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ADDRESS TO BE DELIVERED BY HON. OGDEN L. MILLS,

UNDERSECRETARY OF THE TREASURY,

BEFORE THE WOMEN'S NATIONAL REPUBLICAN CLUB,

AT THE COMMODORE HOTEL, NEW YORK CITY,

AT THE ANNUAL LUNCHEON,

JANUARY 10, 1931.

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TEN YEARS OF REPUBLICAN ADMINISTRATION.

When your President, Mrs. Livermore, so courteously invited me to participate in this celebration of the Tenth Anniversary of the founding of this Club, that has proved such a useful medium in arousing and maintaining an intelligent and patriotic interest in government, she suggested it would be most opportune for me to review ten years of Republican administration of public affairs. This is a large order, but with severe misgivings as to my ability to perform the task with any degree of adequacy, I agreed to try.

I rejected at once the temptation to point with pride to a long list of achievements--and it is a long and impressive one--and to present you with an abbreviated campaign text book. But it occurred to me that it would be of real interest to ascertain whether from a study of crowded events, many laws, executive acts and pronouncements, there would emerge some discernible pattern and fundamental lines of policy, or, in other words, a philosophy of government that could be labeled Republican.

When you consider the many groups that go to make up a National Party in a country as vast as ours, the diversity of interests, local and economic, the succession, varity and novelty of events calling for immediate action, it was by no means certain that any definite lines would emerge. Moreover, the catastrophe of the War had brought to an end the world of the nineteenth century. We faced the dawn of a new era, in which old landmarks had been swept away and where everything had become plastic and flexible. It would not have been surprising to find that under such circumstances party doctrines and principles, grounded in tradition, had been swept away, leaving but an organization and a name, and that in the period of transition, new roots had not sunk very deep. Yet I believe that the fundamental attitude and approach towards public questions--and these rather than any particular doctrine are what give continuity to the life of a party--have not only carried over into the new era, but proved as adequate and as sound as ever to meet the new and highly novel problems of the day.

Prohibition doesn't enter this picture, since by the action of both parties the Eighteenth Amendment and the Volstead Act had been adopted prior to March 4, 1921, the date when this story begins.

The subject naturally divides itself into two main subdivisions: our government abroad and at home. Let us begin with a consideration of foreign policy, realizing, of course, that I can but touch the high spots.

When the Republican Administration came into power on March 4, 1921, the country had given a clear and unmistakable indication of the line which it desired that our foreign policy should take. The preceding campaign had been fought largely on the issue of whether this country should abandon its traditional policy of independence in foreign affairs and should substitute for it a policy under which our independence of action might be subordinated to the decision of other nations.

That policy, which had been firmly established during the Administration of Washington, was well described in the words of Jefferson as one of "peace, commerce and honest friendship with all nations, entangling alliances with none." Its underlying principles had always been independence and cooperation. But independence had never meant isolation, nor had cooperation implied permanent alliances and special arrangements with other nations.

We have followed this policy since the very beginning of the government, and so firmly had it become established that, when the World War came to an end, the public had an instinctive feeling that the nation should get back to first principles and continue to govern its conduct by the only foreign policy it had ever known.

When the new Administration took office in 1921, the groundwork had already been laid. The question of joining the League of Nations was no longer an issue. The Treaty of Versailles had failed of confirmation and the Senate had refused to accept for this country a mandate for Armenia or even to consider a treaty of alliance with France. America had declined to participate in the various Allied Conferences and had made it clear that she would not be drawn into any of the post-war combinations and alliances.

While making clear our determination not to commit the United States in advance to the employment of its power in unknown contingencies, this Government has at all times pursued a policy of friendly cooperation with the League and has taken part in the various international conferences called by that organization. It has also recognized the fact that we should omit no opportunity to do our part for the advancement of peace and the limitation of armaments, and particularly for the judicial settlement of international disputes and of all questions which are justiciable. Within the last month the President has submitted to the Senate the protocol providing for the United States becoming a member of the Permanent Court of International Justice at The Hague, in accordance with the reservations adopted by the Senate in 1926, while the peaceful settlement of international disputes has been promoted by a series of arbitration treaties which embody the related processes of conciliation and arbitration. One of the most significant steps taken in the cause of world peace was the Kellogg-Briand Treaty, renouncing war as an instrument of national policy. This Treaty, which was initiated by Secretary Kellogg with rare vision, was proclaimed by President Hoover in 1929 and is now definitely incorporated as part of our national policy.

In addition to these well-directed efforts, the United States has worked steadfastly in other ways to bring about peace and stability in the world. Early in the Republican Administration, on the invitation of the President, a conference was called to meet in Washington in November, 1921, to consider the limitation of armaments and Pacific and Far Eastern questions which were then threatening the good relations of this country with Japan.

At the outset, Secretary Hughes, with dramatic suddenness, made a definite proposal for the limitation of naval armament, which, as regards capital ships, was accepted with modifications. Thus, at one stroke, an end was made of existing competitive programs in capital ships.

In the settlement of Far Eastern questions, which included the Four-Power Treaty and the Treaty Relating to Principles and Policies to be followed in matters relating to China, definite, and perhaps even more important, results were achieved.

Altogether, the Washington Conference of 1921 will rank high among the diplomatic achievements of this Government and will prove an important landmark along the road to permanent peace. The work of the Conference was crowned last year by the London Naval Limitation Treaty, which may fairly be described as an epoch-making achievement in that it put an end to competitive building of naval armaments among Great Britain, Japan and America, the three great sea-powers of the world.

As regards financial questions, the foreign policy of this Government has been aimed at helping to secure stability abroad and to bring order out of the financial chaos existing when the Republican Administration took office. If time permitted, I should like to discuss the clearing up one by one of the enormously difficult questions inherited from the War, including the settlement of our claims against Germany, reparations and inter-allied debts. Suffice it to say that, as to the first group, we have maintained the principles of the inviolability of private property, even in war-time. As to the last, I believe that the settlements protect American interests, on the one hand, and, on the other, recognize our moral obligation to help the world, so far as we consistently can, in getting back on its feet again.

The financial aspects of our foreign policy have an important bearing not only as regards Europe but also in promoting trade and closer relations with the nations of Central and South America. For these reasons, as well as for reasons of friendship and mutual cooperation, our foreign policy towards Latin-America should be clear-cut and give no grounds for misapprehension as regards either the desires or the intentions of this country. The cornerstone of this policy has always been the Monroe Doctrine. We adhere to that doctrine as a safeguard to the territorial integrity of all the western nations. There is nothing aggressive about it. It is essentially defensive and confusion arises only when it is sought to make this doctrine a cover for all our dealings with the nations of the Western Hemisphere.

We do not wish to be forced ever to intervene in the affairs of other nations. There is no desire on the part of this country to dominate anywhere outside its own borders. We recognize the equality of all the American Republics and that, as sovereign powers, all enjoy equal rights under the law of nations. But sovereignty carries with it certain obligations, and among these is the duty of each State to protect the rights which the nationals of other States have acquired within its territory, in accordance with its laws. We cannot forego the right to protect, under well-established rules of international law, the rights of our citizens. Nor can we afford to allow other nations to interfere in the affairs of this hemisphere under the pretext of protecting the rights of their nationals. We do not seek to evade these responsibilities, but, at the same time, we expect on the part of others a recognition of our position and a fair and unbiased interpretation of our intentions.

Turning, now, to domestic policies, the picture becomes somewhat more complicated, and the difficulty of distinguishing the governing principles and controlling tendencies increasingly greater. Nevertheless, they can be identified. Republicans have ever favored a strong central government, acting vigorously in a large way in the more or less restricted sphere in which the Federal Government can act effectively, though slow to extend that field so as to limit individual initiative, enterprise and resourcefulness; and with a growing recognition that we are in serious danger of over-centralizing, with a consequent breaking down of local self-government and sense of responsibility. Our Party has always evinced a marked fondness for orderly progress, for established principles, particularly in the field of public finance, and a tendency to test new policies by the light of experience rather than to venture on uncharted seas. These underlying points of view can be traced in the events and policies of the last ten years.

Let us begin with a consideration of the record in what, for want of a better definition, may be described as the strictly governmental sphere of action, and then proceed to the zone in which, while government action plays an enormously important role, there is an ever-present question as to how far it should proceed in the direct assumption of responsibilities, a question which tends more and more to define the difference between those who are Republicans and those of other political faiths.

Perhaps the outstanding achievement of the last ten years in the field of government has been the management of our public finances. When we took control, their condition was chaotic. We were faced with a war debt of about 24 billion dollars, with early maturities aggregating about 7 billion 500 millions, and high interest rates; our expenditures for the fiscal year 1921 aggregated 5 billion 500 millions; we were burdened with every variety of war tax, some imposed at rates so high as to dry up the sources of revenue, and to furnish an insuperable handicap to the growth and flow of industry and commerce. These huge sums were being appropriated and expended without the benefit of an up-to-date businesslike budget system.

The first step was to establish a sound executive budget and accounting system, which would permit not only the systematic setting up of the actual needs and resources of the government before funds were appropriated, but a rigid control of expenditures after the Congress had acted. Accompanied by an unyielding policy of economy, which received general acclaim as exemplified under President Coolidge, this budget system has been of inestimable benefit.

From the first, the Treasury Department addressed itself vigorously to the task of reducing the public debt, putting it into more manageable form, lowering the interest cost, and, with the cooperation of Congress, sweeping away the multitudinous mass of war taxation, and of putting our tax system on a sound peacetime basis. The task has been in large measure accomplished. The public debt has been reduced by eight billions, annual interest charges by about 430 millions, and annual taxes by about one billion 800 millions.

It is no answer to say that we were favored by circumstances. Of course, we were. But the savage political attacks made on the Secretary of the Treasury, the fierce debates in Congress, the repeated raids on the public treasury, all tend to demonstrate that these results did not just happen; they were brought about, and brought about by men grounded in sound financial principles.

As was to be expected, the Republican Administration has steadfastly adhered to the principle of protection. This is not the occasion on which to debate the merits of free trade and protection, but the fact is inescapable that our country has prospered under our system of protection. One fact cannot be too strongly emphasized: The foundation of our prosperity is our enormous domestic purchasing power, based in large measure on our ability to maintain an extraordinarily high wage scale and standard of living, which, in turn, have created an ever-expanding market for all manner of goods and services. We cannot afford to have our wage-scale or standard of living threatened.

While there was nothing new in the readoption of the principle of protection, the introduction of the flexible feature, which lays the foundation for scientific tariff-making, and permits the modification of rates to meet rapidly changing economic conditions, is a very important and constructive contribution.

Restrictions on the importation of foreign goods in the interest of the protection of our wage-scale and high standard of living would have been of little value were both to be threatened by an influx of millions of immigrants fleeing from war-devastated Europe, and crowding into our country at so rapid a rate as to make their absorption into our economic life well nigh impossible, and their assimilation by the body of our population extremely difficult. Accordingly, we have adopted the principle of restricted immigration, though every effort has been made to spare the hardships incident to the division of families.

We have continued on an increasingly generous scale the development of our inland waterway and highway systems, and we have embarked on a vast public building program, free from the old pork-barrel practices, systematically planned and carried out, and one of the major features of which is to make the nation's capital one of the most beautiful cities in the world.

The development of our inland waterway and highway systems is directly related to the economic welfare of our great agricultural regions. The Republican Party, which has always prided itself on the soundness of its economic program, hasn't been slow to recognize that a well-balanced national economy requires the placing of agriculture on an equality with other industries. Our national prosperity depends in large measure on the full development of the purchasing power of our six and a half million farmers and their families. It isn't surprising, therefore, to find that during the decade just closed more legislation of a constructive character dealing with agriculture has been enacted than ever before.

No other nation in the world has so liberally and so completely provided for its veterans. Through the Veterans' Bureau, created by a Republican Congress, our veterans are enjoying the best possible hospital and insurance service. Liberal provision has been made for meeting all death and disability claims. Adjusted service certificates, aggregating approximately $3,500,000,000 in value at maturity, have been distributed. How liberally our World War veterans have been provided for is indicated by the fact that up to June 30, 1930, $5,220,000,000 had been expended for their benefit, and during this fiscal year no less than $576,000,000 will be spent.

Nor has so-called humanitarian legislation been neglected, though here the Federal Governmental field of action is strictly limited. The salaries of all Federal employees have been substantially increased. Retirement pensions have been provided for. The Federal Compensation Act has been broadened. The employment service in the Labor Department has been expanded. A Children's Bureau has been created in the Department of Labor. Liberal appropriations have been made in the way of aid to the States in the encouragement of the better care of mothers and children. The splendid work of the Public Health Bureau has been steadily carried forward, with particular emphasis on the encouragement and development of local county health units.

I haven't exhausted the list, and I do not pretend to have covered the subject, but I have said enough to paint the picture of a government acting vigorously and affirmatively along certain definite lines of policy within a well-defined sphere of legitimate governmental activities.

We are now prepared to pursue our inquiry into that twilight zone where political parties divide, and there is a very real diversity of opinion as to what should be undertaken by government or left to private enterprise and initiative under government regulation, supervision, assistance and leadership.

No one in this day and generation would contend that government should be limited to the narrow functions of earlier times. The preservation of equality of opportunity, the maintenance of an open field, the complexity and interdependence of our economic machine demand regulations, restrictions and inhibitions, on the one hand, and, on the other, leadership, direction and assistance. The problem is, where to draw the line. For many of us, for instance, there is no question as to the advisability of the supervision and regulation of public utilities rather than their operation by the government. But other problems are not as cleancut and as simple. It is not always so easy to determine how far the government can and should go, particularly in so-called emergencies, without endangering the initiative, enterprise, resourcefulness and sense of individual responsibility that have made this country what it is and yet fairly measure up to its responsibilities, both social and economic. We run across this question again and again during the period under review and on the whole find a rather genuine consistency in the answers.

Let me illustrate what I mean by direction and assistance on the part of government by quoting Secretary Hoover's description of the larger purposes and activities of the Department of Commerce:

> "It has been the effort of this Administration to incorporate this large vision as the fundamental purpose of the Department of Commerce. Research and investigation in the laboratories of the department lead to the invention of more scientific and economical methods of production. Its statistical services develop a larger understanding of our economic system and lead to the daily diffusion of valuable information which makes for stability and progress in business, and for the elimination of countless wastes whose costs would ultimately fall upon the consumer. Its constant conference and cooperation with industry contribute directly to higher standards of living and particularly to the establishment of the enduring principles of helpful collaboration between government and business as against paternalistic intrusion of the former into the latter, with all of its unfortunate consequences for both. Through the promotion of scientifically and economically developed programs of water and rail transportation based upon careful appraisal of business trends and actual needs, the department contributes to a wider and more economical distribution of the fruits of agricultural and industrial production. The stimulation, encouragement, and protection of our merchant marine not only renders service to the effective spread of our surplus products abroad but provides vital factors for the national defense."

Again, consider the Agricultural Marketing Act. Its real and fundamental purposes have been clouded and obscured by the emergency actions of the so-called stabilization corporations, but the principle that underlies the Act is to help American farmers to help themselves. The problem was to organize six and a half million farmers, scattered over a vast area, so that they could act effectively, as is done in other great industries, in the production and marketing of their products. For them to organize themselves would be altogether too slow a process. There was need of assistance, leadership and financial help. These the government is furnishing. But bear this in mind: The Federal Farm Board is assisting farmers to set up their own cooperative organizations. It isn't doing the job for them. These central associations are owned, controlled and operated by the cooperatives that form them. They are in no sense governmental. It may be a long process, but before many years have passed it isn't unreasonable to hope that the government will have stepped completely out of the picture, that the agricultural industry in the United States will be a self-organized, a self and well-managed industry, and that agriculture will have attained the standard American measure of prosperity.

There are those who would have a merchant marine government-owned and government-operated. Not so the Republican Party. The government has devoted itself to the promotion of the development of our merchant marine under private ownership and management. Through liberal credit policies to those who build American ships, and, through assistance in the form of government mail contracts, such help has been afforded as will enable our shipping interests to meet world competition. In the course of the last two years, the Shipping Board has sold 189 ships, while new routes established under private auspices require 51 new ships, aggregating 467,000 tons, and costing approximately $200,000,000.

Through the development of proper landing facilities, lighted airways, and financial assistance in the way of mail contracts, remarkable progress has been achieved in the development of American aviation.

You all remember how last fall, when the business depression first came upon us, the President called in the leaders of great industrial enterprises, railways, utilities and business houses, and the labor leaders; how an agreement was reached to maintain the rate of wages, to distribute work as evenly as possible, to urge effort in production and to prevent conflict and dispute; and how the cooperative efforts resulting from those meetings, and from the further leadership of the President with the help of the Federal, State and municipal governments, resulted in the carrying out of a vast program of public and other works effecting an expansion of the agencies for these purposes exceeding those of even the boom year 1929, and doing much to alleviate the downward swing of the depression then setting in.

And you surely will remember how more recently, in an entirely different field, a great meeting was held at the White House to consider, under the leadership of the President the problem of child health and protection, looking to better laws in their behalf, better local agencies to safeguard them and a larger opportunity for their development into sturdy, self-reliant and happy citizens.

Do you begin to get the drift of my thought? Do you begin to sense that, taken altogether, we can detect, underlying all these events, a very definite philosophy of government? If so, we are ready now to pull these many strings together and to state our conclusions:

In the field of foreign affairs, we recognize that the day of isolation is definitely over, and there is no disposition on our part to seek an aloofness which can never be anything more than imaginary. We have not, and shall not, shirk our responsibilities as a world power, but we still maintain our right to define what those responsibilities are, and to decide under what circumstances we shall use our power and resources. We have striven, and shall continue to strive, in cooperation with others and along lines of policy of our own, to establish the peace of the world on a stable and lasting basis, and to promote a better understanding and greater friendship among all men.

At home, we have the picture of a government addressing itself to the task of putting its own house in order, at a time when an example of order, efficiency and economy was much needed; restoring the credit of the nation by adherence to sound financial principles; rebuilding the national economy by a return to the protective system; meeting the emergency of over-abundant immigration; encouraging and promoting the welfare of agriculture; providing for our veterans; embarking on a vast program of internal improvements; giving due consideration to social legislation; meeting, in short, the problems of government vigorously and decisively; and, most important of all, recognizing the vital need of preserving local autonomy and the individual initiative, enterprise and resourcefulness so characteristically American, and declining to extend unduly the sphere of direct government operation while developing a new technique, method and program of government service and leadership which, placed at the disposal of the nation in many fields of endeavor, has enabled our citizens to achieve an extraordinary progress.

ADDRESS TO BE DELIVERED BY HON. OGDEN L. MILLS

UNDERSECRETARY OF THE TREASURY,

BEFORE THE BUSINESS POLICY FORUM OF

THE SCHOOL OF BUSINESS OF THE COLLEGE OF NEW YORK

ON

JANUARY 12, 1931.

ADMINISTRATION OF FEDERAL FINANCES

In discussing this evening some of the problems involved in the administration of our Federal finances I wish to preface my remarks with a simple reminder as to the magnitude of these operations and of the activities of the Federal Government. In the fiscal year ended June 30, 1930 total ordinary receipts amounted to almost $4,200,000,000 and expenditures almost reached the same total. This figure does not include public debt refunding operations amounting to more than $3,700,000,000.

From the point of view of the Treasury, the basic fiscal problem of the Federal Government is the maintenance of a balanced budget. This calls for the most careful advance planning of prospective receipts and expenditures. The Government's receipts <u>must</u> balance its expenditures, and although funds may be derived from the issuance of Government obligations, in the long run Federal <u>revenues</u> must balance expenditures, unless one is to accept the prospect of unlimited growth in the public debt with the consequent disturbance to financial and economic conditions.

In the commercial and business field, competition insures efficiency and economy; in the field of government, we must look to the setting up of public accounts in such a way that the public can readily grasp not only what the routine administration of government is costing, but what is involved in the way of expenditures by new policies suggested for their approval. Aside from eternal vigilance on the part of the public, control of the purse-strings must be exercised in such a manner as to compel the efficient and economical administration of the government machine. What is known as the Executive Budget System, properly organized and applied, meets these fundamental requirements.

Stated from the point of view of our Federal experience, a budget system for government finance involves not only a systematic plan of receipts and expenditures, but also the machinery for putting this plan into operation. In the plan itself, the budget proper, the needs of the government are estimated and balanced against anticipated income for a definite period in advance, and are also compared with the actual expenditures and actual receipts in preceding periods. Such a plan, presented to the Legislature and to the public, permits a careful survey of the needs of the various branches of the government as a basis for legislation covering receipts and expenditures. The budget and accounting system further provides for a thorough and independent audit of the expenditures.

Most important of all, when properly instituted, the budget system is the most effective way of controlling current expenditures and providing for administrative efficiency. I have had first-hand opportunity to study the old system of control through committees of Legislature, and control by means of an executive budget system. As a State Senator, I was a member of the Finance Committee, and for the last four years, among other duties, I have been the Budget Officer of the Treasury Department. When I was in Albany, the heads of the different Departments and Bureaus would appear before us and present their needs as they saw them, in great detail. We had available past experience and figures of former years, and we had opportunity for cross-examination limited only by the time element. We could check inordinate and apparently unjustified increases, but we had no machinery for ascertaining whether the current needs were determined by mere routine and perhaps a wasteful system of administration, or by a high state of administrative efficiency. Moreover, free from any current checking up on the conduct of his office, and of necessity knowing more of his Department's activities than we members of the Legislature could possibly know, each administrative head was in an admirable position to make out the most plausible case in support of his estimates. We did the best we could, and on the whole the system worked fairly well, though I never had the feeling that I had before me all of the information necessary to form a sound business judgment.

Contrast such a system with that now functioning in Washington. There we have a Budget Director who is in complete control of all administrative requests for appropriations, since no estimates can go to Congress except through the President, who acts, of course, upon recommendation of the Budget Director. The latter is supported by an expert staff, the several members of which are assigned to the various Departments and independent establishments of the government. They are expected to become thoroughly familiar with all phases of the latter's respective activities and be prepared to advise the Budget Director as to what funds are actually needed for efficient operation. In addition, each Department and separate establishment has a budget officer, responsible for all estimates submitted, and for the supervision of expenditures. The Budget Director, once his hearings are complete, has before him, on the one hand, the complete picture of the Government needs during the coming fiscal year, and, on the other, has the estimates submitted to him by the Treasury and other Departments of the probable receipts. If the latter are not adequate to cover all of the proposed expenditures, one or two courses are open -- either the revenues must be increased by new taxation, or the less necessary of the proposed expenditures can be eliminated. This is a question of policy to be determined by the Chief Executive, but he is enabled to reach his conclusions and make his recommendations to Congress based, not on guesswork or haphazard estimates, but on definitely ascertained figures, founded on a thorough business procedure.

After the Congress has made the necessary appropriations, covering the various activities of government, we in the Treasury, for instance, require each one of our Bureaus to set up reserves out of its appropriations and to allocate the balance to the four quarters. They cannot, generally speaking, exceed the allocation in any quarter or draw on the reserve without the permission of the Budget Officer of the Department, who in turn reports to the Budget Director.

Thus, you see, that from the day the first estimates are set up to the day the last cent is expended, a control is in force designed to protect the public funds from useless, wasteful or extravagant expenditure.

This, however, covers only one phase of the problem of Federal finance. A second and perhaps moretechnical one has to do with the Treasury's management of receipts so as to be in position to meet requirements for current expenditures, a task which involves (1) the estimating for a definite period in advance the Government's probable cash needs and its probable receipts, and (2) the timing of receipts to match actual disbursements. This Treasury problem resolves itself into the maintenance of a satisfactory cash position from day to day, that is, the maintenance of sufficient but not more than sufficient cash on hand to meet current requirements including the various debt retirement accounts, with receipts and expenditures running in the hundreds of millions of dollars each month, and with very marked differences as between the times at which ordinary revenue is received and obligations for expenditures must be met.

Let us consider the Government's requirements for funds. Most important among the expenditures are those which are designated in the Treasury daily statement as "general expenditures." These include outlay for regular governmental activities of the legislative, executive and judicial branches. In the fiscal year 1930 this class of expenditures alone accounted for about half of the $4,000,000,000 of expenditures chargeable against ordinary receipts. Ordinarily these disbursements vary relatively little from month to month, the range being from about 170 to 190 million dollars during the fiscal year 1930. Other expenditures are for the most part much less regular. For example, interest which must be paid on the public debt is due largely in the six months April, October, March, June, September and December; although there is some shifting between these months owing to refunding operations, the amounts due are readily calculable in advance. Certain other large payments must be met at various times during the year, such as those resulting from loans made by the Federal Farm Board under authority of the agricultural marketing act, and by the Shipping Board, refunds of receipts erroneously collected, and the covering of deficits of the postal service. Such disbursements may be relatively irregular both as to amount and the time at which they must be paid. This is in part true also of expenditures which the Treasury is directed by law to make each year in retirement of public debt, consisting chiefly of sinking fund operations.

The Government's revenue does not accrue precisely when it is needed for expenditures. Revenues from certain sources are received fairly regularly month by month throughout the year. This is true, for example, of customs receipts, internal revenue collections other than income taxes and certain miscellaneous items of receipts. But these comprise less than half of the Federal revenue. Out of total ordinary receipts amounting to about $4,200,000,000 for the fiscal year 1930, $2,400,000,000 or about 60 per cent was derived from income taxes; and almost 90 per cent of these taxes are paid to the Government in the four quarterly tax payment months, March, June, September and December. The actual amount of income tax collections during these months in the fiscal year 1930 varied from about 516 to 560 million dollars. Furthermore, payments by foreign governments which are now considerably in excess of 200 million dollars each year, are received chiefly in December and June. As a consequence of the concentration of these important items of revenue in a few months of the year, the Treasury receives over two-thirds of its annual revenue during the four quarterly tax payment months — March, June, September and December -- in amounts which in 1930 varied from about 670 million dollars to about 800 million dollars as compared with revenue varying from about 140 million to 175 million in the other eight months of that year.

It is obvious that in each of the quarterly tax payment months the Treasury has ordinary receipts considerably in excess of requirements for current expenditures, whereas in the intervening months expenditures are considerably in excess of ordinary receipts. For example, during the three months beginning September 1, 1930, current ordinary receipts exceeded expenditures by 295 million dollars in September, but were 227 and 124 millions less than expenditures in October and November, respectively.

In providing funds to meet current Federal expenditures, the Treasury must find the means of distributing receipts which rise to a peak at quarterly intervals, and avoid the disturbance to the financial market which would result if they were withheld from the market until expended in defraying the ordinary governmental costs as they accrue. The Treasury meets these two requirements largely through its short-term debt operations.

A part of the outstanding public debt is maintained in the form of short-term obligations -- for the most part Treasury certificates of indebtedness issued for one year or less, maturing on quarterly tax payment dates. These issues are significant in relation to the subject we are at the moment considering because they are the principal means through which the Treasury's cash position can be adjusted. Attention should be directed in passing, however, to a second reason for maintaining a part of the public debt in the form of short-term securities. Since the end of the World War the Federal Government has devoted a considerable part of its revenues to the retirement of the war debt, as provided by Congress. The statutory requirement for the retirement of public debt and the orderly conduct of the program for handling the outstanding debt both demand yearly maturities of government obligations to the retirement of which the sinking fund may be applied.

The problem of arranging maturities to meet the requirements of an orderly debt retirement program is a difficult one, and in dealing with it the Treasury has found it necessary to employ not only long-term obligations, that is, bonds, but Treasury notes of intermediate maturity and obligations of short maturity. Each form of obligation plays an important part in the management of the public debt.

Returning now to the purpose which is served by the certificates of indebtedness in the maintenance of the Treasury's cash position, I have indicated that the certificates are issued to mature on quarterly tax payment dates. They are issued in amounts which are intended to provide funds which together with the ordinary receipts during the subsequent quarter will be adequate to meet requirements for current expenditures during the period, and to provide maturities on future tax payment dates sufficient to absorb the temporary excess of funds made available through heavy quarterly income tax payments. Let me illustrate. We receive, let us say, $500,000,000 in income tax payments on or about December 15, and we have half a billion of certificates maturing that day. The cash received from the taxpayers is almost simultaneously paid out to the certificate holders and while a billion dollars has passed through the Federal Reserve Banks no funds have been taken from the market. The new certificates sold, together with current receipts, will provide for the needs of the government until the next quarter day when the operation will be repeated. Payments on these new issues are for the most part made by credits to the Government's account on the books of subscribing banks, known as special depositaries, the proceeds of these credit sales being left on deposit with the purchasing bank until required by the Treasury to meet its current expenditures, thus involving no withdrawal of funds from the market until they can be returned through actual expenditures. It will be seen that the arrangement of maturities to absorb the heavy excess of receipts on quarterly tax-payment dates and the simultaneous sale of new short-term obligations largely on credit is in effect somewhat the same as though the Treasury were to redeposit its excess receipts at such times with banks throughout the country, with these important differences and advantages: (1) It makes the selection of the depositary banks and amount of the Government's deposits depend not upon the discretion of the Secretary of the Treasury but upon the amount of securities which any bank sees fit to purchase; (2) It encourages the banks to buy Government securities for the sake of the resultant temporary deposit, thus giving the Government a first class primary market for its securities and at the same time providing machinery through which a secondary distribution can be made to actual investors. This means that the Treasury Department has at its command a nation-wide sales organization; (3) It permits large fiscal operations to be conducted with the minimum of large transfers and withdrawals of funds on a single day, thus avoiding disturbance to money and credit conditions.

In general it may be said that the amounts of new issues are determined on the basis of estimates of the Government's net cash needs until the next tax payment date. Until the mid-December financing in 1929 it had been the practice to provide for the full quarterly requirements through an issue of certificates of indebtedness. Beginning in December 1929, however, certificates were not invariably issued to meet the full estimated requirements between quarterly tax payment dates. Instead they were issued in somewhat smaller amounts and were supplemented by subsequent sales of Treasury bills for cash, as authorized by the act of June 17, 1929. Treasury bills are, generally speaking, sixty to ninety day obligations sold for cash on a discount basis under competitive bidding at the most favorable prices bid by prospective purchasers. The chief advantages of this new instrument which is intended to supplement and not to supplant other Treasury issues include (1) procurement by the Treasury of the lowest discount rate consistent with market conditions as a result of competitive bidding; (2) the avoidance of the necessity for the Treasury to estimate the rate at which its current financing should be undertaken; (3) the opportunity of obtaining certain funds when needed instead of borrowing them in advance of requirements with consequent additional interest cost since they can be sold at any time when convenient. These bills obviously facilitate the difficult work of adjusting the Treasury's cash position either through the issuance of new Treasury bills or by permitting outstanding Treasury bills to run off at maturity as the existing situation may require. Finally, these bills can be made to mature on days when income tax checks are actually being collected rather than on the nominal dates of tax collection. In general, it may be said that this flexible supplement to certificates of indebtedness should at times enable the Treasury more promptly to take advantage of changing conditions in the money market.

Now let us see how the Treasury financial arrangements actually worked out in the quarter September 1 - November 30, 1930. On August 31, the published daily statement of the Treasury showed in its general fund a net balance of about $104,000,000. The net balance represents from an accounting point of view the Government's "Cash till".

At the beginning of September the Government faced expenditures which during September, October, and November were to aggregate 308, 375 and 245 million dollars, respectively, including purchases of 40 million dollars of debt for the sinking fund in September, 135 millions of interest in October and the payment in November of about 24 millions on account of loans under the agricultural marketing act. In addition to the above there were 352 millions of certificates of indebtedness and 51 millions of Treasury bills which matured on September 15, and 120 millions of Treasury bills which matured on November 17. For all purposes, therefore, the Treasury needed 711 millions in September, 375 millions in October, and 365 millions in November, a total of about $1,450,000,000 for the quarter. Receipts from taxes and miscellaneous sources would total 871 millions for these three months.

During the first half of September, the Government's expenditures were met through customs, internal revenue and other current receipts and by practically exhausting its current balances which had been calculated so as to be just adequate to carry the Government until the middle of September. The Treasury takes pride in never having on hand more funds than are actually needed. Idle money is expensive. The quarterly income tax payments of almost 500 millions due on September 15, provided funds for the retirement of 403 millions of debt which matured on that date and something over for current expenditures. The Treasury issued on the 15th of September 334 millions of certificates of indebtedness maturing September 15, 1931. As usual these issues were paid for largely by credit at the special depositaries. The Government had a net general fund balance at the end of September of 227 millions more than at the beginning of the month, most of the increase representing increase in its balances at depositary banks.

On October 15, interest payments on the Fourth Liberty Loan were due. These, with other interest payments during that month, totaled 135 millions, the largest payments of this kind in any month during the year. Partly as a result of these payments the Treasury faced expenditures during the month in excess of receipts by almost 227 millions. Although all of the additional funds needed to meet this situation could have been obtained by a larger issue of certificates in September, this was not done. Instead the Treasury bills totaling 103 millions were sold on October 15 and 16, the cash proceeds being returned to the market at once in interest payments. The balance required in excess of current revenues was met by withdrawals from the special depositary banks.

The Treasury operations in October illustrate certain of the advantages in the use of Treasury bills. If funds had been secured in September to cover the interest payments in October, the Government would have incurred an additional cost amounting to the difference between 2 3/8 per cent, the rate borne by the September certificates, and the 2 per cent which was then received on funds with depositary banks, or 3/8 of one per cent on 103 millions for 30 days. Furthermore, with an easing money market the bills were sold at a bank discount rate of less than 2 per cent in October as compared with a rate of 2 3/8 per cent on the September certificates.

In November expenditures again exceeded current revenues, this time largely because of the maturity of Treasury bills on the 17th. This debt maturity was met by a new issue of bills, and additional funds needed for other expenditures were met from the general fund balance. This completes the financial operations for one quarter. At the beginning of December the Treasury again made plans for adjusting receipts to expenditures for a three-months' period. This illustrates how the Treasury meets the current enormous needs of the Federal Government with a comparatively small current cash balance, and receives and clears immense sums without any disturbance of our delicate financial mechanism.

Let us conclude with a brief discussion of our war debt.

On June 30, 1920 our total interest-bearing debt outstanding amounted to $24,061,000,000. The average interest rate was 4.225%, and the annual interest charge came to $1,016,000,000. This constituted a colossal burden even for so rich a country as ours.

Ten years later, on June 30, 1930, the total interest-bearing debt had been reduced to $15,921,000,000, or by over $8,100,000,000. The average interest rate was 3.806%, and the total annual interest charge about $606,000,000, an annual saving of approximately $410,000,000. The Second and Third Liberty Loan Bonds, aggregating on June 30, 1920, approximately 7 billion dollars, had been paid off, as had $827,000,000 of war savings certificates. Instead of approximately 8 billion dollars of short-term obligations, there were outstanding $1,626,000,000 Treasury notes maturing within 2½ years, $1,264,000,000 of Treasury certificates, and $156,000,000 of Treasury bills, or a total of $3,046,000,000.

