U.S. Treasury Dept.

Press Releases

TREASURY DEPARTMENT
Washington

(The following address by John L. Sullivan, Assistant Secretary of the Treasury, before the Washington Doctors, is scheduled for delivery, Eastern War Time, Sunday April 4, 1943, and is for release at that time.)

Perhaps it is only natural that in wartime there should be a surplus of gloom in circulation. Headlines wail of dissension and disorder. The papers are full of things left undone which ought to have been done, and things done which ought not to have been done. The radio is loud with querulous scolding voices. And many speakers feel the urge to don sack-cloth and ashes and view with alarm.

Probably a certain amount of this is good for us. There are abuses that need to have the light turned on them. There are errors of omission and commission which need publicity before they can be corrected. Complacency and over-confidence are dangers which do need combatting. But for all that, there is one glorious fact that far outshines the troubles that fret us, and the delays and mistakes that properly make us impatient:

That is the unmistakable truth, which grows clearer each month and week, that DEMOCRACY IS EFFECTIVE in war as in peace.

For day by day it becomes more surely apparent that a free people planning their own plans, making up their own minds, taking their own decisions and putting them into effect by their own methods, will make fewer mistakes and get surer results than any Fuehrers or Duces or self-appointed dictator leaders under any name.

year ago such a demonstration was to be expected. But this year, the first flush of excitement had gone, the war had settled down to a deadly unglamorous matter of every-day routine. The entire question of taxes was complicated and confused as never before by a series of proposals which contemplated the present or future forgiveness of taxes. I doubt if ever before any group of taxpayers faced such confusion or would have had a better excuse for failing in their responsibilities. Yet the American people with that same understanding and unity that is so surprising to the people of other nations realized how their government needed money to finance this war. And when the word finally got through to them that despite any proposal pending in the Congress it was their duty as citizens to file a return and pay their quarterly installment, they did so in a manner that was heartening and inspiring.

I believe that when the history of this war is written, one of the facts that will amaze and mystify not only the peoples but the leaders of our enemies and allies alike is the degree to which all people of America have helped our Government finance this war. I predict to you today that during this war more American people, through taxes willingly paid and through Bonds voluntarily purchased, will have participated in financing this war more completely than any other people in any land in history.

I would like to give you a few facts and figures demonstrating the growth and popularization of the Federal Income Tax as an instrument in supporting the Federal Government. Ten years ago, in the fiscal year 1933, total individual income tax collections yielded $352,573,000. That year 3,723,558 people filed a return. Never until 1940 did we receive as many as 8 million individual income tax returns. In 1941, more than 15 million individuals filed returns. In 1942, 26-1/2 million people filed income tax returns. This year, more than 40 million people have filed income tax returns.

The revenue received from corporate and individual tax returns 10 years ago in the fiscal year 1933 amounted to $746,791,000. In the fiscal year 1940, they yielded $2,121,000,000; in 1941, $3,462,000,000; in 1942, $8,002,000,000, and for the current fiscal year, we estimate they will yield $17,567,000,000. Surely no one can now charge that the Federal Income Tax payers are an exclusive group nor that the great bulk of the American people are not contributing liberally to the support of their Government and the financing of the war. There are some other facts about this development of the Federal Income Tax that may be of interest to you. Ten years ago, in the fiscal year 1933, while we were collecting $747 million from 2 million individual and corporate taxpayers, the Bureau of Internal Revenue had a total of 11,500 employees. This year when we hope to collect 17-1/2 billions from more than 40 million taxpayers, the Bureau personnel is only 34,000. Thus while collections increased 23 times and the number of returns increased 20 times the Bureau personnel increased only 3 times.

I am well aware that in every well-conducted business unit costs decrease as production mounts. This has been the case in the collection of Federal taxes. During the first two months of this year, a vicious rumor was circulated in certain parts of this country that the costs of collection of Federal taxes were fantastic. Because of that rumor and because of a general feeling that collection costs are in fact high, I would like to tell you just how much it has cost the Treasury to collect your tax dollars. In the fiscal year 1940, it cost us $1.12 for every $100 we collected. In the fiscal year 1941, 89 cents for every $100 collected. Last year, the cost of collection was 57 cents for every $100, and in the year which closes June 30, 1943, we expect the final analysis will show that for every $100 collected we will have spent less than 50 cents to collect it. Let this figure be the answer to all who talk of Federal inefficiency and extravagance in the collection of the Federal revenues.

