground and then on another. At one time it is based on sentiment or on considerations of generosity. By some it is based on the contention that it will promote peace. It apparently is assumed that antagonisms will set up if the nations of Europe are asked to repay the loans which they sought and so gladly received. At another time it is based on consideration for present producing interests. Voices are heard representing that it will ruin the trade of America if Europe is to send us her commodities for what she owes us. Apparently these advocates contend that international trade will be profitable provided only we give to the world what we produce, declining to receive any commodities in return. I imagine neither of these suggestions will be received with favor by the American tax payers. They will realize that if the debts are cancelled, they must pay taxes to meet the interest and to redeem the principal of ten billions of dollars. Another suggestion is that the demand notes now held by the Government shall be funded into bonds bearing a higher rate of interest which the debtor nations will consent to exchange for the outstanding bonds and that a direct relation be set up between those who consent to receive such bonds in this country and the foreign debtors, although it is proposed that this Government guarantee the bonds. No evidence is furnished that debtor nations would be willing to assent to the creation of a bonded debt with a higher rate of interest with obligations for the immediate payment of interest; and there is nothing in existing law which warrants such a transaction. It appears to me to be as fatuous and impracticable as either of the other suggestions.

The reasonable and proper course is to proceed under the terms of existing law which authorizes the Secretary of the Treasury to fund the demand notes into obligations with a distant maturity at a rate of interest at least equivalent to that borne by our own bonds, coupled with authority for the time being to defer interest payments. These foreign obligations are in due legal form. They are signed on behalf of the respective governments by representatives whom the Department of State designated to the Treasury as being duly authorized to bind the respective governments, and the Department of State has advised the Treasury that such obligations are internationally valid and binding and have the sanction of the Department of State. The obligations are all payable on demand and bear interest at the rate of 5% per annum. The Liberty Bond Acts which authorized the Secretary of the Treasury to acquire these obligations also authorized him to exchange them for long-time obligations bearing a rate of interest not less than that borne by the demand obligations. The Act provides that the long-time obligations shall be in such form and terms as the Secretary of the Treasury may prescribe. In the early autumn of 1919, the Treasury informed the treasuries of the European governments to which it had made advances that it was prepared, in case they so desired, to discuss with them the exchange of the demand obligations held by the United States for long-time obligations, and in that connection, the deferring of interest collection during the reconstruction period of two or three years from the spring of 1919. Negotiations to this effect are now under way and I trust that they will be completed in the near future. Such an arrangement will involve no present burden to the debtor nations and would do much in fact to clear the atmosphere and to improve European credits.

It is unnecessary to conclude that debtor nations cannot by a time reasonably distant discharge their obligations. The truth of the matter is that we are doing too much of our thinking immediately upon the heels of the greatest tragedy the world has known and that the thinking of many people is naturally not calm and balanced and does not take a sufficient number of things into account. This is not the first time the world has been in great trouble and if we can judge from history the world will get on her feet again and will move forward to a higher level. As a matter of fact, the world is regaining her feet even while people are talking about how she can begin. There are evidences of this both at home and abroad. No human being can now forecast the direction and extent of progress in the next generation or two. We can only judge by the past and nothing is more amazing than the industrial advance of the world in the generation or two preceding the war. You have kept track of the rapid progress of this country. I need not recite well known facts. That of other countries was not so great but it was very notable. Between the 80's and the beginning of the war, it is estimated that the wealth of Great Britain increased from less than 50 to more than 70 billions; that of France from 41 to 58 billiosn; of Italy from 12 to 22 billions; and of Germany, according to Helfferich, from 36 to 80 billions. The deposits in the state banks of three of those nations (England, France and Germany), increased from 293 to 535 millions of dollars; and in other financial establishments of three of them (England, France and Italy), from about 6 billions to 29 billions. Again, we must not overlook the fact that some of these nations still have very large investments or debts due them from other nations, including our own. It is estimated that Great Britain today has investments or holdings against foreign peoples approximating 15 billions of dollars, including over 3 billions of dollars against the people of this country, and that France has foreign investments of 8 or 10 billion dollars, both including loans to allies. By the end of a reasonable period within which the industry of the world will move upward, the sum total of international trade transactions will be enormous and it may be that European countries indebted to us can absolve their indebtedness without difficulties approximating those now apprehended. I say these things with due regard for the difficulties confronting the peoples of Europe today and with deep sympathy for them in the midst of their sacrifices and vexing tasks.

The program for handling our national debt which I have attempted to outline can, of course, be accomplished satisfactorily only by the strictest economy not only in our expenditure, Federal, State, county and municipal, but also by thrift and economy on the part of all the people. It will necessitate the maintenance of tax receipts after this fiscal year on a level of not less than four billions a year, and we cannot base our anticipation of receipts entirely on the outcome of the fiscal year ended June 30, 1920, which showed internal revenue receipts of nearly $5\frac{1}{2}$ billions of dollars. Part of this amount was collected in the first half of the fiscal year on the basis of higher returns in force during 1919. The balance collected in the first two quarters of this calendar year were on the lower rates in effect at that time. There is no certain means of predicting the course of business or of incomes and profits; but the probability is that the income and profits tax receipts for the calendar year 1920 will be materially lower. The internal revenue receipts may not materially exceed four billions for the fiscal year 1921, of which $1\frac{1}{4}$ billions have already been collected. We cannot afford to operate on a tax basis which would give us revenues below those anticipated; and in plans for revision this should be definitely borne in mind.

Let me make this point clear: In saying that the aggregate receipts for the Government should be maintained at a high level for the purposes indicated, I am by no means committing myself to existing schedules or to specific taxes.

Much of the war legislation was of necessity hastily devised. I think it of urgent importance that there be a prompt resurvey of the situation with a view to a reform of the taxes, to the wiping out of inequities and inequalities, and the assurance of sufficient revenue, which may not be realized if the present system remains intact. Time will not permit me to enter into a detailed discussion. I pointed out as early as March of this year the necessity of a simplification of the tax system and the repeal of the excess profits tax, of a modification of the income supertaxes and such fundamental administrative changes as giving the Treasury the power to make final settlements and the giving of immediate effect to the regulations of the Commissioner of Internal Revenue.

Such are some of the credit and financial problems confronting us. I have no pride of opinion as to measures and realize that it will require the highest wisdom and the most patriotic and public spirited consideration of these matters if we are to arrive at sound and satisfactory adjustments. I can only appeal for careful, unbiased and intelligent action. What we need is more light and less heat; more sunshine and less fog; more facts and less misrepresentation; more impartial interpretation of the facts; more courage and willingness to follow conclusions to their reasonable logical end; and more patriotism and less partisanship.

TREASURY DEPARTMENT

For Release Morning Papers,
Monday, November 8, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series D 1921, dated and bearing interest from November 15, 1920, payable May 16, 1921, with interest at the rate of five and three-quarters per cent per annum semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates will have one interest coupon attached, payable May 16, 1921.

Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before November 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series H 1920, maturing November 15, 1920, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series D 1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The issue will be for $200,000,000, or thereabouts.

SAVINGS DIVISION
U.S.TREASURY DEPT. (FOR RELEASE FOR TUESDAY MORNING PAPERS NOVEMBER 16, 1920.) # C 217.

(FOR PRESS ASSOCIATIONS & WASH. CORRESPONDENTS.)

--ooo--

WASHINGTON, Nov.15. Thrift education has come to stay, not merely as a by-product of education but as one of the first objectives of education. As a result of that pronouncement, made today by the Committee of State Superintendents of Public Instruction in conference with Treasury officials and members of the American Bankers Association, every State School Superintendent and Commissioner of Education will be asked to install such instruction in his territory.

"Instruction in practical aspects of thrift and economy is, we think, the only means of stemming the tide of waste and extravgganco", declared the formal recommendation of the educators. "We recommend that thrift as it concerns time, materials and money be made a matter of regular instruction in the public schools of America".

It was decided to limit the field of instruction to time, materials and money to avoid duplication of the work of outside and school agencies. The matter of achieving this instruction was left to local administrations. The committee recommended, however, that there should be careful instruction in simple problems of finance, money transactions and values with definite instruction in elementary economics in the upper grammar grades and thrift work throughout all grades.

The educators recommended that at present the outlines issued by the Treasury Department, and publications of the American Bankers Association be used for such instruction supplemented by material available in the several States.

Publishers, the educators said, would be encouraged to get out suitable text books for this work and to include chapters on thrift and economics in standard text books.

"We recommend thrift practise and thrift project work as a very necessary part of thrift instruction", the educators continued. "We commend as projects in this work, school savings systems in conjunction with Government Savings Securities and savings banks."

In conclusion the committee says, "We recommend to the State Superintendents and Commissioners of Education of the United States that this instruction in economics and thrift be made a special feature and that each proceed to promulgate it in such a manner as best conforms to his organization and that we recommend the closest cooperation with the Savings Division of the Treasury Department and that we ask also the cooperation of the United States Commissioner of Education in promoting this enterprise".

Mrs. Mary C. C. Bradford of Colorado, former president of the National Education Association, presided at the conference.

----BUY W.S.S.----

TREASURY DEPARTMENT

For Release Morning Papers,
Tuesday, November 16, 1920.

Secretary Houston announced that subscriptions for the $5\frac{3}{4}$ per cent Treasury Certificates of Indebtedness of Series D 1921, dated November 15, 1920, maturing May 16, 1921, closed at the close of business on Monday, November 15, 1920, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue, which was for $200,000,000, or thereabouts, has been oversubscribed, and that the total subscriptions aggregate over $275,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

--o--

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS

Wednesday, November 17, 1920

Secretary Houston today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series D-1921, dated November 15, 1920, maturing May 16, 1921, was $292,696,500, and that the total amount of subscriptions allotted was $232,124,000. Subscriptions for this Series closed on November 15, 1920, the date of issue, and the amount offered was $200,000,000, or thereabouts. Seven of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Cleveland	$ 51,157,000	$ 31,350,000
Philadelphia	26,336,500	19,006,500
San Francisco	22,750,000	17,605,000
New York	106,896,500	83,515,500
St. Louis	11,935,500	9,576,500
Boston	21,143,000	18,851,000
Richmond	7,365,000	7,106,500
Chicago	27,264,500	27,264,500
Kansas City	7,118,000	7,118,000
Dallas	3,492,000	3,492,000
Minneapolis	4,875,000	4,875,000
Atlanta	2,363,500	2,363,500
Total	$ 292,696,500	$ 232,124,000

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS

Monday, November 22, 1920.

Suggestions have recently come to the Treasury from various sources, first, that the payment of the December 15th installment of income and profits taxes should be postponed by amendment of the Revenue Act of 1918, and, second, that the "net loss" provisions of the Revenue Act be extended to the year 1920, presumably to permit the deduction of inventory losses during the taxable year 1920 from the net income for the taxable year 1919, with redetermination of the 1919 taxes accordingly. The agitation for these changes in the law can only do harm and, from the point of view of the Treasury, it is important that the situation be made clear.

The Revenue Act provides for the payment of income and profits taxes in four quarterly installments due on March 15, June 15, September 15 and December 15. The taxes due on December 15, 1920, represent chiefly the final installment due in respect to income and profits of the taxable year 1919. Taxpayers have already had nearly twelve-months' grace as to this final installment and have had every opportunity to make provision for its payment by setting up the necessary reserves or purchasing Treasury certificates of indebtedness. The Treasury Department, moreover, has adjusted its financial program to the tax payment dates provided by the Revenue Act of 1918. There are outstanding nearly $700,000,000 of certificates maturing on December 15, 1920, and $300,000,000 additional mature on January 3 and January 15, 1921. On December 15th there will also become payable the semiannual interest on the First Liberty Loan and the Victory Liberty Loan, aggregating about $140,000,000. To meet these heavy maturities of principal and interest and at the same time provide for the current requirements of the Government, enlarged as they are by the extraordinary burdens imposed upon the Treasury in connection with payments to the railroads, the Treasury relies chiefly on the income and profits taxes payable on December 15th. This installment is not expected to exceed $650,000,000. The Treasury must finance its further requirements, so far as they are not covered by ordinary current receipts, through issues of Treasury certificates of indebtedness. It would be impossible to defer the payment of the December installment of taxes without forcing the Treasury to offer Treasury certificates in prohibitive amounts.

Moreover, to extend the time for the payment of the December 15th installment would simply mean that the Treasury would, in effect, be financing private business, which should provide for itself through ordinary banking channels, if necessary. In this respect the proposal is not different from those insistently made to the Treasury during the last few months, that Government funds be made available in various sections of the country to finance the holding of commodities or the export of goods to Europe.

The suggestion that the "net loss" provisions of the Revenue Act of 1918 be extended to the year 1920 is equally impossible

2 47

from the point of view of the Treasury. Under the present revenue law the Treasury receives in the year 1920 taxes based on the income and profits of taxpayers during the year 1919. The whole financial program of the Government requires that the Treasury be able to rely upon the collection of these taxes. No change should be entertained which would render uncertain the bulk of the Government's tax receipts and perhaps result in heavy claims for refunds with consequent increases in the public debt and additional short-term financing. There is, furthermore, no reason in fairness why taxpayers who made profits in 1919 and became liable to pay taxes on the basis of those profits should now be permitted to throw upon the Government the burden of losses incurred in the conduct of their own businesses in the year 1920.

The Treasury must of necessity promptly meet the Government's bills. If uncertainty is to be introduced now into the tax payments upon which the Treasury principally relies, it clearly will be impossible for the Government to finance itself.

TREASURY DEPARTMENT

For release, morning papers,
Monday, November 29, 1920.

STATEMENT BY SECRETARY HOUSTON.

Two new Treasury savings securities will be issued during the coming year, a $1 Treasury Savings Stamp and a $25 Treasury Savings Certificate. The $1 stamp will be non-interest bearing, will be bright red in color, imprinted on a green tint, and will bear the portrait of Alexander Hamilton, the first Secretary of the Treasury. The $25 certificate will be similar in design and terms to the $100 and $1,000 Treasury Savings Certificates, which will also be offered in 1921, to mature January 1, 1926. The new securities will supply a $1 unit for saving and a registered Government security in the $25 denomination, which can be conveniently purchased through the accumulation of the $1 Treasury Savings Stamps. More important still, the new securities will complete a most attrative line of Government savings securities, the $1 stamp and the $25, $100 and $1,000 registered Treasury Savings Certificates, and thus place the Treasury Savings movement on a solid peace-time basis. The small denomination war-time securities, the $5 War Savings Stamp, in a 1921 series, and the 25 cent Thrift Stamp, will also be offered during the coming year.

Notwithstanding the reaction since the armistice from habits of saving, and the natural tendency during the past year to invest funds in Liberty bonds and Victory notes at current market prices, the demand for the savings securities has continued strong in many parts of the country. As the security markets become more settled, Treasury savings securities, bearing interest at 4 per cent compounded quarterly, exempt from State and local taxes and from the normal Federal income tax, and redeemable substantially on demand, should prove increasingly attractive, particularly to the multitude of small investors.

With these considerations in mind, the Treasury is committed to the continued sale of Government savings securities, and feels that as time goes on continuous sales of savings securities over the counter, at post-offices and banks throughout the country, should play an increasingly important part in the current financing of the Government.