The striking differences between the national debt of a decade ago and today are as follows: (1) a reduction in size of about thirty-three and one-third per cent; (2) a marked lightening of the interest burden; (3) a change in character that has resulted in infinitely more convenient maturities and in a much better control over the time and rate of retirement; and (4) the shrinkage in the volume of outstanding long-term obligations of the United States Government. Whereas ten years ago there were almost 16 billion of bonds not redeemable until after five years, today there are only some 3 billion. The time element has, of course, been an important factor in effecting this reduction, in that through lapse of time the First and Fourth Liberty Loan bonds, which in 1920 could be classed as long-term bonds, are now callable inside of three years.

From June 30, 1920, to June 30, 1930, the sinking fund contributed $3,187,000,000 to debt retirement; foreign debt repayments, principal and interest, $1,416,000,000; surplus funds, $3,247,000,000; and miscellaneous $263,000,000. Based on past experience, future prospects and existing policy, it is not unreasonable to expect that our entire war debt may be liquidated by 1949.

Let me now say a word or two about the rather simple principles which govern Treasury refunding and retirement operations.

We have to start with a definite amount of outstanding obligations extending over a period of years, with varying maturities, some of which the Treasury controls by means of call provisions. Second, we know the fixed dates on which certain obligations have to be met; and there are, in addition, a number of open dates which may be filled either by making use of the call provision of a particular issue or by the issue of a new maturity through a refunding operation. It is these open dates that give the Treasury a very considerable measure of freedom as to the maturities of Government obligations.

But there are limitations. For instance, we must be careful in preparing our schedule to see that enough securities either mature or are callable every year to enable us to effect the retirements from the sinking fund required by law.

Sinking fund retirements must be effected at an average cost of not in excess of par, and the great majority of retirements from this source from now on must be made at par. This means that unless there are adequate maturities in each year, the Treasury Department might find itself unable to make any retirements from the sinking fund, for United States Government securities have a tendency to mount to a premium.

We know, in the third place, though not quite so accurately, what funds will be available for debt retirement from the sinking fund and foreign repayments, and we must estimate as best we can what sums may be expected by way of surplus, for it is obvious that this last item is susceptible to very great variations.

With this information on hand, we are enabled to prepare what may be called a timetable of payments which, in so far as the aggregate amount to be retired over a given number of years is concerned, is probably fairly accurate. But should it prove otherwise, no difficulty need be experienced, since it would always be possible, if necessary in the later years, to extend the life of the debt by refunding maturing obligations.

Within the limits thus staked out, the Treasury, as stated above, retains considerable liberty of action, having, as it has, the option of filling the earlier open dates with short-term maturities, or the later ones with securities of a longer life. In reaching a decision on this question from time to time and as occasion arises, the Treasury must be governed, both as to rates and maturities, by current conditions, and these conditions vary rapidly. They do not permit a detailed program to be mapped out in advance, but only a general one, embodying a number of alternative propositions, the most appropriate one of which may be selected when the time for action has come.

So much, then, for the conditions which determine the character and maturity of a new issue. The question of interest rates is one requiring a greater degree of judgment, but here again current yield rates for different maturities offer a fairly reliable guide, always taking into consideration what the long-time trend is likely to be and never forgetting that the volume of United States Government securities is constantly and rapidly diminishing, and that not many more years will elapse before this most convenient and safe form of investment which we have become so thoroughly accustomed to during the last decade will be available only in limited amounts, and that their scarcity value is a consideration which cannot be neglected.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
JANUARY 17, 1931.

Secretary Mellon announces today that the firm of Magney and Tusler, Inc., of Minneapolis, Minnesota, has been selected as architects for the proposed new post office building at Minneapolis to be located at First Street, South, Hennepin Avenue, High Street and Third Avenue.

Formal contract will be entered into with the above firm as soon as title to the site is vested in the United States.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, January 27, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 90-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on January 30, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be issued in two series, $30,000,000, or thereabouts, to be dated February 3, 1931, and maturing on May 4, 1931, and $30,000,000, or thereabouts, to be dated February 4, 1931, and maturing May 5, 1931. Bidders will not be required or permitted to bid for a particular series, but the Treasury will apportion each accepted bid equally between the two series in so far as the minimum denomination of $1,000 will permit. At maturity the face amount of the bills will be payable without interest. The bills will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment

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securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on January 30, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. With respect to bidders whose tenders have been accepted, such advice will state the amount of each series allotted. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on February 3, 1931, for the bills allotted bearing that date of issue, and on February 4, 1931, for bills allotted bearing the latter date of issue.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

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TREASURY DEPARTMENT

For release upon the Secretary's appearance before Senate Finance Committee at about 10 A.M., Wednesday, January 28, 1931.

Statement by Secretary Mellon before the Senate Finance Committee in respect of bills providing for the immediate payment to veterans of the face value of their Adjusted Service Certificates.

The proposed measures now before the Finance Committee for consideration provide for the payment of the face value of the veterans' adjusted service certificates at a cost of approximately $3,400,000,000. These certificates do not mature, generally speaking, until 1945.

I am glad to appear before you to consider whether any such colossal sum could be raised, and if so, what the effects would be on the finances and credit of the Government and the economic situation of the country. The Finance Committee of the Senate shares with the Treasury the great responsibility of protecting the integrity of our financial and economic structure, and I am sure that you would not want to embark upon a project that would affect them seriously, particularly in this period of depression.

The present condition of the public finances is far from being satisfactory. Expenditures are running considerably in excess of receipts. We will close the year with a deficit which, based on present indications, will be not less than $375,000,000. In saying this, you will appreciate how difficult it is to make any accurate prophecy in view of the uncertainty which surrounds prospective income-tax receipts. We are apprehensive that they will not come up to the estimated figures. According to present estimates we will reduce our national debt by about $65,000,000 during the present twelve months period, an insignificant amount, and even this reduction may melt away before June 30th, leaving us with an actual increase. Obviously this is no time for the reckless and unwarranted abuse of the public credit.

Three billion four hundred million dollars is an immense sum. It is almost one-fourth of our outstanding interest-bearing debt. It is equal to more than one-half of the average annual total of new capital issues in the United States for both foreign and domestic purposes. It exceeds the total amount of long-term domestic and foreign bond issues, exclusive of refunding, sold during the years 1919, 1920, and 1921, is about equal to the total for 1922 and 1923, and is about 85% of those sold as recently as 1929. To find any Government offering comparable in size, we have to go back to the war days and the Liberty bond issues, when, it will be remembered, the entire country was organized even down to the smallest hamlet and when people had the strongest urge to subscribe from a patriotic motive. Moreover, these earlier issues were marketed at a time when war inflation was under way, incomes appeared to be increasing, and there was no unemployment, while at the present time the country is going through a severe economic depression and there is a large army of unemployed. I can say without qualification that the Treasury Department could not sell $3,400,000,000 of bonds at the present time except on terms which it would be very hard to justify and without complete disorganization of the Government and other security markets, with the most serious consequences not only to the public credit but to our entire economic structure. Coming at this time such action would seriously retard a business recovery, and so prolong unemployment, which to-day is bringing misery and want to so many of our fellow countrymen.

It is true that in the course of the last decade the Treasury Department has successfully undertaken some very large credit operations, but they were all in the nature of refunding operations which involved in every instance the retirement of more outstanding securities than the amount of the new issues. During every one of the ten years there was a substantial reduction in the public debt and the credit operations undertaken by the Treasury in effect amounted simply to the replacing in constantly diminishing amount of public debt obligations already outstanding. But the proposals now before you contemplate, not the replacement of outstanding securities, but a demand for fresh money in the form of a $3,400,000,000 draft on the investment funds of the country, accompanied by a huge increase in the public debt.

The additional cost due to the conversion of this debt payable fourteen years in the future into an interest-bearing obligation as contemplated would be approximately $262,000,000 a year, or an increase of $150,000,000 over the annual appropriation now being made of $112,000,000. But that is not the whole story. For some time to come every other issue of securities which we must offer would as a result of this operation bear a higher interest rate than it otherwise would. In this connection I must remind you that we have a maturity of $1,100,000,000 on March 15th next, and that within the next two and one-half years some $8,000,000,000 of securities, mostly bearing a 4¼% interest rate, become callable. It is not easy to estimate this increased interest charge accurately, but it would be a large amount and the total annual increased debt-service charge would exceed $200,000,000.

But serious as would be the direct consequences to the Treasury and to the public credit, the indirect consequences to the country would be even more serious.

It must be obvious that the sale of Government securities in such volume at a much higher interest rate than the yield based on the price at which Government bonds are now selling, must immediately depreciate very materially the price of all United States bonds. Although available figures are incomplete, it is estimated that well over $2,000,000,000 of Government securities are held by individuals, who have invested their savings in what they had the right to believe was one of the safest and most stable securities in the world. They will suffer a large loss in value. The insurance companies that are responsible for the savings of millions of Americans are substantial holders of Government securities. Millions of policy holders will be compelled to make a heavy contribution in the way of depreciation of capital values. The member banks of the Federal Reserve System - without considering the many state non-member banks - hold $4,000,000,000 of United States securities as a secondary reserve. They likewise will have to write down the value of their Government securities, which will be particularly serious in the case of many country banks. Thus the effect of these measures will be equivalent to a capital levy on the holders of all United States Government securities. I venture to say that if these bills were framed in this form you would not consider them.

But the effect on values would not be limited to Government securities. The value of all other bonds would be affected, and the enactment of any one of these bills into law would thus almost automatically destroy capital values running into hundreds of millions of dollars.

The marketing of these bonds at the present time would kill the bond market for any other kinds of securities. One of the helpful aspects of a period of inactive business and low money rates is that it offers far-sighted business concerns opportunity for improving and modernizing equipment and reducing costs. Impairment of the bond market would not only interfere with this process, but would mean that many large undertakings, especially public works and public utilities, which it is planned to finance through the bond market, would be abandoned. The market for foreign securities would also be destroyed for a considerable period and this would have a serious disturbing effect on the world situation. Not only would it interfere with the marketing of our surplus products, which under present circumstances depends in large measure on foreign financing in this country, but it would also greatly disturb world trade and world equilibrium. The serious consequences of a radical falling off in foreign financing were experienced in this country in 1929 when our foreign trade diminished and the world was forced to send us a great deal of gold, which it could ill afford to spare. The absorption of all available investment funds into Government securities would kill the bond market, and yet it is to the development of the bond market and of bond financed construction and related activity that the country is looking as the principal hope for an early recovery of business. As I have already pointed out, $3,400,000,000 of new securities amounts to an issue equal to more than one-half of the total average annual capital issues in the United States, exclusive of refunding, both foreign and domestic.

It is impossible, of course, for the investment market to absorb the proposed amount in toto. To the extent that the amount is not absorbed by the use of investment funds, the remainder would have to be obtained, if at all, through the creation of bank credit or some other form of inflation. There would probably be some rise in prices, with a further dislocation of the price relationship between consumption goods and raw materials, since the latter are more or less determined in world markets that would be unaffected by our temporary inflation, though they would suffer from the drying up of our market for foreign loans. The rise in the prices of consumption goods would be followed by a drop when the stimulating effect of inflation will have worn off, and the drop, according to the usual course of events, would bring prices to a lower level than that prevailing at the present time. There would after a while be a deeper depression than the one from which the world is suffering to-day, emphasized still further by the temporary stimulation.

There is no economic merit in the proposal. From the point of view of stimulating business, it is a plan for unmitigated inflation, with the disastrous results of which the world is only too familiar. On the investment side it means the exhaustion of the security markets and the creation of a serious impediment to business recovery both here and abroad. To the unemployed it spells further retardation of the day when normal employment will be available. From the point of view of the United States Treasury it represents complete disorganization of an orderly program for the refunding and retirement of our war debt and a tremendous increase in interest charges. To the taxpayer it means the destruction of all hope of the lightening of the load of taxation for years to come and a probable increase in taxes in the very near future. How the veterans and their families, who after all are an inseparable part of the American people and whose prosperity and welfare are inextricably bound up with the prosperity and welfare of all, can hope to find relief and improvement in their condition from the universal and destructive consequences which these measures would entail is beyond comprehension.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SATURDAY, JANUARY 31, 1931.

STATEMENT BY SECRETARY MELLON

Secretary Mellon announced to-day that the tenders for $60,000,000, or thereabouts, of 90-day Treasury Bills which were offered on January 27, 1931, were opened at the Federal Reserve Banks on January 30, 1931. The Treasury's earlier announcement provided that the bills would be issued in two series, $30,000,000, or thereabouts, dated February 3, 1931, and maturing May 4, 1931, and $30,000,000, or thereabouts, dated February 4, 1931, and maturing May 5, 1931, the accepted bids to be apportioned by the Treasury equally between the two series, in so far as the minimum denomination of $1,000 will permit.

The total amount applied for was $327,805,000. The highest bid made was 99.782, equivalent to an interest rate of about 7/8 of 1 per cent on an annual basis. The lowest bid accepted was 99.753, equivalent to an interest rate of about 1 per cent on an annual basis. The total amount of bids accepted was $60,000,000, which have been equally apportioned between the two series. The average price of Treasury Bills to be issued is about 99.763. The average rate on a bank discount basis is about 0.95 per cent.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
JANUARY 29, 1931.

The Secretary of the Treasury announces the selection of the firm of Voelcker and Dixon, Inc., of Wichita Falls, Texas, as architects for the proposed new Post Office, Courthouse, etc., building at Wichita Falls, Texas.

Contract with the above-mentioned firm will be entered into as soon as title to the site is vested in the United States.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
SATURDAY, FEBRUARY 7, 1931.

Statement by Secretary Mellon:

My attention has been called to articles appearing in the public press to-day suggesting that the Treasury Department is giving favorable consideration to a so-called compromise measure looking to the amendment of the adjusted service certificate law. No compromise measures informally suggested to the Treasury up to the present time have received its approval.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SATURDAY, FEBRUARY 7, 1931.

"THE PAPER MONEY OF THE UNITED STATES".

Radio Address

by

Hon. Walter Ewing Hope,
Assistant Secretary of the Treasury,

over

Station WMAL

under auspices of
"SCIENCE SERVICE",
Washington, D.C.

Friday afternoon, February 6, 1931.

In speaking of "The Paper Money of the United States", I am not sure that you will be as much interested in the scientific as in the practical aspects of the subject. I suspect that just at present some of my hearers would prefer to be told how they can get some rather than how it is made. In this connection I am reminded of the customer who went into the cheap restaurant and ordered lobster a la Newburg. The waiter to whom he gave the order was pretty hard-boiled, and his reply was "Gosh! if there was anything like that in this dump I'd eat it myself."

There are many points of interest, however, about our currency and I shall try, in the brief time allotted me, to give you a few facts concerning it.

As everyone knows, there are two kinds of money, paper currency and coins. Both kinds are manufactured by the Treasury Department - the coins at the various mints and the paper money at the Bureau of Engraving and Printing at Washington. The public prefers paper money to coin, and except for the fractional parts of a dollar, paper money is generally used to the exclusion of coin. As paper naturally wears out from handling, it is constantly necessary for the Treasury to replace the paper money by substituting new bills for old. The average life of a one dollar bill is about nine months. Larger denominations last somewhat longer. In order to replace the worn out currency we must print one billion new bills a year. End to end, even though the size has been reduced, the annual output would reach around the earth at the equator about four times. The Bureau of Engraving and Printing, which prints the paper money, is a large sized manufacturing plant of the most modern type, employing about 4,500 people. It is open to inspection by the public and a visit will well repay you.

The Government first issued paper money in the early days of the Civil War in the form of United States Notes. Later, other forms of paper money were issued, and to-day five kinds are in use, - United States Notes, Gold Certificates, Silver Certificates, Federal Reserve Notes, and National Bank Notes. The United States Notes were issued in 1862 at a time when coin had largely disappeared from circulation, and they survive to this day. The total outstanding is $346,000,000, and the notes are protected by a gold reserve of $156,000,000 held in the Treasury. Gold certificates are issued against deposits of gold in the Treasury. They are in effect warehouse receipts for gold and the gold is actually held for the payment of these certificates. There are now outstanding about one and three-quarters billion dollars. Silver certificates are likewise issued against deposits of standard silver dollars in the Treasury. There are now outstanding about four hundred and ninety million dollars. These three varieties of paper money are issued directly by the Treasury.

The two other kinds of paper money are bank notes, those issued by the National banks and those issued by the Federal Reserve Banks. National bank notes are issued to National banks against the deposit with the Treasurer of the United States of a like amount of United States bonds bearing the circulation privilege. The only bonds now bearing this circulation privilege are the 2 per cent bonds issued before the War, the total amount now outstanding being about $675,000,000, which limits the total amount of National bank notes that may be issued to this figure. National bank notes are redeemable in lawful money of the United States. If a National bank wishes to withdraw its notes from circulation it must deposit with the Treasurer of the United States lawful money equal to the amount of its notes outstanding. When this deposit is made the bonds securing the bank notes will be returned by the Treasury. Federal

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reserve notes are issued to Federal Reserve Banks against the deposit of collateral of equal amount. This collateral must include 40 per cent gold. The balance may consist of eligible paper which has been discounted or purchased in the open market by Federal Reserve Banks and which meets certain legal requirements, or it may consist of gold or gold certificates. Federal reserve notes furnish the elastic element to our currency system, being issued when they are required and subsequently retired when they are no longer needed.

One of the frequent questions asked at the Treasury is how money gets into circulation. Of course this question applies to coins as well as to paper money. There are many ways by which this is accomplished. A holder of gold may deposit the gold at a Mint or Assay office and receive United States gold coin of like value, or, if he prefers, he may receive gold certificates. Money also gets into circulation through the payment by the Government of its obligations in cash. National banks and Federal reserve banks put their notes into circulation either by paying them out to investors or in cashing checks, or on account of loans granted by these banks. Or these banks may pay out on any account any form of United States money which they may have on hand. Ordinarily the public is not conscious of increases or decreases of money in actual use, for the process works automatically, and for the most part through deposits in and withdrawals from banks, and banks in turn deal with other banks, and finally with the Federal Reserve Banks, and they in turn with the Treasury.

Including that in circulation and that held in the reserves of the Federal Reserve Banks, the total amount of all the paper money outstanding on December 31, 1930 was more than $5,450,000,000. This paper money was represented by more than 900,000,000 separate bills. The paper money makes up something over eighty per cent of the total amount of money in circulation. Yet, notwithstanding the greater convenience and suitability as a medium of exchange, paper money would not be so generally used if it were not for the fact that its integrity is maintained by the United States and that as a practical matter it has the same standing as gold coin. The people of the United States are fortunate in having a paper currency of unquestioned worth which does not fluctuate as compared to coin.

Just a year and a half ago, the Treasury inaugurated --- the first important change ever made in the form of our paper currency. First of all, the size was reduced about one-third, and at the same time new designs were introduced. Previous to that, it was the usual practice to issue paper money with a different design for each face and back of each denomination. Moreover, changes in the designs of outstanding issues were made from time to time. The resulting multiplicity of designs was very confusing. For one thing, the situation favored counterfeiters and handicapped the Secret Service in their detection. An exhaustive study was made and resulted in the decision to reduce the size and to make the designs uniform for bills of the same face value. The backs were made uniform for each denomination, irrespective of the kind. Thus you can always tell a $5 bill from the back, although you would have to consult the face in order to tell what variety of bill it is. The face designs were also made characteristic for each denomination but with enough variation in detail to show the kind. The same portrait is used on all bills of the same denomination, irrespective of kind. Thus, in the small-size currency the portrait of Washington appears on all $1 bills, the portrait of Lincoln on all $5 bills, and the portrait of Hamilton on all $10 bills. This feature is of great assistance in detecting attempts at note-raising, for if the portrait of Washington is found on any small-size bill of more than $1, it is clearly spurious. To test the observation of your friends, cover up the denomination of a small-size $5 bill and merely show them the portrait of Lincoln. It would be interesting to find out how many of your acquaintances can state the value by the portrait.

It took over two years to prepare the new currency for issue, and its actual use was inaugurated in July 1929, the small-size currency being issued as the old size was retired. By the end of 1929 only small-size currency was being issued by the Treasury, and it was surprising how rapidly the old large-size bills disappeared from circulation. I venture to say that it has been many months since you have encountered any of the old bills. You will be surprised to learn, therefore, that there remained outstanding on December 31st, last, about one hundred million of the old size bills, of an aggregate face value of over $800,000,000. Where this currency is I do not know. Of course, the bills continue to come in steadily for exchange, but in lessening amounts. Part of it is probably held as inactive reserves by banks which have not taken the trouble to exchange it for the new size. A part is hoarded or is in hiding all over the world. Part has been destroyed, although it is the experience of the Treasury that much less is actually destroyed than is popularly assumed. Part has been lost and may or may not be recovered. And some small part is held by collectors. Most of this currency will eventually reach the Treasury, but only after many years.

It is to be noted in passing that the new small-size currency effected a material saving in cost, both of materials and of labor. We are now enabled to print twelve notes to a sheet, where formerly we only printed eight. Furthermore, from the standpoint of convenience, the smaller bills are more satisfactory than the large size. They seem to have met with almost universal approval on the part of the public, and I do not now recall a single complaint, nor do I believe the public would consider for a moment a return to the old size currency which was in use for so many years.

There are two frauds that may be perpetrated against the paper currency, one is counterfeiting and the other is the raising of the denominational value. As to the raising of bills, I have already referred to the fact that the use of the same portrait upon all bills of the same value has greatly increased the possibility of quick detection. As to counterfeiting, while the size of the bills has been reduced and many wholly unnecessary ornamental details have been eliminated, the same portraits as were formerly used and found so successful in preventing counterfeiting have been retained without reduction in size, and the currency is produced to-day by the Bureau of Engraving and Printing in exactly the same manner as was the old, being printed from finely engraved plates by the wet intaglio process with the highest degree of skill. The new currency, therefore, is quite as secure as the old against counterfeiting, and the Chief of the Secret Service informs me that most of the attempts at counterfeiting during the past year have been extremely crude and easy of detection. The use of the finely engraved portrait is one of the chief protections, and, as I have stated, if our citizens would take the pains to familiarize themselves with the portraits which identify the respective denominations, note-raising, for example, would soon become a lost art, and counterfeiters would have more difficulty in passing spurious bills.

Our experts in the Treasury Department have been repeatedly asked how to detect counterfeit money. There is but one answer to this question, "Know what is genuine". To know what is genuine, one must familiarize himself with the prominent features displayed on the currency. As stated, the finely engraved portrait prominently displayed in the center of each bill is the best guide in the determination of the genuineness of the bill. The counterfeiter no longer resorts to hand-engraving, being aware that the majority of our people merely glance at the figures on a bill to determine how much money it represents; and it is this careless handling of currency that contributes to whatever success attends a counterfeiting enterprise. On the other hand, the success of the Secret Service in keeping counterfeiting at a minimum is no doubt responsible for the absence of suspicion and the feeling of security upon the part of the public.

The orphan in our currency family is the two-dollar bill. It is generally unpopular, sometimes refused by the public, and there is a superstition that it is unlucky. The two-dollar denomination, moreover, is out of line with the decimal system, and the Treasury has frequently been criticized for continuing it. However, it does circulate largely in New England, where, in these latter days at least, they apparently defy superstition. In any event, existing law requires that it be issued, and there is no immediate prospect of its discontinuance.

All worn-out paper money comes back to the Treasury where it is counted and destroyed and new paper money issued in its place. On an average more than 3,000,000 worn-out bills are received at the Treasury each day. Every one of these bills is examined to determine that the amount is correct, that the kind is correct, and that the bill is genuine. After they have been counted the bills are destroyed by maceration, that is, they are subjected to a cooking process which utterly destroys their identity as money. Several tons of worn-out paper money are so destroyed each day. A worn-out bill, no matter what its condition, will be honored at the Treasury if identification is possible, and we have frequent instances of fragments of paper money being presented for identification and redemption. Several counters in the Treasurer's office are very expert in identifying these fragments. For example, almost invariably they are able to identify charred fragments of bills which have been through a fire. In these cases, where the circumstances are made known and the fragments are identified, full payment is made. But if paper money is utterly destroyed, so that sufficient fragments do not remain for identification purposes, the Treasury of course cannot make payment.

I think perhaps this will constitute a sufficient introduction to our paper currency and I hope you will be fortunate in maintaining a continuing and personal contact with it in ample amounts during the coming year.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, February 9, 1931.

FUTURE RELEASE
OBSERVE DATE

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $150,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on February 13, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated February 16, 1931, and will mature on May 18, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on February 13, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on February 16, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT FOR RELEASE WHEN DELIVERED.

SPEECH TO BE DELIVERED BY HON. OGDEN L. MILLS,

UNDERSECRETARY OF THE TREASURY,

BEFORE THE BOND CLUB OF NEW YORK

AT A LUNCHEON AT THE BANKERS' CLUB ON

FEBRUARY 11, 1931.

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During the last few weeks you have heard and read much of various proposals now pending in Congress looking to the amendment of the World War Veterans' Adjusted Service Compensation Act, with a view to making funds in considerable amount immediately available to the veterans either through redemption of the certificates or by increasing their loan value. Some of these proposals have aroused a justifiable apprehension on the part of all who are interested in an early economic recovery of the country, and who know how seriously progress would be affected by the huge bond issues contemplated. The question is an important and pressing one, and it will repay us, I think, to give a few minutes consideration to the basic factors involved.

It will be recalled that after some years of discussion, and after extensive consideration, the Congress determined to grant to our World War veterans adjusted compensation in the form of twenty-year endowment policies rather than the immediate payment of cash. Each veteran was granted a credit on the basis of a dollar a day for service in this country, and a dollar and a quarter a day for service abroad, the credit in any one case not to exceed $625. The net basic amount due to each veteran, plus an additional credit of 25 per cent, to compensate for deferring the payment for twenty years, was used to determine in each case the twenty-year endowment policy that could be purchased on the date the certificate was issued if the combined amount were applied as a single net premium in accordance with accepted actuarial principles, with interest at 4 per cent per annum, compounded annually.

It is important to note, however, that, while the amount of the endowment insurance policy was determined on the basis of a single net premium, as a matter of fact Congress did not provide for the payment of a single net premium, but for annual premiums in an amount which, invested at 4 per cent compound interest, would provide the necessary funds at maturity. This last is important since the amount which the veteran can borrow on his certificate is fixed on an annual premium basis, and this amount is obviously very much smaller than the amount that could be borrowed on a single premium basis. The failure to make the distinction is responsible for a great deal of the confusion which exists. The present loan value of all certificates on an annual premium basis amounts to $730,000,000, whereas the present loan value based on a single premium of $1,320,000,000, which is the amount of the basic service credit, would be approximately $1,600,000,000.

So that you may have the whole picture before you, may I add that the maturity value of all certificates is approximately $3,400,000,000, or an average of about a thousand dollars a certificate; that about a million six hundred thousand veterans are borrowing to-day, and that the total amount borrowed is approximately $325,000,000, or some 44½ per cent of the present loan value.

With the passage of the Adjusted Service Compensation Law, the veterans and the country had every reason to believe that the adjusted service compensation problem had been finally settled, and, on the whole, settled on a sound basis, since the benefits of an endowment insurance policy both to the veteran and his family are too obvious to need emphasizing. But, under the pressure of the present depression, which has seriously affected thousands of veterans, as it has affected every other class of our population, the suggestion was made that what the veterans needed was not an endowment insurance policy but cash. Any number and every variety of bill promptly made their appearance in Congress. In the main, the proposals take two forms: the first providing for the immediate cash payment of these certificates either at their face value or at some other value in excess of their present worth; the second for increasing the present loan value by a very wide margin, and with more or less disregard of sound actuarial principles.

The proposition to pay the face value of these certificates now is indefensible. It would be using the present business depression as an excuse for distributing about a billion six hundred and forty million dollars to the veterans in the form of a donation over and above what they are legally entitled to under the Adjusted Service Compensation Law. To argue that we are simply anticipating payment, as has been gravely done, is to ignore a fact known to every highschool boy, that the payment of three billion four hundred million dollars fourteen years from now is something very different from its payment to-day. Moreover, as the Secretary of the Treasury has pointed out, and as you gentlemen well know, the United States Treasury could not market $3,400,000,000 of bonds at the present time, except at an interest rate that would be hard to justify, accompanied by a wholesale depreciation in the value of other securities, which in extent would probably exceed the amount of the loan, the complete exhaustion of the investment market for a very long period of time, the retarding of business recovery, and an inflation which would be inevitably followed by the usual retribution. To impair the public credit, to deepen the business depression, and to prolong unemployment, is to inflict far graver injury on the 3,400,000 veterans who hold these certificates than could ever be compensated for by the payment of a few hundred dollars to each of them.

In the course of the last ten days, this, I think, has been made clear to the veterans and to the country, but some, while admitting that the Treasury couldn't borrow such a staggering sum as three billion and more, ask, Would not it be possible to float a bond issue of, say, a billion dollars or even a billion and a half without entailing such serious consequences? These figures, compared with $3,400,000,000, appear relatively small, but they constitute, nevertheless, immense sums. The largest issue which has been sold since the war-time issues was a little over a billion dollars, bearing a 4 per cent interest rate, and there was this vital difference between that issue and, for that matter, all other Government bond and note issues during the last decade, and the suggested operation: it was a refunding issue and in no sense an appeal for fresh funds. In my opinion, it would be impossible to induce new buyers to purchase a billion dollars of Government bonds at less than a 4 per cent rate, and a billion and a half of Government bonds at less than a 4¼ per cent rate. The probable effect would be to reduce the value of outstanding long-term Government bonds by anywhere from 8 to 10 points, and, as you gentlemen know better than I do, there would be a corresponding depreciation in general bond prices, or, in other words, a very large writing-off of capital values. Moreover, it is to the bond market that we look in times like these for the first stages of a business recovery. Increased employment, restored payrolls, and the consequent enlarged purchasing power of the people cannot be looked for to-day through increased production of consumption goods; they must come, in the first instance, through capital expenditures, the kind of capital expenditures in the way of improvement and development of plant that can profitably be made in periods of cheap money. They are dependent on the bond market.

As a result of the course which events have taken for the last year or more, investors have become unusually timid. There has been an excess of short-term funds, but the market for long-term funds has until recently been weak. At the turn of the year we began to witness the gradual restoration of confidence. Then the country suddenly realized that the Congress was seriously considering the borrowing and distribution of huge sums. The price of government bonds dropped sharply. The bond market went flat. This is a sample of what may be expected if we are forced to issue bonds in any considerable amount. But, once this threat is removed, I am hopeful that in a comparatively short time a growing stream of investment funds may begin to appear, which, transformed into capital expenditures, will lay the foundation for a gradual business recovery. The sale by the Government of the United States of as much as a billion dollars of long-term securities at a rate sufficiently high to attract the savings of new buyers would paralyze this process, while the funds so obtained would merely serve to stimulate temporarily a demand for consumption goods. This must result inevitably in prolonging the period of depression and unemployment.

Moreover, the United States Treasury is not in a position to undertake such an operation except at an excessively high cost, which must inevitably be reflected sooner or later in an increased burden of taxation. I am not simply referring to the high interest costs of this particular issue, but to the effects on the debt service charges of our entire national debt. We are faced, as you know, with a maturity of $1,100,000,000 on March 15 next.

In the next two and a half years over $8,000,000,000 of bonds, approximately 83% of which bear a $4\frac{1}{4}$ per cent interest rate, become callable. Large refunding operations, both in the immediate and the near future, are unavoidable. We have some $2,800,000,000 of short-term obligations outstanding, exclusive of the bonds that may be called. We will close this fiscal year with a deficit which in my judgment will not be less than half a billion dollars, and, far from reducing the national debt this year, it will actually be increased. The deficit is due, in large measure, to the expansion of Federal construction work, a great part of which may be attributed to the effort to relieve unemployment. We will expend on this account over $600,000,000 this fiscal year, as compared with approximately $275,000,000 in 1928. Against such a background, can anyone charged with the responsibility of managing the finances of the United States look with anything but apprehension on a measure which would compel the immediate sale of a billion or a billion and a half of long-term bonds? Frankly, I don't see how we could undertake to supply funds for this purpose in excess of the amount that could be raised as part of our current financing program.

I need hardly say that we have all sympathy for the veterans who are unemployed or whose resources have been so restricted by the present depression as to cause them distress. We fully understand how under these circumstances these men, who have already borrowed on their certificates the full amount permitted by law, would look hopefully to their certificates as a means of obtaining further ready funds, even at the sacrifice of their ultimate redemption value. But, from the standpoint of all the veterans and of their families, it is clear that it is not to their best interest for the Government to offer to all, irrespective of need, an inducement to cash in their endowment policies and forego the advantages of future protection, or even to offer them an inducement to borrow and so deplete the value of their endowment policies. The great trouble with the measures so far introduced is that, while purporting to be based on a desire to afford relief to veterans because of temporary need, they have not been designed for meeting such a restricted purpose but have gone much further. They have not conformed to actuarial or other principles which I believe to be sound, and have failed adequately to take into consideration the very serious economic effects of compelling the Government to borrow immense sums at this time. In so far as the Treasury Department is concerned, it was and is our plain duty to point out to the Congress and to the country the very grave dangers involved in the proposals heretofore submitted, no matter how well meant. I am confident that the World War veterans themselves will be the first to recognize, as they themselves did in the past, that our first duty is to the country; and that what is injurious to the country cannot be beneficial to the veterans.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SATURDAY, FEBRUARY 14, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $150,000,000, or thereabouts, of 91-day Treasury Bills dated February 16, 1931, and maturing May 18, 1931, which were offered on February 9, 1931 were opened at the Federal Reserve Banks on February 13, 1931.

The total amount applied for was $346,532,000. The highest bid made was 99.783, equivalent to an interest rate of about 0.86 per cent on an annual basis. The lowest bid accepted was 99.671, equivalent to an interest rate of about 1.30 per cent on an annual basis. The total amount of bids accepted was $154,281,000. The average price of Treasury Bills to be issued is 99.695. The average rate on a bank discount basis is about 1.21 per cent.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
FEBRUARY 18, 1931.

The Secretary of the Treasury announces the selection of Lambert Bassindale, St. Paul, Minn., as the architect for the proposed federal building in St. Paul, Minn. The Firm of Holabird and Rott, of Chicago, Ill., will be associated as consultant architects.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
FEBRUARY 20, 1931.