Lately there has been a great deal of talk about the amount of individual income taxes that have been uncollectible. This talk has grown to such proportion that I think I should give you a report on the actual amount of taxes that have been formally abated over the last 22 fiscal years from 1921 through 1942, inclusive. In weighing these figures, you will consider, I am sure, that the tax rates in those 22 years were very much lower than they are now. I would suggest that you also consider that that 22-year period included two depressions. During the last two months, many people have told me how difficult it would be to collect taxes from new income tax payers. I have asked many of them how much they thought we failed to collect in the average year, and I have never met one who was not astonished at the actual figures. Here they are:

In the 22 years from 1921 through 1942, the Federal Government collected in income taxes from individuals $22,053,845,361.

During those same years we have formally abated as uncollectible the total amount of $278,024,325, -- a yearly average of $12,637,470. You must remember that the amount abated in any one year represents taxes that became due one or two or three years before the year of formal abatement. If we compare the rate of tax abatement year by year since 1940 a highly significant fact appears. At the very time when the number of individuals filing tax returns was increasing by leaps and bounds the rate of tax abatement actually declined. Here are the figures: while the number of individual tax filers increased from less than 8 million in 1940 to almost 15 million in 1941 and to 26 1/2 million in 1942, the amount abated in 1941 was slightly in excess of $7,000,000 (0.5% of the amount collected), and the amount abated in 1942 was just under $10,000,000 (0.3% of the amount collected). Judge these in comparison with the yearly average of more than $12,637,470.

But someone may ask, "How about the people who filed no returns at all?" My answer to them is that through Form 1099, the information return, and through Social Security records, we have ways and means of checking almost everyone who is liable to pay an income tax. And we do check them. For the year 1940, a check of the information returns and the follow-up of the delinquents showed that of the total number who filed taxable returns an additional 1 percent had been delinquent, and the taxes owed by that additional 1 percent amounted to less than 1/10 of 1 percent of the total amount collected.

I believe these figures should convince you of one outstanding fact which has long been apparent to all of those engaged in the collection of taxes: that 99-9/10 of the American people are thoroughly honest with their Government and are willing and anxious to pay their share. So much of the publicity about income taxes is devoted to the Al Capones and the Nucky Johnsons that the public itself is apt to overlook the essential honesty of the American citizen and the average American businessman. Take it from one who has had an opportunity to know: The American people not only discharge their income tax liabilities promptly and honestly, but they give their Government the benefit of the break when they are in doubt. The percentage of American citizens and American businessmen who try to chisel on Uncle Sam is gratifyingly low.

Before leaving the subject of income taxes, I would like to pay tribute to the cooperative spirit of the Congress. Without thought of partisanship, the Senate Finance Committee, consisting of 14 Democrats, 6 Republicans and one Progressive, and the House Ways and Means Committee, consisting of 15 Democrats and 10 Republicans, unanimously passed a resolution warning the people of America that no bill then under consideration by the Congress would change or postpone any taxpayer's obligation to file a return and make the first payment. Here, truly, was an example of Democracy facing a crisis and meeting it efficiently and promptly.

I am sorry that because of the unprecedented flood of returns which have not yet been completely tabulated it is impossible for me today to give you a complete report on the amount of money paid in this first quarter, or the total number of people who paid those returns. It will be some time before the final figures are available. I can tell you, however, that at the close of business on March 31, 1943, there had been deposited with the Federal Reserve Banks during the first quarter of this year income and excess profits taxes in excess of $5,000,000,000, as against $3,078,000,000 for the same period last year. I can tell you that we believe that more than 40 million people filed returns. I can tell you that right here in this Collection district there was collected and deposited during March $117,000,000 as against $73,000,000 for the comparable period last year, an increase of 60%.

Of far greater importance than any of the facts or the figures I have given you was the spirit of willingness which characterized income tax payments this year. There was even less complaining than last year. Nowhere was there any sign of reluctance, nowhere any visible shirking of responsibility. The American people who, through their own Congress, had levied on themselves these heaviest taxes in our history, stepped up promptly and paid them proudly. They did so because they knew that in this emergency their country needs their money. They understand there is no cheap way to win the war and that it is far better and far cheaper to win it than to lose it. High and low, rich and poor, they wanted to hold up their end -- to match in some small degree the sacrifices of the men who are actually fighting the battles all around the world. That is the spirit underlying this decisive silent victory whichthe whole American people this month won over the skeptics. I believe the moral to be learned from this March experience is that, in this Democracy of ours, the American people can be counted upon to make any sacrifice that is required. They ask only that the necessity of this sacrifice be explained. Granted that this be done, I believe there is nothing the American people in their turn will not do to speed the day of victory.