To this end, the Treasury is also committed to the continuance of the work of the Savings Division, in Washington and in the several Federal Reserve districts. This organization endeavors to promote the popular purchase of Government Savings Securities; develope and protects the secondary market for Liberty bonds and Victory notes and other war issues of Government securities, and unites the efforts of all helpful agencies and movements, financial, industrial, educational, commercial and social, in a broad savings campaign to make permanent the habits of saving and investment in United States Government securities. Its work along these lines will be intensified in 1921.

The Treasury Savings Movement has already demonstrated its usefulness by its efforts to promote sound economic conditions throughout the country and disseminate sound economic doctrine. In fact, the work of the Savings Division this year, not only in promoting the sale of Government Savings Securities and in strengthening the secondary market for Liberty bonds, but in establishing widespread habits of thrift and saving, has been frequently recognized as meeting a great national need. That recognition has been strikingly emphasized by the requests of great national organizations that the savings work be continued and by their offers of active cooperation in the movement.

The American Federation of Labor at its last annual convention expressed itself as heartily in favor not only of the Government Savings Movement but also of Government Savings Securities. It has strongly urged that the Treasury continue to issue these securities in order to provide safe investments for the savings of wage earners.

Nearly every fraternal organization of prominence in the United States has endorsed the Savings Movement and many have placed their funds in Government Securities. Individual lodges have announced similar action.

Presidents of women's organizations have emphasized the need of the continuation of the Savings work among their membership in 1921. Beginning January 1, 1921, the activities of the Savings Movement among women's organizations will be centralized in the offices of the Savings Division in Washington, with more active direction of the Savings program delegated to the national and state officials of the organizations.

The work of the Savings Division has been splendidly successful in the schools, with the children and as well with the leaders of educational thought in America. As a result, the committee of State Superintendents of Public Instruction, which has just met in Washington, has decided to urge every State Superintendent and Commissioner of Education to install thrift courses in every school and at the same time provide for the practise of the principles taught by offering means for sound investment. The committee declared:

> "We believe that instruction in economic principles and project practice in thrift are vitally needed in the schools, and we urge the prompt adoption of the new Thrift Education in all State and local educational systems of the United States."

2.51

In responding to these demands from great national organizations, the Savings Division will intensify during 1921 its campaign to spread broadcast the essential facts relative to wise saving and spending and investment and the sontinued development of new capital. The savings securities to be offered have also been shaped to meet these demands. The $1 Treasury Savings Stamp and the $25 Treasury Savings Certificate, for example, come as a result of the work carried on in the great industrial plants of the country. This campaign demonstrated that workers like a $1 unit for saving and that they are seeking an investment security of the $25 denomination. For similar reasons, the 25 cent Thrift Stamp and the $5 War-Savings Stamp, which have obtained a strong foothold in the schools of the Nation, will be continued during 1921 in order that every American youth may have the opportunity of becoming an active partner in the great business of his national Government. This should go far to develop wise financial habits and practical patriotism throughout the Nation. The 1921 War-Savings Stamp of $5 maturity value will be larger in size than the 1920 issue, will be orange in color, and will bear the portrait of Lincoln. The 25 cent Thrift Stamps will be unchanged.

SPC/AWM

The Savings Division will also continue to devote its best efforts during the coming year to developing the secondary market for Liberty bonds and Victory notes. At current market prices Liberty bonds offer a unique opportunity to investors, large and small, and are being widely absorbed for investment. Many employers, banks, and other agencies throughout the United States are reestablishing partial payment plans in order to provide facilities for installment purchases at prevailing prices. At the same time, great numbers of the bonds are being purchased outright by small investors as savings become available. With reduced prices for commodities and lower money rates, the market prices of Government securities like the long-term Liberty bonds are bound to appreciate. Widespread purchases of Liberty bonds for investment will serve the best interests not only of the country as a whole but also of investors themselves. One of the crowning achievements of the war was the purchase of Liberty bonds and Victory notes by more than 20,000,000 patriotic subscribers. Consistent buying of Liberty bonds by this great army of investors at the present attractive prices would be to the lasting benefit of both themselves and the nation.

SPG/AWM

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,
Saturday, December 4, 1920.

STATEMENT BY SECRETARY HOUSTON.

The Treasury regards the New York Subtreasury Building as an historic public monument which should remain notwithstanding the discontinuance of the New York Subtreasury. With this in mind the Subtreasury Building at New York will continue to be a Treasury building, in the custody of the Superintendent of the New York Assay Office, and will still be known as the New York Subtreasury Building. As already announced, arrangements have been made to transfer to the Mints and Assay Offices, including particularly the New York Assay Office, and to the Federal Reserve Bank of New York, certain of the duties and functions heretofore performed by the New York Subtreasury. Space in the Subtreasury Building has been made available for the time being to the Federal Reserve Bank of New York, as fiscal agent of the United States, for the purpose of carrying on exchanges of coin and other business heretofore performed by the Subtreasury.

DISCONTINUANCE OF THE UNITED STATES SUBTREASURY AT NEW YORK, N. Y.

1920. TREASURY DEPARTMENT,
Department Circular No. 213.

Office of the Secretary,
Division of Public Moneys.

Washington, December 3, 1920.

TO ALL CONCERNED:

1. The Legislative, Executive and Judicial Appropriation Act, approved May 29, 1920, provides in part as follows, with respect to the discontinuance of the Subtreasuries of the United States:

> INDEPENDENT TREASURY.
>
> Section 3595 of the Revised Statutes of the United States, as amended, providing for the appointment of an Assistant Treasurer of the United States at Boston, New York, Philadelphia, Baltimore, New Orleans, St. Louis, San Francisco, Cincinnati, and Chicago, and all laws or parts of laws so far as they authorize the establishment or maintenance of offices of such Assistant Treasurers or of Subtreasuries of the United States are hereby repealed from and after July 1, 1921; and the Secretary of the Treasury is authorized and directed to discontinue from and after such date or at such earlier date or dates as he may deem advisable, such Subtreasuries and the exercise of all duties and functions by such Assistant Treasurers or their offices. The office of each Assistant Treasurer specified above and the services of any officers or other employees assigned to duty at his office shall terminate upon the discontinuance of the functions of that office by the Secretary of the Treasury.

2. By virtue of the authority vested in the Secretary of the Treasury under the provisions of the act above quoted, I hereby discontinue the Subtreasury of the United States at New York, N. Y., and the exercise of all duties and functions by the Assistant Treasurer of the United States at said Subtreasury, from and after the close of business on Monday, December 6, 1920. Upon such discontinuance the office of the Assistant Treasurer of the United States at New York and the services of any and all officers or other employees assigned to duty at his office shall terminate in accordance with the statute.

3. The Secretary of the Treasury has made provision, pursuant to the authority conferred by said act approved May 29, 1920, to transfer the duties and functions performed or authorized to be performed by the Assistant Treasurer at New York, or his office, to the Treasurer of the United States and the Mints and Assay Offices of the United States, and will utilize the Federal Reserve Bank of New York, acting as depositary or fiscal agent of the United States, for the purpose of performing certain of such duties and functions. The Federal Reserve Bank of New York will be prepared on and after December 7, 1920, to handle exchanges of United States paper currency and United States coin, pursuant to rules and regulations prescribed by the Secretary of the Treasury. Upon the discontinuance of the Subtreasury at New York, outstanding gold certificates payable to order, issued by the Assistant Treasurer of the United States at New York, will be received for payment by the Federal Reserve Bank of New York or the Treasurer of the United States at Washington.

D. F. HOUSTON,
Secretary of the Treasury.

255

TREASURY DEPARTMENT

For Release, Morning Papers,
Wednesday, December 8, 1920.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from December 15, 1920, the certificates of Series T J2-1921 being payable on June 15, 1921, and bearing interest at the rate of five and three-quarters per cent per annum, and the certificates of Series T D-1921 being payable on December 15, 1921, and bearing interest at the rate of six per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series T J2-1921 will have one interest coupon attached payable June 15, 1921, and the certificates of Series T D-1921 two interest coupons attached, payable June 15 and December 15, 1921.

The certificates of both said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

Certificates of these series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates, respectively. The certificates of these series do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before December 15, 1920, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series T D-1920, maturing December 15, 1920, of Series A-1921, maturing January 3, 1921, and of Series B-1921, maturing January 15, 1921, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series T J2-1921 or T D-1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The combined issue will be for $500,000,000, or thereabouts.

(Initialed) S. P. G.

257

TREASURY DEPARTMENT.

For Release, Morning Papers,
Thursday, December 16, 1920.

Secretary Houston announced that subscriptions for the 5¾ per cent Treasury certificates of indebtedness of Series T.J.2-1921, dated December 15, 1920, maturing June 15, 1921, and the 6 per cent Treasury certificates of indebtedness of Series T.D.-1921, dated December 15, 1920, maturing December 15, 1921, closed at the close of business on Wednesday, December 15, 1920, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $500,000,000 or thereabouts, has been oversubscribed, and that the total subscriptions aggregate over $700,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

RAC:CHP

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS

Saturday, December 18, 1920.

Secretary Houston today announced that the total amount of subscriptions received for the two issues of Treasury certificates of indebtedness dated December 15, 1920, (Series T. J. 2-1921 maturing June 15, 1921, Series T. D. 1921 maturing December 15, 1921) was $790,449,500, and that the total amount of subscriptions allotted was $589,680,500. Subscriptions for the two series closed on December 15, 1920, the date of issue, and the amount offered was $500,000,000, or thereabouts. Seven of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	TOTAL SUBSCRIPTIONS RECEIVED	TOTAL SUBSCRIPTIONS ALLOTTED	SERIES T. J.2-1921	SERIES T. D. 1921
New York	$ 412,866,000	$ 266,907,000	$ 93,616,000	$173,291,000
Cleveland	102,555,500	68,250,000	28,550,000	39,700,000
Philadelphia	59,882,000	45,148,000	6,681,500	38,466,500
Boston	48,742,500	45,490,000	10,455,000	35,035,000
St. Louis	22,091,000	20,856,500	6,153,000	14,703,500
Richmond	18,757,500	17,894,000	3,849,500	14,044,500
San Francisco	36,000,000	35,580,000	12,200,000	23,380,000
Chicago	54,167,000	54,167,000	16,522,000	37,645,000
Kansas City	14,803,000	14,803,000	3,499,500	11,303,500
Minneapolis	9,225,000	9,225,000	2,600,000	6,625,000
Atlanta	6,327,500	6,327,500	2,570,500	3,757,000
Dallas	5,032,500	5,032,500	1,426,000	3,606,500
Total -	$ 790,449,500	$ 589,680,500	$ 188,123,000	$ 401,557,500

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MONDAY, DECEMBER 20, 1920.

STATEMENT FOR THE PRESS.

The Secretary of the Treasury and the Federal Reserve Board announce that with the approval of the Department of State and in order to give force and effect to the action of that Department in removing restrictions in the way of trade and communication with Soviet Russia, as announced by that Department on July 7, 1920, all rules and regulations restricting the exportation of coin, bullion and currency to that part of Russia now under the control of the so-called Bolshevik Government, or restricting dealings or exchange transactions in Russian rubles, or restricting transfers of credit or exchange transactions with that part of Russia now under the control of the so-called Bolshevik Government have been suspended, effective December 18, 1920, until further notice.

TREASURY DEPARTMENT.

For Wednesday morning papers,
December 29, 1920.

STATEMENT BY SECRETARY HOUSTON.

The Treasury is distributing circulars announcing the issue of the 1921 Treasury Savings securities, which will be on sale by the first of the year at post offices and other agencies throughout the country, including banks and trust companies. It is anticipated that during the coming year the 1921 securities will be purchased in large volume and that the Government's movement for thrift, savings and investment in Government securities will continue to show good results.

The 1921 securities consist of the twenty-five cent Thrift Stamp which bears no interest and is used to evidence payments on account of War Savings Stamps and Certificates, the one dollar Treasury Savings Stamp which bears no interest and is used to evidence payments on account of War Savings Stamps and Treasury Savings Certificates, the $5 War Savings Stamp, and the registered Treasury Savings Certificates in denominations of $25, $100 and $1,000 (maturity value). As in previous years, the issue price of the War Savings Stamp is $4.12 in January, and increases one cent a month to $4.23 in December. The issue price of the $25 certificate is $20.60 in January, and increases at the rate of five cents a month to $21.15 in December, and the issue price of the $100 certificate is $82.40 in January and increases at the rate of twenty cents a month to $84.60 in December. The $1,000 certificate will be sold for $824 in January and the price increases at the rate of $2 a month to $846 in December.

The 1921 securities will be substantially the same in terms and conditions as those of the 1920 issue, with the addition of the one dollar Treasury Savings Stamp, and the $25 Treasury Savings Certificate. The one dollar Treasury Savings Stamp will be bright red in color, imprinted on a green tint, and will bear the portrait of Alexander Hamilton, the first Secretary of the Treasury. It is intended primarily for accumulation on Treasury Savings Cards in lots of 20 stamps, on account of the purchase price of a $25 Treasury Savings Certificate.

As in 1920, War Savings Certificates of the 1921 series bearing the necessary complement of War Savings Stamps may be exchanged for registered Treasury Savings Certificates, Series of 1921, in the $25, $100 and $1,000 denominations. Provision is also made for the exchange during 1921 of War Savings Certificates of the 1918, 1919, and 1920 series for Treasury Savings Certificates of the same series at Federal Reserve Banks and the Treasury Department, exchanges of registered certificates to be made through the post office of registration. Owners of War Savings Certificates who desire the protection of registration are urged to exchange their War Savings Certificate for a Treasury Savings Certificate, rather than to seek registration of the War Savings Certificate at a post office. In addition to its other advantages, the Treasury Savings Certificate gives the benefit of central registration at the Treasury and provision for direct payment by the Treasury. The latter provision will be of advantage and facilitate payment in case of change of residence, since a registered War Savings Certificate can be redeemed only at the post office at which it was registered.

The new Treasury Savings securities offered for 1921 supply a $1 unit for saving and a registered Government security in the $25 denomination, which can be conveniently purchased through the accumulation of the $1 Treasury Savings Stamps. More important still, the new securities complete a most attractive line of Government savings securities, the $1 stamp and the $25, $100 and $1,000 registered Treasury Savings Certificates, and thus place the Treasury Savings movement on a solid peace-time basis.