The following letters were made public today:

Assistant Secretary of the Treasury

Washington

February 20, 1931.

My dear Mr. Mellon:

It is a matter of great regret to me that, on account of the reorganization of my law firm, I find it impossible to extend further my leave of absence and must accordingly relinquish my position here as Assistant Secretary of the Treasury.

In so doing may I tell you how thoroughly I have enjoyed the privilege of association with you and how deeply I have appreciated the unfailing kindness and consideration which you have shown to me. The work has proved absorbingly interesting and stimulating, and I have particularly valued the opportunity of observing, at close range, the application of your sound judgment, rich experience and keen insight to the problems of the Treasury. It has been an experience which I shall always prize, and I regret that it must come to an end.

With warmest regards,

Yours faithfully,

(Signed) WALTER E. HOPE
Assistant Secretary of the Treasury.

Honorable A. W. Mellon,
Secretary of the Treasury.

The Secretary of the Treasury

Washington.

February 20, 1931.

Dear Mr. Hope:

I have received your letter of February 20th, and it is with great regret that I see you end your service at the Treasury. I know that for some time past your plans have been made to return to the practice of law and that you have remained at your post at a personal sacrifice and only at the earnest desire of the President and myself.

You have had supervision of important governmental activities, including the Bureau of Internal Revenue with all the varied and difficult problems that arise in the administration of the revenue laws. You brought to your work experience and ability of the first order and have shown a resourcefulness and devotion to duty which have been of the greatest value to the Treasury and to me.

For all these and other services which you have rendered to your government and for the assistance which you have given to me personally, I wish to thank you. I would like to say also how much I have enjoyed our association together and how greatly I shall miss your pleasant and congenial companionship. I hope we shall have many occasions to meet in the future, and with warm regards and best wishes, I am

Sincerely yours,

(Signed) A. W. MELLON
Secretary of the Treasury

Honorable Walter E. Hope,
Assistant Secretary of the Treasury.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, March 2, 1931.

STATEMENT BY SECRETARY MELLON

The Treasury is today offering for subscription at par and accrued interest, through the Federal Reserve Banks, a combined offering of 3-3/8 per cent Treasury bonds and of $1\frac{1}{2}$ per cent six-month certificates of indebtedness and 2 per cent twelve-month certificates of indebtedness.

The Treasury bonds will be dated and bear interest from March 16, 1931, will mature on March 15, 1943, and will be redeemable at the option of the United States on and after March 15, 1941.

The certificates of indebtedness are in two series, both dated and bearing interest from March 16, 1931, one series, TS2-1931, being for six months, with interest at the rate of $1\frac{1}{2}$ per cent, and maturing September 15, 1931, and the other series, TM-1932, being for twelve months, with interest at the rate of 2 per cent, and maturing March 15, 1932.

The amount of the Treasury bond offering is $500,000,000, or thereabouts, the amount of the offering of six-month certificates of indebtedness is $300,000,000, or thereabouts, and the amount of the twelve-month offering of certificates is $600,000,000, or thereabouts.

Applications will be received at the Federal Reserve Banks. The Treasury will accept in payment for the new Treasury bonds and certificates of indebtedness, at par, the $3\frac{1}{2}$ Treasury notes of Series A-1930-32 and Series B-1930-32, which become due and payable on March 15, 1931.

Subscriptions for the Treasury Bonds and the twelve-month series of certificates of indebtedness, Series TM-1932, in payment of which $3\frac{1}{2}$ per cent Treasury notes of Series A-1930-32 and Series B-1930-32 are tendered, will be given preferred allotment. With respect to the six-month series of certificates of indebtedness, Series TS2-1931, subscriptions in payment of which $3\frac{1}{2}$ per cent Treasury notes are tendered will not be given preferred allotment.

The Treasury bonds will be issued both in bearer and registered form, in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The registered bonds will also be issued in the \$50,000 denomination. The certificates of indebtedness of both series will be issued in bearer form only, in denominations of \$500, \$1,000, \$5,000, \$10,000, and \$100,000, the certificates of Series TS2-1931 having one interest coupon attached, payable September 15, 1931, and the certificates of Series TM-1932 two interest coupons attached, payable September 15, 1931, and March 15, 1932.

The certificates of indebtedness will be exempt, both as to principal and interest, from all taxation, except estate and inheritance taxes. The Treasury bonds will 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 (but not including any certificates of indebtedness issued after June 17, 1929, because they were on that date made exempt from all taxation except estate and inheritance taxes) authorized by the Act approved September 24, 1917, as amended, 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 said clause (b) above.

About $1,100,000,000 of 3½% Treasury notes of Series A-1930-32 and Series B-1930-32, and about $30,000,000 in interest payments on the public debt, become due and payable on March 15, 1931.

The texts of the official circulars follow:

THREE AND THREE-EIGHTHS PER CENT
TREASURY BONDS OF 1941-43

The Secretary of the Treasury invites subscriptions, at par and accrued interest, from the people of the United States, for three and three-eighths per cent Treasury bonds of 1941-43, of an issue of gold bonds of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The amount of the offering will be $500,000,000, or thereabouts.

DESCRIPTION OF BONDS

The bonds will be dated March 16, 1931, and will bear interest from that date at the rate of three and three-eighths per cent per annum, payable on September 15, 1931, on a semiannual basis, and thereafter semiannually on March 15 and September 15 in each year until the principal amount becomes payable. The bonds will mature March 15, 1943, but may be redeemed at the option of the United States on and after March 15, 1941, in whole or in part, at par and accrued interest, on any interest day or days, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value.

Bearer bonds with interest coupons attached will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. Bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, $50,000, and $100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds and for the transfer of registered bonds, without charge by the United States, under rules and regulations prescribed by the Secretary of the Treasury.

The bonds 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 (but not including any certificates of indebtedness issued after June 17, 1929) authorized by said Act approved September 24, 1917, as amended, 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 said clause (b) above.

The bonds will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege and are not entitled to any privilege of conversion. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter issued, governing United States bonds.

APPLICATION AND ALLOTMENT

Applications will be received at the Federal Reserve Banks, as fiscal agents of the United States. Banking institutions generally will handle applications for subscribers, but only the Federal Reserve Banks are authorized to act as official agencies.

The right is reserved to reject any subscription, in whole or in part, and to allot less than the amount of bonds applied for and to close the subscriptions at any time without notice; the Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

PAYMENT

Payment at par and accrued interest for any bonds allotted must be made on or before March 16, 1931, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive bonds. Any qualified depositary will be permitted to make payment by credit for bonds 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.

The $3\frac{1}{2}$ % Treasury notes of Series A-1930-32 and B-1930-32, which were called for redemption on March 15, 1931, by Treasury Department Circular No. 428, dated September 10, 1930, will be accepted at par in payment for any Treasury bonds of the issue now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the bonds so paid for. Subscriptions for which payment is to be tendered in $3\frac{1}{2}$ % Treasury notes of Series A-1930-32 and B-1930-32, will be given preferred allotment up to the amount of the offering.

GENERAL PROVISIONS

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

Any further information which may be desired as to the issue of Treasury bonds under the provisions of this circular may be obtained upon application to a Federal Reserve Bank. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering.

TREASURY CERTIFICATES OF INDEBTEDNESS
Series TS2-1931 - $1\frac{1}{2}$ per cent
Series TM -1932 - 2 per cent

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 March 16, 1931, the certificates of Series TS2-1931 being payable on September 15, 1931, with interest at the rate of one and one-half per cent per annum, payable on a semiannual basis, and the certificates of Series TM-1932 being payable on March 15, 1932, with interest at the rate of two per cent per annum, payable on a semiannual basis.

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 TS2-1931 will have one interest coupon attached, payable September 15, 1931, and the certificates of Series TM-1932, two interest coupons attached, payable September 15, 1931, and March 15, 1932.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) 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.

The certificates of these series will be accepted at par 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 will be acceptable to secure deposits of public moneys, but will 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. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before March 16, 1931, 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. The $3\frac{1}{2}$ % Treasury notes of Series A-1930-32 and B-1930-32, which were called for redemption on March 15, 1931, by Treasury Department Circular No. 428, dated September 10, 1930, will be accepted at par, in payment for any certificates of the series now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the certificates of the series so paid for.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
THURSDAY, MARCH 5, 1931.

STATEMENT BY SECRETARY MELLON

On Monday afternoon, March 2, 1931, the U. S. Supreme Court rendered decisions in the cases of Burnet v. Northern Trust Company, Executor of Van Schaick; Morsman, Administrator, v. Burnet; and McCormick, et al., Executors, v. Burnet, holding in effect that where property was conveyed in trust by a transferor who reserved to himself for life the income from the property or the right to designate who should enjoy the income therefrom, the value of such property at the date of the transferor's death should not be included in computing his Federal estate tax, the transfer of such property not being "in contemplation of or intended to take effect in possession or enjoyment at or after his death" within the meaning of the Federal estate tax laws. As a result of these decisions, a bill (H. J. Res. 529) was introduced in the House of Representatives on March 3, 1931, to amend section 302(c) of the Revenue Act of 1926, the section of the existing Federal estate tax law which it was theretofore believed covered cases such as the three above referred to, to provide specifically for including in the gross estate of a decedent, for Federal estate tax purposes, the value of property which may have been transferred by the decedent in trust or otherwise where "the transferor has retained for his life or any period not ending before his death (1) the possession or enjoyment of, or the income from, the property or (2) the right to designate the persons who shall possess or enjoy the property or the income therefrom." The bill was passed unanimously by both Houses of Congress with commendable expedition and signed by the President on the same day it was introduced in the House, thus becoming a part of the existing Federal estate tax law on March 3, 1931. This legislation will make more effective the operation of the Federal estate tax law. Without such legislation it was possible for a person, by making a conveyance of property for the use after his death of those who he intended should ultimately have it, to put the property beyond the reach of the Federal estate tax law and at the same time to reserve to himself the income or enjoyment of the property just as if no conveyance had been made. Under the legislation enacted on March 3, 1931, a conveyance of this kind would be ineffective as a means of escaping the imposition of the Federal estate tax.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS, Friday, March 6, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon announced that subscriptions for the March 16th offering of 3-3/8 per cent Treasury Bonds of 1941-43, 1-1/2 per cent six-months Treasury Certificates of Indebtedness of Series TS2-1931, and 2 per cent twelve months Treasury Certificates of Indebtedness of Series TM-1932, closed at the close of business on March 3, 1931.

3-3/8 PER CENT TREASURY BONDS OF 1941-43.

The offering of 3-3/8 per cent Treasury Bonds of 1941-43 was primarily in the nature of a refunding operation, since holders of $1,109,000,000 Treasury Notes maturing March 15th were given preferred allotment up to the amount of the new issue. Note-holders took advantage of the offering in an amount in excess of the total amount offered. No bonds were therefore available for cash subscribers. The exchange subscriptions aggregate over $742,000,000. All of such exchange subscriptions were allotted 80 per cent, and all cash subscriptions were rejected. On this basis, the total amount of 3-3/8 per cent Treasury Bonds of 1941-43 to be issued will be approximately $593,000,000. Total subscriptions aggregate some $2,111,000,000.

1-1/2 PER CENT TREASURY CERTIFICATES OF SERIES TS2-1931.

Reports received from the Federal Reserve Banks show that for the offering of 1-1/2 per cent Certificates of Series TS2-1931, maturing September 15, 1931, which was for $300,000,000, or thereabouts, total subscriptions aggregate some $400,000,000. As previously announced, subscriptions for this series in payment of which 3-1/2 per cent Treasury Notes maturing March 15, 1931, were tendered, were treated as cash subscriptions. Allotments on all subscriptions were made as follows:

All subscriptions in amounts not exceeding $10,000 for any one subscriber were allotted in full; subscriptions in amounts over $10,000 but not exceeding $100,000 were allotted 90 per cent, but not less than $10,000 on any one subscription; subscriptions in amounts over $100,000 but not exceeding $1,000,000 were allotted 80 per cent, but not less than $90,000 on any one subscription; and subscriptions in amounts over $1,000,000 were allotted 70 per cent, but not less than $800,000 on any one subscription.

2 PER CENT TREASURY CERTIFICATES
OF SERIES TM-1932

Reports received from the Federal Reserve Banks show that for the offering of 2 per cent Certificates of Indebtedness of Series TM-1932, maturing March 15, 1932, which was for $600,000,000, or thereabouts, total subscriptions aggregate some $1,223,000,000. Of these subscriptions about $72,400,000 represent subscriptions for which 3-1/2 per cent Treasury Notes of Series A-1930-32 and Series B-1930-32, maturing March 15, 1931, were tendered in payment, all of which were allotted in full.

Allotments on the cash subscriptions for the 2 per cent certificates of Series TM-1932, were made as follows: Subscriptions in amounts not exceeding $1,000 were allotted in full. Subscriptions in amounts over $1,000 but not exceeding $50,000 were allotted 80 per cent, but not less than $1,000 on any one subscription; subscriptions in amounts over $50,000 but not exceeding $100,000 were allotted 70 per cent, but not less than $40,000 on any one subscription; subscriptions in amounts over $100,000 but not exceeding $500,000 were allotted 60 per cent, but not less than $70,000 on any one subscription; subscriptions in amounts over $500,000 but not exceeding $1,000,000 were allotted 50 per cent, but not less than $300,000 on any one subscription; and subscriptions in amounts over $1,000,000 were allotted 35 per cent, but not less than $500,000 on any one subscription.

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Further details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
TUESDAY, MARCH 10, 1931.

Gloucester, Mass.,

March 9, 1931.

Wm. T. Aldrich, 30 Newberry St., and Wm. C. Chase, associate, Boston, Mass., have been selected for architectural services in connection with the post office, etc., at Gloucester, Mass.

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TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Wednesday, March 11, 1931.

Secretary Mellon today announced that the total amount of subscriptions received for 3-3/8 per cent Treasury Bonds of 1941-43, dated March 16, 1931, was $2,111,871,300. Of this amount, $742,723,100 represented exchange subscriptions in payment for which 3-1/2 per cent Treasury Notes, maturing March 15, 1931, were tendered. Such exchange subscriptions were allotted 80 per cent, or $594,193,650. All other subscriptions were rejected.

The total amount of subscriptions received for the two issues of Treasury Certificates of Indebtedness, Series TS2-1931, 1-1/2 per cent, dated March 16, 1931, maturing September 15, 1931, and Series TM-1932, 2 per cent, dated March 16, 1931, maturing March 15, 1932, was $1,623,733,000. The total amount of subscriptions allotted for Series TS2-1931 was $300,176,000, which included both cash and exchange subscriptions, the latter being treated as cash subscriptions. The total amount of subscriptions allotted for Series TM-1932 was $623,891,500, of which $72,482,500 represented allotments on exchange subscriptions for which 3-1/2 per cent Treasury Notes maturing March 15, 1931, were tendered in payment. Such exchange subscriptions were allotted in full. Allotments of all subscriptions for Series TS2-1931 and allotments of cash subscriptions for Series TM-1932 were made on a gruduated scale.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

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3-3/8 PER CENT TREASURY BONDS OF 1941-43

Federal Reserve District:	Total Subscriptions Received:	Total Cash Subscriptions Received:	Total Exchange Subscriptions Received:	Total Exchange Subscriptions Allotted:
Boston	$ 110,126,750	$ 104,416,800	$ 5,709,950	$ 4,568,200
New York	965,613,850	440,635,150	524,978,700	419,983,400
Philadelphia	165,014,000	139,638,950	25,375,050	20,300,000
Cleveland	180,753,900	167,338,000	13,415,900	10,734,000
Richmond	93,733,550	79,983,900	13,749,650	10,999,900
Atlanta	62,071,300	56,321,850	5,749,450	4,599,650
Chicago	198,350,750	123,357,150	74,993,600	60,004,150
St. Louis	40,928,700	36,253,750	4,674,950	3,740,900
Minneapolis	31,861,850	23,371,050	8,490,800	6,793,050
Kansas City	48,671,750	30,917,850	17,753,900	14,204,400
Dallas	60,862,750	49,814,250	11,048,500	8,839,450
San Francisco	145,006,450	116,723,100	28,283,350	22,626,950
Treasury	8,875,700	376,400	8,499,300	6,799,600
Total	$2,111,871,300	1,369,148,200	742,723,100	594,193,650

1-1/2 PER CENT CERTIFICATES OF INDEBTEDNESS
OF SERIES TS2-1931

Federal Reserve District:	Total Subscriptions Received:	Total Subscriptions Allotted:
Boston	$ 13,900,000	$ 11,996,500
New York	185,029,500	132,472,500
Philadelphia	26,275,000	19,930,000
Cleveland	7,195,000	5,605,000
Richmond	9,821,000	8,445,500
Atlanta	15,241,000	13,475,500
Chicago	71,066,000	54,021,000
St. Louis	14,710,000	11,005,000
Minneapolis	769,500	644,500
Kansas City	2,457,500	2,042,000
Dallas	14,063,500	12,041,500
San Francisco	40,119,500	28,496,000
Treasury	1,000	1,000
Total	$400,648,500	$ 300,176,000

2 PER CENT CERTIFICATES OF INDEBTEDNESS
OF SERIES TM-1932

Federal Reserve District:	Total Subscriptions Received:	Total Exchange Subscriptions Allotted:	Total Cash Subscriptions Allotted:	Total Subscriptions Allotted:
Boston	$ 128,815,000	$	$ 68,515,500	$ 68,515,500
New York	590,377,000	62,644,000	223,737,000	286,381,000
Philadelphia	106,406,000	46,000	52,704,000	52,750,000
Cleveland	49,992,000	....	25,124,000	25,124,000
Richmond	59,120,500	156,000	34,257,500	34,413,500
Atlanta	53,139,000	....	34,451,000	34,451,000
Chicago	99,906,500	5,159,500	48,953,000	54,112,500
St. Louis	17,881,000	2,025,000	9,354,500	11,379,500
Minneapolis	2,725,500	50,000	1,523,500	1,573,500
Kansas City	11,016,500	2,261,500	5,011,500	7,273,000
Dallas	27,491,500	50,000	17,163,500	17,213,500
San Francisco	76,189,000	90,500	30,594,000	30,684,500
Treasury	25,000	....	20,000	20,000
Total	$1,223,084,500	72,482,500	551,409,000	623,891,500

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, March 18, 1931.

In response to inquiries as to the immediate cash requirements of the Veterans Bureau for adjusted service certificate loans, Secretary of the Treasury Mellon made public the following letter received from General Hines:

"VETERANS ADMINISTRATION

Washington

March 17, 1931.

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

Sir:

In compliance with your request I have the honor to submit the following information and data in regard to the effect of the recent amendment to The World War Adjusted Compensation Act.

From the date of the enactment increasing the loan values on adjusted service certificates to fifty per cent of the face value there had been received by the Bureau, up to March 14, 1931, 1,372,006 applications for the additional benefits granted; of this number 282,874 had been disposed of by the action of granting the loan and dispatching the check. The total value of the checks so issued amounted to $104,035,366.24, the checks averaging $367.78 a piece. On this basis I estimate that the Administration will require from your Department, for the purpose of making these additional loans, approximately $90,000,000 during the week ending March 21st, and $100,000,000 during each of the ensuing three weeks. The amount which will be required following this period is problematical, as it is manifestly quite impossible to make an estimate of any degree of accuracy as to the number of applications which will be received in the future; however, I believe that my original prediction that seventy-five per cent of the veterans would avail themselves of the privileges of the amendatory legislation will prove to be reasonably close to the actual experience. On such a basis the Treasury will be called upon to finance additional loans under the amendment to an amount approximating one billion dollars.

Respectfully,

FRANK T. HINES
Administrator."

It appears from this letter that for the purpose of making the loans applied for up to March 14th, the Treasury Department will be called upon to furnish approximately $500,000,000 by April 11th, including the $100,000,000, more or less, loaned since the new law went into effect.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
Wednesday, March 18, 1931.

The Secretary of the Treasury announces the selection of Wm. E. Lehman and George Oakley Totten, Jr., of Newark, N.J., as associate architects for the Post Office and Courthouse Building, Newark, N.J.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Wednesday, March 18, 1931.

The Secretary of the Treasury announces the selection of Seth J. Temple, Union Bank Building, Davenport, Iowa, for architectural services in connection with the Post Office and Courthouse Building, Davenport, Iowa.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, March 23, 1931.

The Treasury to-day called attention to the fact that of $1,109,000,000 $3\frac{1}{2}$ per cent Treasury notes, Series A and B, 1930-32, called for redemption on March 15, 1931, some $70,000,000 have not yet been presented for redemption. The holders of these notes should understand that all interest on them ceased on March 15, 1931, pursuant to the call for redemption. In their own interest they are urged, therefore, to present them for redemption.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Thursday, March 26, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $100,000,000, or thereabouts, They will be 90-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on March 30, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be issued in two series, $50,000,000, or thereabouts, to be dated April 2, 1931, and maturing on July 1, 1931, and $50,000,000, or thereabouts, to be dated April 3, 1931, and maturing July 2, 1931. Bidders will not be required or permitted to bid for a particular series, but the Treasury will apportion each accepted bid equally between the two series in so far as the minimum denomination of $1,000 will permit. At maturity the face amount of the bills will be payable without interest. The bills will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on March 30, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. With respect to bidders whose tenders have been accepted, such advice will state the amount of each series allotted. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on April 2, 1931, for the bills allotted bearing that date of issue, and on April 3, 1931, for bills allotted bearing the latter date of issue.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, March 31, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary of the Treasury Mellon announced to-day that the tenders for $100,000,000, or thereabouts, of 90-day Treasury Bills which were offered on March 26, 1931, were opened at the Federal Reserve Banks on March 30, 1931. The Treasury's earlier announcement provided that the bills would be issued in two series, $50,000,000, or thereabouts, dated April 2, 1931 and maturing July 1, 1931, and $50,000,000, or thereabouts, dated April 3, 1931 and maturing July 2, 1931, the accepted bids to be apportioned by the Treasury equally between the two series, in so far as the minimum denomination of $1,000 will permit.

The total amount applied for was $343,857,000. The highest bid made was 99.695, equivalent to an interest rate of 1.22 per cent on an annual basis. The lowest bid accepted was 99.621, equivalent to an interest rate of about 1.52 per cent on an annual basis. The total amount of bids accepted was $100,855,000, which has been equally apportioned between the two series. The average price of Treasury Bills to be issued is about 99.634. The average rate on a bank discount basis is about 1.46 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, April 8, 1931.

STATEMENT BY SECRETARY MELLON

The Treasury is today offering for subscription, at par and accrued interest, through the Federal Reserve Banks, an issue of eight-month 1-7/8 per cent Treasury certificates of indebtedness of Series TD2-1931, dated and bearing interest from April 15, 1931, and maturing December 15, 1931. The amount of the offering is $275,000,000, or thereabouts.

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 June 15, 1931, and December 15, 1931.

The text of the official circular follows:

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 of Series TD2-1931, dated and bearing interest from April 15, 1931, payable December 15, 1931, with interest at the rate of one and seven-eighths per cent per annum, payable on a semiannual basis.

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 June 15, 1931, and December 15, 1931.

The certificates of said series shall be exempt, both as to principal and interest, from all taxtion (except estate and inheritance taxes) 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.

The certificates of this series will be accepted at par 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 will be acceptable to secure deposits of public moneys, but will 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. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before April 15, 1931, 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 allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, April 11, 1931.

Secretary Mellon today announced that according to the final reports received from the twelve Federal Reserve Banks the total subscriptions for the offering of 1-7/8 per cent Treasury Certificates of Indebtedness, Series TD2-1931, aggregate $908,688,000. Allotments have been made as follows: All subscriptions in amounts not exceeding $1,000 for any one subscriber have been allotted in full. Subscriptions in amounts over $1,000 but not exceeding $10,000 for any one subscriber were allotted 70 per cent but not less than $1,000 for any one subscription; subscriptions in amounts over $10,000 but not exceeding $100,000 for any one subscriber were allotted 60 per cent but not less than $7,000 on any one subscription; subscriptions in amounts over $100,000 but not exceeding $1,000,000 for any one subscriber were allotted 40 per cent but not less than $60,000 on any one subscription; and subscriptions in amounts over $1,000,000 were allotted 20 per cent but not less than $400,000 on any one subscription.

Further details as to subscriptions and allotments by Federal Reserve Districts will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Saturday, April 11, 1931.

Under date of April 8, 1931, the Secretary of the Treasury announced the selection of the United Engineers & Constructors, Inc., 112 North Broad Street, Philadelphia, Pa., for the design, working drawings, specifications, and supervision of the proposed Central Heating Plant, Washington, D. C.

The following additional information is furnished:

This new central steam heating plant will cost approximately $5,000,000. It has been under consideration for a period of years and the decision to build it at this time has been reached because of the requirements for supplying heat and power to the new government buildings recently completed, now under construction, or contemplated in the district known as the Triangle, bounded by Pennsylvania Avenue, Maryland Avenue and 15th Street.

The plant is planned ultimately to furnish steam for twenty-six buildings, which in an average year will consume approximately 1,500,000,000 pounds of steam. The present installation will be about twenty-five per cent less, and the future increases in demand will be taken care of by extending the plant and the mains to supply the additional load.

Steam will be distributed to the buildings through pipes varying in diameter from 3 inches to 18 inches and having an aggregate length of approximately five miles. These pipes will occupy underground pipe-ways in the form of tunnels and conduits.

In connection with the heating plant, an electrical sub-station will be built which will distribute power purchased from the Potomac Electric Company.

The buildings which will be supplied with steam and electric light and power in the initial installation will consume approximately 34,000,000 kilowatt hours of electric current in an average year with a maximum demand on the electrical distribution system of approximately 18,000 kilowatts. The future extensions will increase these demands by about thirty-five per cent.

The design of the plant will embody the most modern features in the combustion of fuels and production of steam together with electrical design to provide service of maximum reliability at minimum investment cost.

Special attention will be given to the architectural features of the plant which will be approved by the Fine Arts Commission of Washington.

The site selected will permit of future extension of the plant as required and will provide for the supply of fuel by railroad connection.

United Engineers & Constructors Inc., the engineering firm retained by the government to prepare the designs for the plant, is headed by Dwight P. Robinson and has had a broad experience in general engineering and construction practice. This firm and their subsidiary companies have completed work in the United States and abroad costing in excess of one billion dollars. They are particularly well qualified in the field of power plant construction because of their extensive experience in the public utility field in large power station construction. They have designed and built some of the largest central heating plants in the country, having been associated with work of this nature in New York, Philadelphia and Pittsburgh.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
MONDAY, April 13, 1931.

Secretary Mellon to-day announced that the total amount of subscriptions received for the issue of 1-7/8 per cent Treasury Certificates of Indebtedness, Series TD2-1931, dated April 15, 1931, maturing December 15, 1931, aggregated $908,688,000, and that the total amount of subscriptions allotted was $275,118,000.

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

Federal Reserve District	Total Subscriptions Received:	Total Subscriptions Allotted:
Boston	$ 58,618,000	$ 24,060,500
New York	374,288,500	83,987,000
Philadelphia	101,093,000	28,900,000
Cleveland	53,912,500	16,142,000
Richmond	51,587,000	27,744,000
Atlanta	45,383,000	24,127,500
Chicago	76,347,500	25,516,000
St. Louis	19,645,000	6,830,000
Minneapolis	6,221,000	3,127,000
Kansas City	19,064,500	5,640,500
Dallas	30,028,500	12,057,500
San Francisco	71,799,500	16,706,000
Treasury	700,000	280,000
Total	$ 908,688,000	$ 275,118,000

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
TUESDAY, April 21, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P.M., Eastern Standard time, on April 24, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated April 27, 1931, and will mature on July 27, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on April 24, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on April 27, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No.418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, April 25, 1931.

STATEMENT BY SECRETARY OF THE TREASURY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $50,000,000, or thereabouts, of 91-day Treasury Bills dated April 27, 1931, and maturing July 27, 1931, which were offered on April 21, 1931, were opened at the Federal Reserve Banks on April 24, 1931.

The total amount applied for was $343,739,000. Except for one bid for $10,000 at the rate of about 1 per cent, the highest bid made was 99.674, equivalent to an interest rate of about 1.29 per cent on an annual basis. The lowest bid accepted was 99.653, equivalent to an interest rate of about 1-3/8 per cent on an annual basis. The total amount of bids accepted was $53,510,000. The average price of Treasury Bills to be issued is 99.664. The average rate on a bank discount basis is about 1.33 per cent.

FUTURE RELEASE
OBSERVE DATE

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, April 28, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 90-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on May 1, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated May 5, 1931, and will mature on August 3, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on May 1, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on May 5, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, EVENING PAPERS,
WEDNESDAY, APRIL 29, 1931

"THE TREASURY TO-DAY"

An

Address by

HONORABLE ARTHUR A. BALLANTINE

Assistant Secretary of the Treasury,

delivered

before the

Annual Meeting

of the

Chamber of Commerce of the United States

in

Atlantic City, N.J.

April 29, 1931.

Note:

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

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SATURDAY, MAY 2, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced to-day that the tenders for $60,000,000, or thereabouts, of 90-day Treasury Bills dated May 5, 1931, and maturing August 3, 1931, which were offered on April 28, 1931, were opened at the Federal Reserve Banks on May 1, 1931.

The total amount applied for was $305,855,000. The highest bid made was 99.688, equivalent to an interest rate of about 1.25 per cent on an annual basis. The lowest bid accepted was 99.671, equivalent to an interest rate of about 1.32 per cent on an annual basis. In order to avoid exceeding the total required, only 25 per cent of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,100,000. The average price of Treasury Bills to be issued is about 99.676. The average rate on a bank discount basis is about 1.29 per cent.

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TREASURY DEPARTMENT

FOR RELEASE, EVENING PAPERS,
May 5, 1931, after delivery
has begun.

Remarks of

Hon. A. W. Mellon

Secretary of the Treasury

at a luncheon given by

the American Bankers Association

to Bankers from Foreign Countries

attending the Sixth Congress of the

International Chamber of Commerce

Willard Hotel

Washington

May 5, 1931

I am glad to be here today and to have a part in welcoming the distinguished visitors who have come from other countries to be our guests on this occasion. I feel that you can be especially helpful at this time when America and all the world are seeking a solution for the problems which confront us. You represent a cross section of the world's business and financial interests and are particularly well equipped, by training and outlook, to make a study of the present situation.

As one who looks at the situation from the government angle but who also shares with you the business point of view, may I make one suggestion and that is, do not lose sight of the fact that solutions which may seem to you ideal can not always be put into effect for reasons which I am sure are apparent to you. One is that in each country governments must deal primarily with the facts of their own case and are free to act only within the bounds imposed by national traditions, economic organization, and the limited understanding that exists in every country of other peoples' problems and of the extent to which all of us are affected by conditions outside of our own borders.

The troubles which all of us face at this time can not be cured by any quick and easy method, or at some one else's expense, and it is well to face that fact. The world is passing through one of the most extensive depressions it has ever known. In practically all countries we have had falling prices, unemployment, decreased consumption, difficult problems of government finance and, in some countries, political revolutions. One must not underestimate the seriousness of the present situation. And yet, we must not lose our sense of perspective, for we know that the present crisis is not unprecedented but that, on the contrary, the world is going through one of those transition stages which come from time to time and entail drastic and far-reaching economic readjustments. Even while we meet here today, those readjustments are taking place the world over and will continue until a balance has again been restored.

The present crisis is more severe because it follows a war in which the whole world was involved. The sweeping readjustments, which were inevitable in a society that had witnessed revolutionary changes in technology, would have come gradually and less painfully under normal peace-time processes. Unfortunately, they were first delayed by the war and then precipitated suddenly on a world already thrown out of balance by the vast and violent dislocations which the war left behind. The economic depression that followed is, in part, the price we pay for war and must be reckoned apparently as a seemingly unavoidable stage in the sequence of events.

Recent economic history seems to confirm this. Those of us who lived through the Crisis of 1873 remember how both Europe and America were affected by conditions which followed the too rapid expansion and industrial development after the Civil War in this country and the Franco-Prussian War in Europe. I have lived through several crises since that time and the conclusion I have come to is that they have been caused, either directly or remotely, by serious dislocations which were due, as a rule, to wars and their aftermaths.

Wars invariably cause waste. They also cause monetary inflation and rise in prices, followed by a period of disorderly industrial activity and too rapid and ill-balanced expansion in all directions, resulting eventually in the production of goods and services out of line with the world's contemporary capacity to absorb. Eventually a readjustment must take place. Prices must be revised, and costs of production and output must be brought down to a point where the demand will again be stimulated and goods will move into consumption. In short, a balanced condition must be restored; and this may be done without a general reduction in wages, provided the period of readjustment is not too long drawn out and on condition also that we reduce costs by yet greater efficiency in labor, in management, and in distribution.

In this country there has been a concerted and determined effort on the part of both government and business not only to prevent any reduction in wages but to keep the maximum number of men employed and thereby to increase consumption. Every man that can be kept at work or put back into employment adds to the nation's buying power and so stimulates further production. Progress can be achieved only by a great onward movement made up of a vast number of individual efforts and not by any single action that governments or groups of men can take.

I do not believe in any quick or spectacular remedies for the ills from which the world is suffering, nor do I share the belief that there is anything fundamentally wrong with the social system under which we have achieved in this and other industrialized countries a degree of economic well-being unprecedented in the history of the world. Capitalism or whatever name may be applied to the system which has been evolved in adapting individual initiative to the machine age, has defects, of course, and may be, as has been suggested, still in its infancy. But there is no disputing the fact that it has produced an abundance of food and clothing and all the necessities of life, so that our problem is not one involving basic inability to produce the goods needed to satisfy human wants. That, in itself, is a fact of the greatest importance, for there was a time when crop failures, floods and droughts brought on a serious shortage and even famines in Europe and America, just as they do now almost periodically in China, India, and other areas in which production and distribution are not so well organized. Among Western nations we know that we can cope with such calamities, for industry and human ingenuity have combined to provide ever more liberally the goods and services which we need.

We still have much to learn in the maintenance of production on an even keel and the achievement of a process of orderly and broad distribution of products and services. These defects in the present system we shall overcome by degrees, as we find some way to achieve greater equilibrium between production and consumption and a better distribution of labor, so that we shall not always have the painful spectacle of men willing to work but unable to find a market for the only commodity which they can exchange for the food and clothing which they need and which the world can produce in such abundance. These are largely problems of distribution and consumption, and I am confident they will be solved in time, as were those earlier problems of industrialism when man first began to be displaced by the machine.