I hope no one interprets my remarks as indicating that the Treasury is convinced that <u>everyone</u> who was legally obliged to file a return did so. We know that they didn't. We know that we will catch up with that very small group -- and soon. To those few who because of procrastination, or indecision, or the temptation to try to get away with something failed to file their returns, I would like to give a word of friendly advice. They should get that return in <u>NOW</u>. We'll find them sooner or later. That's our business. And the sooner they get their returns in, the better off they will be, even now.

There is one field apart from taxation in which the American people are likewise making an inspiring record. I refer to the voluntary purchase of War Bonds, which is now going on at a scale unprecedented in this or any other land. Right today there are almost 26 million people who are setting aside, out of their payroll for the direct purchase of War Bonds, almost 9 percent of their pay. Almost 50 million people in this country are buying War Bonds under one method or another. Furthermore, the great bulk of these people are purchasing these Bonds for good. They are holding onto them not only because they know it is harmful to the war effort for them to redeem these Bonds, but because they have faith in this country's future. They know that these Bonds are the safest, finest investment in the world today. They know that the Bonds that they purchase are not only an anchor to windward against whatever rainy days are ahead of us, but that these Bonds are the nest-egg which will enable them to buy a new home after the war, to put their children through school, or to provide that contentment in later years that can come only from a sense of personal financial security. At the Treasury, we are proud not only of the way the American people are purchasing these Bonds but are also proud and gratified at the way they are holding onto them.

On April 12th, the Second War Loan starts. The goal in this drive is $13 billion -- the biggest single piece of financing in the world's history. Of this $13 billion, the Treasury hopes and expects to raise $8 billion from non-banking investors. This campaign should represent the biggest securities sales campaign this country has ever experienced. There will be types of Federal securities tailored to meet the needs of every type of investor. There will be 300,000 volunteer workers and thousands of pages of sponsored advertising. I hope that during this campaign every citizen in America and every business concern will take advantage of this opportunity to join with their fellow Americans in helping to finance this war.

I submit to you that the conduct of the American people in the field of both taxes and Bonds should make us proud of the land in which we live and proud of our fellow citizens. Taxes and War Bonds. They represent a small price to pay for freedom of speech, freedom of worship, freedom from want, and freedom from fear. Taxes proudly paid and War Bonds bought without the argument of a gun at the head or a bayonet at the back. This is the war financing of a democracy at work -- the American people proudly, happily, ungrudgingly paying for the high privilege of being free and of being Americans.

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WASHINGTON
TREASURY DEPARTMENT
Morning Newspapers

Press Service
No. 36-1

FOR RELEASE, MONDAY [redacted] APRIL 5, 1943

Serious shortages of supplies and equipment used by Government agencies are impending unless immediate steps are taken to conserve existing stocks, the Treasury's Procurement Division warned today.

In letters addressed to the heads of all major Departments and establishments, Procurement Director Clifton E. Mack said that "only by the establishment and maintenance of a rigid program of conservation and care can we be assured that the machines now in operation will continue in service for the duration."

Mr. Mack's letter requested the immediate appointment of representatives to attend a meeting April 6 in the Departmental Auditorium, sponsored by the Procurement Division, at which will be devised a conservation program for the protection of office supplies and equipment throughout the entire government service.

"The manufacture of many items of office equipment and supplies has either discontinued entirely, or reduced to the minimum necessary to meet requirements of the war program," Mr. Mack pointed out.

He has also announced that it will be the goal of the meeting to formulate the type of conservation program which will reach directly to the actual users of machines and equipment, the nearly three million civilian employees of the Federal Government.

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TREASURY DEPARTMENT
Washington

FOR RELEASE MORNING NEWSPAPERS
MONDAY, April 5, 1943

Press Service
No. 36-1

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April 3, 1943

36-2

STATUTORY DEBT LIMITATION
AS OF MARCH 31, 1943

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of March 31, 1943:			
Interest-bearing:			
Bonds -			
Treasury	$49,273,465,650		
Savings (Maturity value)*	21,987,015,500		
Depositary	162,061,000		
Adjusted Service	723,378,807	$ 72,145,920,957	
Treasury notes	21,725,677,950		
Certificates of indebtedness	15,081,672,000		
Treasury bills (Maturity value)	9,234,428,000	46,041,777,950	
		118,187,698,907	
Matured obligations, on which interest has ceased		80,625,700	
Bearing no interest (U. S. Savings stamps)		226,215,830	118,494,540,437
Face amount of obligations issuable under above authority			$ 6,505,459,563

Reconcilement with Daily Statement of the United States Treasury
March 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act,		$118,494,540,437
Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)		4,096,314,661
		114,398,225,776
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	195,960,420	
Matured obligations on which interest has ceased	8,373,100	
Bearing no interest	904,095,767	1,108,429,287
Total gross debt outstanding as of March 31, 1943		$115,506,655,063

* Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $17,890,700,839.