United States Treasury Savings Card

TO HOLD TWENTY

$1 TREASURY SAVINGS STAMPS

ISSUED BY THE
TREASURY DEPARTMENT
WASHINGTON

2—10491

1 Affix in this space $1 Treasury Savings Stamp	5 Affix in this space $1 Treasury Savings Stamp
2 Affix in this space $1 Treasury Savings Stamp	6 Affix in this space $1 Treasury Savings Stamp
3 Affix in this space $1 Treasury Savings Stamp	7 Affix in this space $1 Treasury Savings Stamp
4 Affix in this space $1 Treasury Savings Stamp	8 Affix in this space $1 Treasury Savings Stamp

UNITED STATES Treasury Savings Stamps issued at any time after December 31, 1920, having a face value of $1 each, will be accepted at face value during the calendar year 1921 on account of the purchase price of War Savings Stamps, Series of 1921, in the denomination of $5, maturity value, or Treasury Savings Certificates, Series of 1921, in denominations of $25, $100, or $1,000, maturity value. Treasury Savings Stamps must be affixed to United States Treasury Savings Cards (which may be obtained without cost), and must not be affixed to War Savings Certificates or Thrift Cards. Each Treasury Savings Card has space for 20 Treasury Savings Stamps, and upon presentation and surrender of a Treasury Savings Card at a United States post office, or other authorized agency, each Treasury Savings Stamp then affixed thereto will be accepted, under rules and regulations prescribed by the Secretary of the Treasury, as a payment of $1 on account of the purchase price of a War Savings Stamp or Treasury Savings Certificate, Series of 1921; provided that at the same time the holder of the Treasury Savings Card shall pay the difference between the face amount of the Treasury Savings Stamps affixed to the Card and the current issue price of the War Savings Stamp or Treasury Savings Certificate during the month in which the purchase is made, as shown by the following table:

UNITED STATES TREASURY

SAVINGS CARD

Upon surrender of this card, each Treasury Savings Stamp then affixed thereto will be accepted as a payment of $1 on the purchase price of a War Savings Certificate Stamp or a Treasury Savings Certificate, under rules and regulations prescribed by the Secretary of the Treasury.

D. F. Houston

Secretary of the Treasury.

(Name.)

(Number.) (Street.)

(City.) (State.)

1 Affix in this space $1 Treasury Savings Stamp	5 Affix in this space $1 Treasury Savings Stamp		13 Affix in this space $1 Treasury Savings Stamp	17 Affix in this space $1 Treasury Savings Stamp
2 Affix in this space $1 Treasury Savings Stamp	6 Affix in this space $1 Treasury Savings Stamp		14 Affix in this space $1 Treasury Savings Stamp	18 Affix in this space $1 Treasury Savings Stamp
3 Affix in this space $1 Treasury Savings Stamp	7 Affix in this space $1 Treasury Savings Stamp	9 Affix in this space $1 Treasury Savings Stamp / 11 Affix in this space $1 Treasury Savings Stamp	15 Affix in this space $1 Treasury Savings Stamp	19 Affix in this space $1 Treasury Savings Stamp
4 Affix in this space $1 Treasury Savings Stamp	8 Affix in this space $1 Treasury Savings Stamp	10 Affix in this space $1 Treasury Savings Stamp / 12 Affix in this space $1 Treasury Savings Stamp	16 Affix in this space $1 Treasury Savings Stamp	20 Affix in this space $1 Treasury Savings Stamp

2—10491

263

Issue Prices of War Savings Stamps and Treasury Savings Certificates during the Calendar Year 1921.

Month	War Savings Stamp—$5	Treasury Savings Certificate—$25	Treasury Savings Certificate—$100	Treasury Savings Certificate—$1,000
January	$4. 12	$20. 60	$82. 40	$824
February	4. 13	20. 65	82. 60	826
March	4. 14	20. 70	82. 80	828
April	4. 15	20. 75	83. 00	830
May	4. 16	20. 80	83. 20	832
June	4. 17	20. 85	83. 40	834
July	4. 18	20. 90	83. 60	836
August	4. 19	20. 95	83. 80	838
September	4. 20	21. 00	84. 00	840
October	4. 21	21. 05	84. 20	842
November	4. 22	21. 10	84. 40	844
December	4. 23	21. 15	84. 60	846

Treasury Savings Stamps are intended primarily for accumulation on Treasury Savings Cards in lots of 20 stamps, on account of the purchase price of a $25 Treasury Savings Certificate.

Treasury Savings Certificates, Series of 1921, mature January 1, 1926, are issued only in registered form, in denominations of $25, $100, and $1,000, maturity value, and bear the name of the owner thereof inscribed thereon by the issuing agent at the time of issue. Treasury Savings Certificates are registered on the books of the Treasury Department, are not transferable, and are payable only to the owner named thereon, except in case of death or disability of the owner and in such case will be payable as provided in regulations prescribed by the Secretary of the Treasury.

War Savings Stamps, Series of 1921, mature January 1, 1926, and are issued only in the denomination of $5, maturity value.

Treasury Savings Stamps can not be registered, do not bear interest, and are not directly redeemable in cash.

TREASURY DEPARTMENT.

For release, morning papers,
Monday, January 10, 1921.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from January 15, 1921, the certificates of Series E 1921 being payable on April 15, 1921, with interest at the rate of five and one-half per cent per annum, and the certificates of Series F 1921 being payable on October 15, 1921, and bearing interest at the rate of five and three-quarters per cent per annum.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series E 1921 will have one interest coupon attached payable April 15, 1921, and the certificates of Series F 1921 two interest coupons attached, one for semi-annual interest payable July 15, 1921, and the other payable October 15, 1921.

The certificates of both said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series do not bear the circulation privilege and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before January 15, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series B 1921, maturing January 15, 1921, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series E 1921 or F 1921 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The combined issue will be for $250,000,000, or thereabouts.

STATEMENT FOR THE PRESS.

January 15, 1921.

In response to inquiries, the Managing Director of the War Finance Corporation today made the following statement:

The activities of the War Finance Corporation which have been revived by the Joint Resolution passed by the Congress are embodied in section 21 of the War Finance Corporation Act, which authorizes advances to American Exporters to assist in the exportation of domestic products to foreign countries, if such exporters are unable to obtain funds upon reasonable terms through banking channels or to American banks making loans to American exporters for the purpose of assisting in the exportation of domestic products.

Section 21 of the War Finance Corporation Act reads as follows:

"Sec. 21. (a) That the Corporation shall be empowered and authorized, in order to promote commerce with foreign nations through the extension of credits, to make advances upon such terms, not inconsistent with the provisions of this section, as it may prescribe, for periods not exceeding five years from the respective dates of such advances.

"(1) To any person, firm, corporation, or association engaged in the business in the United States of exporting therefrom domestic products to foreign countries, if such person, firm, corporation, or association is, in the opinion of the board of directors of the Corporation, unable to obtain funds upon reasonable terms through banking channels. Any such advance shall be made only for the purpose of assisting in the exportation of such products, and shall be limited in amount to not more than the contract price therefor, including insurance and carrying or transportation charges to the foreign point of destination if and to the extent that such insurance and carrying or transportation charges are payable in the United States by such exporter to domestic insurers and carriers. The rate of interest charged on any such advance shall not be less than 1 per centum per annum in excess of the rate of discount for ninety-day commercial paper prevailing at the time of such advance at the Federal Reserve Bank of the district in which the borrower is located; and

"(2) To any bank, banker, or trust company in the United States which after this section takes effect makes an advance to any such person, firm, corporation, or association for the purpose of assisting in the exportation of such products. Any such advance shall not exceed the amount remaining unpaid of the advances made by such bank, banker or trust company to such person, firm, corporation, or association for such purpose.

"(b) The aggregate of the advances made by the Corporation under this section remaining unpaid shall never at any time exceed the sum of $1,000,000,000.

"(c) Notwithstanding the limitation of section 1 the advances provided for by this section may be made until the expiration of one year after the termination of the war between the United States and the German Government as fixed by proclamation of the President.

"Any such advance made by the Corporation shall be made upon the promissory note or notes of the borrower, with full and adequate security in each instance by indorsement, guaranty, or otherwise. The Corporation shall retain power to require additional security at any time. The Corporation in its discretion may upon like security extend the time of payment of any such advance through renewals, the substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond five years from the date on which it was originally made."

At a meeting held January 5, 1921, the Board of Directors of the War Finance Corporation unanimously adopted a resolution rescinding its former action embodied in a resolution of May 10, 1920, by which the consideration of further applications for advances in aid of American exports under Section 21 of the Act had been suspended. The resolution of January 5 effectively revived the Corporation, in accordance with Joint Resolution passed by Congress in so far as it has authority under section 21 of the Act to make advances for the purposes therein set forth.

Since January 5, the Corporation has been prepared to consider applications for advances that meet the terms of the law in the same manner that it considered advances prior to the suspension of its activities in May. In submitting applications for loans, applicants should set forth in detail all facts relating to their financial condition, the purposes of the proposed advances and full information to enable the Corporation to determine whether the applicants are eligible under the law and can meet its terms and conditions. Insofar as is necessary the Corporation will give personal hearings to prospective borrowers. Those desiring information may communicate with the Managing Director of the Corporation, whose office is in the Treasury Department building at Washington.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,
Sunday, January 16, 1921.

Secretary Houston announced that subscriptions for the $5\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series E-1921 dated January 15, 1921, maturing April 15, 1921, and the $5\frac{3}{4}$ per cent Treasury certificates of indebtedness of Series F-1921, dated January 15, 1921, maturing October 15, 1921, closed at the close of business on Saturday, January 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $250,000,000, or thereabouts, has been oversubscribed, and that the total subscriptions aggregate over $500,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Wednesday, January 19, 1921.

Secretary Houston today announced that the total amount of subscriptions received for the two issues of Treasury certificates of indebtedness dated January 15, 1921, (Series E-1921, $5\frac{1}{2}$ per cent, maturing April 15, 1921, Series F-1921, $5\frac{3}{4}$ per cent, maturing October 15, 1921) was $588,596,500, and that the total amount of subscriptions allotted was $310,686,500. Subscriptions for the two series closed on January 15, 1921, the date of issue, and the amount offered was $250,000,000, or thereabouts. Nine of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	TOTAL SUBSCRIPTIONS RECEIVED	TOTAL SUBSCRIPTIONS ALLOTTED	SERIES E-1921	SERIES F-1921
Philadelphia	$ 78,559,000	$ 24,063,500	$ 5,160,500	$ 18,903,000
Boston	56,183,500	25,115,500	591,500	24,524,000
New York	300,169,500	138,062,000	61,019,000	77,043,000
Cleveland	39,478,500	24,400,000	7,559,000	16,841,000
St. Louis	16,972,500	10,742,000	4,981,500	5,760,500
San Francisco	23,200,000	18,270,000	8,995,000	9,275,000
Richmond	10,163,000	8,839,500	3,830,500	5,009,000
Kansas City	10,877,000	10,088,000	3,524,000	6,564,000
Chicago	37,097,000	35,209,500	16,445,000	18,764,500
Minneapolis	7,477,000	7,477,000	2,817,000	4,660,000
Atlanta	4,798,500	4,798,500	1,540,000	3,258,500
Dallas	3,621,000	3,621,000	2,197,000	1,424,000
Total -	$ 588,596,500	$ 310,686,500	$ 118,660,000	$ 192,026,500

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
MONDAY, FEBRUARY 14, 1921.

STATEMENT FOR THE PRESS.

In accordance with the Legislative, Executive and Judicial Appropriation Act, approved May 29, 1920, which authorized the Secretary of the Treasury to discontinue the Subtreasuries of the United States on July 1, 1921, or at such earlier dates as he might deem advisable, the Secretary of the Treasury announces that the Subtreasuries have all been discontinued, in the following order:

Boston	October 25, 1920
Chicago	November 3, 1920
New York	December 6, 1920
San Francisco	December 20, 1920
New Orleans	January 5, 1921
St. Louis	January 8, 1921
Baltimore	January 14, 1921
Philadelphia	February 3, 1921
Cincinnati	February 10, 1921

As provided in the statute, the duties and functions performed by the Subtreasuries have been transferred to the Treasurer of the United States, the mints and assay offices and to Federal Reserve Banks and branches.

The closing of the Subtreasuries and the transfer of their duties and functions have been effected without interruption to business and without interference with the financial operations of the Government.

and it is believed that the change will result in substantial benefit to the banks and the general public, and in better distribution of coin and currency throughout the country. Moreover, a material economy has been effected, not only by the reduction in operating expenses effected by abolishing the Subtreasury establishments, but also by the elimination of the necessity of keeping with the Assistant Treasurers the working supplies of coin and currency required to enable them to perform their functions, amounting in the aggregate to about $25,000,000.

TREASURY DEPARTMENT. FOR RELEASE MORNING PAPERS,

Wednesday, February 16, 1921.

Secretary Houston announced that subscriptions for the $5\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series G-1921, dated February 15, 1921, maturing July 15, 1921, closed at the close of business on February 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue, which was for $100,000,000, or thereabouts, has been largely oversubscribed, and that the total subscriptions aggregate over $200,000,000. Nine Federal Reserve districts have reported oversubscriptions of their quota. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks. The prompt oversubscription of this offering shows that Treasury certificates have become firmly established on an investment basis, and enjoy a broad market among investors throughout the country. It is particularly interesting in view of the fact that most of the Federal Reserve Banks, namely the Federal Reserve Banks at New York, Cleveland, Richmong, Chicago, Atlanta, St. Louis, Dallas and San Francisco have already established a 6 per cent rate on all paper secured by Treasury certificates of indebtedness. According to the latest reports of the Federal Reserve Board, only 120 millions of Treasury certificates, or about 5 per cent of the total amount of loan and tax certificates outstanding, were pledged with the Federal Reserve Banks on February 11, 1921, to secure loans.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Thursday, February 17, 1921.

Secretary Houston today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series G-1921, dated February 15, 1921, maturing July 15, 1921, was $218,924,500, and that the total amount of subscriptions allotted was $132,886,500. Subscriptions for this Series closed on February 15, 1921, the date of issue, and the amount offered was $100,000,000, or thereabouts. Ten of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
St. Louis	$ 13,680,500	$ 6,511,500
Philadelphia	22,289,000	10,945,000
Cleveland	21,627,500	12,221,000
San Francisco	16,815,000	9,550,000
Boston	19,611,000	11,402,000
New York	80,745,500	49,451,500
Richmond	6,407,000	4,222,000
Chicago	23,885,500	16,526,500
Kansas City	5,825,000	4,456,500
Dallas	2,990,000	2,552,000
Atlanta	2,398,500	2,398,500
Minneapolis	2,650,000	2,650,000
Total ---	$218,924,500	$132,886,500

TREASURY DEPARTMENT.

For immediate release.
Tuesday, March 15, 1921.

Secretary Mellon announces that he has designated Mr. Eliot Wadsworth, who has been appointed an Assistant Secretary of the Treasury, to have charge of Foreign Loans. Assistant Secretary Kelley has consented to continue in office for the time being to assist Mr. Wadsworth in the Foreign Loan work. Assistant Secretary Gilbert will continue as Assistant Secretary in charge of fiscal affairs.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Wednesday, March 16, 1921.