Here in America our problems seem to us more acute perhaps than they really are because they exist as the result of a vast, and at the same time fairly recent, industrial development which has made necessary a change in methods and outlook to which we have not yet had time to become accustomed. We shall succeed in time in working out our economic salvation in accordance with the special needs of our own people and the social and industrial system which has been built up. But it will be done in the future, as in the past, by individual initiative and not by surrendering the management of business and industry to the government or to any board or group of men temporarily invested with over-head authority. Conditions today are neither so critical nor so unprecedented as to justify a lack of faith in our capacity to deal with them in our accustomed way.

Since the war America has enjoyed a decade of industrial and economic progress unequalled in the nation's history. Our present experience indicates that the machine can not be made to function at full speed all the time. So closely knit is the modern industrial world that, when a lack of balance develops, there is a general slowing up until a readjustment has been effected and the balance restored. Some day perhaps we shall have mastered our economic machine so as to have it under better control. But until that day comes it is well to remember that these temporary set-backs do not obliterate the progress made during the forward movements and that, when the upward trend is resumed again, we shall start, not from the old level, but from the new.

It would be difficult to believe that the progress made in this country in the last ten years will not be consolidated and carried forward. All the basic factors that made it possible are still here. Many of these same factors exist also in Europe; and, while the world has passed through a difficult period in the last eighteen months, we must not forget that the difficulties encountered were less formidable than those confronted and surmounted in the early post-war period. Then the problems left by the war had not been settled; banking and currency systems were in a chaotic state; debts and reparations were a source of great uncertainty, paralyzing action in every direction. Since that time Europe has shown recuperative powers that are amazing. There has been a steady march of reconstruction, of sound currency systems established, with close cooperation between central banks and with the Federal Reserve System in this country. Under the Young Plan and the coordinating influence of the Bank of International Settlements, confidence has been established in the willingness and the ability of Europe to honor its obligations, whether these be debts arising out of the war or out of commercial undertakings started in the post-war period.

There is much that still remains to be done. The trade of the world must settle into new channels and will increase in volume, notwithstanding tariffs and other barriers. We have all come to a realization of the fact that, if world trade is to be built up, there must be give and take among nations. But it must be remembered that the all-important factor is purchasing power; and purchasing power, in so far as America is concerned, is dependent to a great extent on the standard of living which obtains in this country. That standard of living must be maintained at all costs; and certainly the present is no time to undertake drastic and doubtful experiments which may even conceivably result in breaking down the standard of living to which we have become accustomed. What we must strive for is to improve the standard both here and in other countries as conditions warrant. In fact, the ultimate solution of the world's difficulties would seem to lie in the possibility of building up a higher standard, especially in the great and as yet undeveloped consumer areas, and in creating there and throughout the world a steadily increasing demand for the goods and services which Europe and America are prepared to supply.

No one should be discouraged about the ultimate outcome. We are, as I said at the beginning, passing through a transition period, and such periods are always difficult to understand because we are too close to events to see the direction in which they are moving or to discern the outline of developments which will characterize the new era. But any one who has witnessed the new inventions, the birth of new industries, the acceleration of production and consumption, and the structural changes which have so vastly increased the wealth of the world and altered our entire mode of living within the memory of those present, can not be discouraged about either the immediate or the distant future. The opportunities which have so multiplied in the last generation are only the forerunners of others, and perhaps greater ones, which will come as the result of forces now at work and constantly being discovered, so that it is impossible to predict what may be the opportunities that lie immediately ahead.

I have no means of knowing when or how we shall emerge from the valley in which we are now traveling. But I do know that, as in the past, the day will come when we shall find ourselves on a more solid economic foundation and the onward march of progress will be resumed.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, May 5, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on May 7, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated May 11, 1931, and will mature on August 10, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on May 7, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on May 11, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, May 8, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $50,000,000, or thereabouts, of 91-day Treasury Bills dated May 11, 1931, and maturing August 10, 1931, which were offered on May 5, 1931, were opened at the Federal Reserve Banks on May 7, 1931.

The total amount applied for was $291,690,000. Except for one bid for $30,000 at the rate of about 3/4 of 1 per cent, the highest bid made was 99.715, equivalent to an interest rate of about 1-1/8 per cent on an annual basis. The lowest bid accepted was 99.701, equivalent to an interest rate of about 1.18 per cent on an annual basis. The total amount of bids accepted was $50,000,000. The average price of Treasury Bills to be issued is 99.701. The average rate on a bank discount basis is about 1.18 per cent.

FOR RELEASE, EVENING PAPERS,
May 9, 1931, at 1:00 P.M.

Remarks of

Andrew W. Mellon

on receiving the

American Institute of Chemists' Medal

awarded for 1931

jointly to

Andrew W. Mellon and Richard B. Mellon

at a luncheon at

The Carlton Hotel,

Washington,

May 9, 1931.

In accepting this medal, my brother and I do so with a deep appreciation of the honor which the American Institute of Chemists has conferred upon us. It symbolizes to us your approval of what we have tried to do for public health and industry and for the great profession which you represent. We feel privileged to have been given this opportunity of service; and it is an additional happiness to both of us that in this, as in so many of the other affairs of life, we should be associated together and receive this joint honor at your hands.

I can not let this opportunity pass without a reference to Robert Kennedy Duncan, who introduced my brother and me to the limitless possibilities of scientific investigation, particularly in the field of chemistry and chemical engineering, as applied to the development of industry. Dr. Duncan was one of the pioneers in industrial research; and the System of Industrial Fellowships, which he evolved and which has been further developed by his worthy successor, Dr. Weidlein, has furnished a practical method of placing scientific investigation at the service of business and industry.

We have found the chemist to be a valuable guide in the world of business. He has shown us that the use of the sciences and of chemistry in particular is essential in maintaining both human and industrial health and strength. We have all learned to have confidence in the chemist and his work. We have seen that his methods, based on the results of diligent research, are sound and, when followed, introduce correct practices in manufacturing and other undertakings.

Industrial research today is discovering new materials, new processes, and finding new uses for by-products many of which in the past have been discarded as of no value. It has opened up new vistas of what the future has in store for us - a future holding infinite promise as we increase our knowledge of the elements which compose the earth and of the uses which can be made of them.

Again I wish to thank the American Institute of Chemists for the honor which you have conferred on my brother and me and to say that it fills us with a sense of gratitude that we have been privileged to provide a few of the tools which Science needs in the great work which it is doing.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, May 12, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for two series of Treasury bills to the aggregate amount of $100,000,000, or thereabouts. One series will be 60-day bills and the other series will be 91-day bills. Both series will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on May 14, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will, as stated, be issued in two series, $50,000,000, or thereabouts, to be dated May 18, 1931, and maturing on July 17, 1931, and $50,000,000, or thereabouts, to be dated May 18, 1931, and maturing on August 17, 1931. Bidders will be required to specify the particular series for which each tender is made. The face amount of the bills of each series will be payable without interest on their respective maturity dates. The bills will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on May 14, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices for each series will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Any tender which does not specifically refer to a particular series will be rejected. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on May 18, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
FRIDAY, MAY 15, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary Mills announced to-day that tenders for $100,000,000, or thereabouts, of two series of Treasury Bills dated May 18, 1931, which were offered on May 12, 1931, were opened at the Federal Reserve Banks on May 14, 1931.

60-day Bills.

With respect to the offering of $50,000,000, or thereabouts, of 60-day Bills dated May 18, 1931 and maturing on July 17, 1931, the total amount applied for was $195,765,000. The highest bid made was 99.837, equivalent to an interest rate of about 0.98 per cent on an annual basis. The lowest bid accepted was 99.830, equivalent to an interest rate of about 1.02 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted for the 60-day Bills was $50,102,000. The average price of the Bills to be issued in this series is about 99.833. The average rate on a bank discount basis is about 1 per cent.

91-day Bills.

With respect to the offering of $50,000,000, or thereabouts, of 91-day Bills dated May 18, 1931 and maturing on August 17, 1931, the total amount applied for was $263,301,000. The highest bid made was 99.762, equivalent to an interest rate of about 0.94 per cent on an annual basis. The lowest bid accepted was 99.736, equivalent to an interest rate of about 1.04 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted for the 91-day Bills was $50,000,000. The average price of the Bills to be issued in this series is about 99.745. The average rate on a bank discount basis is about 1.01 per cent.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
MAY 20, 1931.

The Secretary of the Treasury announces the selection of Lescher and Mahoney, Phoenix, Arizona, for architectural services in connection with the proposed Post Office Building, Phoenix, Arizona.

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TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Wednesday, May 20, 1931.

"WAR POLICIES IN TAXATION"

Statement

by

HON. ARTHUR A. BALLANTINE,

Assistant Secretary of the Treasury

before

the

WAR POLICIES COMMISSION,

Washington, D.C.

Wednesday,

May 20th, 1931.

WAR POLICIES IN TAXATION

It was suggested to me by the Secretary of the Commission that I appear here to say something from the standpoint of Treasury experience as to taxation policies in time of war. Complying with this request I shall be glad to make a brief statement and then to answer any questions so far as I can. The Treasury will be pleased to furnish to the Commission any of its available information which the Commission may request. My present connection with the Treasury is recent, but as Solicitor of Internal Revenue in 1918 I had contact with the administration of the war revenue laws and the development of war tax measures.

In the light of past experience any plan of war revenue legislation should include a war profits tax designed to bring into the Treasury, so far as practicable, the entire amount of profits due to the war. The need of the Government for funds to support the war and the general desire expressed before your Commission and by the formation of your Commission to eliminate profit from war would both be furthered by such a measure. What I wish principally to do is to discuss the formulation of such a war profits tax suitable for a national war emergency. Before doing this I shall speak briefly of the taxation measures employed by our Government in the great war.

Revenue Measures in the Great War

Material as to the Revenue Acts of 1917 and 1918 is set forth in the reports of the Committees of Congress as to those acts, in the records of the Committee hearings, and in the Annual Reports of the Secretary of the Treasury and of the Commissioner of Internal Revenue. With that material readily available to the Commission at any time I will merely submit at this time four tables.

Table 1 presents a summary of income taxes (including corporation taxes) reported as due on incomes for the calendar years 1916 to 1928, inclusive, and is followed by a summary of statutory changes in income tax revisions. This table shows that total income taxes reported as due on incomes for the calendar year 1916 (payable in 1917) amounted to $345,000,000, and that the total amount due on incomes for the year 1917 amounted to $2,938,000,000, and the amount due on incomes for the year 1918 reached a total of $4,287,000,000.

Table 2 shows the miscellaneous taxes which were imposed under the revenue acts of 1918 and 1928, together with the amounts collected under each of the various items during the fiscal years 1920 and 1930. Total collections of miscellaneous internal revenue were $1,451,000,000 in 1920 as compared with $630,000,000 in 1930.

Table 3 shows amounts of Federal expenditures and of tax receipts during the period of the world war. For the three fiscal years 1917 to 1919, inclusive, expenditures exclusive of public debt retirements amounted to $33,189,000,000. Receipts from internal revenue and customs for the same period amounted to $8,901,000,000, or about 27 per cent of the expenditures.

Table 4 shows for the fiscal years 1917 through 1921 the ordinary receipts of the Federal Government, changes in the public debt and in the general fund balance; also total ordinary expenditures, that is, expenditures exclusive of public debt retirements. The table also presents a classification of the outstanding gross public debt for these same years. It is apparent from this table that about 70 per cent of the ordinary expenditures aggregating $33,189,000,000 for the three fiscal years 1917 through 1919 were covered by borrowing. The balance of about 3 per cent of the amounts expended was obtained from miscellaneous items of receipts, such as receipts from foreign governments, the proceeds of sales of war supplies, discount on bonds purchased, surplus revenues for prior years, and other smaller items.

As will be seen from these tables, and as you know, the funds for financing the participation of our country in the great war were obtained from two sources. The first was taxation and the second was borrowing on long-term bonds, notes and short-term certificates of indebtedness, the latter usually issued in anticipation of the proceeds of bond issues or tax receipts. A third possible source sometimes employed by Governments in national emergency, but not used by our Government in the late war, is the direct issue of Government obligations in payment for goods and services.

A fourth method of finance which has never been used by our Government, but which is suggested for your consideration by the resolution creating the Commission, is the taking of private property for public use without compensation. I take it that the object of the Fifth Amendment to the Constitution requiring compensation for any such taking from a citizen is precisely that indicated by another phrase of the resolution: to equalize the burdens of the public requirement by causing that burden to be apportioned among the citizens generally through taxation instead of permitting the burden to rest on the citizen owning the property taken, upon whom it happens to fall in the first instance.

The method of finance which I have been asked to talk about is taxation. The position of the Treasury as to taxation in the great war was broadly that as large an amount should be raised currently by taxation as could be so raised without disrupting the business or economic machinery of the country. For the balance of the needed funds the Treasury advocated reliance upon loans from citizens. These loans were to be voluntary, but on the basis of the fullest patriotic support of the Government in its supreme effort; were to be drawn from past or anticipated future savings of the people, and to be ultimately discharged from post-war taxation and such other funds as the Government might have available.

On the question of the proportion of the war financial requirements to be raised by taxation, the attitude of the Treasury was, I think, based mainly on its estimate of the tax burdens which the business structure could bear without disruption. It was desired to preserve that structure and keep it functioning at maximum capacity for the maintenance of the military effort and meeting the civilian needs, while at the same time absorbing into the Treasury as much as possible from taxation. The Revenue Act of 1917 was designed to bring internal revenue collections for the Government's fiscal year 1918 up to $3,400,000,000, as compared with $809,000,000 actually collected in 1917. The actual yield for the 1918 year was $3,699,000,000. The Revenue Act of 1918, delayed of enactment until 1919 largely because of the ending of the war, was designed to yield about $6,000,000,000 in the fiscal year 1919. In the discussion of that measure before Congress the Treasury urged that current taxation could and should be made to yield about one-third of total estimated current expenditures for the year. So far as I know there was no magic about that percentage. It represented an estimate of what could be secured through taxation without disruption of the business machine. The tables show that the percentages of tax receipts to the Government's total expenditures (exclusive of public debt retirements) during the war years were as follows:

Fiscal year	Per cent
1917	52.4
1918	26.5
1919	24.3

In formulating the plans of taxation miscellaneous taxes, specified in Table 2, such as the transportation tax, manufacturers excise tax, stamp taxes, and the like, were employed so far as they were thought to be fruitful. In another national emergency the general business situation existing at the time would again have to be thoroughly canvassed to ascertain the full possibilities of employing special taxes. It might well prove that relatively more could be accomplished in the development of excise or other special taxes than was accomplished in the great war.

As the tables show, in the great war the chief reliance was placed upon the income tax, including, of course, the corporation income tax and the war and excess profits taxes. By the Revenue Act of 1917 the rates for individual taxes were increased as follows: the normal rate from 2 per cent to two rates of 2 and 4 per cent, and surtax rates beginning with net incomes of $20,000 and graduated upward to 13 per cent to rates beginning with net incomes of $5,000 and graduated upward to 63 per cent.

By the Revenue Act of 1918 the individual rates were raised as follows: Normal rates for 1918 incomes to 6 and 12 per cent and maximum surtax rates to 65 per cent.

As to trades and businesses and corporations the Revenue Act of 1917 imposed the war excess profits tax. This tax was designed to apply to all business whether carried on by individuals, partnerships, or corporations. The tax was to be computed on the entire net business income in excess of a specifically defined return on invested capital plus a specific credit. The rate of return on capital allowed as a deduction before computing the tax, was the average rate of return of the trade or business upon capital in the pre-war period, 1911-1913, inclusive, but was not to exceed 9 per cent or be less than 7 per cent. The rates of tax were graduated according to the amount by which the net income in excess of the designated normal return on invested capital exceeded certain percentages of the taxpayer's invested capital, and ran from a minimum rate of 20 per cent to a maximum rate of 60 per cent. In the case of trades or businesses having no invested capital, or not more than a nominal capital, the war excess profits tax was levied at a flat rate of 8 per cent. The net income of the trade or business less the war excess profits tax was subjected to income taxes which, in the case of a corporation, consisted of a normal tax of 2 per cent and a war income tax of 4 per cent.

By the Revenue Act of 1918 there was added the war profits tax to be paid to the extent that it exceeded the excess profits tax, which method of taxation was retained by that Act in somewhat revised form. The war-profits tax for 1918 was 80 per cent of the excess of the net income over the war profits credit. This credit was $3,000 plus an amount equal to the average net income of the corporation for the pre-war period plus or minus 10 per cent of the difference between the average invested capital for the pre-war period and invested capital for the taxable year, but was not to be less than $3,000 plus 10 per cent on invested capital for the taxable year. The credit against income for computing the excess profits tax under the 1918 Act was $3,000 plus 8 per cent of the invested capital for the taxable year and the maximum rate was 65 per cent for 1918 and 40 per cent for 1919 and 1920. Under the 1918 Act the net income remaining after the deduction of the war profits and excess profits taxes was subjected to a normal corporation tax of 12 per cent for 1918 and 10 per cent for 1919 and 1920. The war and excess profits tax imposed by the Revenue Act of 1918 applied to corporations only.

After the Revenue Act of 1917 was enacted great doubt was expressed by business executives and accountants as to whether the excess profits tax could be administered, and whether amounts of tax at such high rates could be collected without disrupting business and financial institutions. The Act was administered, notwithstanding gaps and uncertainties in its provisions. The tax imposed by the 1918 Act at higher rates but under somewhat improved provisions, was also shown to be capable of administration. The high rates, uncertainty as to the application and meaning of the Act in many connections, and defects in the records and accounting systems of taxpayers resulted in great delay in many instances in final determinations, in a great number of additional assessments, and in numerous abatements and refunds. Broadly speaking, however, these acts were administered so as to furnish the Treasury with the needed and expected funds. They brought into the Treasury through 1921 about $6,900,000,000. A comparison of the tabulated net income of all corporations reporting net income for the three years before the war (the calendar years 1914 to 1916, inclusive) with the net incomes of such corporations for the war years (1917 to 1919, inclusive) shows that the average net income of corporations reporting net income was for the pre-war years about $6,000,000,000 before taxes and about $5,900,000,000 after taxes and that the average income of such corporations for the war years was $9,500,000,000 before taxes and about $7,000,000,000 after taxes. Thus, the average net income of corporations reporting net income increased

$3,500,000,000 for the war years, while the average net income of such corporations after taxes increased about $1,100,000,000. According to this calculation, based on reported incomes and taxes, the taxes during the war, principally of course war and excess profits taxes, absorbed about 70 per cent of the increase of the average profits of the war years over the average profits for the years immediately before the war.

Future War Tax Legislation

What future war tax legislation would include in the way of miscellaneous taxes and what rates of income tax would be suitable would of necessity depend on conditions at the time of the emergency. It is clear, however, as I said at the outset, that any war revenue plan of which we could now conceive suitable for a great national war emergency should include the most effective war profits tax which it is possible to devise. The ideal war income tax would bring into the Treasury the entire amount of profits due to the war. There is no reason to doubt that the business men of the country would support a war profits tax properly framed to turn over to the Government all actual war profits. Business men share the general opinion that the place for war profits is in the war chest of the Government. The problem here is not as to the principle to be followed, for that is clear, but as to the technical difficulties of so formulating a war profits tax that it will measurably accomplish its purpose without preventing the necessary operation of the economic machine. There is no doubt that careful work in advance of the emergency upon such a measure will make possible a much closer approach to the attainment of the ideal war profits tax than would be possible if formulation is left to the time of the emergency.

It has been recognized in these hearings that war profits, at least in some lines, are inevitable. If it be assumed that the price structure existing at the development of the emergency can be pegged or frozen, as has been so ably urged, it is recognized that to meet the increased war demands for goods higher cost producers must be drawn into production and such higher cost producers must receive higher prices than are needed for low cost producers. Such higher prices will increase the profits of the low cost producers. Mere increase in the volume of business at the old prices would also greatly increase profits in many cases. War profits will exist as the subject of taxation and the limit of such taxation is of course the amount of the profits.

In approaching the subject of war taxation it must be recognized that any plan which would in fact operate to put necessary enterprises out of business would be disastrous to the prosecution of the war. If private industry is to be left to function during the war, the necessary production of munitions and goods and the financing of the war would be frustrated by attempting to collect as a tax amounts which the taxpayer could not draw out of the business while continuing to operate the business.

The first technical question to be faced is the problem of determining what the war profit is. To begin with there must be a determination of the profit. In the case of any business which is at all complicated the determination of the profit for a particular year can rarely be exact but must rest in part upon assumptions and estimates. Almost never does the entire profit take the form of an actual excess of cash or securities at the end of the year. Generally speaking, part of the profit is in the form of inventories and in the form of improvements or additions to factories.

Where the rate of tax is moderate, errors in determination do not have vital consequences and average out over the years. If, however, the entire profit is to be taken out of the business errors in computation might be disastrous. Without elaborating on this difficulty, it may be stated that to allow some margin for error, any workable tax would presumably have to be computed on some percentage less than 100 per cent - say, 80 per cent, or perhaps at the outside, 90 per cent. 80 per cent was the rate urged by the Treasury and adopted as the maximum in 1918 and was the rate finally used in the British excess profits tax. Leaving some relatively small margin of profit also serves the purpose of furnishing a guaranty to the Government that the taxpayer will see to the administration of the business with efficiency and economy. This protects both the revenue and the output.

Once the profit is determined there remains the question of how far the profit is due to the war. The determination has to be made in a broad way. There can be specific determination of the source of the profit in each individual case. In 1918 the Treasury earnestly advocated that the war profits should be determined by comparison of the war income with pre-war income - the entire excess over pre-war income to be regarded as war profits and taxed at 80 per cent, which was the primary basis under the British system. Congress, however, adhered mainly to the use of invested capital as the basis of measuring excess income to be subjected to the tax. Under the 1918 Act the income subject to the 80 per cent war profits tax was in actual practice in most cases the excess of the income after deducting a 10 per cent return on invested capital. As in the ordinary case the tax was based on the excess of the net income over what was regarded as a normal business return upon capital, instead of upon the net income over pre-war income, the tax was not a true war profits tax but was an excess profits tax.

Apart from theoretical objections to an excess profits tax, the use of invested capital as the basis for measuring the excess of income resulted in very great practical difficulties. The determination of invested capital was all important in the actual fixing of the tax but such determination was in many cases very difficult and in not a few cases impossible. Where a corporation had been formed by turning in the property for stock the determination of invested capital depended upon the valuation of the property at the time turned in. Retroactive valuations are difficult and were the subject of many controversies. The amount of invested capital was in many cases affected by the time of organization of the corporation. Where it happened that a corporation had been reorganized or formed in a year shortly before our entry into the war, the valuation of its assets would be on a much higher basis than if there had been no such reorganization. The determination of invested capital was also affected by accident or intercorporate relationships. Problems as to the fixing of invested capital for consolidated groups have not yet been actually solved. In a good many cases also records were not available to show the capital put in. In every case current invested capital was affected by the computation of surplus or deficit resulting from the operation of prior years and such computation was, of course, a fruitful source of controversy. There is no question that the experience of the Government and taxpayers with the determination of invested capital was unsatisfactory and that this basis should not be used again except as a last resort.

To relieve against arbitrary results flowing from disparity in invested capital and income due to some abnormal condition or conditions applying in a particular case, it was provided that where such abnormalities were found the taxes could be fixed on the basis of the rate of tax in the cases of other representative concerns. This special assessment provision, while perhaps necessary, was found to be uncertain and vague in its application and was one of the most troublesome features of the excess profits tax.

It must be admitted, however, that Congress had certain substantial reasons for adhering to the use of invested capital for the purpose of measuring income subject to special tax. There had to be some method for determining the application of the tax to new concerns which had no pre-war income and also for determining the application of the tax in the case of concerns the income of which in the pre-war period was clearly sub-normal. The necessity for meeting such cases was undoubtedly a factor in the determination of Congress to use invested capital as a measure of excess income. The case of new corporations or new enterprises, and of enterprises which were operating on a sub-normal basis in the pre-war period, would have to be provided for under any system. It is a matter for most careful consideration whether the application of the war profits tax should be made to depend in the normal case on the mere excess of war income over pre-war income, which would seem to be the sound and satisfactory theoretical basis, and whether, if this were done, the use of invested capital could be confined to the case of the new or sub-normal enterprise.

Another consideration of great difficulty in the formulation of a satisfactory war profits tax lies in the fact that the profit in a war year is itself affected by war conditions and when those conditions have culminated may prove to have been illusory. Suppose that a business concern to meet the demand for goods during the war purchases a new machine or builds a new factory. The amount so expended is normally treated as an investment and not as an expense. After the war, however, it may be that the additional machine or the new factory cannot be commercially used and will have salvage value only. If the war profits have been reckoned without allowance for this loss they have been incorrectly reckoned. It was to meet this situation that the deduction of a reasonable allowance for amortization was provided for by the 1918 Act. The operation of that section also gave a great deal of difficulty. In formulating a war profits tax it might be possible to avoid or lessen the difficulty by providing that amounts expended for new facilities, if approved by some proper government official or Board, could be temporarily deducted in reckoning the profits, provided interest were paid on the amount by which taxes were so reduced. After the war the emergency value of the additions so made would be reckoned once and for all and the taxes properly adjusted. Some similar provision might have to be made to protect the enterprise against the ultimate loss in value of its basic inventories due to post-war deflation.

There is a question whether a war profits tax would have to be confined to business enterprises, whether it could be made to reach a business enterprise carried on by individuals and partnerships as well as by corporations, and whether it could be made to reach ordinary individual income. As to ordinary individual income, the determination in the last war was that reliance should be placed on the income tax and that rates should be made to begin at the right point in the scale and to reach such a high percentage that the proper amounts would be drawn from individuals into the public Treasury. The subject of the basis of income taxes in the event of war, the exemptions and the point of beginning of such taxes is one for the most careful study.

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In summary: the ideal war profits tax for a national war emergency would bring in to the Treasury of the Government the entire war profits. Because of the margin of error in the determination of profits of a business enterprise, because profits do not all or in the main take the form of money, and the possibility of the destruction of the economic machine by taking more than the profits, the measure of the tax could probably not in practice be more than 80 per cent. So far as possible war profits should be broadly treated as excess of income during a war year over pre-war income, the pre-war period to be the nearest representative period not vitally affected by conditions of the war. Special temporary deductions would have to be permitted in the determination of the profits to take account of probable results of post-war deflation. With such allowances war profits should be taxed at a maximum rate. The amount of income remaining after the deduction of the war profits tax should of course be subjected to income tax rates framed to meet the then existing conditions. A war profits tax so conceived would probably eliminate war profits. Post-war adjustments not taken into account in reckoning the tax would be very likely to absorb all or a large part of any amount of the profits which for practical reasons would not be taken from the taxpayer in the first instance.

Working out a carefully formulated war profits tax is a matter calling for the most careful effort on the part of some body of experts, who, uninfluenced by actual emergency conditions, could study the problem in the requisite detail and carefully formulate at least the framework of a statute which would be both workable and effective.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
May 21, 1931.

The Secretary of the Treasury announces the selection of Graham, Anderson, Probst and White, architects of Chicago, Ill., for architectural services in connection with the extension, remodeling, and enlargement of the Post Office, Washington, D. C.

Mr. Graham is one of the architects of the Union Station and the present Post Office, Washington, D. C.

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TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
THURSDAY, MAY 21, 1931.

"THE FEDERAL BUDGET SITUATION"

Address

of

* HON. OGDEN L. MILLS,

Under Secretary of the Treasury

before the

National Association of Mutual Savings Banks

Mayflower Hotel,

Washington, D.C.

Thursday, May 21, 1931.

* NOTE: This address was delivered by Assistant Secretary Ballantine in the absence of Mr. Mills.

"THE FEDERAL BUDGET SITUATION"

For the fiscal year 1931 the United States Treasury will show the first deficit since 1919, the year in which war financing reached its peak. In the intervening period revenues have each year shown a surplus over expenditures; marked progress has been made in the reduction of the public debt; expenditures have been reduced from inflated war levels; and the burden of taxes has been greatly diminished, although without a corresponding reduction in revenue. At present we are confronted with the relatively new experience of marked increase in current expenditures attended by a sharp decline in revenues, and with the prospect of a very large deficit.

The change is so abrupt that it is well to reexamine our present situation and future prospects in the light of the experience of the past few years and from the standpoint of the course which normal expenditures and normal revenue may follow during the next few years. We have seen a tax system which produced some $672,000,000 in 1914 expanded to produce $5,728,000,000 in 1920, the peak year of war levies, and subsequently contracted through four continuing revisions and one temporary reduction.

There is nothing extraordinary in all this, for invariably our experience with wars has been that the expenditures of the Federal Government mount sharply to a peak either during or shortly after the period of war activity; subsequently expenditures decline, but not to the prewar level, owing partly to continuing expenditures due to war activities, such as the service on the public debt, outlays for military establishments on an increased scale and the care of war veterans. Also expansion in the civil functions of the government is accelerated during war periods, as compared with the gradual increase in normal peacetime.

The extent to which Federal financial operations are distorted from normal trends by wars may be amply illustrated from the record of Federal expenditures. The average yearly expenditures of the Federal Government for the decade 1810-1819, which includes the War of 1812, were 145 percent larger than for the preceding decade. From that high level expenditures for the period 1820-1829 showed a considerable decline but the average yearly figure for this decade was still about 76 per cent larger than for the decade preceding the war; subsequently, between the decades 1820-1829 and 1830-1839 there was an increase of 43 per cent. During the Civil War, the increase was of course more marked as compared with the preceding period, due to the nature and duration of that conflict. Average yearly expenditures for the decade 1860-1869 were 775 per cent greater than for the preceding ten-year period. During the years 1870-1879 there was a decline of only 46 per cent from the high level of the preceding ten years, and this was followed by a decrease of 4, and increases of 48 and 46 per cent, respectively, during the three following decades ending 1909. During and after the Great War, we experienced even broader changes. Average yearly expenditures for the fiscal years 1917-1919 were more than 15 times as large as for the five years preceding 1915, and for the decade 1920-1929 showed a decline of 66 per cent.

The significant fact to be noted is that each war marks the beginning of a permanently higher basis of expenditures, even after the war and early post-war peaks have been passed.

Let us now consider briefly the major facts pertaining to present Federal expenditures. Expenditures in 1930 amounted to $3,994,000,000, and for this year are estimated at $4,435,000,000. The composition of these figures clearly indicates that the war continues to influence our budgets. Of total expenditures for 1930 about a billion and a half, or nearly 40 per cent, represented disbursements that may be classified as related directly or indirectly to the military functions of the government. This item in turn includes about 835 million for military pensions and the like, a class of expenditures which will not only continue for a considerable period of years but will inevitably increase as time goes on. Another major item in the budget for the fiscal year 1930 which may be attributed in the main to the war is the service on the public debt including interest and sinking fund retirements totaling about $1,050,000,000. This is also a type of expenditure which will continue, that is, until the debt has been extinguished. These two items account for nearly two-thirds of total expenditures chargeable against ordinary receipts for the fiscal year 1930. The remaining expenditures represent largely the ordinary costs of government. In the present fiscal year present expenditures include a number of unusual and temporary items. These include disbursements under the agricultural marketing Act of June 1929 and under more recent legislation providing for emergency loans for agricultural relief, as well as expenditures resulting from expansion and acceleration in governmental construction activity. A statement recently issued by the President indicates that at the present rate the cost of all governmental construction work represents a large increase over the rate of such expenditures previous to the depression. Although it is anticipated that most of these expenditures will continue, some on a larger and some on a smaller scale, in 1932, clearly both the new expenditures and the acceleration of others involved in the emergency program do not constitute permanent increases in the burden on the budget.

Viewing expenditures as a whole, while a decrease may be expected under some heads, it is hardly likely, even after eliminating temporary and extraordinary items, that any reduction under the average of the last few years is to be anticipated. On the contrary, the normal trend of government expenditures is upward. The annual average of expenditures for the eight years ending June 30, 1930, has been $3,662,000,000.

Turning now to the revenue side of the picture, there are two obvious methods of financing the peaks of war expenditures -- one by increasing tax levies, the other by borrowing. Usually both methods are employed, but there was a marked difference during the recent war period, as compared with the Civil War years. We financed a relatively large proportion of the expenditures of the last war through tax levies made during the war period. Taxes were levied in great number, promptly and effectively. Tax receipts during the Civil War totaled about 20 per cent of the expenditures, whereas during the fiscal years 1917-1919 tax receipts amounted to about 27 per cent of the total ordinary expenditures, a proportion which reflects very prompt action for such a short emergency. This was an unusual record in war financing, but the point with which we are particularly concerned in this discussion is that, because we built up a tax system to carry currently a relatively large proportion of the cost of the war, we were thereby faced with a correspondingly serious problem at the end of the war of revising this tax system to a peacetime basis.

It has been the aim of the Treasury in recommending tax legislation during the early post-war period to retain that part of the war revenue system which would further the development of a sound and effective tax structure to finance the Government over a period of years. The greater proportion of the taxes levied during the war were suitable only for emergency purposes and were levied with the single purpose of obtaining as much revenue as possible, with little regard for other consequences of the levies. To meet the existing emergency was the major consideration in comparison with which the type of the tax, the method of administration and the convenience of the taxpayer were secondary considerations. Also no one questioned whether the taxes could be adapted easily to changes in the fiscal requirements of the Government over a period of years.

The number and rates of taxes to meet the war emergency reached their maximum in the revenue act of 1918. Under this act single individuals with incomes of $1,000 and over and married individuals with incomes of $2,000 and over were taxed at rates which were graduated upward in rough proportion to the size of the income and ranged as high as 65 per cent surtax and 12 per cent normal tax on amounts of income in excess of $1,000,000.

In addition, consumers, rich and poor, paid taxes on a great variety of goods and services; and in levying many even of these indirect taxes an effort was made, and with considerable success, to impose the heavier burden upon the wealthy. Tobacco taxes were increased some 50 per cent; on admissions to places of amusement one cent was paid to the Government for every ten cents. Those who traveled paid taxes on railway tickets and reservations. Telephone calls and telegrams were taxed, and other taxes were levied on products as they left the hands of the manufacturer or dealer, and were, at least in part, added to prices paid by the consumer. Thus individuals made contributions to the Government in the purchases of automobiles, tires and accessories, candy, chewing gum, drinks, photographic supplies, musical instruments, jewelry, perfumery, cosmetics and medicinal articles. The burden of these indirect taxes was distributed fairly generally; other taxes, such as those on the estates of decedents, club dues and a variety of consumption articles, such as sporting goods, fire-arms, yachts, motor boats, hunting garments, articles made of fur, and other wearing apparel, bore more heavily upon individuals with relatively large incomes.

There were other taxes which reached the individual as a business man through the income and war and excess profits taxes, the tax on corporation capital stock, stamp taxes on documents and the special occupational taxes.

After the close of the war these taxes were gradually revised and reduced mainly through four revenue acts -- those of 1921, 1924, 1926 and 1928 -- until finally the elaborate wartime system of numerous, and in many cases cumbersome, taxes on commodities and activities -- some yielding a comparatively insignificant amount of revenue -- has been changed into an internal revenue system of comparatively few taxes. Individual incomes have been relieved through three continuing and one temporary reduction in normal rates, three reductions in surtaxes, a special rate for income from sale of capital assets, increases in personal exemptions and credit, and the addition of a credit for earned income. The war and excess profits taxes on corporations have been removed. A substantial reduction has been made in estate taxes. The excise taxes on the sale price of a long list of articles, ranging from toilet articles and jewelry to automobiles and sporting goods, has been virtually eliminated. The special taxes included for corporation capital stock and a variety of occupational taxes have all been repealed except the tax on brewers and distillers and on the use of narcotics. Some reduction has been made in the tax on documentary stamps, admissions, dues, distilled spirits and tobacco products. Taxes on transportation, on telephone and telegraph, on insurance and on non-alcoholic beverages have been repealed.

In considering the present situation in regard to revenues I am inclined to take as a point of departure the fact that during the past decade, despite reductions in taxes, revenues have been fairly constant at relatively high levels, although considerably below the peak reached early in the postwar period. Ordinary receipts have continued close to the annual average of $4,018,000,000 for the past eight years. This result is to be accounted for largely by the relatively high level of business activity and generally prosperous conditions which prevailed during the period, and in part by the increased productivity of taxes which followed upon the elimination of the extremely high rates of the war period. It should be observed, however, that in considerable measure the revenues of the period were considerably influenced by certain classes of receipts not of permanent character. The immediate postwar years are somewhat confused by numerous special items both of receipts and expenditures which appeared during that period of broad readjustments. The significance of non-recurring elements in Federal receipts of past years may be readily indicated, however, by reference to the period beginning with the fiscal year 1923. From 1923 to 1928, inclusive, the net proceeds of sales of securities of the Federal Government amounted to $642,000,000 and the proceeds of sales of war materials to about $166,000,000, at the same time $254,000,000 was realized from the liquidation of the War Finance Corporation. Receipts from these three sources, aggregating $1,062,000,000 for the period, have now become negligible; they amounted to only $18,000,000 and $17,000,000 for 1929 and 1930, respectively. A somewhat similar influence has been exerted on receipts of certain years by the collection of back taxes. Although it is impossible accurately to measure the amount by which receipts have been affected by nonrecurrent items, it can be said that as much as half of the combined surplus of about $2,800,000,000 for the past eight fiscal years may be attributed to such receipts.

The post-war tax system evolved out of our war experience differs materially from the pre-war days. Then our revenues were derived primarily from customs and other indirect taxes, chiefly taxes on tobacco products, distilled spirits, and fermented liquors. Customs produced about half of the tax receipts, and the above taxes largely accounted for the remainder of the pre-war tax receipts. Now about two-thirds of the taxes come from income taxes on corporations and individuals. Tobacco taxes continue to yield large revenues and except for income taxes are the most important source of internal revenue. Customs, also, still yield substantial receipts. Distilled spirits and fermented liquors are now, of course, a negligible source of revenue.

The current situation forces us to scrutinize carefully our new postwar tax system. Receipts have declined seriously with the business depression. We are faced with a large deficit. Does this mean that taxes have been reduced too far or that the taxes that have been retained do not constitute a sufficiently well-balanced system to provide an even flow of revenue from year to year? History indicates plainly enough that while during the first few years succeeding a war expenditures may be rapidly reduced from the war level, they never return to the prewar level, but remain on a substantially higher basis. It is impossible, therefore, to hope to return to the comparatively simple system that existed before the World War. It would be entirely inadequate to meet present or future needs. These are so vastly greater that what is required is a modification of the war system of taxation rather than an expansion and development of our pre-war system. Wars do permit the imposition of taxes which however sound could never be imposed as new taxes in peace time. It is the part of wisdom to retain some of them, at least, after a war is over.

Our present situation raises the question, though it does not do more than raise the question, as to whether some of the taxes developed in the war period have been repealed or modified perhaps a little too rapidly. Through successive revisions in the income tax laws, personal exemptions and credits have been increased, and the income base, which bears the major direct burden of the individual income taxes, has been greatly narrowed. We have limited the incidence of the individual income tax to some 2,500,000 taxpayers, a comparatively small number compared to our total population and of this number some 380,000 pay about 97 per cent of the tax. Partly in consequence of this fact the amount of our revenue derived from income taxes is much more susceptible to sweeping changes than would otherwise be the case. Moreover, this susceptibility to change is emphasized by our treatment of capital gains and losses, which tend to swell abnormally the current income in times of rising prices and expanding business, and to depress it to an even greater extent in periods of falling prices and business contraction. At the same time we must realize that the concept of capital gains as taxable income forms such an integral part of our income tax system that its elimination would be nothing short of revolutionary and would involve a pretty complete re-writing and re-interpretation of this complex law. Tobacco taxes are at present our most stable form of revenue, though customs duties may be relied on to produce relatively stable amounts except in truly abnormal times. But the fact that we rely for two-thirds of our tax revenue on the income tax and that that income tax is so constructed as to be extremely sensitive, makes our whole revenue system susceptible to very wide fluctuations, following in the main the curve of business peaks and depressions.

It is true that from 1924 onward we were able steadily to reduce rates and narrow the tax base, and still witness increasing income tax collections during most of the period, since business and the national income expanded more rapidly than taxes were reduced; and at the same time governmental expenditures remained comparatively stable. We know, furthermore, that our last revenue act, at least as it applied to income in 1928 and 1929, was adequate for our needs for the first two years it was in effect. But under the present conditions of extreme depression expenditures are exceeding revenues by a wide margin.

This would be a matter of very grave concern were it not for the fact that conditions are so abnormal that they do not furnish any fair test of the adequacy of a revenue system. On the one hand, expenditures are swelled by emergency needs, and on the other hand, revenues are depressed way below the normal point. Moreover, the current deficit appears less formidable when we realize that it includes some $440,000,000 of public debt retirements so that the actual net increase in the public debt will be much less than the deficit figures themselves would seem to indicate. Undesirable as is any increase in the public debt in times of peace, we can feel less concerned about it than we ordinarily would because of the fact that during the last ten years public debt retirements have been effective at a much more rapid rate than might have been expected. While, therefore, we are not justified in looking upon the present position of the Treasury with complacency, there is no occasion for alarm unless it should appear that there is a real danger of a series of unbalanced budgets.

This brings us to the question of what is to be expected from any revenue system. From a theoretical standpoint, it may be argued that all we should aim at is a balanced budget over a relatively short period of years, the assumption being that if through a succession of surpluses in years of prosperity the finances of the Government have been greatly strengthened by public debt reductions, a sufficient margin of safety has been provided to meet successive deficits during lean years. From a practical standpoint, however, it seems to me that we should be guided by the sound principle of endeavoring to close each fiscal year with a balanced budget. While theoretically a series of surpluses might be applied to the strengthening of the financial structure, they are much more likely to be dissipated in increased expenditures, while if once we admit the propriety of a deficit, there is a real danger that we might come to view them with such complacency that we would shirk the disagreeable but essential duty of avoiding them either by reducing expenditures or increasing taxes. Insistence on a balanced budget is the one means that I know of compelling a government to live within its income and of making the people realize that if they desire to expand the services of government they must inevitably look to increased contributions in the form of taxes.

By a balanced budget I do not mean, of course, that it is possible to devise a system which would provide revenues in exact balance with current expenditures involved in the numerous and varied Federal activities. The achievement of such a precisely balanced budget would be a matter of the rarest accident. But I do mean that we should so adjust our tax system that year in and year out there will be no great variation between receipts and expenditures, and that a comparatively small deficit one year will be offset by a comparatively small surplus the next.

The establishment of such a system demands in the first place the determination, after eliminating the unusual items that now distort the picture, of what normal expenditures are likely to be for the next few years, allowing, of course, for the inevitable upward trend. The second essential step is to ascertain whether our present tax system, once business conditions have returned to normal, will be adequate to furnish the necessary receipts. The second problem is obviously an enormously difficult one under existing conditions, and while the Treasury Department is endeavoring to formulate some reasonable satisfactory answer, our final conclusion should be based on further trial and experience. Certainly the present year taken by itself offers a most inadequate criterion by which to judge the ability of the present Federal revenue system to meet the government's normal requirements.

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TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SUNDAY, MAY 24, 1931.

TREASURY PROBLEMS

Speech of

Honorable A. W. Mellon

Secretary of the Treasury,

in the National Radio Forum,

over the Columbia Broadcasting System,

Washington

May 23, 1931,

at 8:30 P.M.

FUTURE RELEASE
OBSERVE DATE

TREASURY PROBLEMS

During the last two years the Treasury has faced a variety of problems. The Government's financial position has changed from one of great ease to one of increasing difficulty, due to the widespread business depression which has afflicted the world.

Revenues, particularly those derived from income taxes, have abruptly declined, and at the same time expenditures have increased, owing largely to measures undertaken to alleviate the depression in agriculture and industry. As a result we shall close the current fiscal year with a large deficit. We face the prospect of a deficit again next year, although we do not yet know just how great that deficit may be.

When the time comes, we shall be able better to assess the situation and to determine what may be necessary for meeting our immediate needs. Meanwhile, it is well to remember that the financial position in which the Government now finds itself is not unfavorable for dealing with the present emergency and that it is due largely to the fact that since the war, and particularly in the two years since the present Administration began, the Government has overlooked no opportunity to set its financial house in order and, in a manner of speaking, to prepare for the rainy day that was sure to come.

First and foremost, we have pursued a sound policy of debt retirement, with beneficial results that are clearly apparent. On June 30, 1919, our total interest-bearing debt outstanding amounted to $25,235,000,000. The average interest rate was 4.18 per cent, and the annual interest charge came to $1,054,000,000, which constituted a heavy burden even for so rich a country as this. On June 30, 1930, the total interest-bearing debt stood at $15,922,000,000, showing a reduction during the period of over $9,313,000,000. Of this latter amount $1,132,000,000 was retired since the beginning of the present Administration. The average interest rate had been reduced to 3.81 per cent at the end of the eleven year period, and the saving in annual interest charges accomplished by reduction and refunding of the debt amounted to $448,000,000.

In the future we must look mostly to two sources of debt retirement: the Sinking Fund and Foreign Debt repayments. In view of the interest which discussion of this subject has aroused, it is well to bear in mind the provisions of law governing the payment of the public debt. In the War Loan acts authorizing advances to foreign governments, it was provided that repayments of principal made by foreign governments on account of such loans should be applied to reduction of our debt. In the funding agreements subsequently entered into it was stipulated that foreign governments may, if they so desire, pay both principal and interest on their debt in certain interest-bearing obligations of the United States; and such obligations as have been delivered to this Government have been immediately retired and our public debt reduced by corresponding amounts. Interest paid by foreign governments in cash, as has been done during the past year, automatically becomes available for current expenditures.

During the fiscal year 1930 the Treasury received from all foreign governments the sum of $239,565,000, on account of principal and interest. Of this amount the sum of $160,185,000 was paid by Great Britain; $57,251,000 by France, $5,000,000 by Italy, and the remainder of $17,129,000 was paid by Belgium, Poland, Rumania, and nine other debtor nations.

The other basic provision for retirement of the debt is the Sinking Fund, established on July 1, 1920. That Fund consists of a permanent appropriation of amounts fixed by law and made annually from the general revenues for the purpose of debt reduction. For the current fiscal year ending June 30th next the expenditures for this purpose will amount to $391,660,000.

The deficit for the current year will be such that for this year there will be no net reduction in the debt. There will, on the contrary, be an increase. But in bad times, as in good, like the man who tightens his belt and keeps up payments on the mortgage, we shall continue to make the payments provided by the Sinking Fund, as authorized by law. By not deviating from that program, we have already lightened the burden of the debt by reducing the annual interest charges by nearly half a billion dollars, the effect of which is now felt at a time when such saving is most welcome.

It is not to be expected, of course, that reductions can be made in the future at such a rapid rate as in recent years, when surplus revenues have been available to be applied on the debt in addition to the regular payments from the Sinking Fund. The amounts to be provided from the Sinking Fund are not so large as to be unduly burdensome; and by adhering strictly to the Sinking Fund program, we shall maintain the principle of orderly debt retirement and will in time eliminate the great drain which the debt now makes on the revenues.

Along with debt retirement, the Government has pursued a steady program of tax reduction during periods of prosperity so that today, when adversity has come upon us, the burden of Federal taxes has been reduced to a minimum. In a ten year period there have been four continuing reductions in taxes and one temporary reduction for the 1929 returns. An elaborate war-time system, with heavy taxes on many commodities and activities, has been gradually converted to a peace-time basis, with the result that we have at the present time an internal revenue system of few and relatively light taxes. Lower rates have been substituted for excessive ones and, true to sound tax principles, have proved more productive in revenue than were the higher rates. By raising exemptions and credits and allowing credit for earned income, the small taxpayer has been almost entirely relieved of the burden of Federal taxes. Both normal rates and surtaxes have been reduced; the war and excess profits tax on corporations has been removed; the estate tax has been lowered and excise taxes on the sale prices of many articles have been eliminated.

In the successive revisions of the revenue law, the Federal Government has not only relieved the taxpayers of a very large part of the burden of taxation but has eliminated some of the most inequitable and unscientific taxes inherited from the war. In recommending tax legislation during the post-war period, the Treasury has tried to retain only those features of the war-time system which seemed most suited for a permanent peace-time structure, designed not for one or two years but with regard to the revenue requirements over a long period and with a view to its ultimate effect on the country as a whole.

The situation in which we find ourselves at present, with a serious deficit facing us at the end of the year, raises the question as to whether we have yet developed a sufficiently well-balanced system to provide the revenues on which the Government must be able to count from year to year.

We depend today largely on two sources of revenue: first, internal revenue taxes, including individual and corporation income taxes and such other taxes as those on tobacco and estate taxes; and, second, customs duties. Customs duties are fairly stable and, in spite of all we hear to the contrary, may be relied on to produce an even flow of revenue except in the most abnormal years. Taxes on tobacco are also a very dependable and important source of Government revenue. The individual income tax, however, has become so restricted in its application that it has become a class rather than a general tax, with its incidence limited to a comparatively small number of taxpayers. Out of a total population of 120,000,000 there are only 2,500,000 individuals and about a quarter of a million corporations who pay an income tax. Furthermore, some 380,000 individuals pay about 97 per cent of the total amount received from individual income taxes. Yet we depend on this limited number of taxpayers for so large a part of the revenue needed for the support of the Government.

In times like the present, when incomes have fallen off, such a system inevitably results in a severe shrinkage in the Government's revenues; and this fluctuation in the revenues is further increased by our treatment of capital gains and losses, which tend to increase abnormally current income in times of rising prices and business expansion and to depress it in periods of falling prices and business contraction. The surpluses which have arisen in the past and the deficit which we face today are due in large measure to the fact that we rely for two-thirds of our tax revenue on the income tax, which is subject to sweeping variations and depends on a variety of circumstances but principally on the upward and downward swings of business.

The Treasury has for some time been aware of the defects in our tax structure; and while, in my opinion, we could not possibly have anticipated the extent to which revenues have fallen off, the Treasury has not failed to call to the attention of Congress and the country the advisability of providing safeguards against the very conditions which have overtaken us.

Three years ago when Congress was being urged by organizations of business men and other individuals to grant a greater reduction of taxes than seemed warranted, the Treasury pointed out the danger of eliminating certain excise taxes and depending for so large a part of our revenues on a comparatively small number of taxpayers. In this connection the Treasury said:

> "In prosperous years this revenue (from income tax) is stable enough, and in an era of mounting prosperity we may expect an increase in the taxable

income of this limited number of taxpayers who form the base of the Federal tax structure. But if the situation should be reversed and prosperity should begin to recede, it might result in such a shrinkage in incomes that the Government's revenue would be seriously affected. Obviously, we should retain some other taxes which can be relied on in times when a slowing up of prosperity may cause a falling off in incomes and a consequent drop in taxes from this source."

I have referred to these views at this time, first, because they seem to be pertinent now when the tax system must come under careful scrutiny; and, second, because I do not wish the country to think that the Treasury views with complacence the present situation in which we find ourselves, either as regards the lack of balance in our tax structure or the inadequate amount of revenue which it produces under adverse conditions.

Any government deficit is a matter of grave concern. The present deficit may be met, as it is being met, through borrowing, but such a course is only a temporary expedient. The handling of the problem of government revenues for the future must depend upon judgment at the proper time, in the light of all possible information which can be developed, as to how long the adverse conditions which have brought about the deficit will continue. The strong credit position of our government makes it possible to take care of a temporary decrease in the revenues. But the continuing policy, addressed to conditions as they may be expected to prevail over a considerable period of time, can only be the maintenance of the sound principle of closing each fiscal year with a balanced budget.

The existence of a deficit has added materially to the problem of current financing. Fortunately, money conditions have been unusually favorable, so that the sums needed have been obtained without difficulty and at low cost to the Government.

Now I would like to turn for a moment to another and happier problem of the Treasury, having to do with a subject of general interest throughout the country. In many places public buildings are being erected, or soon will be; and even if one has no direct concern with these projects, all of us feel a deep and proprietary interest in what is being done at Washington to make the nation's capital more beautiful.

One of the subdivisions of the Treasury is the Office of the Supervising Architect; and it is in this office, in collaboration also with the Post Office Department, that the plans are being made for carrying through the extensive public building program authorized by Congress. Outside architects are being employed on many of these projects, and contracts are being let as rapidly as possible in order to provide employment and stimulate activity at the present time in many lines which are affected, directly or indirectly, by the building industry. Furthermore, by building now, when contracts can be made on a basis materially lower than a few years ago, the Government will save money in erecting needed and permanent improvements.

It must be borne in mind that the building program is not in any sense an unnecessary or extravagant use of the public funds merely for the purpose of meeting an emergency situation. On the contrary, the buildings contemplated or now being erected in Washington and throughout the country are needed to house the Government's varied activities and will make it possible to avoid the payment of expensive rentals, as at present, for buildings which are frequently unsuited to the Government's needs.

In accordance with the program carefully worked out by Congress, $135,245,000 will be expended during the coming fiscal year. One hundred and forty-seven projects are under contract throughout the country; and in the District of Columbia the long delayed plans for the City of Washington are gradually taking form.

During the present calendar year the new building for the Department of Commerce in Washington will be completed and occupied and work will be started on the Post Office Department, the Labor Department, the Department of Justice and the Archives Building. All will form part of that great composition of buildings which will be erected on Pennsylvania Avenue and will help to transform that thoroughfare into a street of dignity and beauty. In addition, a building for the Supreme Court on Capitol Hill will soon be under way; one will be started for the Public Health Service; and the great Memorial Bridge across the Potomac River, leading from the Lincoln Memorial to Arlington and symbolizing the union of the North and the South, will be completed in time for the celebration next February of the Two Hundredth Anniversary of the birth of George Washington.

That, it seems to me, is as it should be. In carrying forward the development of Washington, we are doing something of permanent value for the country. Business depressions may come and go and the present one will be forgotten as time goes on. But the City of Washington will remain, so let us go ahead with the building of it and, in so doing, follow the example President Lincoln set when he insisted on carrying on the work on the great dome of the Capitol even during the darkest days of the Civil War. That work, he felt, was a symbol that the nation must go forward; and it was a symbol also of his unconquerable faith which played so large a part in the outcome of the struggle in which the nation was then involved.

We, at this moment, are engaged in another struggle, this time against economic forces. The trial is a severe one but there can be no doubt about the outcome. We know that we shall emerge not only with unshaken faith in our country's future but with renewed confidence in our own capacity as a people to meet and overcome any obstacles that may seem temporarily to impede our progress.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, May 26, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $80,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on May 28, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated June 1, 1931, and will mature on August 31, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on May 28, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on June 1, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
May 27, 1931.

The Secretary of the Treasury announces the selection of Weston and Ellington, 1507 Stroh Building, Detroit, Michigan, for architectural services in connection with additional facilities at the Marine Hospital, Detroit, Michigan.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, May 29, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary of the Treasury Mellon announced to-day that the tenders for $80,000,000, or thereabouts, of 91-day Treasury Bills dated June 1, 1931, and maturing August 31, 1931, which were offered on May 26, 1931, were opened at the Federal Reserve Banks on May 28, 1931.

The total amount applied for was $322,313,000. The highest bid made was 99.838, equivalent to an interest rate of about 5/8 of one per cent on an annual basis. The lowest bid accepted was 99.777, equivalent to an interest rate of about 7/8 of one per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $80,013,000. The average price of Treasury Bills to be issued is 99.785. The average rate on a bank discount basis is about 0.85 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, June 1, 1931.

STATEMENT BY SECRETARY MELLON

The Treasury is today offering for subscription, at par and accrued interest, through the Federal Reserve Banks, an issue of 3-1/8 per cent Treasury bonds of 1946-49. The bonds will be dated and bear interest from June 15, 1931, will mature on June 15, 1949, and will be redeemable at the option of the United States on and after June 15, 1946. The amount of the offering is $800,000,000, or thereabouts.

Applications will be received at the Federal Reserve Banks. The Treasury will accept in payment for the new Treasury bonds, at par, Treasury certificates of indebtedness of Series TJ-1931 and TJ2-1931, both maturing June 15, 1931. Subscriptions for which payment is to be tendered in certificates of indebtedness maturing June 15, 1931, will be given preferred allotment up to $325,000,000.

The Treasury bonds will be issued both in bearer and registered form, in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. The registered bonds will also be issued in the $50,000 denomination.

These bonds will 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 (but not including any certificates of indebtedness issued after June 17, 1929, because they were on that date made exempt from all taxation except estate and inheritance taxes) authorized by the Act approved September 24, 1917, as amended, 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 said clause (b) above.

About $589,000,000 of Treasury certificates of indebtedness and about $90,000,000 in interest payments on the public debt become due and payable on June 15, 1931.

The text of the official circular follows:

The Secretary of the Treasury invites subscriptions, at par and accrued interest, from the people of the United States, for three and one-eighth per cent Treasury bonds of 1946-49, of an issue of gold bonds of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The amount of the offering will be $800,000,000, or thereabouts.

DESCRIPTION OF BONDS

The bonds will be dated June 15, 1931, and will bear interest from that date at the rate of three and one-eighth per cent per annum, payable semiannually, on December 15, 1931, and thereafter on June 15 and December 15 in each year until the principal amount becomes payable. The bonds will mature June 15, 1949, but may be redeemed at the option of the United States on and after June 15, 1946, in whole or in part, at par and accrued interest, on any interest day or days, on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value.

Bearer bonds with interest coupons attached will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. Bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, $50,000, and $100,000.

Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds and for the transfer of registered bonds, without charge by the United States, under rules and regulations prescribed by the Secretary of the Treasury.

The bonds 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 (but not including any certificates of indebtedness issued after June 17, 1929) authorized by said Act approved September 24, 1917, as amended, 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 said clause (b) above.

The bonds will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege and are not entitled to any privilege of conversion. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter issued, governing United States bonds.

APPLICATION AND ALLOTMENT

Applications will be received at the Federal Reserve Banks, as fiscal agents of the United States. Banking institutions generally will handle applications for subscribers, but only the Federal Reserve Banks are authorized to act as official agencies.

The right is reserved to reject any subscription, in whole or in part, and to allot less than the amount of bonds applied for and to close the subscriptions at any time without notice; the Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

PAYMENT

Payment at par and accrued interest for any bonds allotted must be made on or before June 15, 1931, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive bonds. Any qualified depositary will be permitted to make payment by credit for bonds 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-1931 and TJ2-1931, both maturing June 15, 1931, will be accepted at par in payment for any Treasury bonds of the issue now offered which shall be subscribed for andallotted, with an adjustment of the interest accrued, if any, on the bonds so paid for.

GENERAL PROVISIONS

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

Any further information which may be desired as to the issue of Treasury bonds under the provisions of this circular may be obtained upon application to a Federal Reserve Bank. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Thursday, June 4, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary of the Treasury Mellon announced that subscriptions for the offering of 3-1/8 per cent Treasury Bonds of 1946-49 closed at the close of business last night, Wednesday, June 3rd. Subscriptions received by the Federal Reserve Banks and the Treasury Department through the mails up to 10 o'clock this morning will be considered as having been received before the close of the subscription books.

Preliminary reports received from the Federal Reserve Banks show that total subscriptions aggregate over $6,000,000,000. Announcement of the actual amount of subscriptions and of the basis of allotment will be made within a few days, in all probability for publication Saturday morning, June 6th.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
JUNE 5, 1931.

The Secretary of the Treasury announces the selection of Peterson and Johnson, architects of Rockford, Ill., with Benj. H. Marshall, Wilmette, Ill., as consultant, for architectural services in connection with the proposed Post Office Building, Rockford, Ill.

The Secretary of the Treasury announces the selection of Conrad and Cummings, Associated Architects, Binghamton, N. Y., with Lorimer Rich, 101 Park Ave., New York City, as consultant, for architectural services in connection with the proposed Post Office & Courthouse Building, Binghamton, N. Y.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, June 6, 1931.

Secretary Mellon to-day announced that the total amount of subscriptions received for 3-1/8 per cent Treasury Bonds of 1946-49, dated June 15, 1931, was $6,315,524,500. Of this amount, $572,106,500 represented exchange subscriptions in payment for which Treasury Certificates of Indebtedness maturing June 15, 1931, were tendered. Such exchange subscriptions were allotted 57 per cent, or about $326,000,000. Allotments on cash subscriptions were made as follows:

Subscriptions in amounts not exceeding $10,000 for any one subscriber were allotted 30 per cent, but not less than $50 for any one subscriber; subscriptions in amounts over $10,000 but not exceeding $100,000 for any one subscriber were allotted 20 per cent, but not less than $3,000 for any one subscriber; subscriptions in amounts over $100,000 but not exceeding $1,000,000 for any one subscriber were allotted 10 per cent, but not less than $20,000 for any one subscriber; subscriptions in amounts over $1,000,000 but not exceeding $25,000,000 for any one subscriber were allotted 7 per cent but not less than $100,000 for any one subscriber; subscriptions in amounts over $25,000,000 but not exceeding$100,000,000 for any one subscriber were allotted 4 per cent, but not less than $1,750,000 for any one subscriber; and subscriptions in amounts over $100,000,000 for any one subscriber were allotted 3 per cent, but not less than $4,000,000 for any one subscriber.

Further details as to subscriptions and allotments by Federal Reserve Districts will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Saturday, June 6, 1931.

STATEMENT BY SECRETARY MELLON

Secretary Mellon announced today that hereafter coupon bonds in the denomination of $100,000 will be available for three outstanding Liberty issues, First $3\frac{1}{2}$'s, First Converted $4\frac{1}{4}$'s, and Fourth $4\frac{1}{4}$'s, and in addition coupon bonds of the $5,000 and $10,000 denominations will be available for the First $3\frac{1}{2}$'s. These denominations, of course, will be issued only on exchange upon the surrender of a like face amount of other bonds of the same issue.

The Secretary stated that the several series of "Treasury Bonds" issued since 1922 for refunding purposes included the denomination of $100,000, and accordingly the additional denominations now provided for "Liberty Bonds" will accord to holders of the latter the same convenience heretofore accorded to holders of "Treasury Bonds". The new denominations $5,000 and $10,000 now authorized for First $3\frac{1}{2}$'s will bring this issue into line with other issues of Liberty bonds and Treasury bonds.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, June 8, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury announces that all 3-1/2 per cent Treasury notes of Series C-1930-32 have been called for redemption on December 15, 1931, on which date the principal of any such notes then outstanding will be payable, together with interest then accrued thereon. Accordingly, interest on all 3-1/2 per cent Treasury notes of Series C-1930-32 will cease on said redemption date, December 15, 1931.

The Series C-1930-32 3-1/2 per cent notes were issued on January 16, 1928, and were made redeemable on six months' notice on any interest payment date on and after December 15, 1930. Of the $607,399,650 originally issued, there remain outstanding about $451,000,000.

The text of the official circular calling the notes for redemption follows:

To Holders of $3\frac{1}{2}\%$ Treasury Notes of Series C-1930-32:

1. Call for Redemption. - Public notice is hereby given that, in accordance with the terms of their issue and pursuant to the provisions of Treasury Department Circular No. 392, dated January 9, 1928, all of the $3\frac{1}{2}\%$ Treasury notes of Series C-1930-32, which by their terms were made redeemable on and after December 15, 1930, are called for redemption on December 15, 1931, on which date the principal of any such notes then outstanding will be payable, together with the interest then accrued thereon. Interest on all $3\frac{1}{2}\%$ Treasury notes of Series C-1930-32 will cease on said redemption date, December 15, 1931.

2. Presentation for redemption on or after December 15, 1931.- All $3\frac{1}{2}\%$ Treasury notes of Series C-1930-32 should be presented and surrendered for redemption to any Federal Reserve Bank or branch, or to the Treasurer of the United States at Washington, D. C. The notes must be delivered in every case at the expense and risk of the holder, and should be accompanied by appropriate written advice.

Facilities for transportation of the notes by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements, when available, utilizing such incorporated banks and trust companies as their own agents. Incorporated banks and trust companies are not agents of the United States under this circular.

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3. Interest coupons. - Interest coupons dated December 15, 1931, should be detached and collected in regular course when due. Coupons dated June 15, 1932, and December 15, 1932, must be attached to the notes when presented. In the event that any notes are presented for redemption with the June 15, 1932, or December 15, 1932 coupons detached, the notes will nevertheless be redeemed, but the full face amount of any such missing coupons will be deducted.

4. Any further information which may be desired as to the redemption of $3\frac{1}{2}\%$ Treasury notes of Series C-1930-32 may be obtained from the Commissioner of the Public Debt, Treasury Department, Washington, D. C., or from any Federal Reserve Bank or branch. The Secretary of the Treasury may at any time or from time to time prescribe supplemental or amendatory rules and regulations governing the matters covered by this circular.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
TUESDAY, JUNE 9, 1931.

Acting Secretary Mills today announced that the total amount of subscriptions received for 3-1/8 per cent Treasury Bonds of 1946-49, dated June 15, 1931, was $6,315,524,500. Of this amount, $572,106,500 represented exchange subscriptions in payment for which Treasury Certificates of Indebtedness maturing June 15, 1931, were tendered. Such exchange subscriptions were allotted 57 per cent, or $326,110,300. Allotments of cash subscriptions were made on a graduated scale.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	Total Exchange Subscriptions Received	Total Cash Subscriptions Received	Total Subscriptions Received
Boston	$ 15,472,500	$ 390,097,550	$ 405,570,050
New York	379,843,000	2,455,702,100	2,835,545,100
Philadelphia	19,961,000	491,167,250	511,128,250
Cleveland	14,431,000	420,162,650	434,593,650
Richmond	3,980,500	194,848,650	198,829,150
Atlanta	3,995,500	186,677,750	190,673,250
Chicago	76,387,000	693,453,700	769,840,700
St. Louis	35,592,000	82,696,700	118,288,700
Minneapolis	4,468,000	46,071,400	50,539,400
Kansas City	4,990,500	114,090,150	119,080,650
Dallas	9,229,500	128,641,150	137,870,650
San Francisco	3,716,500	537,387,250	541,103,750
Treasury	39,500	2,421,700	2,461,200
Total	$572,106,500	$5,743,418,000	$6,315,524,500

Federal Reserve District	Allotted on Exchange Subscriptions	Allotted on Cash Subscriptions	Total Allotted
Boston	$ 8,819,400	$ 33,361,200	$ 42,180,600
New York	216,511,250	170,093,500	386,604,750
Philadelphia	11,377,950	45,122,050	56,500,000
Cleveland	8,226,300	38,421,550	46,647,850
Richmond	2,269,050	31,754,850	34,023,900
Atlanta	2,277,400	27,270,300	29,547,700
Chicago	43,542,000	68,381,700	111,923,700
St. Louis	20,287,500	11,129,350	31,416,850
Minneapolis	2,551,000	6,466,000	9,017,000
Kansas City	2,845,700	12,892,850	15,738,550
Dallas	5,261,400	17,525,350	22,786,750
San Francisco	2,118,750	32,502,700	34,621,450
Treasury	22,600	378,650	401,250
Total	$326,110,300	$495,300,050	$821,410,350

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
June 15, 1931.

The Treasury has received payments amounting to $111,835,549.53 due June 15, 1931, from the following foreign governments on account of their funded indebtedness to the United States, of which $19,962,525 was for account of principal and $91,873,024.53 for account of interest. All payments were received in cash.

	Principal	Interest
Belgium	$ 4,050,000.00	$ 1,625,000.00
Czechoslovakia.	1,500,000.00	-
Estonia	-	246,990.19
Finland	-	129,060.00
France.	1,350,000.00	19,325,000.00
Great Britain	-	65,970,000.00
Hungary	-	28,628.40
Italy	12,100,000.00	1,260,625.00
Latvia.	-	103,337.84
Lithuania	37,525.00	93,528.10
Poland.	-	3,090,855.00
Rumania	700,000.00	-
Yugoslavia.	225,000.00	-
	$19,962,525.00	$91,873,024.53

Of the principal payments received, the sum of $18,766,906.69 was for account of the obligations originally acquired for cash advanced under the authority of the Liberty bond acts. Under the terms of these acts all such cash payments of principal must be applied to debt retirement. The above-mentioned amount has been applied to the Treasury certificates maturing today. The balance of the payments amounting to $93,068,642.84 is available to meet current expenditures of the Government.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Thursday, June 25, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

Acting Secretary of the Treasury Mills gives notice that tenders are invited for two series of Treasury bills to the aggregate amount of $100,000,000, or thereabouts. One series will be 91-day bills and the other series will be 90-day bills. Both series will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on June 29, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will, as stated, be issued in two series, $50,000,000, or thereabouts, to be dated July 1, 1931, and maturing on September 30, 1931, and $50,000,000, or thereabouts, to be dated July 2, 1931, and maturing on September 30, 1931. Bidders will be required to specify the particular series for which each tender is made. The face amount of the bills of both series will be payable without interest on September 30, 1931. The bills will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on June 29, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices for each series will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Any tender which does not specifically refer to a particular series will be subject to rejection. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on July 1, 1931, for the bills allotted bearing that date of issue, and on July 2, 1931, for bills allotted bearing the latter date of issue.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Acting Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS, TUESDAY, JUNE 30, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

Acting Secretary of the Treasury Mills announced to-day that tenders for $100,000,000, or thereabouts, of two series of Treasury Bills which were offered on June 25, 1931, were opened at the Federal Reserve Banks on June 29,1931.