Secretary Mellon announced that subscriptions for the $5\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series T.S.2-1921 dated March 15, 1921, maturing September 15, 1921, and the $5\frac{3}{4}$ per cent Treasury certificates of indebtedness of Series T.M.1922, dated March 15, 1921, maturing March 15, 1922, closed at the close of business on Tuesday, March 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $400,000,000 or thereabouts, has been oversubscribed, and that the total subscriptions aggregate over $460,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Thursday, March 17, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for the two issues of Treasury certificates of indebtedness dated March 15, 1921, (Series T.S.2-1921, $5\frac{1}{2}$ per cent, maturing September 15, 1921, Series T.M.-1922, $5\frac{3}{4}$ per cent, maturing March 15, 1922) was $503,436,500 and that the total amount of subscriptions allotted was $481,803,000. Subscriptions for the two series closed on March 15, 1921, the date of issue, and the amount offered was $400,000,000, or thereabouts. Six of the Federal Reserve Districts oversubscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	TOTAL SUBSCRIPTIONS RECEIVED	TOTAL SUBSCRIPTIONS ALLOTTED	SERIES T.S.2-1921	SERIES T.M.-1922
Philadelphia	$56,415,000	$ 50,780,000	$ 10,434,000	$ 40,346,000
Cleveland	55,908,500	51,975,000	23,634,000	28,341,000
New York	220,841,500	209,909,000	85,721,500	124,187,500
Richmond	16,854,500	16,440,500	6,291,000	10,149,500
San Francisco	31,450,000	30,815,000	14,515,000	16,300,000
Boston	35,061,500	34,978,000	12,912,000	22,066,000
Kansas City	14,000,000	14,000,000	4,850,500	9,149,500
St. Louis	13,279,000	13,279,000	4,705,000	8,574,000
Chicago	42,416,000	42,416,000	21,879,500	20,536,500
Minneapolis	7,234,500	7,234,500	3,166,000	4,068,500
Dallas	4,942,000	4,942,000	2,546,000	2,396,000
Atlanta	5,034,000	5,034,000	2,647,500	2,386,500
Total -	$ 503,436,500	$ 481,803,000	$ 193,302,000	$ 288,501,000

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE

Statement showing payments by the Treasury to carriers, to March 28, 1921, inclusive, under Section 212 for partial payments in respect to the guaranty provided in Section 209 of the Transportation Act, 1920, as amended.

Name of Railroad	Amount
Alabama, Tennessee & Northern Railroad Corporation	$ 40,000.00
Atchison, Topeka & Santa Fe Railway Company	5,425,000.00
Baltimore & Ohio Railroad Company	6,400,000.00
Bangor & Aroostook Railroad Company	60,000.00
Boston & Maine Railroad	6,500,000.00
The Brownwood North & South Railway Co.	5,500.00
Central New York Southern Railroad Corporation	27,000.00
Chicago & Alton Railroad Company	800,000.00
Chicago Great Western Railroad Company	1,335,000.00
Chicago, Indianapolis & Louisville Railway Company	400,000.00
Chicago Junction Railway Company	200,000.00
Chicago, Milwaukee & St. Paul Railway Co.	5,137,190.05
Chicago, Burlington & Quincy Railroad Co.	7,000,000.00
Chicago & Northwestern Railway Co.	12,000,000.00
Chicago, Peoria & St. Louis Railroad Co., Receivers of the	60,000.00
Chicago, Rock Island & Pacific Railway Co.	6,000,000.00
Chicago, St. Paul, Minneapolis & Omaha Railway Co.	850,000.00
Cumberland & Pennsylvania Railroad Company	60,000.00
Delaware, Lackawanna & Western Railroad Co.	2,000,000.00
Ft. Worth & Rio Grande Railway Company	210,000.00
Great Northern Railway Company	6,000,000.00
Gulf, Colorado & Santa Fe Railway Company	1,575,000.00
Gulf, Mobile & Northern Railroad Company	200,000.00
Illinois Central Railroad Company	2,376,000.00
International & Great Northern Railway Co.	260,000.00
Kansas City, Clinton & Springfield Railway Co.	55,000.00
Maine Central Railroad Co.	300,000.00
New York Central Railroad Company	20,000,000.00
Northern Pacific Railway Company	7,000,000.00
Oregon Electric Railway Company	180,000.00
Paris & Great Northern Railroad Co.	27,500.00
Pacific Coast Railroad Company	30,000.00
Philadelphia & Reading Railway Co.	2,000,000.00
Quanah, Acme & Pacific Railway Company	55,000.00
Raritan River Railroad Company	60,000.00
Spokane, Portland & Seattle Railway Co.	250,000.00
St. Louis-San Francisco Railway Co.	800,000.00
St. Louis, San Francisco & Texas Railway Co.	200,000.00
Texas & Pacific Railway	1,000,000.00
Trans-Mississippi Terminal Railroad Company	110,000.00
Tennessee Central Railroad Co.	115,000.00
Ulster & Delaware Railroad Co.	219,800.00
Total - - - - - - -	$ 97,322,990.05

TREASURY DEPARTMENT

For release morning papers,
Friday, April 1, 1921.

STATEMENT BY SECRETARY MELLON.

The Treasury has begun the retirement of the special Treasury certificates of indebtedness issued to secure Federal Reserve Bank notes under the Pittman Act approved April 23, 1918. Pittman Act certificates to the amount of $5,000,000 were retired on February 28, 1921, out of the general fund and $5,000,000 additional were similarly retired on March 29th. The Treasury expects to continue to retire Pittman Act certificates not required to secure issues of Federal Reserve Bank notes at the rate of about $5,000,000 per month. Pursuant to the terms of the Pittman Act, the Treasury is also coining into standard silver dollars the silver bullion purchased under the Act. Silver certificates will be issued in regular course against the standard silver dollars so coined and Federal Reserve Bank notes and Pittman Act certificates pledged to secure them will be retired in corresponding amounts. Pittman Act certificates to the amount of $2,000,000 have been retired up to March 31, 1921, as the result of the coinage of standard silver dollars. This means that the total amount of Pittman Act certificates outstanding has been reduced from $259,375,000 on December 31, 1920, to $247,375,000 on March 31, 1921.

TREASURY DEPARTMENT

For release morning papers,
Friday, April 1, 1921.

STATEMENT BY SECRETARY MELLON.

March collections of income and profits taxes have amounted to slightly over $700,000,000 and have thus exceeded by about $125,000,000 the March 15th maturities of principal and interest. This margin is therefore available to meet other Treasury requirements, including the Treasury certificates maturing April 15, 1921, which were offered with a maturity one month after the quarterly tax payment date in the expectation that they might be retired out of tax receipts. The Secretary of the Treasury has accordingly authorized the Federal Reserve Banks on and after Friday, April 1, 1921, and until further notice to redeem in cash before April 15, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series E 1921, maturing April 15, 1921.

TREASURY DEPARTMENT.

FOR RELEASE MORNING PAPERS,
Saturday, April 16, 1921.

Secretary Mellon announced that subscriptions for the $5\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series H-1921, dated April 15, 1921, maturing October 15, 1921, closed at the close of business on April 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the issue, which was for $150,000,000, or thereabouts, has been largely oversubscribed, and that the total subscriptions aggregate over $290,000,000. Nine Federal Reserve districts have reported oversubscriptions of their quota. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

RELEASE FOR PUBLICATION SUNDAY MORNING - April 17th.

Secretary of the Treasury Mellon today announced that a group of investment bankers, in conjunction with the Federal Land Banks, will offer next Monday morning $40,000,000 of 5%, twenty year Federal Land Bank bonds at par. The bonds will be redeemable at the option of the issuing bank at any time after ten years from date of issue. The managers of the group, which was formed at the request of the Farm Loan Board, will be:

Alexander Brown & Sons	Brown Brothers & Company
Lee, Higginson & Company	Harris, Forbes & Company
National City Company	Guaranty Company

The group will include over one thousand investment bankers covering the whole of the United States. The bonds will be offered simultaneously on Monday in every investment center of the country, and can be bought from investment bankers, Federal Land Banks, and Farm Loan associations.

Speaking of the bonds, Mr. Mellon said:

"The Supreme Court of the United States by its recent decision has firmly established the Federal Land Banks as a part of the banking system of the country. In view of the very satisfactory financial condition of the banks themselves, of the exemption of the bonds issued by these banks from Federal, state, municipal and local taxation everywhere in the United States, and with the very adequate security back of these bonds, they should prove an attractive security to investors, large and small, throughout the country. A distinctive feature of the new issue will be that the right of redemption by the banks cannot be exercised until the eleventh year after their issue; this will meet a very general demand for longer term investments, the present outstanding bonds being redeemable in a comparatively short time."

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,
Monday, April 18, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series H-1921, dated April 15, 1921, maturing October 15, 1921, was $320,036,000, and that the total amount of subscriptions allotted was $190,511,500. Subscriptions for this Series closed on April 15, 1921, the date of issue, and the amount offered was $150,000,000, or thereabouts. Ten of the Federal Reserve Districts over-subscribed or equaled their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

Fede

FEDERAL RESERVE DISTRICT	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Philadelphia	$ 52,535,000	$ 19,047,000
St. Louis	18,533,000	8,512,000
New York	126,066,000	74,067,000
Cleveland	26,162,000	16,125,000
Richmond	9,733,500	6,146,500
San Francisco	19,100,000	12,375,000
Boston	19,724,000	14,343,500
Chicago	30,421,000	22,932,000
Kansas City	6,998,000	6,200,000
Minneapolis	5,190,000	5,190,000
Dallas	2,764,500	2,764,500
Atlanta	2,809,000	2,809,000
Total	$ 320,036,000	$ 190,511,500

SAVINGS DIVISION
U.S.TREASURY DEPT.

C 358.

(FOR RELEASE FOR PAPERS OF MONDAY, APRIL 25th, 1921)

(Press Associations & Washington Corres.)

---oOo---

William Mather Lewis, Director of the Savings Division, who has been at the head of the government campaign for thrift, savings and sound investment, will leave the service of the Treasury Department May 1st to become associated with the Chamber of Commerce of the United States, according to an announcement today from the Treasury Department.

In accepting Mr. Lewis' resignation, Secretary of the Treasury Mellon expressed regret that personal business affairs made it impossible for Mr. Lewis to continue as head of the Savings Division, declaring that his work had been both constructive and effective and conducted with untiring effort and rare judgment.

Secretary Mellon wrote in part as follows:

"In accordance with your wishes, I hereby accept your resignation as Director of the Savings Division, effective April 30, 1921. It is with a great deal of regret that I take this action.

"I have been informed of the high order of service you have been rendering. Your work in the promotion of thrift and investment in small denomination Government securities has been both constructive and effective, and to your untiring efforts and rare judgment has been due in no small measure the success of the savings activities of the Department.

"It is a pleasure to convey to you the Treasury's thanks and commendation and I offer you my best wishes for your future welfare and happiness."

In his work with the Chamber of Commerce, Mr. Lewis will have headquarters in Washington.

----BUY W.S.S.----

TREASURY DEPARTMENT.

For release morning papers
Saturday, April 30, 1921.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon announced that he has authorized the Federal Reserve Banks on and after Saturday, April 30, 1921, and until further notice, to redeem in cash before May 16, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series D-1921, dated November 15, 1920, maturing May 16, 1921.

TREASURY DEPARTMENT

For release, morning papers,
Wednesday, May 11, 1921.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series A 1922, dated and bearing interest from May 16, 1921, payable February 16, 1922, with interest at the rate of five and one-half per cent per annum.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates will have two interest coupons attached, one for semiannual interest payable November 16, 1921, and the other payable February 16, 1922.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before May 16, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series D 1921, maturing May 16, 1921, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series A 1922 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The issue will be for $200,000,000 or thereabouts.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS,
Thursday, May 19, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for Treasury certificates of indebtedness of Series A-1922, dated May 16, 1921, maturing February 16, 1922, was $532,100,000, and that the total amount of subscriptions allotted was $256,170,000. Subscriptions for this Series closed on May 16, 1921, the date of issue, and the amount offered was $200,000,000, or thereabouts. Ten of the Federal Reserve Districts over-subscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	SUBSCRIPTIONS RECEIVED	SUBSCRIPTIONS ALLOTTED
Philadelphia	$ 91,076,000	$ 25,757,500
New York	224,884,500	99,954,000
St. Louis	26,315,000	10,797,500
Cleveland	52,571,000	23,300,000
Boston	43,148,500	21,208,000
Richmond	11,120,500	7,615,000
Chicago	40,955,500	29,989,000
Kansas City	10,500,000	8,375,000
San Francisco	16,500,000	14,540,000
Minneapolis	7,385,000	6,990,000
Dallas	4,071,500	4,071,500
Atlanta	3,572,500	3,572,500
Total	$ 532,100,000	$ 256,170,000

TREASURY DEPARTMENT

For immediate release,
May 24, 1921.

The statement in the advertisement of bonds of the State of North Dakota which appears in today's newspapers, purporting to be signed by the Treasurer of the United States, is entirely without authority of the Treasury Department.

TREASURY DEPARTMENT

For release, Morning Papers,
Wednesday, May 25, 1921.

The statement in the advertisement of bonds of the State of North Dakota which appears in today's newspapers, purporting to be signed by the Treasurer of the United States, is entirely without authority of the Treasury Department.

TREASURY DEPARTMENT

FOR RELEASE Morning Papers,
Wednesday, June 8, 1921.

Secretary Mellon today announced a combined offering of $500,000,000, or thereabouts, of three-year $5\frac{3}{4}$ per cent Treasury notes, dated June 15, 1921, due June 15, 1924, and one-year $5\frac{1}{2}$ per cent Treasury certificates, dated June 15, 1921, due June 15, 1922, pursuant to the program outlined in his letter of April 30, 1921, to the Chairman of the Committee on Ways and Means. The notes will be straight three-year notes, will not be subject to call for redemption before maturity, and will be acceptable in payment of income and profits taxes payable at or within six months before maturity. Further details in connection with the offering are outlined in the Secretary's letter of June 8, 1921, to the banking institutions of the country. The texts of the official circulars offering the notes and certificates are as follows:

TREASURY NOTES, SERIES A-1924.

The Secretary of the Treasury offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury notes of Series A-1924, of an issue of gold notes of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The notes will be dated and bear interest from June 15, 1921, will be payable June 15, 1924, and will bear interest at the rate of five and three-quarters per cent per annum payable semi-annually on December 15 and June 15 in each year.

Applications will be received at the Federal Reserve Banks.

Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000, and $100,000. The notes are not subject to call for redemption before maturity, and will not be issued in registered form. The principal and interest of the notes will be payable in United States gold coin of the present standard of value.

The notes of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

Notes of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at or within six months before the maturity of the notes. Any of the notes which have been owned by any person continuously for at least six months prior to the date of his death, and which upon such date constitute part of his estate, shall, under rules and regulations prescribed by the Secretary of the Treasury, be receivable by the United States at par and accrued interest in payment of any estate or inheritance taxes imposed by the United States, under or by virtue of any present or future law upon such estate or the inheritance thereof. The notes of this series will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of notes applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for notes allotted must be made on or before June 15, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive notes. Any qualified depositary will be permitted to make payment by credit for notes allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series TJ-1921 and Series TJ2-1921, both maturing June 15, 1921, and of Series G-1921, maturing July 15, 1921, and Series C-1921, maturing August 16, 1921, with any unmatured interest coupons attached, will be accepted at par, with an adjustment of accrued interest, in payment for any notes of the Series A-1924 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY CERTIFICATES OF INDEBTEDNESS,
SERIES T J 1922.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, Series T J-1922, dated and bearing interest from June 15, 1921, payable June 15, 1922, with interest at the rate of five and one-half per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates will have two interest coupons attached, payable December 15, 1921, and June 15, 1922.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

Certificates of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates. The certificates do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before June 15, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series TJ-1921 and Series TJ2-1921, both maturing June 15, 1921, and of Series G 1921, maturing July 15, 1921, and Series C 1921, maturing August 16, 1921, with any unmatured interest coupons attached, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series T J-1922 now offered which shall be subscribed for and allotted.