91-day Bills

With respect to the offering of $50,000,000, or thereabouts, of 91-day Bills dated July 1, 1931 and maturing on September 30, 1931, the total amount applied for was $201,227,000. The highest bid made was 99.848, equivalent to an interest rate of about .60 per cent on an annual basis. The lowest bid accepted was 99.833, equivalent to an interest rate of about .66 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted for the 91-day Bills was $50,026,000. The average price of the Bills to be issued in this series is about 99.840. The average rate on a bank discount basis is about 5/8 of one per cent.

90-day Bills

With respect to the offering of $50,000,000, or thereabouts, of 90-day Bills dated July 2, 1931 and maturing on September 30, 1931, the total amount applied for was $180,034,000. The highest bid made was 99.850, equivalent to an interest rate of .60 per cent on an annual basis. The lowest bid accepted was 99.835, equivalent to an interest rate of .66 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted for the 90-day Bills was $50,050,000. The average price of the Bills to be issued in this series is about 99.842. The average rate on a bank discount basis is about 5/8 of one per cent.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Wednesday, July 1, 1931.

The following announcement is made today by Acting Secretary Mills:

A considerable reduction in Federal revenues during the fiscal year 1931 and an increase in expenditures resulted in a deficit of $903,000,000. as compared with a surplus of $184,000,000 for 1930. Retirements of United States obligations to meet sinking fund and other statutory retirements chargeable against ordinary receipts totaled $440,000,000. so that the deficit exclusive of debt retirement amounted to $463,000,000. The total gross debt outstanding was increased by $616,000,000. As the general fund balance increased $153,000,000. the net debt increased but $463,000,000.

The total ordinary receipts amounted to $3,317,000,000 which represents a decline of $861,000,000 from 1930. The decline reflects for the most part the effect of the depression on certain major sources of Federal revenue - income taxes and customs receipts. Expenditures chargeable against ordinary receipts aggregated $4,220,000,000. and were $226,000,000. larger than for the previous year. The increase was due largely to expenditures for agricultural aid and relief, for additional benefits to war veterans, and for the accelerated governmental construction activities which more than offset other reductions.

In the annual report of the Secretary for the fiscal year 1930 the deficit for 1931 was estimated at $180,000,000. or $723,000,000.

less than the actual deficit shown for the year. Total ordinary receipts were $518,000,000. less than the $3,835,000,000. estimated last autumn. The discrepancy was due to the difficulty at that time of measuring the severity and duration of the business depression and the extent to which internal revenue and customs receipts would be affected. Expenditures exceeded the estimated $4,015,000,000 by $205,000,000. largely as a result of emergency expenditures.

RECEIPTS

The aggregate amount of customs and internal revenue receipts during the year was $2,808,000,000. or $818,000,000. less than for 1930. Income tax receipts totaled $1,860,000,000. which was $551,000,000. less than during the fiscal year 1930.

Preliminary reports from collectors of internal revenue indicate that current collections of corporate income taxes totaled about $892,000,000. and were about $226,000,000. smaller than for last year. Corporation taxes during the six months January to June, 1931, which were collected on 1930 incomes, showed a decline of $206,000,000. or about 38 per cent from collections during the corresponding months of 1930, reflecting reduction in taxable corporate income during a period in which the volume of industry and trade and the level of most commodity prices were rapidly declining. This decrease in collections was not, however, as marked as the reduction in incomes, due to the higher rates affecting collections during the calendar year 1931 as compared with the preceding year.

Current individual income tax collections were $731,000,000. or $330,000,000. less than during the fiscal year 1930. The contrast with former years is accentuated by the fact that during the period of rising security prices taxable incomes were largely augmented by profits from dealings in securities. Collections during the six months January to June, 1931, based on 1930 incomes, declined $258,000,000. or about 49 per cent, from the corresponding period of the preceding year. This comparison is also affected by rate changes during the period.

Collections of back taxes showed little change as compared with the fiscal year 1930.

Indicated income tax receipts of $1,860,000,000. for the fiscal year 1931 compare with an estimate of $2,190,000,000. in the annual report of the Secretary for 1930. The Treasury underestimated the severity of the depression and the effects which the fall in prices of commodities and of securities and the reduction in the volume of business operations would have on taxable incomes.

Receipts from customs duties including tonnage tax were $378,000,000. as compared with $587,000,000 in 1930. The decline is to be accounted for primarily by a reduced volume of imports, and in the case of commodities subject to ad valorem duties by the lower prices of imported commodities. For the ten months ending April 1931, the value of dutiable imports fell off 43 per cent and of nondutiable 35 per cent as compared with a like period in the fiscal year 1930. It may be observed in addition that the marked increase in dutiable imports just prior to the close of the fiscal year 1930, when the new tariff act was passed, doubtless affects the comparison of customs collections for the two fiscal year periods. Customs receipts were $124,000,000. below estimates. At the time the estimates were made in the autumn it seemed not unlikely that the turn of the year would witness some business improvement with corresponding increase in imports and customs receipts.

Miscellaneous internal revenue and other miscellaneous receipts were also somewhat smaller than for the preceding year. Miscellaneous internal revenue receipts totaled $569,000,000. or about $59,000,000. less than for 1930. Reports through May indicate that tobacco tax receipts, which account for over 70 per cent of the total, were slightly smaller than in 1930; documentary stamp taxes declined about $30,000,000. primarily as a result of smaller receipts from taxes on capital stock transfers and on capital issues; estates taxes declined by about $15,000,000.

Miscellaneous receipts other than internal revenue amounted to $509,000,000. and were $43,000,000. less than in 1930, reflecting declines in numerous items throughout the various government departments.

EXPENDITURES

Total expenditures chargeable aginst ordinary receipts were $4,220,000,000. as compared with $3,994,000,000. for 1930, an increase of $226,000,000. Expenditures chargeable against ordinary receipts do not include loans on adjusted service certificates; these are made, as provided by law, from assets in trust funds administered by the Treasury, especially from the adjusted service certificate fund. Additional loans to veterans, recently authorized, are reflected in expenditures chargeable against ordinary receipts only to the extent of the additional appropriation to the adjusted service certificate fund which was made in order to increase the assets of the fund by advancing the regular appropriation for the fiscal year 1932.

The preliminary information now available concerning the details of expenditures shows the following principal items of increase: for the War Department an increase of $25,000,000, representing chiefly the cost of construction activities for the most part in connection with rivers and harbors, flood control, the Army housing program, and increased outlay for the Air Corps; for the Department of Agriculture an increase of $119,000,000 reflecting largely additional outlays for Federal aid highway construction and for emergency relief in drought-stricken areas; for the Federal Farm Board for additional net loans under the agricultural marketing act in the amount of $41,000,000; an increase in the expenditures of the Department of Commerce of $7,000,000; an increase of $54,000,000 in the postal deficiency; and the advance appropriation in 1931 of $112,000,000 for the adjusted service certificate fund which ordinarily would have been appropriated in 1932. Expenditures of the Veterans'

Administration included an increase of about $53,000,000 as a result largely of liberalized provisions for military and naval compensation to war veterans. The more important reductions in expenditures for 1931 as compared with the previous fiscal year include a decrease of $20,000,000 for the Navy Department due to a reduction in armaments; a decrease of $48,000,000 in interest paid on the public debt; and a reduction in tax refunds of $64,000,000.

Expenditures exceeded the budget estimates by $205,000,000. The major increases included an excess of $93,000,000 over estimated expenditures of the Department of Agriculture, due largely to activities under agricultural relief measures and Federal aid to highways; an increase of $91,000,000 over the estimated amount of loans under the agricultural marketing act; an increase of $35,000,000 in the postal deficiency; and the advance appropriation of $112,000,000 to the adjusted service certificate fund which ordinarily would have been made in the fiscal year 1932. The major decreases from the estimates included $59,000,000 for the Treasury Department, $21,000,000 for the Navy Department, $28,000,000 for tax refunds, and $14,000,000 for Shipping Board loans.

PUBLIC DEBT

The fiscal year 1931 closed with the total gross public debt at $16,801,000,000 as compared with $16,185,000,000 on June 30, 1930. The net balance in the general fund was $472,000,000 on June 30, 1931, or $153,000,000 more than at the end of the preceding fiscal year. The net increase in the public debt less the increase in the general fund balance was, therefore, $463,000,000 as compared with an actual increase in gross public debt outstanding of $616,000,000.

Retirements of public debt were made as required by law, $392,000,000 from the sinking fund and $48,000,000 from other receipts. These reductions were, however, more than offset by borrowing which was made necessary by the excess of current expenditures of the government over its receipts. Moreover, Treasury borrowing in the open market was further increased as a result of the liquidation of special United States securities held for account of the adjusted service certificate fund in order to finance the additional loans on Veterans' adjusted service certificates authorized by recent legislation. The securities thus disposed of, which totaled $745,000,000, resulted in an increase in the volume of United States securities held outside the Treasury in addition to the net increase in the gross public debt.

Money market conditions during the year permitted the issue of new debt at unusually low rates with consequent reduction in annual interest charges on the public debt. There were two issues of bonds during the period: Treasury bonds of 1941-43 issued on March 16, 1931, in the amount of $594,000,000 and bearing interest at 3 3/8 per cent; and Treasury bonds of 1946-49 issued on June 15, 1931, in the amount of $821,000,000 and bearing interest at 3 1/8 per cent. On March 15th

\$1,109,000,000 of 3½ per cent Treasury notes series A and B, maturing in March and September, 1932, were called and retired. The annual rate of interest on the interest-bearing debt on June 30, 1931, was 3.56 as compared with 3.80 on June 30, 1930. Total interest payments during the year were \$611,000,000 or \$48,000,000 less than during 1930.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, July 13, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

Acting Secretary of the Treasury Mills gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 90-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on Wednesday, July 15, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated July 17,1931, and will mature on October 15, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on July 15, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on July 17, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Acting Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Wednesday, July 15, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Through the death of Robert G. Hand, the Commissioner of Accounts and Deposits, the Government has lost a public servant of the finest type. Mr. Hand had served in the Treasury Department for over thirty years, and through successive assignments to the different offices in the Department responsible for fiscal activities he had acquired an unrivaled knowledge of the finances of our Government. He rendered extraordinary service during the period of war and post-war financing. In the important position which he had held for eleven years he was responsible for much of the technical work in connection with the fiscal operations of the Government. He had broad knowledge and sound judgment. In all matters relating to Government financing we all looked to him for guidance and counsel.

Devotion to duty and a high ideal of public service were the guiding principles of his life. His untimely death was due to a nervous breakdown which unquestionably resulted from overwork and the inability of a frail body to stand the demands of an indomitable spirit. In his death the Treasury has suffered an irreparable loss and those of us who worked with him a loyal and devoted friend.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
THURSDAY, JULY 16, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced today that the tenders for $50,000,000, or thereabouts, of 90-day Treasury Bills dated July 17, 1931, and maturing October 15, 1931, which were offered on July 13, 1931, were opened at the Federal Reserve Banks on July 15, 1931.

The total amount applied for was $209,314,000. The highest bid made was 99.898, equivalent to an interest rate of about 0.41 per cent on an annual basis. The lowest bid accepted was 99.875, equivalent to an interest rate of 1/2 of one per cent on an annual basis. The total amount of bids accepted was $51,200,000. The average price of Treasury Bills to be issued is 99.878. The average rate on a bank discount basis is about 0.49 per cent.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
SATURDAY, JULY 18, 1931.

Statement by Acting Secretary Mills.

The position of Commissioner of Accounts and Deposits, recently vacated by the untimely death of Mr. Robert G. Hand, has been filled by the promotion of Mr. Daniel W. Bell, formerly Assistant Commissioner of Accounts and Deposits. Mr. Bell's position has been filled by the promotion of Mr. Edward F. Bartelt, formerly Chief of the Division of Bookkeeping and Warrants. Mr. Andrew M. Smith, formerly Assistant Chief of the Division of Bookkeeping and Warrants, has been appointed Chief of the Division to succeed Mr. Bartelt, and Mr. Joseph Greenberg, formerly Chief of the Section of Budget and Special Deposit Matters, Division of Bookkeeping and Warrants, has been promoted to succeed Mr. Smith as Assistant Chief of that Division.

In order that the services of the accountants in the Section of Surety Bonds, Division of Appointments, may be available to the Commissioner of Accounts and Deposits, the transfer of the administrative supervision of that Section from the Chief of the Division of Appointments to the Commissioner of Accounts and Deposits has been ordered.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, July 22, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock P. M., Eastern Standard time, on Friday, July 24, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated July 27, 1931, and will mature on October 26, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on July 24, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on July 27, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
SATURDAY, JULY 25, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced today that the tenders for $50,000,000, or thereabouts, of 91-day Treasury Bills dated July 27, 1931, and maturing October 26, 1931, which were offered on July 22, 1931, were opened at the Federal Reserve Banks on July 24, 1931.

The total amount applied for was $179,310,000. The highest bid made was 99.900, equivalent to an interest rate of about 0.40 per cent on an annual basis. The lowest bid accepted was 99.868, equivalent to an interest rate of about 0.52 per cent on an annual basis. The total amount of bids accepted was $51,806,000. The average price of Treasury Bills to be issued is 99.885. The average rate on a bank discount basis is about 0.46 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, July 27, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, July 30, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated August 3, 1931, and will mature on November 2, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on July 30, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on August 3, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

NOT TO BE RELEASED UNTIL DELIVERED BY MR. MILLS, WHICH WILL BE PROBABLY ABOUT 11:00 A. M., FRIDAY, JULY 31, 1931.

Address by Acting Secretary of the Treasury Ogden L. Mills at the laying of the cornerstone of the new building for the United States Assay Office at Old Slip and South Street, New York City, July 31, 1931.

We are laying the cornerstone of the new home for the United States Assay Office, a most important institution, established in 1853. From 1854 to the present time it has occupied its present site on Wall Street. This is a long period in the life of New York City, which expands and transforms itself almost overnight. It is now moving because the old property has become too valuable for this particular use and a metal refinery is out of place in crowded Wall Street, particularly as some of the neighboring tall buildings suffer somewhat from the fumes that are an unavoidable incident to normal operations. This new site offers equal facilities to those doing business with the Assay Office, while it affords ample space for future expansion. There are, therefore, good business reasons for the disposal of the old Assay Office and site and its relocation here, but it so happened that the time for effecting this change coincided with the inauguration of a comprehensive building program undertaken by the Federal Government with a view to providing proper housing for all Federal activities.

This program is based on two very definite conceptions - first, that the United States Government throughout the country should own rather than lease the buildings necessary to carry on Federal activities, and, second, that provision for an adequate Government plant in Washington affords an unrivaled opportunity for carrying out on a magnificent scale the plans originally laid out for the development of the National Capital. The situation is such that these original plans can be carried out. The Congress has had the vision to perceive the possibilities. The genius of our best architects has been drafted to insure the successful completion of such a program. The day is not distant when those of our citizens who visit Washington will see one of the finest and most attractive capitals in the world. This is as it should be. The dignity and power of government are entitled to an adequate setting. Beautiful buildings not only educate and inspire but they have a very distinct quality of impressiveness, as any one who has observed the Parthenon at sunset will testify to.

All told, the Federal Government will expend about $700,000,000 on its countrywide program, of which about $500,000,000 has already been definitely allocated to specific projects. Projects representing an aggregate expenditure of about $225,000,000 have either been completed, are under contract or have reached the point of detailed specifications. Projects calling for an additional $190,000,000, approximately, are in the drawing stage, of which 78 are being handled by private architects.

Our own State and City have not fared badly. No less than 163 buildings costing $84,000,000 have been recommended for New York State, while expenditures of $47,000,000 are allocated to new buildings in New York City, in addition to the building the cornerstone of which are are laying this morning. They include an addition to the Federal Building in Brooklyn; a large parcel post building to be located between 9th and 10th Avenue and 29th and 30th Street; extensive remodeling of the old Appraiser's Stores Building; a large annex to the postoffice at the Pennsylvania Railroad Station; a new marine hospital on Staten Island; a Federal Courthouse to be located in the Civic Center, and the replacement of the old City Hall Park postoffice building by a modern structure on a new site, thus permitting the old site to revert to park purposes.

The last two items have a particular appeal. The removal of the old City Hall postoffice will not only eliminate an eyesore but permit a better appreciation of the beauty of City Hall, while a monumental structure suitable for our Federal Courthouse will not only lend greater dignity to the administration of justice but add to the impressiveness of our Civic Center.

It is a great pleasure to be here to-day and to participate in this ceremony for we in the Treasury Department have a very particular interest in the Assay Office, which is one of our institutions, and take great pride in the carrying out of the vast building program which has been entrusted to us.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
FRIDAY, JULY 31, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced today that the tenders for $60,000,000, or thereabouts, of 91-day Treasury Bills dated August 3, 1931, and maturing November 2, 1931, which were offered on July 27th, were opened at the Federal Reserve Banks on July 30th.

The total amount applied for was $221,171,000. The highest bid made was 99.896, equivalent to an interest rate of about 0.41 per cent on an annual basis. The lowest bid accepted was 99.854, equivalent to an interest rate of about 0.58 per cent on an annual basis. The total amount of bids accepted was $59,850,000. The average price of Treasury Bills to be issued is 99.871. The average rate on a bank discount basis is about 0.51 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, August 3, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, August 6, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated August 10, 1931, and will mature on November 9, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places., e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on August 6, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on August 10, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
TUESDAY, AUGUST 4, 1931

Acting Secretary of the Treasury Mills has announced the resignation of Mr. Harris F. Mires, Assistant to the Commissioner of Internal Revenue, effective at the close of business Saturday, August 8th. Mr. Mires submitted his resignation to the President early in June, with the request that it be accepted as of June 30th, in order that he might return to the practice of public accountancy. In view, however, of the illness at that time of Commissioner Burnet, Mr. Mires consented to remain at his post until Mr. Burnet's return. The regret of the Treasury at Mr. Mires' resignation was expressed in a letter from Secretary Mellon to Mr. Mires under date of June 6, in which the Secretary commended him for the loyal and effective service which he has rendered the Department.

Mr. Mires has served in the Bureau of Internal Revenue since January, 1920, and was appointed Assistant to the Commissioner by President Coolidge on May 16,1928. As Assistant to the Commissioner he ranked next to the Commissioner in the supervision of administrative and fiscal affairs of the Bureau of Internal Revenue.

The Acting Secretary further announced that Mr. Ralph E. Smith, Head of the Civil Division, Office of the General Counsel, Bureau of Internal Revenue, has been appointed to succeed Mr. Mires as Assistant to the Commissioner. Mr. Smith is a native of Wisconsin, and a graduate of the College and Law School of Wisconsin University. From 1903 to 1925, he was engaged in the general practice of law at Merrill, Wisconsin. From 1911 to 1915, he was a member and for three years president of the Wisconsin State Board of Control, having charge of penal and charitable institutions. In 1925 he was appointed a Special Attorney in the General Counsel's office and assigned to the Civil Division. In November 1930 he was appointed Head of that Division.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
FRIDAY, AUGUST 7, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced today that the tenders for $60,000,000, or thereabouts, of 91-day Treasury Bills dated August 10, 1931, and maturing November 9, 1931, which were offered on August 3rd, were opened at the Federal Reserve Banks on August 6th.

The total amount applied for was $200,798,000. The highest bid made was 99.878, equivalent to an interest rate of about 0.48 per cent on an annual basis. The lowest bid accepted was 99.846, equivalent to an interest rate of about 0.61 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,005,000. The average price of Treasury Bills to be issued is 99.858. The average rate on a bank discount basis is about 0.56 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, August 10, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY MILLS

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, August 13, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated August 17, 1931, and will mature on November 16, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on August 13, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on August 17, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS, FRIDAY, AUGUST 14, 1931.

STATEMENT BY ACTING SECRETARY BALLANTINE

Acting Secretary of the Treasury Ballantine announced today that the tenders for $60,000,000, or thereabouts, of 91-day Treasury Bills dated August 17, 1931, and maturing November 16, 1931, which were offered on August 10th, were opened at the Federal Reserve Banks on August 13th.

The total amount applied for was $211,160,000. The highest bid made was 99.870, equivalent to an interest rate of about 0.51 per cent on an annual basis. The lowest bid accepted was 99.833, equivalent to an interest rate of about 0.66 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,280,000. The average price of Treasury Bills to be issued is 99.841. The average rate on a bank discount basis is about 0.63 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, August 17, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY BALLANTINE

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, August 20, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated August 24, 1931, and will mature on November 23, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a

deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on August 20, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on August 24, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, August 21, 1931.

STATEMENT BY ACTING SECRETARY BALLANTINE

Acting Secretary of the Treasury Ballantine announced today that the tenders for $60,000,000, or thereabouts, of 91-day Treasury Bills dated August 24, 1931, and maturing November 23, 1931, which were offered on August 17, 1931, were opened at the Federal Reserve Banks on August 20th.

The total amount applied for was $224,974,000. The highest bid made was 99.877, equivalent to an interest rate of about 0.49 per cent on an annual basis. The lowest bid accepted was 99.844, equivalent to an interest rate of about 0.62 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,001,000. The average price of Treasury Bills to be issued is 99.852. The average rate on a bank discount basis is about 0.59 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, August 24, 1931.

STATEMENT BY ACTING SECRETARY OF THE TREASURY BALLANTINE

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $80,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, August 27, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated August 31, 1931, and will mature on November 30, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, and $100,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a

deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on August 27, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on August 31, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, dated June 25, 1930, and this notice as issued by the Secretary of the Treasury, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, August 28, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $80,000,000, or thereabouts, of 91-day Treasury Bills dated August 31, 1931, and maturing November 30, 1931, which were offered on August 24, 1931, were opened at the Federal Reserve Banks on August 27th.

The total amount applied for was $269,021,000. Except for one bid for $2,000 at the rate of about 0.50 per cent, the highest bid made was 99.856, equivalent to an interest rate of about 0.57 per cent on an annual basis. The lowest bid accepted was 99.838, equivalent to an interest rate of about 0.64 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $80,019,000. The average price of Treasury Bills to be issued is 99.844. The average rate on a bank discount basis is about 0.62 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, August 31, 1931.

STATEMENT BY SECRETARY MELLON

The Treasury is today offering for subscription at par and accrued interest, through the Federal Reserve Banks, $800,000,000, or thereabouts, of 3 per cent 20-24 year Treasury bonds and $300,000,000, or thereabouts, of 1-1/8 per cent twelve-month certificates of indebtedness.

The Treasury bonds will be dated and bear interest from September 15, 1931, will mature on September 15, 1955, and will be redeemable at the option of the United States on and after September 15, 1951.

The certificates of indebtedness will be a single series, TS-1932, and will be for twelve months, dated and bearing interest from September 15, 1931, and will mature on September 15, 1932.

Applications will be received at the Federal Reserve Banks. The Treasury will accept in payment for the new Treasury bonds and certificates of indebtedness, at par, the 2-3/8 per cent Treasury certificates of indebtedness of Series TS-1931 and the 1-1/2 per cent Treasury certificates of indebtedness of Series TS2-1931, which become due and payable September 15, 1931. Subscriptions for the twelve-month certificates of indebtedness, in payment for which Treasury certificates of indebtedness of Series TS-1931 and TS2-1931 are tendered, will be given preferred allotment. No such preference will be given in the case of subscriptions for the Treasury bonds.

The Treasury bonds will be issued both in bearer and registered form, in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. The registered bonds will also be issued in the $50,000 denomination. The certificates of indebtedness will be issued in bearer form only, in denominations of $500, $1,000, $5,000, $10,000, and $100,000, and will have two interest coupons attached, payable March 15, 1932 and September 15, 1932.

The certificates of indebtedness will be exempt, both as to principal and interest, from all taxation, except estate and inheritance taxes. The Treasury bonds will 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 (but not including any certificates of indebtedness issued after June 17, 1929, because they were on that date made exempt from all taxation except estate and inheritance taxes) authorized by the Act approved September 24, 1917, as amended, 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 said clause (b) above.

About $334,211,000 of 2-3/8 per cent certificates of indebtedness of Series TS-1931, about $300,176,000 of 1-1/2 per cent certificates of indebtedness of Series TS2-1931, and about $30,000,000 in interest payments on the public debt, become due and payable on September 15, 1931.

The texts of the official circulars follow:

THREE PER CENT TREASURY BONDS OF 1951-52

The Secretary of the Treasury invites subscriptions, at par and accrued interest, from the people of the United States, for three per cent Treasury bonds of 1951-55, of an issue of gold bonds of the United States authorized by the Act of Congress approved September 24, 1917, as amended. The amount of the offering will be $800,000,000, or thereabouts.

DESCRIPTION OF THE BONDS

The bonds will be dated September 15, 1931, and will bear interest from that date at the rate of three per cent per annum, payable semi-annually on March 15 and September 15 in each year until the principal amount becomes payable. The bonds will mature September 15, 1955, but may be redeemed at the option of the United States on and after September 15, 1951, in whole or in part, at par and accrued interest, on any interest day or days on four months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value.

Bearer bonds with interest coupons attached will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, and $100,000. Bonds registered as to principal and interest will be issued in denominations of $50, $100, $500, $1,000, $5,000, $10,000, $50,000, and $100,000.

Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds and for the transfer of registered bonds, without charge by the United States, under rules and regulations prescribed by the Secretary of the Treasury.

The bonds 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 (but not including any certificates of indebtedness issued after June 17, 1929) authorized by said Act approved September 24, 1917, as amended, 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 said clause (b) above.

The bonds will be acceptable to secure deposits of public moneys, but do not bear the circulation privilege and are not entitled to any privilege of conversion. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter issued, governing United States bonds.

APPLICATION AND ALLOTMENT

Applications will be received at the Federal Reserve Banks, as fiscal agents of the United States. Banking institutions generally will handle applications for subscribers, but only the Federal Reserve Banks are authorized to act as official agencies.

The right is reserved to reject any subscription, in whole or in part, and to allot less than the amount of bonds applied for and to close the subscriptions at any time without notice; the Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

PAYMENT

Payment at par and accrued interest for any bonds allotted must be made on or before September 15, 1931, or on later allotment. After allotment and upon payment Federal Reserve Banks may issue interim receipts pending delivery of the definitive bonds. Any qualified depositary will be permitted to make payment by credit for bonds 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-1931 and TS2-1931, both maturing September 15, 1931, will be accepted at par in payment for any Treasury bonds of the issue now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the bonds so paid for.

GENERAL PROVISIONS

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

Any further information which may be desired as to the issue of Treasury bonds under the provisions of this circular may be obtained upon application to a Federal Reserve Bank. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering.

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TREASURY CERTIFICATES OF INDEBTEDNESS
SERIES TS-1932

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 of Series TS-1932, dated and bearing interest from September 15, 1931, payable September 15, 1932, with interest at the rate of one and one-eighth 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 March 15, 1932, and September 15, 1932.

The certificates of said series shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) 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.

The certificates of this series will be accepted at par 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 will be acceptable to secure deposits of public moneys, but will 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. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before September 15, 1931, 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-1931 and TS2-1931, both maturing September 15, 1931, will be accepted at par, in payment for any certificates of the series now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the certificates of the series so paid for.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, September 2, 1931.

Secretary Mellon announced that subscriptions for the offering of 1-1/8 per cent twelve-month Treasury Certificates of Indebtedness of Series TS-1932, dated September 15, 1931, maturing September 15, 1932, closed at the close of business yesterday, Tuesday, September 1, 1931. Subscriptions for the Certificates which did not reach a Federal Reserve Bank or branch, or the Treasury Department, before the close of business yesterday will not be considered.

The reports received from the twelve Federal Reserve Banks show that for the offering of Certificates of Indebtedness, which was for $300,000,000, or thereabouts, subscriptions aggregate over $1,200,000,000. Of these subscriptions, about $500,000,000 represent subscriptions in payment for which Treasury Certificates of Indebtedness of Series TS-1931 and Series TS2-1931, both maturing September 15, 1931, were tendered. In accordance with the Treasury's previous announcement that exchange subscriptions would be given preferred allotment, the $500,000,000 in exchange subscriptions will be allotted about 60 per cent. No allotment will be made upon other subscriptions.

The subscription books for the $800,000,000 offering of 3 per cent 20-24 year Treasury Bonds of 1951-1955, in denominations ranging from $50 upwards, will remain open until further notice. The above announcement with respect to the closing of subscription books relates only to the 1-1/8 per cent Certificates of Indebtedness.

TREASURY DEPARTMENT.

FOR RELEASE MORNING PAPERS,
FRIDAY, SEPTEMBER 4, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary of the Treasury Mellon announced that the subscription books for the offering of $800,000,000 three per cent 20-24 year Treasury Bonds of 1951-1955 will close at the close of business Saturday, September 5, 1931.

Announcement of the amount of subscriptions and the basis of allotment will be made in all probabilty for publication Wednesday morning, September 9th,

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, September 9, 1931.

Secretary Mellon to-day announced that the total amount of subscriptions received for three per cent Treasury Bonds of 1951-55, dated September 15, 1931, was $940,559,550. As previously announced, subscriptions in payment for which Treasury Certificates of Indebtedness maturing September 15, 1931, were tendered, were treated as cash subscriptions. Allotments on all subscriptions were made as follows:

Subscriptions in amounts not exceeding $100,000 were allotted in full. Subscriptions in amounts over $100,000, but not exceeding $500,000, were alloted 90 per cent, but not less than $100,000 on any one subscription; subscriptions in amounts over $500,000, but not exceeding $1,000,000, were allotted 80 per cent, but not less than $450,000 on any one subscription; and subscriptions in amounts over $1,000,000 were allotted 75 per cent, but not less than $800,000 on any one subscription.

Further details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Thursday, September 10, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon to-day announced the final subscription and allotment totals, by Federal Reserve Districts, for the September 15th offering of 3 per cent Treasury Bonds of 1951-55 and 1-1/8 per cent Treasury Certificates of Indebtedness of Series TS-1932.

3 PER CENT TREASURY BONDS OF 1951-55.

The total amount of subscriptions received for 3 per cent Treasury Bonds of 1951-55, dated September 15, 1931, was $940,559,550. Subscriptions in payment for which Treasury Certificates of Indebtedness, maturing September 15, 1931, were tendered were treated as cash subscriptions. All subscriptions were allotted on a graduated scale.

Federal Reserve District	Total Subscriptions Received.	Total Subscriptions Allotted.
Boston	$ 43,982,050	$ 39,375,050
New York	282,237,900	228,950,850
Philadelphia	98,072,350	80,100,000
Cleveland	145,608,200	121,633,200
Richmond	46,118,100	42,605,600
Atlanta	55,827,800	51,032,800
Chicago	64,304,550	60,286,550
St. Louis	32,575,250	29,762,600
Minneapolis	19,187,900	17,771,000
Kansas City	32,947,100	30,065,900
Dallas	57,385,150	50,295,150
San Francisco	60,512,150	49,774,150
Treasury	1,801,050	1,641,550
Total	$940,559,550	$803,294,400

1-1/8 PER CENT CERTIFICATES OF INDEBTEDNESS OF SERIES TS-1932.

The total amount of subscriptions received for Treasury Certificates of Indebtedness of Series TS-1932, dated September 15, 1931, maturing September 15, 1932, was $1,251,196,000. Of this amount, $523,786,000 represented exchange subscriptions in payment for which Treasury Certificates of Indebtedness of Series TS-1931 and Series TS2-1931, both maturing September 15, 1931, were tendered. Such exchange subscriptions were allotted 60 per cent. All other subscriptions were rejected.

Federal Reserve District.	Total Subscriptions Received.	Total Cash Subscriptions Received.	Total Exchange Subscriptions Received.	Total Exchange Subscriptions Allotted.
Boston	$ 29,677,000	$ 25,586,000	$ 4,091,000	$ 2,455,000
New York	731,985,500	404,329,500	327,656,000	196,597,000
Philadelphia	33,865,000	23,045,000	10,820,000	6,492,000
Cleveland	26,835,500	19,160,500	7,675,000	4,605,500
Richmond	33,958,500	30,008,500	3,950,000	2,370,000
Atlanta	46,582,000	39,232,000	7,350,000	4,410,000
Chicago	240,461,500	114,706,500	125,755,000	75,455,000
St. Louis	31,751,000	20,716,500	11,034,500	6,620,000
Minneapolis	1,239,000	866,500	372,500	223,500
Kansas City	11,982,000	4,414,500	7,567,500	4,540,500
Dallas	33,706,500	30,229,500	3,477,000	2,088,000
San Francisco	29,151,500	15,115,000	14,036,500	8,422,000
Treasury	1,000		1,000	1,000
Total	$1,251,196,000	$727,410,000	$523,786,000	$314,279,500

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Thursday, September 24, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $100,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Monday, September 28, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated September 30, 1931, and will mature on December 30, 1931, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on September 28, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on September 30, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Friday, September 25, 1931.

STATEMENT IN REGARD TO STUDY MADE ON AUTOMOBILE PARKING FOR THE TRIANGLE AREA.

The Board of Architectural Consultants of the Treasury Department, which has been holding sessions for several days past, had before it for consideration among other things, the preliminary report of the engineers of the National Garages, Inc., engaged by the Treasury Department to make a study of automobile parking as it is affected by the Triangle development in Washington.

This report included a survey of present conditions, estimate of future conditions and demands, the question of the extent to which parking should be provided and the most advantageous location for such parking as the Government may decide to furnish.

Realizing that it may be some years before parking to the ultimate necessity is reached, the report divides the problem into several phases, the first to meet the immediate parking requirements, and, in successive stages, the expansion necessary as each succeeding year adds to the population of the Triangle up to its ultimate figure. The problem differs somewhat from ordinary commercial conditions for several reasons, among which are that the parking facilities must be so disposed that the peak loads which occur within a relatively short space of time morning and evening, can be adequately handled. The report expresses the opinion that this feature taking into account the necessity for avoiding over-congestion in the streets, leads to the conclusion that the parking units should be kept within very reasonable limits as to the number of cars, thus providing a number of relatively smaller units instead of a very few large units.

The report also makes an analysis of the question of the residential location of the homes of employes in relation to the location of the Government buildings where they perform their daily work, this question having a bearing on the ratio of automobile parking actually required, to the number of employes who live within a reasonable distance of their place of work and could therefore use traction lines and busses if necessary, as against those whose homes are further distant and to whom the use of automobiles is a great convenience in goind to and from their work.

In general terms the report divides the facilities for parking into two classes, namely parking spaces below ground, and those erected above ground. Investigation by the engineers has indicated to their satisfaction that one-story sub-surface garages could, under some conditions be economically constructed in certain areas where this is possible, while the garages constructed above ground may be multi-story buildings, though kept however within restricted limits as to number of cars to avoid over-concentration in any one unit.

In its final analysis the question of the extent to which parking can be furnished to employes of the Government rests with Congress, as the authorization for the construction of garages was not included in the present authorizations under which the buildings are being erected in the Triangle area, and the matter will be presented at the proper time to Congress for its consideration. The general parking treated in the report is in any case supplementary to the restricted official parking which is being furnished for official cars in each of the buildings now constructed in the Triangle as well as those under construction and to be constructed in the future.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, September 29, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary of the Treasury Mellon announced today that the tenders for $100,000,000, or thereabouts, of 91-day Treasury Bills dated September 30, 1931, and maturing December 30, 1931, which were offered on September 24, 1931, were opened at the Federal Reserve Banks on September 28th.

The total amount applied for was $213,103,000. Except for one bid for $1,000 at the rate of about one-fifth of one per cent, the highest bid made was 99.876, equivalent to an interest rate of about 0.49 per cent on an annual basis. The lowest bid accepted was 99.647, equivalent to an interest rate of about 1.40 per cent on an annual basis. The total amount of bids accepted was $100,761,000. The average price of Treasury Bills to be issued is 99.692. The average rate on a bank discount basis is about 1.22 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Thursday, October 8, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 90-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Tuesday, October 13, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated October 15, 1931, and will mature on January 13, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on October 13, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on October 15, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, October 14, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced today that the tenders for $50,000,000, or thereabouts, of 90-day Treasury Bills dated October 15, 1931, and maturing January 13, 1932, which were offered on October 8th, were opened at the Federal Reserve Banks on October 13th.

The total amount applied for was $127,834,000. Except for three bids aggregating $304,000 at prices averaging about 1 per cent, the highest bid made was 99.625, equivalent to an interest rate of 1-1/2 per cent on an annual basis. The lowest bid accepted was 99.313, equivalent to an interest rate of about 2-3/4 per cent on an annual basis. The total amount of bids accepted was $51,641,000. The average price of Treasury Bills to be issued is 99.404. The average rate on a bank discount basis is about 2-3/8 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, October 17, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon today announced that the gold notes of the National Credit Corporation, created at the suggestion of President Hoover, will be accepted by the Treasury as collateral to secure any deposits of public moneys in depositaries designated by the Secretary of the Treasury.

The notes will be accepted at the same collateral value now accorded by the Treasury to commercial paper and bankers' acceptances, which, under existing regulations governing deposits in special depositaries, are accepted at 90 per cent of face value.

The Treasury regulations with respect to deposits of public moneys will be amended accordingly.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, October 19, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $50,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Thursday, October 22, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated October 26, 1931, and will mature on January 25, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on October 22, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on October 26, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, October 23, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $50,000,000, or thereabouts, of 91-day Treasury Bills dated October 26, 1931, and maturing January 25, 1932, which were offered on October 19th, were opened at the Federal Reserve Banks on October 22nd.

The total amount applied for was $227,253,000. Except for two bids amounting to $3,000 at the rate of about 2 per cent, the highest bid made was 99.411, equivalent to an interest rate of about 2-1/3 per cent on an annual basis. The lowest bid accepted was 99.241, equivalent to an interest rate of about 3 per cent on an annual basis. The total amount of bids accepted was $51,338,000. The average price of Treasury Bills to be issued is 99.321. The average rate on a bank discount basis is about 2.69 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, October 26, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p.m., Eastern Standard time, on Thursday, October 29, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated November 2, 1931, and will mature on February 1, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills

applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on October 29, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on November 2, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, October 30, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $60,000,000, or thereabouts, of 91-day Treasury Bills dated November 2, 1931, and maturing February 1, 1932, which were offered on October 26th, were opened at the Federal Reserve Banks on October 29th.

The total amount applied for was $328,027,000. The highest bid made was 99.500, equivalent to an interest rate of about 1.98 per cent on an annual basis. The lowest bid accepted was 99.373, equivalent to an interest rate of about 2.48 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,921,000. The average price of Treasury Bills to be issued is 99.410. The average rate on a bank discount basis is about 2-1/3 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, November 2, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $75,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Friday, November 6, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated November 9, 1931, and will mature on February 8, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills

applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on November 6, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on November 9, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, November 7, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $75,000,000, or thereabouts, of 91-day Treasury Bills dated November 9, 1931, and maturing February 8, 1932, which were offered on November 2nd, were opened at the Federal Reserve Banks on November 6th.

The total amount applied for was $301,633,000. The highest bid made was 99.550, equivalent to an interest rate of about 1.78 per cent on an annual basis. The lowest bid accepted was 99.458, equivalent to an interest rate of about 2.14 per cent on an annual basis. The total amount of bids accepted was $75,173,000. The average price of Treasury Bills to be issued is 99.492. The average rate on a bank discount basis is about 2 per cent.

FOR RELEASE, AFTERNOON PAPERS,
OR WHEN DELIVERED,
SUNDAY, NOVEMBER 8, 1931.

Remarks of

Secretary Mellon

at The Welfare Fund Emergency Association Mass Meeting

at

Syria Mosque

Pittsburgh,

November 8, 1931.

This meeting is one of many that are being conducted in cities and towns throughout the country for the purpose of organizing to meet their local unemployment problems in the way which they know to be most effective.

By President Hoover's direction a national organization has been created which, in the President's words, is to cooperate with "the State and local agencies, and with the many national organizations of business, labor, and welfare, with the churches and other societies so that the countless streams of human helpfulness which have been the mainstay of our country in all emergencies may be directed wisely and effectively."

The meeting this afternoon is the opening of the campaign in Pittsburgh by which we expect to raise the funds needed to finance the city's regular charitable organizations and also to meet the special problems with which we are faced this winter by reason of the unemployment situation. It combines in one appeal the amounts to be raised both for the Welfare Fund and for the Allegheny County Emergency Association. The funds thus provided will insure the operation of all the permanent charitable organizations represented in the Welfare Fund, and will also make it possible for the Emergency Association to continue to operate "the Pittsburgh Plan" which proved so helpful last winter in meeting the unemployment problem here.

Under that Plan labor supplied by the Association and paid for out of the Unemployment Fund will be available for work in any part of Allegheny County where materials and supervision can be furnished. Such a plan, it seems to me, is the best possible way to meet the present emergency. It confers a double benefit on the community, for it not only makes possible needed improvements and provides employment but at the same time helps to maintain that self-respect which is so essential if people who are able and

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willing to work are to be spared the bitter experience of receiving money for which no compensating labor has been given in return. If the work of the Emergency Association can be carried on this winter, in addition to the help rendered by the charitable organizations participating in the Welfare Fund, the most pressing needs of the local situation can be met.

This is based on the assumption that the full amount proposed to be raised in this campaign shall be realized. It is extremely important that this be done and that a prompt and generous response be made to this appeal. Other cities are responding most generously to the demands that are being made upon them. Each day reports come to Washington of the splendid response which is being made in local campaigns throughout the country; and while our problems here in Pittsburgh as a great industrial center have been and are particularly difficult and are accentuated by the very vastness of our industrial development which in ordinary times makes for the city's prosperity, no one can doubt that Pittsburgh will give with customary generosity and will see that none in our midst shall suffer this winter for lack of help which any of us can give.

It is an opportunity for service such as may not come to us again in our lifetime. I can think of no cause that would have a greater appeal not only to our sympathy but to our sense of civic responsibility. The problem, after all, is our problem. The men and women who temporarily find themselves in difficulties because they are deprived of their usual means of livelihood are not strangers but our own people who work in our shops and our industries. We owe it to them, and more especially we owe it to ourselves, to see them through their difficulties until better times return again, as return they will. Let us prove by our actions in this campaign that Pittsburgh, which has always responded so generously to every call for help in this and other countries, will never fail her own people in their time of greatest need.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, November 9, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $75,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Friday, November 13, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated November 16, 1931, and will mature on February 15, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

a deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on November 13, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on November 16, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, November 14, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $75,000,000, or thereabouts, of 91-day Treasury Bills dated November 16, 1931, and maturing February 15, 1932, which were offered on November 9th, were opened at the Federal Reserve Banks on November 13th.

The total amount applied for was $255,289,000. The highest bid made was 99.550, equivalent to an interest rate of about 1.78 per cent on an annual basis. The lowest bid accepted was 99.469, equivalent to an interest rate of about 2.10 per cent on an annual basis. The total amount of bids accepted was $75,410,000. The average price of Treasury Bills to be issued is 99.489. The average rate on a bank discount basis is about 2.02 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, November 16, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $60,000,000, or thereabouts. They will be 93-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p.m., Eastern Standard time, on Friday, November 20, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated November 23, 1931, and will mature on February 24, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a

deposit of 10 per cent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on November 20, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on November 23, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, November 21, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $60,000,000, or thereabouts, of 93-day Treasury Bills dated November 23, 1931, and maturing February 24, 1932, which were offered on November 16th, were opened at the Federal Reserve Banks on November 20th.

The total amount applied for was $173,213,000. Except for two bids for an aggregate of $115,000 at prices averaging about 0.70 per cent, the highest bid made was 99.500, equivalent to an interest rate of about 1.94 per cent on an annual basis. The lowest bid accepted was 99.381, equivalent to an interest rate of about 2.40 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $60,182,000. The average price of Treasury Bills to be issued is 99.411. The average rate on a bank discount basis is about 2.28 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, November 23, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $100,000,000, or thereabouts. They will be 93-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Friday, November 27, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated November 30, 1931, and will mature on March 2, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills

applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on November 27, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on November 30, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, November 28, 1931.

STATEMENT BY SECRETARY MELLON

Secretary of the Treasury Mellon announced to-day that the tenders for $100,000,000, or thereabouts, of 93-day Treasury Bills dated November 30, 1931, and maturing March 2, 1932, which were offered on November 23rd, were opened at the Federal Reserve Banks on November 27th.

The total amount applied for was $235,485,000. Except for one bid for $50,000 at the rate of about 1.78 per cent, the highest bid made was 99.430, equivalent to an interest rate of about 2.21 per cent on an annual basis. The lowest bid accepted was 99.296, equivalent to an interest rate of about 2.73 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $100,490,000. The average price of Treasury Bills to be issued is 99.332. The average rate on a bank discount basis is about 2.59 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Monday, December 7, 1931.

STATEMENT BY SECRETARY MELLON

The Treasury is today offering for subscription at par and accrued interest, through the Federal Reserve Banks, an offering of 3-1/4 per cent one-year Treasury notes, and of 2-3/4 per cent six months' certificates of indebtedness, and 3 per cent nine months' certificates of indebtedness. The amount of the Treasury note offering is $600,000,000, or thereabouts; the amount of the offering of six months' certificates of indebtedness is $300,000,000, or thereabouts; and the amount of the offering of nine months' certificates of indebtedness is $400,000,000, or thereabouts.

The Treasury notes will be dated December 15, 1931, and will bear interest from that date at the rate of 3-1/4 per cent per annum, payable semiannually. They will mature on December 15, 1932, and will not be subject to call for redemption prior to that date.

Both series of certificates of indebtedness will be dated and bear interest from December 15, 1931. One series, TJ-1932, for six months, with interest at the rate of 2-3/4 per cent per annum, will mature on June 15, 1932, and the other series, TS2-1932, for nine months, with interest at the rate of 3 per cent per annum, will mature on September 15, 1932.

The principal and interest of the Treasury notes and of both series of certificates of indebtedness will be payable in United States gold coin of the present standard of value.

The Treasury notes and Treasury certificates of indebtedness of both series will be exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes) 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.

Applications will be received at the Federal Reserve Banks. The Treasury will accept in payment for the new Treasury notes and certificates of indebtedness, at par, the 3½ per cent Treasury notes of Series C-1930-32, with coupons dated June 15 and December 15, 1932, attached, which were called for redemption on December 15, 1931, by Treasury Department Circular No. 439, dated June 8, 1931, and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931, both maturing December 15, 1931.

Subscriptions for the Treasury notes for which payment is to be tendered in 3½ per cent Treasury notes of Series C-1930-32 (called for redemption on December 15, 1931) and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931 (both maturing December 15, 1931) will be given preferred allotment up to the amount of the offering of Treasury notes. Subscriptions for the Treasury certificates of indebtedness for which payment is to be tendered in 3½ per cent Treasury notes of Series C-1930-32 and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931 will be given preferred allotment up to the amount of each offering.

The Treasury notes will be issued in bearer form only, in denominations of $100, $500, $1,000, $5,000, $10,000, and $100,000, with two interest coupons attached payable on June 15, and December

15, 1932. The certificates of indebtedness of both series will be issued in bearer form only, in denominations of $500, $1,000, $5,000, $10,000, and $100,000. The certificates of Series TJ-1932 will have one interest coupon attached, payable June 15, 1932, and the certificates of Series TS2-1932 two interest coupons attached, payable March 15, and September 15, 1932.

The $3\frac{1}{2}$ per cent Treasury notes of Series C-1930-32 were called for redemption on December 15, 1931, and will cease to bear interest on that date. About $452,000,000 of these notes are now outstanding. In addition, about $543,000,000 of Treasury certificates of indebtedness, and about $95,000,000 in interest on the public debt, become due and payable on December 15, 1931.

The texts of the official circulars follow:

THREE AND ONE-QUARTER PER CENT TREASURY NOTES OF SERIES 1932

The Secretary of the Treasury offers for subscription, at par and accrued interest, through the Federal Reserve Banks, $600,000,000, or thereabouts, three and one-quarter per cent Treasury notes of Series 1932, of an issue of gold notes of the United States authorized by the Act of Congress approved September 24, 1917, as amended.

DESCRIPTION OF NOTES

The notes will be dated and bear interest from December 15, 1931, will be payable on December 15, 1932, and will bear interest at the rate of three and one-quarter per cent per annum, payable semi-annually on June 15, and December 15, 1932. The notes will not be subject to call for redemption prior to maturity. The principal and interest of the notes will be payable in United States gold coin of the present standard of value.

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 will not be issued in registered form. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

The notes of this series shall be exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes) 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.

The 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 the maturity of the notes.

APPLICATION AND ALLOTMENT

Applications will be received at the Federal Reserve Banks, as fiscal agents of the United States. Banking institutions generally will handle applications for subscribers, but only the Federal Reserve Banks are authorized to act as official agencies.

Subscriptions for which payment is to be tendered in 3½% Treasury notes of Series C-1930-32 (called for redemption on December 15, 1931) and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931 (both maturing December 15, 1931) will be given preferred allotment up to the amount of the offering.

The right is reserved to reject any subscription, in whole or in part, and to allot less than the amount of notes applied for and to close the subscriptions at any time without notice; the Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of allotment will be publicly announced.

PAYMENT

Payment at par and accrued interest for any notes allotted must be made on or before December 15, 1931, or on later allotment. 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. The 3½% Treasury notes of Series C-1930-32, with coupons dated June 15 and December 15, 1932, attached, which were called for redemption on December 15, 1931, by Treasury Department Circular No. 439, dated June 8, 1931, and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931, both maturing December 15, 1931, will be accepted at par in payment for any notes of the series now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the notes of the series so paid for.

GENERAL PROVISIONS

The Federal Reserve Banks, as fiscal agents of the United States, are authorized and requested to receive subscriptions for Treasury notes hereunder, to make allotments of subscriptions on the basis and up to the amounts indicated to them by the Secretary of the Treasury, and to make delivery of Treasury notes on full-paid subscriptions allotted, and, pending delivery of definitive notes, to issue interim certificates.

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FURTHER DETAILS

Any further information which may be desired as to the issue of Treasury notes under the provisions of this circular may be obtained upon application to a Federal Reserve Bank. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations, and may terminate the offer at any time in his discretion.

TREASURY CERTIFICATES OF INDEBTEDNESS

SERIES TJ-1932
SERIES TS2-1932

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, 1931, the certificates of Series TJ-1932 being payable on June 15, 1932, with interest at the rate of two and three-quarters per cent per annum, payable on a semiannual basis, and the certificates of Series TS2-1932 being payable on September 15, 1932, with interest at the rate of three per cent per annum, payable on a semiannual basis. The principal and interest of the certificates will be payable in United States gold coin of the present standard of value.

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 TJ-1932 will have one interest coupon attached, payable June 15, 1932, and the certificates of Series TS2-1932, two interest coupons attached, payable March 15, and September 15, 1932.

The certificates of these series shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) 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.

The certificates of these series will be accepted at par 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 will be acceptable to secure deposits of public moneys, but will 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. The Secretary of the Treasury also reserves the right to make allotment in full upon applications for smaller amounts, to make reduced allotments upon, or to reject, applications for larger amounts, and to make classified allotments and allotments upon a graduated scale; and his action in these respects will be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

Payment at par and accrued interest for certificates allotted must be made on or before December 15, 1931, 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. The 3½% Treasury notes of Series C-1930-32, with coupons dated June 15 and December 15, 1932, attached, which were called for redemption on December 15, 1931, by Treasury Department Circular No. 439, dated June 8, 1931, and Treasury certificates of indebtedness of Series TD-1931 and TD2-1931, both maturing December 15, 1931, will be accepted at par in payment for any certificates of the series now offered which shall be subscribed for and allotted, with an adjustment of the interest accrued, if any, on the certificates of the series so paid for.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts.

TREASURY DEPARTMENT
Washington, D. C.

December 8, 1931.

FOR RELEASE SUBJECT TO RESTRICTIONS IDENTICAL WITH THOSE DESIGNATED IN RESPECT OF THE ANNUAL REPORT OF THE SECRETARY OF THE TREASURY FOR THE FISCAL YEAR ENDING JUNE 30, 1931. THE SECRETARY'S REPORT IS NOT TO BE RELEASED UNTIL THE READING OF THE PRESIDENT'S BUDGET MESSAGE HAS BEEN COMMENCED IN THE SENATE OR HOUSE OF REPRESENTATIVES WHICH PROBABLY WILL BE AT NOON DECEMBER 9, 1931.

PROPOSED REVISION OF INDIVIDUAL INCOME TAX RATES AND EXEMPTIONS

Among other revenue proposals, the Treasury has recommended that, effective on incomes for 1931, individual income tax rates and exemptions be revised to conform to the revenue act of 1924. Under the 1924 plan normal rates applicable to individual incomes would be fixed at 2, 4 and 6 per cent, instead of the present rates of $1\frac{1}{2}$, 3 and 5 per cent; surtax rates would be graduated from 1 per cent on incomes in excess of $10,000 up to 37 per cent on incomes between $100,000 and $200,000, reaching 40 per cent on incomes in excess of $500,000, compared with present rates graduated from 1 per cent on incomes in excess of $10,000 up to 20 per cent on incomes in excess of $100,000. Personal exemptions would be fixed at $1,000 for single individuals and $2,500 for married individuals, compared with $1,500 and $3,500 respectively under the existing law, the present credit of $400 for each dependent and the earned income provisions of the revenue act now in effect remaining unchanged.

The effect of this proposed revision of the individual income tax rates and exemptions is illustrated by the accompanying table which shows the amount of tax which would be paid, under the present act and under the act as revised according to the Treasury's proposal, by a married individual with one dependent and by a single individual with no dependents, assuming various amounts of income.

COMPARISON OF TOTAL INDIVIDUAL INCOME TAX PAYABLE UNDER THE PRESENT LAW (1928 REVENUE ACT) AND UNDER PROPOSED RATES (1924 REVENUE ACT) BY A MARRIED INDIVIDUAL WITH ONE DEPENDENT AND BY A SINGLE INDIVIDUAL WITHOUT DEPENDENTS.

(It is assumed that all net income not in excess of $10,000 is earned and in addition one-half of the net income in excess of $10,000 until the statutory limit of $30,000 earned income is reached. It is also assumed that net income includes <u>no</u> dividends, <u>no</u> capital net gains or losses and <u>no</u> interest on Government bonds.)

Net income	Normal tax		Surtax		Earned income credit		Total tax		Rate of tax on net income		Increase in amt. of tax
	Present rates	1924 act	Present rates	1924 act	Present rates	1924 act(1)	Present rates	1924 act	Present rates (per cent)	1924 act (per cent)	
					Married individual, one dependent						
$ 1,000	- - -	- - - -	- - - -	- - - -	- - -	- - -	- - - -	- - -	- - -	- -	- - -
2,000	- - -	- - - -	- - - -	- - - -	- - -	- - -	- - - -	- - -	- - -	- -	- - -
3,000	- - -	$ 2.00	- - - -	- - - -	- - -	$ .50	- - - -	$ 1.50	- - -	.05	$ 1.50
4,000	$ 1.50	22.00	- - - -	- - - -	$ .37	5.50	$ 1.13	16.50	.03	.41	15.37
5,000	16.50	42.00	- - - -	- - - -	4.12	10.50	12.38	31.50	.25	.63	19.12
10,000	123.00	204.00	- - - -	- - - -	30.75	51.00	92.25	153.00	.92	1.53	60.75
15,000	335.00	486.00	$ 60.00	$ 60.00	58.75	90.25	336.25	455.75	2.24	3.04	119.50
20,000	585.00	786.00	220.00	220.00	98.75	136.50	706.25	869.50	3.53	4.35	163.25
25,000	835.00	1,086.00	510.00	510.00	146.25	190.25	1,198.75	1,405.75	4.80	5.62	207.00
50,000	2,085.00	2,586.00	2,980.00	3,540.00	491.25	576.50	4,573.75	5,549.50	9.15	11.10	975.75
100,000	4,585.00	5,586.00	11,660.00	17,020.00	491.25	576.50	15,753.75	22,029.50	15.75	22.03	6,275.75
500,000	24,585.00	29,586.00	91,660.00	170,020.00	491.25	576.50	115,753.75	199,029.50	23.15	39.81	83,275.75
					Single individual, no dependents						
$ 1,000	- - - -	- - - -	- - - -	- - - -	- - -	- - -	- - - -	- - - -	- -	- -	- - - -
2,000	$ 7.50	$ 20.00	- - -	- - - -	$ 1.87	$ 5.00	$ 5.63	$ 15.00	.28	.75	$ 9.37
3,000	22.50	40.00	- - - -	- - - -	5.62	10.00	16.88	30.00	.56	1.00	13.12
4,000	37.50	60.00	- - - -	- - - -	9.37	15.00	28.13	45.00	.70	1.13	16.87
5,000	52.50	80.00	- - - -	- - - -	13.12	20.00	39.38	60.00	.79	1.20	20.62
10,000	205.00	300.00	- - - -	- - - -	51.25	75.00	153.75	225.00	1.54	2.25	71.25
15,000	455.00	600.00	$ 60.00	$ 60.00	88.75	118.75	426.25	541.25	2.84	3.61	115.00
20,000	705.00	900.00	220.00	220.00	128.75	165.00	796.25	955.00	3.98	4.78	158.75
25,000	955.00	1,200.00	510.00	510.00	176.25	218.75	1,288.75	1,491.25	5.16	5.97	202.50
50,000	2,205.00	2,700.00	2,980.00	3,540.00	521.25	605.00	4,663.75	5,635.00	9.33	11.27	971.25
100,000	4,705.00	5,700.00	11,660.00	17,020.00	521.25	605.00	15,843.75	22,115.00	15.84	22.12	6,271.25
500,000	24,705.00	29,700.00	91,660.00	170,020.00	521.25	605.00	115,843.75	199,115.00	23.17	39.82	83,271.25

(1) Present maximum earned income allowance of $30,000 retained instead of $10,000 as under the 1924 act.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Friday, December 11, 1931.

STATEMENT BY SECRETARY MELLON.

Secretary Mellon today announced that the subscription books for the current offering of twelve-month 3 1/4 per cent Treasury Notes of Series 1932, maturing December 15, 1932, for $600,000,000; nine-month 3 per cent Treasury Certificates of Indebtedness, Series TS2-1932, maturing September 15, 1932, for $400,000,000; and six-month 2 3/4 per cent Treasury Certificates of Indebtedness, Series TJ-1932, maturing June 15, 1932, for $300,000,000, closed at the close of business today, Thursday, December 10, 1931.

Subscriptions received through the mail by Federal Reserve Banks or the Treasury up to 10:00 a.m., Friday, December 11th, will be considered as having been received before the close of the subscription books.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, December 12, 1931.

Statement by Secretary Mellon.

There should be no misinterpretation as to the Administration's recommendations to the Congress relating to the debts due us from foreign governments and the recreation of the World War Foreign Debt Commission. The Administration is opposed to cancellation. No recommendation made carries any such implication. It is, however, the duty of those in authority to deal with realities, and there is no escaping the fact that some of our debtors cannot meet in full the payments due us until there has been a substantial measure of economic recovery, and that the position of others is so changed as to call for consideration of their present situation in the light of existing circumstances. Our debt settlements were effected on the basis of the capacity of the debtors to pay. As the President said in his statement of June 20th, "as the basis of the settlement of these debts was the capacity under normal conditions of the debtor to pay, we should be consistent with our own policies and principles if we take into account the abnormal situation now existing in the world."

Take the case of Great Britain, our best customer, which even in the depression year 1930 took $678,000,000 worth of American agricultural and industrial products. The economic and financial changes of the past year have immensely increased the burden of her payments to us. The series of events through which Great Britain was forced off the gold standard are too recent to require enumeration. To-day the pound sterling is selling at $3.315 to the pound, which is a 32 per cent discount as compared with last year when it stood at parity or $4.866. All debts to Great Britain from foreign governments, except reparation payments, which are not being collected at all this year and are not likely to be collected in full next year, are payable in sterling. Her debt to us is payable in gold dollars. The combined effect of these unfavorable factors results in an enormously increased burden for the people of Great Britain.

Payments due during the present fiscal year will serve to exemplify the magnitude of the additional burden. With the pound sterling at par, the British treasury needs 32,800,000 pounds in order to pay us $159,500,000. With the pound sterling at the rate at which it sold on December 10, 1931, it would take 48,100,000 pounds, or an increase of 15,300,000 pounds, or 47 per cent. Or in other words, the burden on the British taxpayer is increased by almost one-half.

When the British debt settlement was made it was estimated that its present value at a $4\frac{1}{4}$ per cent interest rate was 80 per cent of the total amount due prior to funding. If the amount to be raised in pounds sterling to meet the obligations to us in dollars is increased by 47 per cent, it becomes apparent that from the standpoint of the British taxpayer he is asked to meet not the obligation as established by our Debt Commission but an amount considerably in excess of such obligation.

Nothing could more forcibly illustrate the changed situation which places on the Executive as well as the Legislative Branches of Government the duty of reexamining the obligations of our debtors and their ability to meet them during a period of world-wide economic depression.

Does any one believe that Austria or Hungary should be asked to pay the installments due from them in view of the extraordinarily straightened circumstances in which the people of those two countries find themselves and the great difficulty which they experience in obtaining foreign exchange for the purpose of carrying on even the minimum of essential commerce with the rest of the world?

Does any one believe that Germany should be asked by the United States Government to meet her payments on the costs of the Army of Occupation when such a demand by us must be inevitably followed by demands of other creditors to pay her reparations in full?

These instances should suffice to demonstrate that to stand on the letter of our bond, and to refuse to investigate or to consider the facts, is to fail in our responsibility to the American people whom we represent and to the debtors whose capacity to pay we ourselves undertook to determine.

What intelligent business man or banker would blindly refuse to investigate or to consider the altered circumstances of a debtor whose unsecured obligation he held?

The situation of our debtors has been immensely altered during the course of the last two years. New questions in relation to these debts are bound to arise in the course of the next few months. The Congress should be in a position through a commission created by it and composed in part of its own members to ascertain what the facts actually are and to deal with these new problems as they arise.

It is with such thoughts as these in mind that the President recommended the recreation of the World War Foreign Debt Commission. I am confident that upon mature consideration this recommendation will commend itself to the Congress.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Saturday, December 12, 1931.

STATEMENT BY SECRETARY MELLON

Secretary Mellon to-day announced the subscription figures and the basis of allotment for the December 15th offering of Treasury Notes and two series of Treasury Certificates of Indebtedness.

3-1/4 PER CENT TREASURY NOTES OF SERIES 1932

For the offering of 3-1/4 per cent Treasury Notes of Series 1932, maturing December 15, 1932, which was for $600,000,000, or thereabouts, total subscriptions aggregate some $703,703,400. Of these subscriptions about $225,500,000 represent exchange subscriptions in payment for which 3-1/2 per cent Treasury Notes, called for redemption on December 15, 1931, and Treasury Certificates of Indebtedness of Series TD-1931 and Series TD2-1931, both maturing December 15, 1931, were tendered. Such exchange subscriptions were allotted in full. Allotments on cash subscriptions for the 3-1/4 per cent Treasury Notes of Series 1932 were made as follows: Subscriptions in amounts not exceeding $100,000 were allotted 90 per cent, but not less than $100 on any one subscription; subscriptions in amounts over $100,000, but not exceeding $1,000,000 were allotted 80 per cent, but not less than $90,000 on any one subscription; and subscriptions in amounts over $1,000,000 were allotted 75 per cent, but not less than $800,000 on any one subscription.

3 PER CENT TREASURY CERTIFICATES OF INDEBTEDNESS
OF SERIES TS2-1932

For the offering of 3 per cent Treasury Certificates of Indebtedness of Series TS2-1932, maturing September 15, 1932, which was for

$400,000,000, or thereabouts, total subscriptions aggregate some $460,650,000. Of these subscriptions about $31,000,000 represent exchange subscriptions in payment for which 3-1/2 per cent Treasury Notes, called for redemption on December 15, 1931, and Treasury Certificates of Indebtedness of Series TD-1931 and Series TD2-1931, both maturing December 15, 1931, were tendered. Such exchange subscriptions were allotted in full. Allotments on cash subscriptions for 3 per cent Treasury Certificates of Indebtedness of Series TS2-1932 were made as follows: Subscriptions in amounts not exceeding $1,000,000 were allotted in full. Subscriptions in amounts over $1,000,000 were allotted 80 per cent, but not less than $1,000,000 on any one subscription.

2-3/4 PER CENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES TJ-1932

For the offering of 2-3/4 per cent Treasury Certificates of Indebtedness of Series TJ-1932, maturing June 15, 1932, which was for $300,000,000, or thereabouts, total subscriptions aggregate some $619,715,500. Of these subscriptions about $324,500,000 represent exchange subscriptions in payment for which 3-1/2 per cent Treasury Notes, called for redemption on December 15, 1931, and Treasury Certificates of Indebtedness of Series TD-1931 and Series TD2-1931, both maturing December 15, 1931, were tendered. In accordance with previous announcement, exchange subscriptions were given preferred allotment. All of such subscriptions were allotted in full, and all cash subscriptions were rejected.

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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,
Monday, December 14, 1931.

Statement by Under Secretary of the Treasury Mills.

There seems to be some confusion as to the discussion of yesterday between several Senators and myself, accompanied by Mr. Feis of the State Department, in respect of the postponement of payments on foreign debts during this fiscal year.

Installments are due on December 15th from a number of debtor nations. Since the appropriate committees of the Congress cannot hold hearings on the proposed legislation until next week, it is obvious that the Congress cannot act by the 15th.

However, inasmuch as 68 Senators and 276 members of the House have already pledged themselves to support the legislation, it is equally obvious that when circumstances permit the action of Congress will be favorable.

In the meantime, some answer has to be given to representatives of foreign debtor governments in response to their inquiries as to the existing situation.

Should such inquiries be made, the Secretary of State proposed to say verbally something along the following lines:

> "The President's proposal for a debt suspension of one year has been submitted to the Congress. Owing to the fact that the Congress only met last Monday and that the appropriate committees of the Senate and of the House of Representatives are not in a position to consider the proposed legislation prior to the 15th of December, it will be impossible for the

debt suspension legislation to be enacted by that date. While recognizing that neither the President of the United States nor any of the executive departments of the Government has power to alter the terms of the debt agreements now in force, I desire to advise you that under the special circumstances in which the proposal was made and accepted and without intending in any way to vary the legal rights of this country, it appears to this Government that a postponement on the part of your Government of December 15th payments pending action by the Congress would not be subject to any just criticism".

As a matter of courtesy, and in order to keep members of Congress fully informed, this proposed answer was shown by me to the Senators attending the meeting yesterday, as it had previously been shown to some members of the House.

No Senator or Representative was asked to sign or approve such statement yesterday or at any time. No Senator was asked to commit himself, and this seemed to be fully understood. I simply told them that I was there to keep them informed and to ascertain whether anyone saw any objection to a statement made verbally in that form. No objection was voiced by anyone present.

Subsequent to the meeting this was fully explained to the representatives of the press in the presence of Senator Watson and Senator Smoot.

May I add that there has never at any time been any intention of coupling the President's proposal to recreate the World War Foreign Debt Commission with the proposal for a one year's suspension of payments on foreign debts. The bill introduced by Senator Smoot and Representative Collier covering the latter proposal was prepared in the Legislative Drafting Bureau of the House at the suggestion of the Treasury, given by the Treasury to Senator Smoot and Representative Collier, and contains no reference to the recreation of a Debt Funding Commission.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Monday, December 14, 1931.