294

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

For release morning papers
Wednesday, June 8, 1921.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon announced that he has authorized the Federal Reserve Banks on and after Wednesday, June 8, 1921, and until further notice, to redeem in cash before June 15, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series T-J-1921, dated June 15, 1920, maturing June 15, 1921, and Series T-J-2-1921, dated December 15, 1920, maturing June 15, 1921.

TREASURY DEPARTMENT
WASHINGTON.

FOR IMMEDIATE RELEASE.

June 10, 1921.

The Secretary of the Treasury held a conference today at which the financing of livestock through banking channels was the subject of discussion. Those present were: J. P. Morgan and Governor Strong of the Federal Reserve Bank, of New York; Senators Stanfield of Oregon, Gooding of Idaho, Kendrick of Wyoming and Smith of South Carolina; Vice-Governor E. B. Platt and John R. Mitchell of the Federal Reserve Board; and Eugene Meyer, Jr., Managing Director of the War Finance Corporation.

It is understood that a short investigation will indicate whether or not adequate financial relief for the livestock industry may be obtained through private banking channels.

For release, AFTERNOON PAPERS,
JUNE 11, 1921.

June 10, 1921.

The Secretary of the Treasury today announced that invitations have been extended to a number of bankers in the live stock growing sections, through the Federal Reserve agents, to attend a meeting in Chicago on Wednesday, June 15, for the purpose of determining the best methods of meeting the live stock loan situation. This action was decided upon at a recent conference which was participated in by the Secretary of the Treasury, members of the Federal Reserve Board, the Governors of the Federal Reserve banks at New York and Kansas City, and the Managing Director of the War Finance Corporation. Mr. John R. Mitchell of the Federal Reserve Board and Mr. Eugene Meyer, Jr., Managing Director of the War Finance Corporation, will represent Secretary Mellon at the Chicago meeting.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Thursday, June 16, 1921.

Secretary Mellon announced that subscriptions for the three-year $5\frac{3}{4}$ per cent Treasury notes, dated June 15, 1921, due June 15, 1924, and the one-year $5\frac{1}{2}$ per cent Treasury certificates, dated June 15, 1921, due June 15, 1922, closed at the close of business on June 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined offering, which was for \$500,000,000, or thereabouts, has been largely oversubscribed, and that the total subscriptions aggregate over \$750,000,000. Subscriptions and allotments will, it appears, be about equally divided between the notes and certificates. Further details will be announced when final reports are received from the Federal Reserve Banks.

This prompt over-subscription successfully inaugurates the Treasury's announced program of varying its offerings of Treasury certificates from time to time with offerings of short-term notes in moderate amounts.

FOR IMMEDIATE RELEASE June 17, 1921.

WAR FINANCE CORPORATION

Statement for the Press

Eugene Meyer, Jr., Managing Director of the War Finance Corporation, who has just returned from Chicago, stated, when requested to summarize the results of the meeting of the Western bankers and livestock raisers which he attended at the request of the Secretary of the Treasury, with Mr. John R. Mitchell of the Federal Reserve Board, that the meeting had been entirely successful.

The Western livestock interests passed resolutions of appreciation of the co-operation offered by the Eastern banking interests. It was determined to go ahead with the creation of a $50,000,000 livestock loaning fund, under a plan of organization and upon terms to be settled by the bankers, in cooperation with the livestock people. Representatives of the livestock raisers present joined in the discussion of conditions and the details of the proposed plans, and they agreed that through the plans proposed the most effective and promptest aid can be brought to the situation.

A representative of the Western interests is conferring to-day in New York with the bankers, with a view to a prompt decision on organization and terms of administration of the large loan fund.

-oOo-

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
SATURDAY, June 18, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for the combined offering of three-year $5\frac{3}{4}$ per cent Treasury notes, dated June 15, 1921, due June 15, 1924, and one-year $5\frac{1}{2}$ per cent Treasury certificates, dated June 15, 1921, due June 15, 1922, was $788,007,000, and that the total amount of subscriptions allotted was $625,375,600. Subscriptions for the combined offering closed on June 15, 1921, the date of issue, and the amount offered was $500,000,000, or thereabouts. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted	Treasury Notes Series A-1924 Allotted	Treasury Certificates Series T.J.-1922 Allotted
Philadelphia	$ 105,714,600	$ 70,843,000	$ 45,509,500	$ 25,333,500
New York	394,353,500	294,380,700	157,225,200	137,155,500
Cleveland	83,012,200	60,400,200	21,175,200	39,225,000
St. Louis	26,604,600	22,441,600	9,740,100	12,701,500
Boston	44,987,000	43,975,000	22,905,000	21,070,000
Richmond	17,224,500	17,224,500	8,698,500	8,526,000
Chicago	54,424,700	54,424,700	20,650,200	33,774,500
Kansas City	14,824,000	14,824,000	5,346,500	9,477,500
Dallas	8,766,600	8,766,600	4,058,600	4,708,000
Minneapolis	10,763,600	10,763,600	5,301,100	5,462,500
San Francisco	21,311,800	21,311,800	8,411,800	12,900,000
Atlanta	6,019,900	6,019,900	2,169,900	3,850,000
Total	$ 788,007,000	$ 625,375,600	$ 311,191,600	$ 314,184,000

301

TREASURY DEPARTMENT

The attached letter from Senator Frelinghuysen to Secretary Mellon of June 24th, and Secretary Mellon's reply of July 2d, with reference to the Bill now pending in Congress to provide adjusted compensation for veterans of the World War, are released for publication in the morning papers of Thursday, July 7, 1921.

UNITED STATES SENATE,

WASHINGTON, D.C.

June 24,
1 9 2 1.

Honorable Andrew W. Mellon,
Secretary of the Treasury,
Washington, D. C.

My dear Mr. Secretary:

A bill is now pending in Congress to provide additional compensation for veterans of the World War.

Under such bill each veteran is given the right to select adjusted service pay, or an adjusted service certificate, or vocational trade aid, or farm or home aid, or land settlement aid. What is meant by these phrases is fully explained in the bill, a copy of which I send you herewith.

In my study of the bill I have tried to determine what financial obligation its enactment would place upon the Treasury. Such obligation your Department, I am sure, is equipped to ascertain. I have no desire to place any undue burden upon you, but I would be grateful if you could see your way clear to indicate what the enactment of the bill would mean to the Treasury of the United States.

Thanking you in advance for any information which you may furnish, I am

Very truly yours,

J. S. FRELINGHUYSEN

U.S.S.

July 2, 1921.

My dear Senator:

I received your letter of June 24, 1921, with regard to the Bill now pending in Congress (S. 506) "to provide adjusted compensation for veterans of the World War". In accordance with your request, I am glad to indicate what financial obligation this Bill would place upon the Government, and what its enactment would mean to the Treasury of the United States.

The Bill which has been reported to the Senate provides, as you know, for five optional plans, (1) adjusted service pay, (2) adjusted service certificates, (3) vocational training aid, (4) farm or home aid, and (5) land settlement aid. The financial obligation which its passage would impose on the Treasury depends in large measure upon the choice of plan which may be made by veterans entitled to the benefits of the Bill. It is, therefore, impossible to make accurate estimates at this time either as to the total cost to the Treasury or as to the time when the payments would have to be made. The features of the plan which would entail the greatest expense are (1) the cash payments to be made as adjusted service pay, (2) the payments and loans to be made on adjusted service certificates, and (3) the payments involved in

204

the so-called farm or home aid.

The most conservative estimates show that the Bill would cost from about $1,500,000,000 (if the bulk of the payments were on account of adjusted service pay, the greater part of which would fall in the near future) to about $5,250,000,000 (if most veterans elected to take adjusted service certificates, the payments on which would be distributed over a period of 20 years). The actual cost of the Bill should fall between these two extremes according to the choice of plan made by the veterans. If, as seems probable, at least one-half should elect the cash payment plan and about one-half the certificate plan, with one-third of the latter borrowing on their certificates, the ultimate cost of the Bill, it is estimated, would be over $3,330,000,000. These estimates take no account of expenses of administration or possible cost of affording vocational training aid, farm or home aid, or land settlement aid to veterans who elect such benefits. These will involve substantial additional expense. Under Title V of the Bill, for example, any veteran who elects farm or home aid may obtain in one payment or in installments an amount equal to his adjusted service pay increased by 40 per cent, for the purpose of enabling him on or after January 1, 1922, to purchase or make improvements on a city or suburban home or farm. If any considerable proportion of the veterans should choose this form of aid, the effect would be to throw a heavier expense into the first two or three years, and perhaps greatly increase the aggregate cost of the plan.

These estimates, incomplete as they are, show the heavy obligations to which the pending Bill would commit the country. To impose these vast additional liabilities upon the Treasury, particularly under present conditions in industry and commerce, would in my judgment create a serious situation.

Not the least disturbing feature of the Bill is the plan to postpone actual distribution of the principal benefits conferred by the Bill to the fiscal year 1923. This means that, without conferring immediate benefits on ex-service men, the country would be committing itself to a stupendous indeterminate liability which, once assumed, it would have to carry through no matter how embarrassing it might prove to the finances of the Government and the business of the country when the time comes for fulfillment. Incidentally this feature of the Bill tends to mislead the people into the belief that in some way the proposed program can be accomplished without imposing a serious burden on the Treasury or the country. The result is to secure for the Bill more favorable consideration than it could receive were the situation presented in its true light.

As a matter of fact, a plan to disburse even over a period of years up to 4 or 5 billions of dollars as "adjusted compensation" must inevitably increase by that much the war burden which the American people have to bear. It would greatly swell the cost of Government and virtually defeat the Administration's program of economy and retrenchment. It could be financed only by adding to the burden of debt and taxes under which the country is now staggering. However financed, no such sum could be taken out of the public Treasury without throwing a corresponding load upon the whole people in the form of increased interest charges, increased taxes, and increased cost of living. This burden, moreover, would be in addition to that already imposed in most of the States, which have provided bonuses in varying degrees of liberality to veterans of the late war.

Nor could the vast payments required by the Bill be financed without introducing grave complications into the refunding operations which will be necessary within the next few years. The Government has to face early maturities of public debt amounting to about 7½ billions of dollars, of which about 5 billions fall in the same fiscal year in which it is proposed to begin cash payments under the Bill. The greater part of this maturing debt will have to be refunded, and if a soldiers' bonus must also be financed the cost of that refunding will be vastly increased and the refunding operations themselves seriously embarrassed. The market for outstanding Government securities would be adversely affected and the patriotic holders of Liberty bonds, instead of looking forward to improved market conditions, would have to face the threat of further depression. I know of no one thing, for example, that would so greatly strengthen the market for Liberty bonds as the assurance that Congress had once and for all given up consideration of a soldiers' bonus.

I have already submitted to Congress, in my letter of April 30th to the Chairman of the Committee on Ways and Means, a detailed statement of the condition of the Treasury, the latest estimates of the receipts and expenditures of the Government for the fiscal years 1921 and 1922, and an outline of the Treasury's program for dealing with the short-dated debt. The figures given in that letter show that even without any expenditures on account of adjusted compensation under the proposed Bill, there is grave danger that the necessary expenditures of the Government in the near future will exceed its current receipts, thus leaving deficits to be met by new taxes or further borrowing. In these cir-

3 08

cumstances, I believe that the best interests of the country demand that action be deferred upon the soldiers' bonus or the Bill to provide so-called adjusted compensation. This is not a time to impose several billion dollars of new liabilities on an already overburdened Treasury. It seems particularly inappropriate to give present consideration to the measure when we still have before us the pressing problem of revising the internal tax laws and finding sufficient revenues to meet the existing requirements of the Government. This problem must be dealt with in the midst of extreme and widespread industrial depression. These conditions affect not only every industry in our own country, but are worldwide, and our past experience furnishes no sure guide as to their duration. The revision of the tax laws, therefore, so as to adjust them to present conditions and at the same time produce sufficient revenues to meet the existing requirements of the Government, is a matter of great difficulty, and even without the burden which would be imposed by the bonus, industrial and commercial earnings in the current year have so decreased that it is a matter of grave concern to the Treasury as to the amount of revenue that will be received in 1922.

The country is under a solemn obligation to those who fought its war. Our first concern, of course, should be to make full provision for the needs of disabled veterans. To that object the country is pledged to give without stint of its resources.

It would be unfortunate in the extreme, while we are still struggling with that problem, to dissipate our resources in a sweeping plan for cash payments to able-bodied ex-soldiers and sailors. The best interests of the veterans cannot in the last analysis be considered separate and apart from the best interests of the country as a whole, and I should be derelict in my duty to the country and to the veterans themselves if I failed to give this warning of the inevitable financial consequences of the pending Bill. Its direct consequences are inescapable, and I have already indicated what they would be. It would also involve grave dangers of renewed inflation, increased commodity prices and unsettled business conditions. The result would be serious injury and loss to the whole community, and in the long run even the veterans themselves would lose far more than they would gain. I cannot bring myself to believe that this would be "adjusted compensation" for a service that was performed as the highest duty of citizenship and a sacrifice that can never be measured in terms of money.

Very truly yours,

A. W. MELLON

Secretary.

Hon. Joseph S. Frelinghuysen,
United States Senate.

TREASURY DEPARTMENT.

For release morning papers,
Monday, July 11, 1921.

The following resolution was passed unanimously at a meeting of the National Committee on Hospitalization and Vocational Training of the American Legion, held July 6, 1921 at Washington, D. C. As directed by the resolution, copies will be sent to the 10,042 Posts of the American Legion throughout the United States.

> "This Committee, after duly hearing a report from the Consultants of the Secretary of the Treasury, desires to record its appreciation of the progress made and the work accomplished by the Secretary of the Treasury in allocating the money recently appropriated by the Congress for the expansion of existing federal hospitals and new hospitals for ex-service men. This Committee approves highly of the method adopted by the Secretary of appointing Consultants, chosen from specialists of the country, to advise on the location and type of hospitals to be erected under the aforesaid appropriation, and would urge upon the Secretary of the Treasury that he request the Consultants to recommend to him such additional provision as in their judgment, after further careful study, may seem to be necessary to complete the hospital program for ex-service men, and furthermore, the National Adjutant is requested to forward a copy of this resolution to every Post."

TREASURY DEPARTMENT.

FOR RELEASE, Morning papers,
Monday, July 11, 1921.

Secretary Mellon announces that according to information received from Chicago, the banking pool which has been formed to handle live-stock loans will be in a position to begin to make loans during the week of July 11th. It is understood that all differences have been satsifactorily adjusted, and that many applications for loans have been made and will be acted upon during the week. The committee expects to make advances aggregating at least $1,000,000 the first week. The management of the pool will be under the direction of Mr. M. L. McClure, whose office will be open on Monday, July 11th, in the Continental and Commercial National Bank Building, Chicago, and to whom all inquiries should be directed.

TREASURY DEPARTMENT

For release morning papers,
Monday, July 25, 1921.

The Secretary of the Treasury announces that during the fiscal year ended June 30, 1921, $73,939,300 face amount of Liberty bonds were purchased and retired by the Treasury out of repayments of principal by foreign governments. These purchases were made pursuant to section 3 of the Second Liberty Bond Act, as amended, which provides that the Secretary of the Treasury is authorized to apply any payments received from foreign governments on account of the principal of their obligations to the redemption or purchase at not more than par and accrued interest of any outstanding Liberty bonds. The foreign repayments from which the purchases in question were made comprise $30,517,633.57 of repayments by the British Government on obligations deemed to have been given on account of Pittman silver, and $16,000,000 on other obligations; $19,302,357.55 by the French Government; $1,512,901.66 by the Belgian Government; $605,326.34 by the Serbian Government; $1,794,180.48 by the Roumanian Government; and $974,500 by the Cuban Government; a total of $70,706,899.60 of repayments. For the most part, these payments were on special account, or by way of adjustment of accounts, and should not be taken to indicate that any general program of repayment of the foreign obligations has begun.

The Liberty bonds retired on this account include $2,145,950 of Second $4\frac{1}{4}$'s, $44,365,550 of Third $4\frac{1}{4}$'s, and $27,427,800 of Fourth $4\frac{1}{4}$'s. The total principal cost was $70,669,004.88. Of the bonds retired, $95,100 of Second $4\frac{1}{4}$'s, $10,371,900 of Third $4\frac{1}{4}$'s and $27,427,800 of Fourth $4\frac{1}{4}$'s were acquired from the War Finance Corporation, out of bonds purchased at par by the Corporation from the United States Railroad Administration pursuant to the requirements of the Act of Congress approved May 8, 1920.

TREASURY DEPARTMENT

For release, morning papers,
Wednesday, July 27, 1921.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from August 1, 1921, the certificates of Series T M 2-1922 being payable on March 15, 1922, with interest at the rate of five and one-quarter per cent per annum, and the certificates of Series B-1922 being payable on August 1, 1922, with interest at the rate of five and one-half per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series T M 2-1922 will have one interest coupon attached, payable March 15, 1922, and the certificates of Series B-1922 two interest coupons attached, payable February 1, 1922, and August 1, 1922.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series do not bear the circulation privilege, and the certificates of Series B-1922 will not be accepted in payment of taxes. The

314

certificates of Series T M 2-1922 will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before August 1, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series C-1921, maturing August 16, 1921, with any unmatured interest coupons attached, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series T M 2-1922 or B-1922 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

The combined offering will be for $300,000,000, or thereabouts.

TREASURY DEPARTMENT.

For release afternoon papers
MONDAY, August 1, 1921.

STATEMENT BY SECRETARY MELLON

Secretary Mellon announced that he has authorized the Federal Reserve Banks on and after Tuesday, August 2, 1921, and until further notice, to redeem in cash before August 16, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series C-1921, dated August 16, 1920, maturing August 16, 1921.

TREASURY DEPARTMENT.

For release, MONDAY MORNING Papers, AUGUST 1, 1921.

A resolution passed by the American Federation of Labor at its recent Denver Convention, calling upon the Treasury Department to protect the people against fraudulent and worthless stocks and securities and to continue the sale of Treasury Savings Securities as an opportunity for wage-earners and small investors generally to invest their savings, has been highly commended by Secretary Mellon, in a letter to Mr. Samuel Gompers made public today. The resolution reads as follows:

"WHEREAS, Huge sums of money were literally swindled from the public last year according to the best authorities, by the sale of fraudulent and worthless stocks and securities; and

"WHEREAS, The men and women in industry have neither the time, knowledge, nor experience to make a complete and thorough investigation and examination of stocks and securities that are offered to them in attractive ways to induce the investing of their small sums and savings accumulated through sacrifice, strictest economy, and thrift; and

"WHEREAS, The savings certificates issued by the United States Government, through the Treasury Department, in denominations of 25¢, $1, $5, $25, $100 and $1000, provide the means whereby the small investor and saver will have a safe and convenient investment increasing in value each month, returning a satisfactory rate of interest and free from speculative fluctuations; therefore be it

"RESOLVED, That the American Federation of Labor call upon the United States Government, through the Treasury Department, to adopt every necessary means of protecting small investors by calling their attention to the fraudulent and fake stocks and securities, and to adopt every possible method to rid the country and the people of these fraudulent schemers; and, be it further

"RESOLVED, That the American Federation of Labor in convention assembled at Denver, Colorado, June, 1921, strongly urge the United States Government, through the Treasury Department, to continue the issuance of Treasury Savings Securities and to adopt every means to call to the attention of the great body of men, women and children in the United States the splendid opportunity of practicing thrift and investing their funds in Government Securities to the end that thrift, economy, and the accumulation of a savings fund may become a part of the everyday life of every American worker, and, be it further

"RESOLVED, That the American Federation of Labor offer to the United States Government, through the Treasury Department, cooperation and assistance in bringing to the attention of the rank and file of all the local unions the advantage to their members in placing their savings in Government Securities, and that copies of these resolutions be sent the President, Warren G. Harding, to Andrew W. Mellon, Secretary of the Treasury, and to every other cabinet officer and every member of the Senate and House of Representatives, and to the Governors of the twelve Federal Reserve Banks."

Commenting upon the action of the Federation in the adoption of this resolution, Mr. Gompers says in his letter to Secretary Mellon:

"Your attention is particularly called to the patriotic and considerate action of the representatives of organized labor of America. It emphasizes the fact so prominently established during the war that the organized wage earners of the United States love their country and are anxious to do everything in their power to preserve it. The adoption of this resolution will not only have a great influence upon the membership of the American Federation of Labor throughout the country, but will have its effect upon the unorganized wage earners and all other citizens who have small savings to invest, and who want to be assured of their safety. Nothing could more definitely determine the feeling of the wage earners to the permanency of their government than their desire that it should continue to issue Treasury Savings Securities so that they can purchase them. Permit me to assure you that I shall give whatever aid or assistance the Treasury Department may ask to bring about a wider distribution of Government securities through the trade unions of the country."

Secretary Mellon in his reply to Mr. Gomper's letter calls attention to the fact that the Treasury has exerted every effort to protect investors against fraudulent investment schemes and to direct the savings of the people into safe and profitable channels. Secretary Mellon's letter follows:

"I have received your letter of July 18th transmitting a copy of a resolution adopted by the Denver Convention of the American Federation of Labor, held June 13, 1921, with reference to the issue of Treasury Savings Securities and the protection of investors against fraudulent and worthless stocks and securities.

"The Treasury has exerted every effort to warn and protect investors against issues of fraudulent and worthless securities and has consistently urged upon the people generally the importance of thrift and saving and investment in Government securities, as the surest and most effective means for promoting the national prosperity and the welfare of the individual investor. The Treasury greatly appreciates the support and cooperation of the American Federation of Labor in these efforts."

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Tuesday, August 2, 1921.

Secretary Mellon announced that subscriptions for the $5\frac{1}{4}$ per cent Treasury certificates of indebtedness of Series T.M. 2-1922, dated August 1, 1921, maturing March 15, 1922, and the $5\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series B-1922, dated August 1, 1921, maturing August 1, 1922, closed at noon on Monday, August 1, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $300,000,000 or thereabouts, has been over-subscribed, and that the total subscriptions aggregate over $1,000,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Thursday, August 4, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for the two issues of Treasury certificates of indebtedness dated August 1, 1921, (Series T.M.2-1922, 5¼ per cent, maturing March 15, 1922, Series B-1922, 5½ per cent, maturing August 1, 1922) was $1,030,006,500 and that the total amount of subscriptions allotted was $376,362,500. Subscriptions for the two series closed on August 1, 1921, the date of issue, and the amount offered was $300,000,000, or thereabouts. All of the Federal Reserve Districts oversubscribed their quota. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota), as follows:

FEDERAL RESERVE DISTRICT	TOTAL SUBSCRIPTIONS RECEIVED	TOTAL SUBSCRIPTIONS ALLOTTED	SERIES T.M.2-1922	SERIES B-1922
Philadelphia	$ 201,315,500	$ 39,370,000	$ 9,033,500	$ 30,336,500
New York	524,636,000	146,886,000	47,263,500	99,622,500
Boston	67,754,500	30,170,000	9,101,500	21,068,500
Cleveland	61,821,500	30,665,000	11,295,000	19,370,000
Richmond	22,071,500	11,611,000	3,746,000	7,865,000
Dallas	13,096,000	7,778,500	2,489,000	5,289,500
St. Louis	20,730,000	12,928,500	3,695,000	9,233,500
Chicago	58,241,000	43,763,500	17,636,000	26,127,500
Kansas City	16,000,000	12,400,000	2,516,500	9,883,500
San Francisco	25,000,000	21,630,000	5,613,500	16,016,500
Minneapolis	10,561,500	10,398,000	2,689,000	7,709,000
Atlanta	8,779,000	8,762,000	1,812,500	6,949,500
Total -	$ 1,030,006,500	$ 376,362,500	$116,891,000	$ 259,471,500

321

TREASURY DEPARTMENT

FOR RELEASE AFTERNOON PAPERS,
Thursday, August 11, 1921.

August 10, 1921.

Dear Mr. Chairman:

On the basis of the understanding reached at our conference yesterday with the President, I am now able to submit figures as to reductions in the estimated expenditures of the Government for the fiscal year 1922, and in that connection present herewith new estimates as to the revenue needs of the Government for the fiscal year, with recommendations as to the reduction and revision of taxation.

1. Reduction in ordinary expenditures.- The Administration, in cooperation with the Committee on Ways and Means, has determined to reduce the ordinary expenditures of the Government for the fiscal year 1922 by at least $350,000,000 below the revised estimates presented by the Treasury on August 4th. It is understood that this saving will be distributed, according to the best estimates now available, substantially as follows:

	Last Revised Estimate	New Estimate	Net Reduction
War Department,	$450,000,000	$400,000,000	$ 50,000,000
Navy Department,	487,225,000	387,225,000	100,000,000
Shipping Board,	200,000,000	100,000,000	100,000,000
Department of Agriculture,	123,000,000	98,000,000	25,000,000
Railroads,	545,000,000	495,000,000	50,000,000
Miscellaneous,			25,000,000
	Total Reduction		$350,000,000

To accomplish this reduction it will be necessary for the Adminis-

222

tration, with the assistance of the Director of the Bureau of the Budget, to put forth its utmost efforts to insure economy in every Government activity, and for Congress on its part to give the most whole-hearted cooperation not only by the avoidance of new expenditure but also by the limitation or repeal of various outstanding balances and authorizations. The reduction which is estimated in the railroad payments assumes that about $50,000,000 of the expenditure heretofore estimated to fall within the fiscal year 1922 will either prove unnecessary as settlements progress or be deferred to the fiscal year 1923.

2. Reduction in Public Debt Expenditures. - It is understood that the Treasury will provide for two items of estimated public debt expenditure for the fiscal year 1922 out of other public debt receipts during the year, as follows:

Net redemptions of War Savings securities,	$100,000,000
Retirement of Pittman Act certificates,	70,000,000
Total,	$170,000,000.

This will mean a reduction of $170,000,000 below the previously estimated net public debt expenditure for the year. It is understood that the sinking fund requirements of the Victory Liberty Loan Act, amounting to $265,754,865 for the year, will be observed, and the miscellaneous debt reductions required to be made out of receipts specially earmarked for the purpose will not be disturbed.

3. Total Reduction in Expenditure. - The aggregate reduction in expenditure for the fiscal year, on the basis above established,

will be $520,000,000, leaving an estimated total expenditure of about $4,034,000,000.

4. Receipts from sources other than Internal Revenue. - It is understood that the Administration will make every effort, with the cooperation of Congress and the assistance of the Director of the Bureau of the Budget, to increase realization on salvageable property remaining from the war, particularly in the War Department, the Navy Department and the Shipping Board. It is hoped that with increased receipts from salvage and a new tariff law effective by December 31, 1921, the total receipts from sources other than internal revenue during the fiscal year 1922 will be as follows:

Customs,	$370,000,000
Salvage (including sales of surplus war supplies)	200,000,000
Other miscellaneous revenue,	287,643,000
Total,	$857,643,000.

5. Revision of taxation. - On the basis of the estimated reductions in expenditure to be made during the current fiscal year, the Administration recommends that the internal tax laws be revised so as to produce a total of $3,000,000,000 of internal revenue for the calendar year 1922, as follows:

Normal income tax,	$ 470,000,000
Income surtaxes,	380,000,000
Ten per cent Corporation income tax,	445,000,000
Additional 2½ per cent Corporation income tax, (As partial substitute for excess profits tax)	111,250,000
Back collections of income and profits taxes,	300,000,000
Miscellaneous internal revenue,	1,293,750,000
Total	$3,000,000,000.

Specifically, this revision would involve (1) the repeal of the excess profits tax effective January 1, 1921, with a 2½ per cent flat tax on corporation incomes as a partial substitute; (2) the repeal of the higher surtax brackets to a maximum of 32 per cent effective January 1, 1921, and a maximum of 25 per cent effective January 1, 1922; (3) the reduction of the transportation tax by one-half effective January 1, 1922, and its repeal effective January 1, 1923; (4) the repeal or modification of certain miscellaneous taxes imposed under Section 630 (with a substitute tax on carbonated waters etc.) and under Section 904 of the Revenue Act of 1918; and (5) sufficient readjustments in miscellaneous taxes to assure aggregate internal revenue for the calendar year of $3,000,000,000. In connection with these readjustments, if the suggested additional flat tax on the net income of corporations is to be fixed at 2½ per cent, it will be necessary to make up the resulting loss in revenue by means of the miscellaneous internal taxes, in part through the substitute tax on carbonated waters and in part through increases in existing stamp taxes. On the other hand, if the flat additional tax is to be fixed at 5 per cent, it might be possible in that connection to regard the last 2½ per cent as a substitute for the capital stock tax and repeal the capital stock tax, relying on the tax on carbonated waters and other readjustments in miscellaneous taxes to provide the necessary revenue.

The additional revenue necessary for the fiscal year 1922 will be made up, it is estimated, by the overlapping of receipts collected under existing law, and to some extent by collections of back taxes.

The suggested revision automatically provides for further reductions in taxation for the calendar year 1923 through (1) the complete repeal of the transportation tax effective January 1, 1923, (2) the reduction of the surtaxes to a maximum of 25 per cent effective January 1, 1922, and at the same time there is to be anticipated a falling off in collections of back taxes in the calendar year 1923.

6. Additional Authority for the Secretary of the Treasury.- In order to carry out this program and provide further for the financing of the short-dated debt, the Secretary of the Treasury should have enlarged authority for the issue and retirement of notes under Section 18 of the Second Liberty Bond Act, as amended, with provision for a total of $7,500,000,000 at any one time outstanding. The existing authority is for $7,000,000,000, and about $3,850,000,000 of Victory notes and $311,000,000 of Treasury notes are already outstanding thereunder. The additional authority is necessary in order to carry out the program for dealing with the short-dated debt outlined in my letter to you of April 30, 1921. I attach for your convenience a draft of amendment appropriate for this purpose.

I cannot too strongly emphasize that the program agreed upon at yesterday's conference and outlined in this letter depends upon the reductions in expenditure which the Administration expects to accomplish, and that the anticipated savings can be effected only by the most consistent and determined efforts to cut expenditure. The estimates of receipts, on the other hand, represent the utmost expected to accrue during the year, particularly in view of the uncertainties resulting from the depression in business and the shrinkage in incomes and profits.