Secretary Mellon today announced the final subscription and allotment figures on the December 15th offering of 3-1/4 per cent Treasury Notes of Series 1932, maturing December 15, 1932, 3 per cent Treasury Certificates of Indebtedness of Series TS2-1932, maturing September 15, 1932, and 2-$\frac{3}{4}$ per cent Treasury Certificates of Indebtedness of Series TJ-1932, maturing June 15, 1932.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

3-1/4% TREASURY NOTES OF SERIES 1932

Federal Reserve District	Total Subscriptions Received	Total Cash Subscriptions Received	Total Exchange Subscriptions Received	Total Subscriptions Allotted
Boston	$ 24,081,300	$ 15,360,100	$ 8,721,200	$22,007,000
New York	355,290,600	211,961,200	143,329,400	305,476,400
Philadelphia	37,743,000	36,014,100	1,728,900	29,429,700
Cleveland	32,639,100	29,060,800	3,578,300	26,748,500
Richmond	32,628,700	29,930,500	2,698,200	26,746,500
Atlanta	18,066,800	16,580,800	1,486,000	15,776,300
Chicago	89,102,000	57,980,800	31,121,200	76,495,700
St. Louis	14,388,000	5,230,200	9,157,800	13,592,600
Minneapolis	4,689,400	3,530,600	1,158,800	4,130,800
Kansas City	6,807,200	4,055,800	2,751,400	6,162,800
Dallas	22,705,400	21,213,700	1,491,700	19,380,300
San Francisco	63,755,500	47,167,100	16,588,400	52,805,600
Treasury	1,806,400	86,900	1,719,500	1,798,000
Total	$703,703,400	$478,172,600	$225,530,800	$600,550,200

3% TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES TS2-1932

Federal Reserve District	Total Subscriptions Received	Total Cash Subscriptions Received	Total Exchange Subscriptions Received	Total Subscriptions Allotted
Boston	$ 12,066,500	$ 10,373,500	$ 1,693,000	$ 12,066,500
New York	292,272,500	274,819,500	17,453,000	241,772,500
Philadelphia	24,345,000	24,287,000	58,000	21,045,000
Cleveland	20,014,500	19,981,000	33,500	18,084,500
Richmond	7,829,000	7,701,000	128,000	7,829,000
Atlanta	17,355,000	17,032,500	322,500	16,950,000
Chicago	23,217,500	19,194,500	4,023,000	22,157,500
St. Louis	6,169,000	5,148,000	1,021,000	6,169,000
Minneapolis	3,005,500	1,776,000	1,229,500	3,005,500
Kansas City	3,417,000	2,597,500	819,500	3,417,000
Dallas	16,296,500	16,233,500	63,000	16,296,500
San Francisco	34,107,000	30,521,000	3,586,000	29,007,000
Treasury	555,000		555,000	555,000
Total	$460,650,000	$429,665,000	$30,985,000	$398,355,000

2-3/4% TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES TJ-1932

Federal Reserve District	Total Subscriptions Received	Total Cash Subscriptions Received	Total Exchange Subscriptions Received	*Total Subscriptions Allotted
Boston	$ 11,830,500	$ 9,262,500	$ 2,568,000	$ 2,568,000
New York	400,911,500	171,872,500	229,039,000	229,039,000
Philadelphia	43,699,000	35,243,000	8,456,000	8,456,000
Cleveland	15,139,500	14,929,500	210,000	210,000
Richmond	5,447,000	5,437,000	10,000	10,000
Atlanta	15,631,500	15,430,000	201,500	201,500
Chicago	78,621,000	14,081,500	64,539,500	64,539,500
St. Louis	9,392,000	8,602,500	789,500	789,500
Minneapolis	4,519,000	1,495,000	3,024,000	3,024,000
Kansas City	15,125,500	3,108,500	12,017,000	12,017,000
Dallas	4,331,000	4,321,000	10,000	10,000
San Francisco	15,053,000	11,339,000	3,714,000	3,714,000
Treasury	15,000	15,000		
Total	$619,715,500	$295,137,000	$324,578,500	$324,578,500

* Exchange subscriptions were allotted in full. All cash subscriptions were rejected.

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TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, December 15, 1931.

"THE NATIONAL BUDGET AND THE PUBLIC CREDIT"

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Speech

to be delivered by

HON. OGDEN L. MILLS,

Under Secretary of the Treasury

before the

Economic Club of New York

at the

Hotel Astor,

Monday evening, December 14, 1931

THE NATIONAL BUDGET

and

THE PUBLIC CREDIT

You have invited me to discuss this evening the financial position of the United States Government and the many fiscal problems which confront our Government in these difficult times. I was very pleased indeed to accept, for I know of no subject in which all of our people, irrespective of whether they contribute directly to the Federal Government or not, are more vitally interested, or one which it is more important that they should understand. Adequate comprehension and support on the part of the Nation is essential to the Government in the performance of its fiscal functions.

We closed the last fiscal year with a deficit of $903,000,000. We are confronted this year with a prospective deficit of $2,123,000,000, and it is estimated that expenditures will exceed receipts by no less than $1,417,000,000 in the fiscal year 1933. If we contrast these figures with a surplus of $184,000,000, in 1930, one of $185,000,000, in 1929, and of $399,000,000, in 1928, we are shocked at the violence and suddenness of the change. For, while I am sorry to say that a falling off in income is an all too common experience these days, yet our Federal Government is so strong, and our national resources are so great, that somehow or other we feel that our Government should be superior to the ills to which individual citizens are subject. Indeed, there is so much truth in this conception that, as we shall see, the Government has but to make a further call upon available resources to put its financial house in order.

To grasp not only what has happened in the immediate past, but what should be done in the immediate future, it is necessary to understand our revenue system, and to note the essential fact that it rests on a very narrow base. Take the fiscal year 1930 as an example: We find that in that year, out of total receipts from taxation of $3,626,000,000, no less than $2,411,000,000, or two-thirds was contributed by income taxpayers, corporate and individual, $587,000,000, or 16 per cent, from customs duties, and $628,000,000, or 17 per cent, from miscellaneous internal revenue taxes, of which the tax on tobacco contributed $450,000,000, and the stamp taxes chiefly on the issue and transfer of securities about $69,000,000.

These taxes are comparatively few in number, and all, with the exception of the tobacco taxes, which have steadily grown in years of prosperity and remained comparatively stable even under adverse conditions, are susceptible to very wide variations, in accordance with changing business conditions. This is obviously true in the case of customs receipts, which, with imports reduced both in quantity and value, fell from $587,000,000, in the fiscal year 1930, to $378,000,000, in 1931. The direct relationship between business prosperity and the net income of corporations, upon which the income tax is based, needs no elaboration, and the sharp drop from $1,118,000,000, collected in 1930, to the $550,000,000 which it is estimated we will collect in 1932 is but another indication of the extent of the depression. A falling off in activity in the security markets must be accompanied by a sharp reduction in receipts from stamp taxes.

But it is when we come to the income tax on individuals that the dangers incident to too narrow a tax base are most strikingly exemplified. The number of individual returns for the calendar year 1928 aggregated 4,071,000. Of this number, 382,000 taxpayers contributed $1,128,000,000 and the other 3,689,000 individuals who made returns contributed but $36,000,000. Clearly, under our system, large and moderately large incomes, bear practically the full burden of the individual income tax. Now, these incomes, as we shall see, are the very ones subject to the widest fluctuations, since they include business profits, and more particularly because in recent years the element of gain and loss resulting from the purchase and sale of capital assets has had on them a preponderating influence. In so far as tax receipts are concerned, these fluctuations are magnified by our progressive rates which necessarily result in taxes rising at a more rapid rate than incomes as the latter move forward into higher, and, on the other hand, falling with greater abruptness as they recede into lower brackets.

Taxes returned on individual incomes fell from $1,164,000,000 for the calendar year 1928 to $474,000,000 according to available information for 1930. The number of returns of those with incomes of from $5,000 to $10,000 fell from 561,000 to 506,000, while the tax paid fell from $21,000,000 to $17,000,000, or 22 per cent. Of those with incomes from $10,000 to $100,000, the number fell from 360,000 to 252,000, and the tax from $409,000,000 to $208,000,000, or 49 per cent; while of those with incomes of $100,000 and over, the number fell from 15,780 to 6,152, and the tax from $700,000,000 to $238,000,000, or 66 per cent.

While income from all sources declined, the one chiefly responsible for this almost perpendicular drop was gains from the sale of capital assets.

If we take the returns of individuals with net incomes of $5,000 and over, we find that the aggregate net income returned fell from $16,299,000,000, in 1928, to $10,119,000,000, in 1930, or a decrease of $6,180,000,000, and of this amount no less than $4,230,000,000, or about 68 per cent, is accounted for by the reduction in net profits in excess of losses, resulting from the sale of capital assets.

The question of taking into consideration, in the determination of taxable income, gains and losses from the purchase and sale of capital assets, has been the subject of much discussion. Many people believe that this feature of our income tax law should be eliminated, on the ground that it tends to promote, rather than to discourage, speculation in periods of expansion, and that it has a depressing effect in times of recession. I am inclined to think that this criticism is too sweeping, and that the supporting data is inadequate. Does anyone really believe that events would have been very different if we had had no income tax? If so, how are we to account for similar experiences in the past? And if it be urged that the magnitude of this folly was greater than ever before, my answer is that we made bigger fools of ourselves this time because our resources and the opportunities afforded us were infinitely greater. Certain it is that over a ten-year period this particular provision of our income tax law has been extremely fruitful. Moreover, we must not forget that our conception of capital gain as income is an integral part of our income tax law, woven into its structure, and that it cannot be eliminated without a complete re-writing of the law, and undoing the results of many years of trial and uncertainty, during which the interpretation of the law became clarified through administrative and court decision, and its administration reached a point where certainty began to take the place of arbitrariness and blind groping. Do we want to travel back over that long hard trail for so doubtful a benefit? For who can contend, as a matter of principle, that the handsome gain yielded without effort by a quick turn in the market is a less legitimate object of taxation than a hard-earned salary or the remuneration of doctors, lawyers, engineers and other professional men, whose earning capacity is developed only through years of constant application and unremitting effort?

In passing, while we are on the subject of income tax statistics, there is a fallacy which I would like to correct. When the figures for the calendar year 1929 were published, a number of gentlemen who think that all is for the worst in the worst of worlds claimed that here at last was the final decisive proof of the concentration of wealth in the United States in a few hands. They eagerly seized on the fact that 504 individuals reported incomes of a million and over, and that no less than 967 individuals had reported incomes of between $500,000 and a million; but when the returns for 1930 came in, we found that the former group had shrunk to 149, and the latter to 311, as compared with 206 and 376, respectively, in 1916. On the other hand, the number of individuals returning incomes of from $5,000 to $10,000 had grown from 150,000, in 1916, to 505,000, in 1930. The truth is that income tax returns in any given year are unreliable guides in estimating the distribution of national income or wealth.

To summarize, our Federal Government relies on a very limited number of taxes, subject, generally speaking, to extreme fluctuations. It places its chief reliance on an income tax which, because of the character of its structure and the narrowness of its base, is susceptible to sharp increases and precipitous drops. As a result, our budget lacks stability, and is particularly vulnerable to a depression as sweeping as the one which has overtaken us. In consequence, our total receipts from taxation have shrunk from $3,626,000,000, in the fiscal year 1930, to an estimated $2,094,000,000, in the current fiscal year. Of this loss of $1,530,000,000, no less than $1,271,000,000 is accounted for by a falling off in income tax collections.

In the meanwhile, expenditures are estimated at $4,482,000,000 for 1932 compared with an actual total of $3,994,000,000 for 1930, an increase of about $490,000,000. Of this increase approximately $350,000,000 is attributable to the estimated increase in expenditures for construction activities, including additional work on roads, public buildings and a variety of emergency construction activities. It is estimated that the Veterans' Administration will require $231,000,000 more in 1932 than in 1930 reflecting an increase of $88,000,000 in funds required to meet loans to veterans on adjusted service certificates and an increase of $143,000,000 for military and naval compensations and other services for veterans. Expenditures for the postal deficiency will be $103,000,000 larger than in 1930. The more important decreases include $54,000,000 for interest paid on the public debt, largely as a result of lower interest rates; $145,000,000 for public retirements principally due to the proposed postponement of payments by foreign governments for 1932, and $68,000,000 for refunds of receipts. It should be observed that total expenditures for 1932, aggregating almost $4,500,000,000, include about $1,000,000,000 for interest on the public debt and sinking fund retirements and a similar amount to cover expenditures for veterans of all wars. Neither of these major outlays is subject to reduction at will, so that the opportunity

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for reducing expenditures is limited to the balance of some $2,500,000,000. Present estimates indicate a reduction in expenditures between 1932 and 1933 of about $370,000,000.

It is estimated that we will close the fiscal year 1932 with a deficit of $2,123,000,000. The outlook for 1933 is, however, a little more cheerful. Revenue from taxation rises from $2,094,000,000 to $2,168,000,000, and total receipts from $2,359,000,000 to $2,696,000,000, while, as I have pointed out, expenditures are cut by about $370,000,000, still leaving, however, an estimated deficit of $1,417,000,000. The combined deficits for the three years aggregate approximately $4,400,000,000, and after deducting debt retirements effected through the sinking fund and by virtue of other statutory requirements, indicate an increase in the public debt of approximately $3,250,000,000.

There is the situation. Before discussing, however, why something must be done about it, and what that something should be, let us glance briefly at our public debt figures. These have a direct bearing on the national credit. The problem of inadequate revenue and excessive expenditures cannot be considered solely from the standpoint of providing for our immediate needs. The effect which these two diverging factors, unless remedied, will have on the public credit is of infinitely greater concern. Its maintenance is of supreme importance to us all.

Our gross debt, which had fallen steadily from $25,485,000,000, on June 30, 1919, to $16,185,000,000, on June 30, 1930, increased to $17,310,000,000 on November 30, 1931. In addition, during the past 17 months, Government securities in the hands of the public were increased by $850,000,000 through the liquidation of Treasury notes held in the adjusted service certificate fund in connection with the financing of additional loans to veterans, chiefly as a result of the legislation enacted at the last session of Congress. Of the total interest-bearing debt, aggregating

$17,040,000,000, $14,310,000,000 consists of long-term bonds, some of which are callable in 1932, others in 1933; after the December financing, about $2,200,000,000 of open market issues of certificates and notes having maturities of a year or less; and some $576,000,000 of 90-day issues of Treasury bills. These last may be rolled over, and offer, therefore, no particular problem. Thanks to three bond issues, made in March, June and September, and the reduction effected in our short-term debt since January 1, 1931, the difficulties of financing the deficit in the current year have been lessened. The $2,200,000,000 of certificates and notes can readily be handled in quarterly tax-payment months, particularly as all of the quarter-days, beginning January 1, 1933, are open. But if we are called upon to finance, through borrowing, another huge deficit in 1933, and all manner of unwise and uneconomic expenditures in the meanwhile, leaving aside for the moment the general effect on the credit of the Government, our difficulties become very serious indeed. In November, 1933, $6,268,000,000 of Fourth Liberty Loan $4\frac{1}{4}$ per cent Bonds become callable. They mature as early as 1938, and this immense issue must be retired or refunded over the comparatively short period of five years.

If, on the other hand, the increase in the public debt can be arrested during the fiscal year 1933, the Treasury's general debt retirement and refunding program, somewhat modified, of course, by the events of the last two years, is definitely manageable.

I do not mean to suggest that the addition of $3,000,000,000, or even $4,000,000,000 to our national debt could conceivably impair the national credit. That debt stood at $25,000,000,000 a decade ago, and the national credit was unimpaired, but I do say, with all the force at my command, that any temporizing with this situation, any failure to take the steps necessary to bring our budget into balance within a reasonable time, any misuse of the public credit, would furnish such evidence of lack of sound financial principles, as might well result in shaken confidence and in apprehension lest these conditions prevail long enough to result in real damage. Our long-term bonds are selling to-day at a discount, even those bearing as high an interest rate as 3-3/4 per cent. Allowing for tightened money conditions, and for all the unusual circumstances which surround us, there is no doubt but that some of the weakness manifested reflects the response of the investing public to the possibility that we may be confronted with a rapid increase in the public debt, and in the volume of Government securities outstanding. There is fear of further huge grants to veterans, there is fear of major drains on the Treasury through uneconomic expenditures, there is fear of growing and unremedied deficits. All of this fear can be swept away only by adherance to sound financial principles and the development of a program of restricted expenditures and of increased revenues, which, if they do call for temporary sacrifices on the part of our people, will, in the long run, bring them infinite benefit.

In this period of deep uncertainty, the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past and so must it now be preserved. The immediate cost in increased taxes is small in comparison with the immediate and lasting benefit to the nation.

Let me at this point take the liberty of quoting briefly from the speech of a very great man, the late Senator Dwight Morrow, who, in describing how individuals take their own money with its present command over goods and services, and surrender it not only to their own Government, but to the governments of nations on the other side of the earth, and receive in exchange for it a promise, went on to say:

> "The question may be asked: Nothing <u>more</u> than a promise? To which answer may be made: nothing <u>less</u> than a promise.
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> "I remember reading some years ago a letter of Thomas Bailey Aldrich written to William Dean Howells. Aldrich is writing of a friend who has just died, and whose body is resting in 'a dismal London burying ground.' He says to Howells that it is not worth three pins to be a great novelist, or a great general or a great anything else. Then he winds up his letter with this whimsical expression: 'Yet with a sort of hopeful vivacity I have just bought two 5 percent railway bonds that expire in 1967. Who will be cutting off the coupons long before that? Not I.' There was Aldrich, despondent because of the transitoriness of life, taking his savings and putting them in railway bonds that matured long after his life would end. Every day investors are buying bonds, domestic and foreign, although they have every reason to wonder who will collect the coupons. Human lives stop. Promises go on. The civilized world today is run on the basis of a belief in promises. Whatever our doubts about the meaning of modern civilization, we may at least take some comfort in the trust which men show in each other's promises."

Now, this belief in promises, this credit structure of ours, depends to a very great extent upon the confident belief that the Government will meet its financial obligations promptly and punctiliously, on every occasion and in every emergency. Our currency rests predominately upon the credit of the United States. Impair that credit and every dollar you handle will be tainted with suspicion. The foundation of our commercial credit system, the Federal Reserve Banks, and all other banks which depend upon them, are inextricably tied into and dependent upon the credit of the United States Government. Impair that credit today, and the day after, thousands of development projects--they are still going on--will stop; thousands of business men dependent upon credit renewals will get refusals from their bankers; thousands of mortgages that would otherwise be renewed or extended, will be foreclosed. Merchants who would buy on credit, will cancel orders; factories that would manufacture on part capacity at least will close down.

It is true that a distressingly large minority of the wage earners of this country are now out of work. But we must not forget that a majority still have enough work to make a living. We have lost much; but we have infinitely more to lose.

What we still have, what we hope for in the future, are dependent in a large degree upon the preservation, unimpaired, of the credit of the United States. It will cost something to preserve it. The cost is additional taxation. The wealthy, the captains of industry, the bankers, must contribute to meet this cost; but the small business man, the white-collar man, the farmer, and the wage earner, have an equally vital stake in the preservation of the Nation's credit. The new taxes will cut into the incomes of the rich, and they will affect by some small amount the contributions made to the Government by those in moderate circumstances. But the result---the preservation of the Nation's credit---is worth this cost, and for that matter, an even much greater one, to all who are called upon to make some temporary sacrifice.

It is sometimes urged that, since in the course of eleven years prior to the fiscal year 1931 we had retired some $3,460,000,000 of debt from surplus receipts, we are justified in incurring deficits up to that amount. There is some force to the argument. We have created something in the nature of a reserve which we are warranted in drawing on, certainly to some extent. But there are definite limitations. In the first place, in the early years of the decade, a large part of the current surpluses were due to the sale or other disposal of capital assets, the returns from which

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could most properly be applied to debt reduction, and other receipts of a non-recurring character. In the second place, when the sinking fund was created, it was assumed that loans to foreign governments would be repaid in full, and would be applicable to the retirement of a very large part of our public debt; whereas the amounts due us from abroad have since then been whittled down by the debt funding agreements. And, finally, even if we assume that we are justified in borrowing up to the full amount of $3,460,000,000, that sum will be almost absorbed by last year's and this year's deficits.

As the Secretary of the Treasury pointed out in his Annual Report, there are certain basic principles in the conduct of public finances which cannot be disregarded by any nation. First, the sinking fund, designed for gradual retirement of the public debt, must be maintained, and when of necessity the public debt is increasing, the regular sinking fund appropriations must be accepted in the accounts of the Government as fixed charges against revenues. Second, over a period of years, revenues must be equal to expenditures. Deficiency for a time may be inevitable, but the principle of a balanced budget must never be abandoned, and when emergency conditions upset the balance, every effort must be made to restore it at the earliest possible opportunity.

Bearing constantly in mind that additional taxes should not be so great as to retard the business recovery, upon which the restoration of the normal flow of revenue depends, the Treasury program submitted to the Congress last Wednesday has three definite objectives: First, a reduction in the prospective deficit this fiscal year; second, no further increase in the public debt in the fiscal year 1933; third, a balanced budget in 1934. We do not feel justified in asking for more; we would have failed in our duty had we recommended less.

The attainment of our goals necessitates additional revenue in excess of $900,000,000 in the year 1933. In the development of a program, we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turn-over tax, but rejected it, not only because it bears no relation to ability to pay, and is regressive in character, but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales.

We studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. In Canada a tax is imposed at the rate of 4 per cent on the manufacturers' sale price, or the import value of all goods not exempt, which are produced or manufactured in Canada or imported into Canada. Retailers are exempt. It is distinctly not a turn-over tax. Practically all raw materials of farms, mines, fisheries, etc., are exempt, as are most small manufacturers and producers, such as customs tailors, shoemakers, plumbers, opticians, et al. The extent of the exemptions is very great. They fill ten closely printed pages, and cover thousands of specific items and classes of items. Pyramiding is avoided by a mechanism of licenses and certificates. Every manufacturer and wholesaler is required to take out a license. If one licensed manufacturer buys from another licensed manufacturer, or licensed wholesaler, he notes his certificate number on the order; this is noted on the sales invoice, and the sale is exempt. When the last licensed taxpayer sells to an unlicensed purchaser, the tax is collected. Administrative discretion is granted to an extent unheard of in this country, and which I doubt whether our Congress would ever be willing to grant. Not only has the Minister of Finance final power to fix the wholesale price or value to which the tax rate is applied in uncertain cases, not only are deductions and refunds discretionary, but from 1922 until 1931 the Governor-in Council had power to exempt articles from the sales tax. The success of the tax appears to be due not only to good administration, but to this very wide administrative discretion. The tax is unquestionably passed on, and adds, therefore, to the cost of living.

With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion, or the authority to administrative officers to make final decisions, it is more than doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border. Certain it is that many months would elapse before the necessary administrative machinery could be set up, and a number of years before such a new form of taxation could be firmly established in this country. And we are in need of additional revenue now.

In any event, we concluded that, on the whole, it is wiser for us to resort to those forms of taxation with which we have had experience and are thoroughly familiar, rather than to embark on new and untried ventures. If this conception is sound, we have but to take a step backward and to relinquish temporarily the benefits of the tax reductions effected in the period of expanding revenues. It isn't necessary to retrace many steps and to return either to the Revenue Act of 1918 or of 1921, but what we desire can be accomplished by returning in principle to the general plan of taxation existing under the Revenue Act of 1924, with such changes as are appropriate in the light of existing conditions. The advantages of such a program are manifest. From an administrative standpoint, we have not only had the necessary experience, but we are so organized as to take on this new burden without difficulty. From the standpoint of the taxpayer and of the nation, there is no occasion for alarm for we are simply reimposing upon ourselves,

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for the time being, taxes which we didn't find too burdensome, and the existence of which proved no impediment to business expansion and growing prosperity.

It is unnecessary to describe the program in detail, for I doubt not all of you have read it with interest, and I trust without concern. Generally speaking, it provides for the retention, and in some instances, an increase in existing excise taxes, a restoration of the manufacturers' sales tax on automobiles, trucks and accessories, of the stamp tax on conveyances of realty, and of the tax on telephone, telegraph, radio and cable messages, and the imposition of new taxes on manufacturers' sales of radio and phonograph equipment, and on checks and drafts. The rate of tax on corporate income is increased but slightly from 12-12½ per cent. We have refrained from recommending the restoration of the capital stock tax, which was in the 1924 law, not only because it was an unfair and unequal tax, involving most difficult administrative problems, but with a view to placing not too great a burden on business at the present time. A return to the 1924 Act necessarily involves a sharp increase in the rates applicable to individual incomes and the taxing of many taxpayers, who since 1924, owing to very high exemptions, have been relieved from the obligation of contributing to the support of their government, though enjoying a very genuine ability to contribute certainly the very moderate amounts demanded by the 1924 Act.

When the 1924 Act was before the House of Representatives, no one fought harder than I did to reduce the rates to the point later established by the 1926 Act. I believed then, and I believe now, that under normal conditions a 20 per cent rate is sounder than a 40 per cent rate, not only from the standpoint of our general economy, but, in the long run, from the standpoint of productivity. But these are not normal times. There is an emergency, and we are proposing emergency measures to meet it. Men who still have very large incomes cannot object, under the circumstances, to contributing largely. Men with comparatively large incomes should be willing to do their share, and those in more moderate, but comfortable, circumstances will surely feel that they can spare something for the support of their government. I am confident that, if only there be a proper understanding of the necessities of the case, the temporary sacrifices demanded will be met, if not joyfully at least wholeheartedly, and with philosophy and good humor.

After all, even in these days which appear so dark, we are still fortunate as contrasted with other nations. After a hard-boiled Treasury has done its worst, and when you gloomily view the approach of the Ides of March, I suggest that you place these figures on your desk as you make out your income tax return: A married man with one dependent, and with an income of $5,000, will pay, under our Treasury's proposal, $31.50 in taxes; a man similarly situated in Great Britain pays, under Mr. Snowden's latest budget proposals, $650. A man with an income of $10,000 pays $153 in the United States and $1800 in Great Britain. One with $100,000 pays $22,030 in the United States and $48,000 in Great Britain. We would grant an exemption of $1500 for a single man, $2500 for a married man and $400 for each dependent. Great Britain's exemptions are as follows: for a single man, $485, for a married man, $730, for the first dependent child, $245, and for each other child, $195.

If our program is adopted, it is estimated that we shall obtain during the full fiscal year 1933 an additional $60,000,000 from corporations, $185,000,000 from individual income taxpayers, $11,000,000 additional from estates, and $514,000,000 additional from miscellaneous internal revenue taxes. In addition, we have recommended that postal rates be so adjusted that the Post Office Department's revenues will cover, by a reasonable margin, its expenditures, exclusive of such special services as the cost of free postal services performed for Government Departments and agencies, the excess of the cost of air mail services over revenues, and the cost of special rates paid to ocean mail carriers under American registry. There is no reason why the public should not pay the cost of the service it receives from the Post Office Department, or why the latter, as an essentially business institution, should not be self-supporting.

I have no illusions as to the feelings with which a program of drastic tax increases is received, and I can assure you that it is anything but a pleasant task to participate in the preparation and submission of such a program, but no man, whether he be a Treasury official or a taxpayer, can open-mindedly examine the existing situation and not reach the conclusion that the alternative for increased taxation is infinitely worse for the Nation. I find some consolation in the thought that the contribution to be made by people with moderate incomes is still fairly light, and that those whose incomes remain in the upper brackets in times like these are in such a preferred class as to occasion little concern for them, though if circumstances permitted I should much prefer to see them buy bonds rather than pay additional income taxes. When we come to the miscellaneous group, the rates are not so high as to interfere with the flow of goods or services, or to constitute a real burden on those who buy or enjoy them. Can we seriously complain if cigarettes and radios and admissions to places of amusement--yes, even semi-necessities such as automobiles--are to cost a trifle more, or if we are to pay 2¢ for the privilege of using checks and an additional cent on transfer of securities? These are not intolerable burdens, particularly when we are asked to assume them to meet the necessities of a real emergency.

But, let me add that if the people of the United States make this sacrifice and furnish almost a billion dollars of additional funds to their government, they have the right to insist, and I hope that they will, that not one penny is expended extravagantly, politically or unwisely, but that just as enforced rigid economy prevails throughout the country, so will it be observed in Washington.

Let me close with a general observation or two. The problems at home and abroad which appear so great are not insoluble. They will yield readily enough to a resolute, courageous and intelligent attack. The real difficulties in the present situation are those inherent in human nature, in the element of fear which seems to possess the souls of men in the face of an uncertain future and in fixed conceptions and attitudes. There is more to fear from frozen minds than frozen assets. We cannot look to governments or to a few leaders. The necessary measures must be taken and the recuperative forces must be set in motion by the great masses of the people themselves.

But if the nations and the individuals who compose them, laying aside preconceived notions, prejudices, and above all, fear, will face the realities of the situation and will look to the future rather than to the past, then we can fairly hope to emerge from this deep valley at a comparatively early period. There must, of course, be guidance and leadership, but the real responsibility rests on each and every one of us, and our failure to meet our daily problems with intelligence and courage is not only a betrayal of others, but of our own cause.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, December 23, 1931.

STATEMENT BY SECRETARY MELLON

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of $100,000,000, or thereabouts. They will be 91-day bills; and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to two o'clock p. m., Eastern Standard time, on Monday, December 28, 1931. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated December 30, 1931, and will mature on March 30, 1932, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of $1,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than $1,000 will be considered. Each tender must be in multiples of $1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 per cent of the face amount of Treasury bills

applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour for receipt of tenders on December 28, 1931, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on December 30, 1931.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

Treasury Department Circular No. 418, as amended, and this notice prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or branch thereof.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Tuesday, December 29, 1931.

STATEMENT BY ACTING SECRETARY MILLS

Acting Secretary of the Treasury Mills announced to-day that the tenders for $100,000,000, or thereabouts, of 91-day Treasury Bills dated December 30, 1931, and maturing March 30, 1932, which were offered on December 23rd, were opened at the Federal Reserve Banks on December 28th.

The total amount applied for was $190,072,000. The highest bid made was 99.550, equivalent to an interest rate of about 1.78 per cent on an annual basis. The lowest bid accepted was 99.077, equivalent to an interest rate of about 3.65 per cent on an annual basis. Only part of the amount bid for at the latter price was accepted. The total amount of bids accepted was $101,332,000. The average price of Treasury Bills to be issued is 99.178. The average rate on a bank discount basis is about 3-1/4 per cent.

TREASURY DEPARTMENT

FOR RELEASE, MORNING PAPERS,
Wednesday, December 30, 1931.

Statement by Acting Secretary Mills.

The morning papers of December 29th report that the Democratic leaders have finally decided on their tax program. Under this program there is to be no broadening of the income tax base. There is to be no return to supplementary excise taxes along the lines of the 1924 Act. The increased taxes are to be confined to higher surtaxes on larger incomes and to increased estate taxes.

The outstanding defect in such a program is that it is wholly inadequate to meet the fiscal situation.

The deficit for the fiscal year 1932 is estimated at $2,123,000,000. It is estimated that current collections from individual income taxes during the calendar year 1932 will not exceed $300,000,000, of which a little more than half will be collected during the fiscal year 1932. Of this estimated amount, approximately $210,000,000 is from surtaxes. If we should increase surtaxes by 100 per cent, we would collect only about $200,000,000 additional during the calendar year 1932, and probably the amount would be considerably less. Even if we should triple the surtax rate on income over $100,000, which would mean a 60 per cent maximum rate, we would, even from a theoretical standpoint, collect only an additional $120,000,000 during the calendar year 1932. Only half of these amounts would be available during the present fiscal year to lessen an estimated deficit of $2,123,000,000.

It may be disappointing to realize that there is so little profit in "soaking the rich", but the truth of the matter is that the large incomes are no longer there and cannot, therefore, be made to produce the needed revenue. The number of incomes of $100,000 and over fell from about 16,000 in 1928 to about 6,200 in 1930. There will unquestionably be a further substantial reduction in the calendar year 1931.

When we come to the fiscal year 1933, doubling surtax rates on all incomes of $10,000 and over, effective on 1931 incomes, would probably not yield more than $280,000,000 additional revenue to meet an estimated deficit of about $1,417,000,000, and but an insignificant sum could be realized from sweeping increases in estate taxes.

No matter to what extent our Democratic friends are ready to increase estate taxes, such taxes cannot be made to yield any additional sums in the fiscal year 1932 or more than a limited amount in the fiscal year 1933, for the very obvious reason that the new taxes would only apply to the estates of those dying after the passage of the act. There would be a year from that date in which to make a return and three years from the date of making the return in which to pay the tax.

To put the matter bluntly, aside from the attempt to collect at best comparatively small amounts by a drastic increase in taxes on the so-called rich, what the Democratic leaders propose is to finance not only this but next year's deficit through borrowing and to continue this course. There is apparently to be no serious effort made to arrest the steady increase in the public debt during the next eighteen months or to work towards the attainment of a balanced budget in the near future.

This will not do. There is nothing so important to the people of the United States in this period of deep depression as the maintenance unimpaired of the credit of the United States Government. It stands high because of the sound fiscal policies pursued in the past. It can only be preserved by a like observance of sound financial principles in the future. Borrowing over $3,000,000,000 to meet current expenditures without a vigorous effort to tap available tax sources is indefensible. The issuance of securities on any such scale must not only result in depreciation of all outstanding Government securities, with a corresponding loss to investors, but in an unjustified increased interest cost to be borne over many years.

It is not a question of taxing or not taxing the rich. The rich must in any event bear additional burdens. The question is whether others in more moderate circumstances are to be asked to contribute their share based on their capacity to pay, and whether other taxes imposed in the past without hardship to anyone are to be resorted to during this emergency, or whether readily available resources are to be ignored for reasons which bear no relation to economic effects or the fiscal needs of the Government.

The Treasury has suggested a program intended to reduce the deficit this fiscal year, to put an end to the increase in the public debt next year, and to balance the budget in 1934. Any program that falls short of these objectives is inadequate. To attain them will require additional taxes amounting to approximately $900,000,000 in the fiscal year 1933. In providing for this increased revenue we have endeavored to prepare a reasonable program which would not entail hardship to any class of taxpayers. We have by no means spared those with large incomes, as is indicated by the fact that the maximum normal and surtax rates applicable to those with incomes of $50,000 are increased by over 25 per cent, and the maximum normal and surtax rates applicable to incomes in excess of $100,000 are almost doubled. At the same time, it is undeniable that those with moderate incomes have some capacity at least to contribute small amounts to the support of their Government. Can it fairly be said that a man with an income of $5,000 cannot afford to pay $31.50 in taxes to the Federal Government, or one with an income of $10,000, as much as $153.00? This is all that would be demanded of them under the individual income tax rates included in the Treasury's program.

As has already been pointed out, it is entirely out of the question to obtain from income taxes alone anything like the total amount of additional revenue needed. If it was wise and proper to impose certain excise taxes in 1924, and I may say in passing that the present Democratic leaders thought it was wise and proper, what conceivable objection can there be to such taxes to-day when our needs are far greater? The rates suggested are not so high as to interfere with the flow of goods and services or to constitute a real burden on those who buy or enjoy them. Can anyone seriously complain if cigarettes and radios and admissions to places of amusement, even automobiles, are to cost a trifle more, or if we are to pay 2 cents for the privilege of using checks and an additional cent on the transfer of a share of stock? These are not intolerable burdens, particularly when we are asked to assume them to meet the necessities of a real emergency.

Passing over for the time being the doubtful morality involved in the suggestion that we eliminate retroactively deductions for capital losses, after profiting largely for many years by the taxation of capital gains, and the extremely doubtful principle of exempting speculative profits from taxation while sharply increasing the rates applicable to the hard earned income of doctors, lawyers, and of the professional and salaried classes, the statement of the Democratic leaders raises squarely the all-important issue now before the people. The country must decide whether it means resolutely to put its financial house in order, or instead to follow the treacherous and demoralizing course of borrowing, which has led governments as well as individuals to disaster.