Cordially yours,

(Signed) A. W. MELLON

Secretary.

Hon. Joseph W. Fordney,
Chairman, Committee on Ways and Means,
House of Representatives,
Washington, D. C.

1 enclosure.

That Section 18 (a) of the act approved September 24, 1917, as amended by the act approved March 3, 1919, is hereby amended by striking out the words and figures "for the purposes of this act, and to meet public expenditures authorized by law, not exceeding in the aggregate $7,000,000,000," and inserting in lieu thereof the words and figures "for the purposes of this act, to provide for the purchase or redemption of notes issued hereunder, and to meet public expenditures authorized by law, not exceeding in the aggregate $7,500,000,000 at any one time outstanding".

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
FRIDAY, September 9, 1921.

Secretary Mellon to-day announced a combined offering of \$600,000,000, or thereabouts, of three-year $5\frac{1}{2}$% Treasury notes, dated September 15, 1921, due September 15, 1924, six-months 5% Treasury certificates dated September 15, 1921, due March 15, 1922, and one-year $5\frac{1}{4}$% Treasury certificates dated September 15, 1921, due September 15, 1922. The notes will be straight three-year notes, will not be subject to call for redemption before maturity, and will be acceptable in payment of income and profits taxes payable at or within six months before maturity. Further details in connection with the offering are outlined in the Secretary's letter of September 9, 1921, to the banking institutions of the country. The texts of the official circulars offering the notes and certificates are as follows:

TREASURY NOTES, Series B-1924.

The Secretary of the Treasury offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury notes of Series B-1924, of an issue of gold notes of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The notes will be dated and bear interest from September 15, 1921, will be payable September 15, 1924, and will bear interest at the rate of five and one-half per cent per annum payable semi-annually on March 15 and September 15 in each year.

Applications will be received at the Federal Reserve Banks.

Bearer notes with interest coupons attached will be issued in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The notes are not subject to call for redemption before maturity, and will not be issued in registered form. The principal and interest of the notes will be payable in United States gold coin of the present standard of value.

The notes of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

Notes of this series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at or within six months before the maturity of the notes. Any of the notes which have been owned by any person continuously for at least six months prior to the date of his death, and which upon such date constitute part of his estate, shall, under rules and regulations prescribed by the Secretary of the Treasury, be receivable by the United States at par and accrued interest in payment of any estate or inheritance taxes imposed by the United States, under or by virtue of any present or future law upon such estate or the inheritance thereof. The notes of this series will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of notes applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for notes allotted must be made on or before September 15, 1921, or on later allotment. After

320

allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive notes. Any qualified depositary will be permitted to make payment by credit for notes allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series TS-1921 and Series TS2-1921, both maturing September 15, 1921, and of Series F-1921 and Series H-1921, both maturing October 15, 1921, with any unmatured interest coupons attached, will be accepted at par, with an adjustment of accrued interest, in payment for any notes of the Series B-1924 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY CERTIFICATES OF INDEBTEDNESS
Series TM 3-1922 and Series TS-1922

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, Treasury certificates of indebtedness, in two series, both dated and bearing interest from September 15, 1921, the certificates of Series TM 3-1922 being payable on March 15, 1922, with interest at the rate of five per cent per annum semiannually, and the certificates of Series TS-1922 being payable on September 15, 1922, with interest at the rate of five and one-quarter per cent per annum, payable semiannually.

Applications will be received at the Federal Reserve Banks.

Bearer certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series TM3-1922 will have one interest coupon attached, payable March 15, 1922, and the certificates of Series TS-1922 two interest coupons attached, payable March 15, 1922, and September 15, 1922.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act approved September 24, 1917, and amendments thereto, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

The certificates of these series will be accepted at par, with an adjustment of accrued interest, during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury, in payment of income and profits taxes payable at the maturity of the certificates. The certificates of these series do not bear the circulation privilege.

The right is reserved to reject any subscription and to allot less than the amount of certificates of either or both series applied for and to close the subscriptions as to either or both series at any time without notice. Payment at par and accrued interest for certificates allotted must be made on or before September 15, 1921, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive certificates. Any qualified depositary will be permitted to make payment by credit for certificates allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district. Treasury certificates of indebtedness of Series TS-1921 and Series TS2-1921, both maturing September 15, 1921, and of Series F-1921 and Series H-1921, both maturing October 15, 1921, with any unmatured interest coupons attached, will be accepted at par, with an adjustment of accrued interest, in payment for any certificates of the Series TM3-1922 or TS-1922 now offered which shall be subscribed for and allotted.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments in full in the order of the receipt of applications up to amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Friday, September 16, 1921.

Secretary Mellon announced that subscriptions for the three-year $5\frac{1}{2}$ per cent Treasury notes, dated September 15, 1921, due September 15, 1924, and the one-year $5\frac{1}{4}$ per cent Treasury certificates of indebtedness, dated September 15, 1921, due September 15, 1922, and the six months 5 per cent Treasury certificates, dated September 15, 1921, due March 15, 1922, closed at noon on September 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined offering, which was for $600,000,000, or thereabouts, has been largely oversubscribed, and that the total subscriptions aggregate over $1,400,000,000. Further details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Sunday, September 18, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for the combined offering of three-year $5\frac{1}{2}$ per cent Treasury notes, dated September 15, 1921, due September 15, 1924, and the one-year $5\frac{1}{4}$ per cent Treasury certificates of indebtedness, dated September 15, 1921, due September 15, 1922, and the six months 5 per cent Treasury certificates, dated September 15, 1921, due March 15, 1922, was $1,587,838,900, and that the total amount of subscriptions allotted was $698,149,100. Subscriptions for the combined offering closed on September 15, 1921, the date of issue, and the amount offered was $600,000,000, or thereabouts. The subscriptions and allotments were divided among the several Federal Reserve Districts (which are arranged in the order of the percentage of their subscriptions to their quota) as follows:

Subscriptions Received

Federal Reserve District	Total	Treasury Notes Series B-1924	Treasury Certificates Series T.M.3-1922	Treasury Certificates Series T.S.-1922
Philadelphia	$315,623,700	$ 180,909,700	$ 53,246,500	$ 81,467,500
Cleveland	163,234,600	39,320,100	51,661,500	72,253,000
New York	682,977,400	360,755,900	131,647,500	190,574,000
Boston	131,825,500	69,006,500	36,765,000	26,054,000
St. Louis	42,520,100	17,904,100	9,409,500	15,206,500
Richmond	29,323,200	17,866,700	4,232,500	7,224,000
Dallas	20,256,500	5,449,000	8,303,500	6,504,000
Chicago	100,999,700	43,210,700	20,826,500	36,962,500
San Francisco	45,750,000	19,000,000	12,000,000	14,750,000
Kansas City	24,222,500	11,885,500	5,632,000	6,705,000
Minneapolis	20,760,000	13,840,000	3,420,000	3,500,000
Atlanta	10,345,700	5,934,700	2,793,500	1,617,500
Total	$1,587,838,900	$785,082,900	$339,938,000	$462,818,000

Subscriptions Allotted

	Total	Treasury Notes Series B-1924	Treasury Certificates Series T.M.3-1922	Treasury Certificates Series T.S.-1922
Philadelphia	$60,870,200	$ 40,597,200	$ 8,191,500	$ 12,081,500
Cleveland	59,920,000	36,500,000	10,100,000	13,320,000
New York	275,095,100	146,615,100	48,422,500	80,057,500
Boston	57,036,900	37,423,400	8,692,000	10,921,500
St. Louis	25,393,500	16,212,500	3,035,500	6,145,500
Richmond	21,464,500	14,249,000	2,550,500	4,665,000
Dallas	14,706,500	5,449,000	5,278,500	3,979,000
Chicago	85,845,200	43,210,700	15,856,000	26,778,500
San Francisco	42,700,000	19,000,000	10,600,000	13,100,000
Kansas City	24,011,500	11,674,500	5,632,000	6,705,000
Minneapolis	20,760,000	13,840,000	3,420,000	3,500,000
Atlanta	10,345,700	5,934,700	2,793,500	1,617,500
Total	$698,149,100	$390,706,100	$124,572,000	$182,871,000

TREASURY DEPARTMENT

For release morning papers,
TUESDAY, September 27, 1921.

STATEMENT BY SECRETARY MELLON.

-

Secretary Mellon announced that he has authorized the Federal Reserve Banks on and after Tuesday, September 27, 1921, and until further notice, to redeem in cash before October 15, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series F-1921, dated January 15, 1921, and Series H-1921, dated April 15, 1921, both maturing October 15, 1921.

W A R   F I N A N C E   C O R P O R A T I O N

Statement for the Press

October 1, 1921.

Until further notice the War Finance Corporation has fixed a rate of five and one-half per cent to banks, bankers or trust companies on all advances under Section 24, having a maturity of not exceeding six months, and carrying no renewal privilege. This rate will also apply on advances known as feeder loans to cattle loan companies maturing within six months and carrying no renewal privilege. The rate on other advances to cattle loan companies to be six per cent.

TREASURY DEPARTMENT

For release Sunday morning papers, October 2, 1921.

STATEMENT BY SECRETARY MELLON

Secretary Mellon today announced that a general offering of Federal Farm Loan bonds, in the sum of $60,000,000 will be made on behalf of the Federal Land Banks, Monday, October 3rd. The bonds will, as heretofore stated, bear 5% interest and will be offered to the public at par and accrued interest.

Commenting on this offering, Secretary Mellon said, "The Public faith in Farm Loan bonds was clearly manifested by the sale of the last issue in a hard market. In view of improved conditions this issue should be quickly absorbed."

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE.
October 13, 1921.

The following letter, with regard to H. R. 5025, a bill to provide a bonus for the mining of gold, has been sent by the Secretary of the Treasury to Senator Tasker L. Oddie in reply to the resolution signed by twenty-two Senators from the western States which was made public several weeks ago:

September 30, 1921.

My dear Senator:

I received your letter of August 17, 1921, presented on behalf of Senators from the Western States, and have been glad to give careful consideration to the enclosed resolution of the Senators with respect to the gold mining industry and the bill which has been introduced in the House of Representatives (H. R. 5025), "To provide for the protection of the monetary gold reserve by the maintenance of the normal gold production of the United States, by imposing an excise, for revenue and other purposes, upon all gold used for other than monetary purposes, and by the payment of a premium to the producers of newly-mined gold, and providing penalties for the violation thereof".

The Treasury's position with respect to this bill has already been stated in my letter of May 9, 1921, to the Chairman of the Committee on Ways and Means, a copy of which is enclosed for your information. The developments which have occurred since this letter was written have confirmed the Treasury's views and have shown that as commodity prices return toward normal and costs become stabilized on a lower level relief should gradually come in the ordinary course of events from the difficulties of which the gold mining industry has been complaining. Already there are signs of some improvement.

The Bill presents two main questions, the first of which is of chief concern to the Treasury, namely, whether it is necessary or advisable to pay the proposed premium of about 50 per cent on newly-mined gold and impose a tax on gold used in the arts in order to protect the monetary gold reserve of the United States. I think it is clear that there is no need for the legislation from this point of view. The market for gold is international, and in the present state of the exchanges the United States draws gold from every quarter and receives practically the whole gold production of the world, with the exception of what goes to the arts. The effect has been an unprecedented gold movement to this country during the past year or more, which has resulted in net imports many times greater than this country's normal annual production of gold. During the calendar year 1920, according to the reports of the Federal Reserve Board, the net imports of gold into the United States in excess of exports aggregated about $95,000,000. In the present calendar year, down to September 20, 1921, the imports have amounted to over $545,000,000, as against total exports of about $13,500,000, or an excess of imports over exports amounting to about $532,000,000. The figures are not available, of course, as to domestic gold production in 1921, but for 1920 the Director of the Mint reports that the total is estimated at $51,048,526. The figures for earlier years, with figures as to the amounts of gold used in the arts, are given in the Annual Report of the Director of the Mint for 1920, on pages 72-75. A copy of this report is enclosed for your information. The amounts of gold used in the arts, it appears from this report, include substantial amounts of old material which do not drain the monetary gold supply. I enclose also a copy of the report issued by the Bureau of the Census under date of September 24, 1921, with respect to the condition of the gold mining industry in the year 1919.

The result of the operations of the past few years has been to accumulate in the United States the largest monetary gold reserve in its history, and the largest stock of monetary gold in the world. The total amount of monetary gold in the country on September 1, 1921, according to the enclosed monthly circulation statement of that date, is $3,377,417,980, of which $2,641,061,000 was held on August 31, 1921, in the reserves of the Federal Reserve System. Since that date the reserves have been augmented by additional imports, and on September 28th were $2,725,966,000. Imports of gold are continuing at a heavy rate, and there are as yet no indications that the movement is at an end. For your information in this connection I am enclosing copies of the statements issued by the Federal Reserve Board showing the condition of the Federal Reserve Banks as at the close of business on August 31, and September 28, 1921. I enclose also a copy of the Federal Reserve Board statement of September 30, 1921, which shows the imports and exports of gold from January 1 to September 20, 1921, and their distribution by countries.

These figures show that there is no shortage of gold in the United States, and that there is nothing in the position of the gold reserves which makes it either necessary or advisable to encourage by subsidies or other artificial means new mine production of gold. As a matter of fact, the monetary gold supply of this country, instead of decreasing, has greatly increased in recent years, and is more than ample to meet the credit and currency needs of the country. The monetary stock of gold of the world has also increased during the past ten years, it has been estimated, by as much as $2,000,000,000.

The other question raised by the bill is one of legislative policy, on which the Treasury is not called upon to express an opinion, namely, whether a subsidy or bonus should be paid to domestic producers of gold because of the hardships which the gold mining industry has suffered during the period of abnormal war costs. As already indicated, I believe that these conditions will gradually right themselves without a Government subsidy, and that the difficulties in which the producers of gold have found themselves in the meantime are due chiefly to the fact that gold is the standard of value. It is true, of course, that the price of gold, as the monetary unit, is fixed by law, but this, in turn, gives compensating advantages to gold producers in other times, when production costs are low, because of the assured market at a fixed price which is always available. It is difficult in these circumstances to see what special equity there is in the claim for a premium when costs are high. There would certainly be no suggestion of a discount if costs were low.

The tax which the bill would impose upon the use of gold for non-monetary purposes, while in form a tax, would in fact put restrictions upon the free convertibility of the currency into gold. If gold could not be used, except under heavy penalties, for anything else than money, its value would be impaired and there would be, in effect, a clog on the convertibility of the currency. One dollar in paper currency, in other words, would not buy one dollar's worth of gold, if the gold was to be used in the arts. Gold in large quantities, moreover, is imported from abroad and even under legislation like that proposed could be purchased in foreign countries in the open market. To put a penalty on foreign gold thus brought into this country for non-monetary purposes, in order to pay a premium to domestic producers, would seem to have little or no relation to the protection of our own monetary gold reserves.

I find upon investigation that in the previous administration there was appointed a committee to consider the condition of the gold mining industry, and that its findings were published in February, 1919, and approved by my predecessors as Secretary of the Treasury. It seems to me that the report of this committee is interesting in the present situation, and I am therefore enclosing a copy for your information.

I have noted particularly the request made in the resolution which was presented with your letter that if the Treasury be opposed to H. R. 5025 it formulate a proposal for enactment by Congress to relieve the gold mining industry and protect the gold reserve. As already indicated, I believe that no legislation of this character is needed in order to protect the gold reserve, and therefore have no proposal to suggest for this purpose. On the question of possible legislation to provide a bonus for the mining of gold, the Treasury also has no proposal to submit, believing, as indicated herein, that if such a bonus were to be granted it would come as an exercise of legislative discretion by Congress.

Very truly yours,

(Signed) A. W. MELLON

Secretary.

Hon. Tasker L. Oddie,
United States Senate,
Washington, D. C.

7 enclosures.

344

The letter of May 9, 1921, to the Chairman of the Committee on Ways and Means, to which reference is made in the above letter, was as follows:

May 9, 1921.

My dear Congressman:

I received your letter of May 3, 1921, requesting my views as to H. R. 5025, introduced by Mr. McFadden, "To provide for the protection of the monetary gold reserve by the maintenance of the normal gold production of the United States, by imposing an excise, for revenue and other purposes, upon all gold used for other than monetary purposes, and by the payment of a premium to the producers of newly mined gold, and providing penalties for the violation thereof".

I hold the general view that the difficulties in which the gold producers find themselves are due to the fact that gold is the standard of value. In a sense this is the penalty which gold pays for being the standard. These difficulties should gradually adjust themselves without a Government subsidy as deflation progresses and commodity prices return toward normal. As I see it, the question of whether the Government is to give a bonus on these terms to a special class of producers is a question of policy which addresses itself to the judgment of Congress, and not a question upon which the Treasury is in a position to express an opinion.

Very truly yours,

(Signed) A. W. MELLON

Secretary.

Hon. Joseph W. Fordney,
House of Representatives,
Washington, D. C.

345

TREASURY DEPARTMENT

FOR RELEASE, SUNDAY MORNING PAPERS,
OCTOBER 18, 1921.

SPEECH DELIVERED BY HON. FERRY K. HEATH,

ASSISTANT SECRETARY OF THE TREASURY,

OVER RADIO STATION WMAL AT 9:30 P.M.,

SATURDAY, OCTOBER 17, 1931.

Note:

For full text of speech see Subject File: Construction

TREASURY DEPARTMENT
Washington.

For release, morning newspapers,
Thursday, October 27, 1921.

Secretary Mellon to-day announced that the portrait of Theodore Roosevelt will appear for the first time on a Government security on the $25 denomination of a new issue of Treasury Savings Certificates which will be placed on sale toward the end of the present calendar year. The new issue of Treasury Savings Certificates will be a feature of the unified Government Savings plan which is now being developed by the Secretary of the Treasury and the Postmaster General and will be announced later in greater detail. The new plan will combine to the best possible advantage the facilities of the Treasury and the Postal Savings system, and is designed to promote popular saving and investment in Government securities. The securities offered will have a wide popular appeal and will be placed on sale throughout the country in convenient form. It is regarded as particularly appropriate that the Roosevelt portrait should appear on a security of this character, and on the denomination which will be most available to the general public.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Wednesday, November 2, 1921.

Secretary Mellon announced that subscriptions for the $4\frac{1}{4}$ per cent Treasury certificates of indebtedness of Series C-1922, dated November 1, 1921, maturing April 1, 1922, and the $4\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series TS 2-1922, dated November 1, 1921, maturing September 15, 1922, closed at noon on Tuesday, November 1, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $200,000,000 or thereabouts, has been over-subscribed, and that the total subscriptions aggregate about $800,000,000. Further details as to the subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

For release morning papers,
Friday, November 25, 1921.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon announced that he has authorized the Federal Reserve Banks on and after Friday, November 25, 1921, and until further notice, to redeem in cash before December 15, 1921, at the holders' option, at par and accrued interest to the date of such optional redemption, Treasury certificates of indebtedness of Series TD-1921, dated December 15, 1920, maturing December 15, 1921.

BUREAU OF INTERNAL REVENUE.

FOR IMMEDIATE RELEASE
December 2, 1921.

Under the Revenue Act of 1918, interest on Liberty bonds held by corporations was exempt from the corporation income tax, and such interest is also exempt from the corporation income tax under the Revenue Act of 1921. Liberty bond interest, however, when distributed in the form of dividends remains subject to surtaxes in the hands of the stockholders in the same manner as other dividends. There appears to be no reason to expect that the new law will give any encouragement to the use of corporations to own Liberty bonds for the purpose of avoiding surtaxes, but if any such attempt should be made the law provides ample means for dealing with it.

TREASURY DEPARTMENT

For release, Morning Papers,
Wednesday, December 14, 1921.

STATEMENT BY SECRETARY MELLON

The Treasury Department offers for sale to the public, beginning December 15, 1921, a new issue of Treasury Savings Certificates in denominations of $25, $100, and $1,000 (maturity value). The new certificates are issued on a discount basis, as in the past, but are offered for sale at flat issue prices instead of at prices which increase from month to month. The prices for the new issue, until further notice, will be as follows: $20 for the $25 certificate, $80 for the $100 certificate, and $800 for the $1,000 certificate.

The certificates mature five years from the date of issue in each case, instead of at a uniform maturity date, and if held to maturity yield interest at the rate of about 4½ per cent per annum compounded semi-annually. The certificates are redeemable before maturity at the redemption values stated on the backs of the certificates, upon presentation and surrender to the Treasury Department, Washington, and in that event yield interest at the rate of about 3½ per cent per annum compounded semi-annually. The $25 certificate bears the portrait head of Theodore Roosevelt, the $100 certificate that of Washington, and the $1,000 certificate that of Lincoln. The new certificates are issued only in registered form, in order to afford protection against loss and theft, and will be recorded on the books of the Treasury Department in Washington. The name and address of the owner and the date of issue will be inscribed on each certificate by the issuing agent at the time of issue. The terms of the certificates have been much simplified as compared with previous issues, and the offering is on a basis which should prove particularly attractive to small investors.

R
351

The limit of holdings has been increased by the Act of Congress approved November 23, 1921, from $1,000 to $5,000, and it is now possible therefore to hold Treasury (War) Savings Certificates of any one series up to an aggregate maturity value not exceeding $5,000. This change makes the certificates attractive for the investment of trust funds and the surplus funds of labor, fraternal, church and similar organizations which seek an investment of intermediate length, with absolute safety and a satisfactory income return.

The new certificates are on sale at about 4,000 post-offices throughout the country beginning December 15, 1921, and may also be obtained at the Federal Reserve Banks and such banks and other agencies as may qualify for the purpose.

Treasury Savings Stamps in the $1 denomination, non-interest bearing, will continue on sale at post-offices and other agencies until further notice, as a convenience to those who wish to accumulate the purchase price of the new certificates through stamps.

The new offering means that Postal Savings and Treasury Savings activities have now been coordinated into one peace-time savings program, under which the Post-Office Department and the Treasury will join to advance Postal Savings for the deposit of savings and Treasury Savings Certificates for investment. The consolidation of Postal Savings and Treasury Savings facilities into a single Government Savings system preserves and improves the best features of each. The plan is designed to stimulate the accumulation of savings by accepting deposits in amounts of $1 or more through the Postal Savings banks which are being conducted in the post-offices, and to encourage investment by offering Treasury Savings Certificates on more attractive terms, in convenient denominations, both for direct sale and on conversion of Postal Savings deposits. In order that Government Savings facilities may be available throughout the country, the Post-Office Department is now extending Postal Savings to many additional post-offices, and the new issue of Treasury Savings Certificates has already been distributed to several thousand post-offices. The sale will gradually be extended to other post-offices as the demand broadens. Postal Savings deposits may be exchanged at Postal Savings offices for Treasury Savings Certificates, and interest will be allowed on deposits withdrawn for this purpose at the current Postal Savings rate for each full month up to the first day of the month in which the exchange is made.

The small war-time Treasury Securities, comprising the 25 cent Thrift Stamp and the $5 War-Savings Stamp, are accordingly being discontinued, effective December 31, 1921, but the Thrift Stamps outstanding will be accepted at face value for the new Treasury Savings Securities, or will be redeemed at face value in cash at post-offices. The main reliance for the accumulation of small savings for investment in Treasury Savings Certificates will henceforth be Postal Savings deposits, and now that special provision has been made for the conversion of these deposits, the Government has a unified and effective Savings system, with the 10 cent Postal Savings Stamp, Postal Savings deposits from $1 upwards, and $1 Treasury Savings Stamp and the $25, $100, and $1,000 Treasury Savings

Certificates.

In undertaking this movement for peace-time savings the Government looks forward with confidence to the renewed cooperation of all helpful agencies. There can be no question about the need for saving, nor of this country's capacity to save. By offering a uniform and comprehensive means of accumulating and investing money, the Government hopes to furnish an incentive for saving, to encourage savings and investment in Government securities, and at the same time to stimulate savings activities generally. An active response to the Government's Savings movement should accomplish three main objects: it will aid the Government in the current financing of its requirements; it will make for greater national prosperity; and it will increase the personal happiness and individual welfare of those who save.

In its savings activities in the past, the Government has received the hearty support of many agencies and organizations interested in savings, including the American Federation of Labor, industries and other employers, teachers, bankers, postmasters and public officials throughout the country. With their continued cooperation, the unified Government Savings program will be assured of success.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Friday, December 16, 1921.

Secretary Mellon announced that subscriptions for the $4\frac{1}{4}$ per cent Treasury certificates of indebtedness of Series TJ 2-1922, dated December 15, 1921, maturing June 15, 1922, and the $4\frac{1}{2}$ per cent Treasury certificates of indebtedness of Series TD-1922, dated December 15, 1921, maturing December 15, 1922, closed at noon on Thursday, December 15, 1921, the date of issue. Preliminary reports received from the twelve Federal Reserve Banks indicate that the combined issue, which was for $250,000,000, or thereabouts, has been over-subscribed, and that the total subscriptions aggregate over $1,000,000,000. Further details as to the subscriptions will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR RELEASE MORNING PAPERS
Monday, December 19, 1921.

Secretary Mellon today announced that the total amount of subscriptions received for the two issues of Treasury certificates of indebtedness, dated December 15, 1921, (Series TJ 2-1922, $4\frac{1}{4}$ per cent, maturing June 15, 1922, Series TD-1922, $4\frac{1}{2}$ per cent, maturing December 15, 1922) was $1,183,102,000, and that the total amount of subscriptions allotted was $308,447,000. Subscriptions for the two series closed on December 15, 1921, the date of issue, and the amount offered was $250,000,000, or thereabouts. All of the Federal Reserve Districts over-subscribed their quota. The subscriptions and allotments were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota) as follows:

SUBSCRIPTIONS RECEIVED

Federal Reserve District	Total	Treasury Certificates Series TJ 2-1922	Treasury Certificates Series TD-1922.
Philadelphia	$254,263,500	$18,360,500	$235,903,000
Cleveland	189,101,500	61,329,000	127,772,500
Atlanta	34,908,500	3,490,000	31,418,500
New York	412,042,500	104,795,500	307,247,000
Richmond	31,262,000	7,759,000	23,503,000
Dallas	21,568,500	8,278,000	13,290,500
St. Louis	30,358,000	6,209,000	24,149,000
Boston	64,034,000	8,651,000	55,383,000
Chicago	78,118,500	20,081,000	58,037,500
Kansas City	21,245,000	2,600,000	18,645,000
San Francisco	32,700,000	11,500,000	21,200,000
Minneapolis	13,500,000	2,600,000	10,900,000
Total	$1,183,102,000	$255,653,000	$927,449,000

SUBSCRIPTIONS ALLOTTED

	Total	Treasury Certificates Series TJ 2-1922	Treasury Certificates Series TD-1922.
Philadelphia	$29,595,500	$3,707,000	$25,888,500
Cleveland	31,000,000	10,300,000	20,700,000
Atlanta	8,680,000	1,826,500	6,853,500
New York	112,570,000	18,471,500	94,098,500
Richmond	9,796,000	2,799,500	6,996,500
Dallas	6,780,000	2,605,000	4,175,000
St. Louis	11,023,000	2,411,500	8,611,500
Boston	23,796,500	3,100,500	20,696,000
Chicago	37,196,000	9,877,500	27,318,500
Kansas City	10,562,500	2,069,000	8,493,500
San Francisco	18,555,000	6,285,000	12,270,000
Minneapolis	8,892,500	1,450,000	7,442,500
Total	$308,447,000	$64,903,000	$243,544,000

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
Morning Papers, Saturday,
December 24, 1921.

STATEMENT BY SECRETARY MELLON.

Letters and inquiries received by the Treasury indicate that a newspaper story about the soldiers' bonus and light wines and beer, which purported to be founded on an interview with the Secretary of the Treasury, has obtained wide circulation. This story is entirely unfounded and unauthorized. The Treasury's attitude toward the soldiers' bonus has not changed since Secretary Mellon's letter of July 2, 1921, to Senator Frelinghuysen, and the Treasury has not suggested and is not considering a tax on light wines and beer as a means of raising revenue to meet a soldiers' bonus.

PRESS STATEMENT

FOR RELEASE, AFTERNOON PAPERS,
December 24, 1921.

STATEMENT BY THE DIRECTOR OF THE MINT.

In view of the inquiries which are being received in regard to the new silver dollar, the Director of the Mint desires to state that the Philadelphia Mint is now proceeding with the coinage of the dollar and that the new coins will be available on or about December 30th. The sword which appeared upon the model submitted does not appear on the coin.

Treasury Department

For Release Morning Papers
Friday, September 17, 1920.

Secretary Houston today announced that the total amount of subscriptions allotted for the two issues of Treasury certificates of indebtedness dated September 15, 1920, (Series T.M.3-1921, maturing March 15, 1921, Series T.S.-1921 maturing September 15, 1921) was $448,596,000. Subscriptions for the two series closed on September 15, 1920, the date of issue, and the amount offered was $400,000,000, or thereabouts. Three of the Federal Reserve Districts over-subscribed their quota and the Treasury allotted 70 per cent on their over-subscriptions. The subscriptions allotted were divided among the several Federal Reserve Districts (which are ranked in the order of the percentage of their subscriptions to their quota) as follows:

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted	Series T.M.-3-1921	Series T.S.-1921
New York	$282,000,000	$241,604,000	$60,233,500	$181,370,500
Philadelphia	35,146,500	33,074,500	6,138,500	26,936,000
Cleveland	40,234,000	39,036,000	9,806,000	29,230,000
San Francisco	25,250,000	25,250,000	6,150,000	19,100,000
Richmond	11,022,500	11,022,500	1,884,000	9,138,500
Boston	26,753,500	26,753,500	5,424,000	21,329,500
St. Louis	10,947,000	10,947,000	1,046,500	9,900,500
Kansas City	11,000,000	11,000,000	1,686,500	9,313,500
Chicago	33,790,000	33,790,000	9,330,500	24,459,500
Dallas	4,637,500	4,637,500	1,945,000	2,692,500
Atlanta	5,630,000	5,630,000	1,092,500	4,537,500
Minneapolis	5,851,000	5,851,000	1,864,500	3,986,500
Total	$492,262,000	$448,596,000	$106,601,500	$341,994,500