April 6, 1943

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Statement of Secretary Morgenthau
before the Senate Committees on Foreign Relations and
Banking and Currency and the Special Committee on
Post-War Economic Policy and Planning

Monday, April 5, 1943

For some time we in the Treasury have been deeply concerned with the threat of international monetary chaos at the end of this war.

We feel that international currency stability is essential to reconstruction in the post-war period and to the resumption of private trade and finance. It is generally held that this formidable task can be successfully handled only through international cooperation.

I think further that most of us would agree that the establishment of a program adequate to deal with the inevitable post-war monetary problems should not be postponed until the end of hostilities. It would be ill-advised, if not dangerous, to be unprepared for the difficult task of international monetary cooperation when the war ends. No one knows how long or how short the war will be. We therefore believe it is desirable to begin now to devise an international monetary agency adequate to cope with the problems with which we shall be confronted when the war does end.

The completion of such a task is certain to take many months at the least. Specific and practical proposals must be formulated and must be carefully considered by the policy-shaping officials of the various countries. In each country acceptance of a definitive plan can follow only upon legislative or executive action. And even when a plan is finally adopted, much time will be consumed in establishing an organization capable of beginning effective work.

There is another important reason for dealing with this problem now. A plan for international monetary cooperation can be a factor in winning the war. It has been suggested, and with much cogency, that the task of assuring the defeat of the Axis powers would be made easier if the victims of aggression, actual and potential, could have greater assurance that a victory of the United Nations will not mean in the economic sphere a repetition of the exchange instability and monetary collapse that followed the last war. That assurance should be given now. The people in all of the United Nations must be encouraged to feel themselves on solid ground. They must be given to understand that a victory of the United Nations will not usher in another two decades of widespread economic disruption. The people must know that we at last recognize the fundamental truth that prosperity, like peace, is indivisible.

With these points in mind the technical experts of the Treasury and other agencies of the Government for some time have been studying methods by which post-war monetary stability can be achieved. No specific plan has as yet been considered by this Government, but preliminary suggestions of our technical experts have been formulated and have been made available for exploratory study of the experts of other interested Governments. The technical men of other Governments have likewise been studying the problem.

Our own thinking along the lines of currency stability has not been addressed to concocting some panacea that will automatically cure all the economic ailments of a post-war world. Rather, we have attempted to address ourselves to the specific problem of foreign exchange stability and the common-sense way of achieving this end.

Our views are based on the rich experience that this country has had in cooperating with other Governments in our attempts to maintain exchange stability. We have tried to adapt that experience to the broader and more difficult currency problems confronting the world during the post-war years. We have also kept in mind the pattern laid down by the Tripartite Agreement and our own stabilization agreements.

Our tentative proposal is to establish an international stabilization fund in which all the United Nations and those nations which are associated with them in this war would participate. This Fund would constitute an international agency with powers and resources adequate to promote the maintenance of currency stability. The cooperating Governments who would participate in the program would, among other things, undertake not to engage in competitive depreciation of their currencies. This stability would be in large measure secured by fixing the value of currencies in terms of gold, and by providing that changes could not be made without consultation with other members.

The resources of the Fund that we have in mind would be provided by the participating governments in an amount and form suited to each nation. Participation would be in the form of gold and local currency and public obligations of the member countries. The operations of the Fund would include buying and selling of foreign exchange under adequate safeguards.

The Fund would deal only with Treasuries and central banks. It would not compete with private banks or existing agencies. Its operations would be maintained only to supplement the efforts made by each member government to maintain monetary stability. The established channels of international trade and international banking would be retained in full for all international transactions.

We have given special attention to the solution of certain troublesome monetary problems growing out of the war and have included suggestions for the handling of such problems. In particular, the Fund would facilitate the restoration of free exchange markets and liberate the abnormal balances which have accumulated in some of the countries as a consequence of war conditions.

The control of the operations of the Fund would be in the hands of an international board appointed by the governments of the member countries and the voting power on that board would be related to the contribution which each country makes to the required revolving fund.

The creation of an international agency of the character that we are contemplating is a logical development of the various tentative steps which have been made in the direction of stabilization of currencies during the immediate pre-war years.

I have been anxious to discuss this matter with you and to keep you informed of developments. Obviously, we are still in the early stages of our thinking and discussions. However, I did want you to know what we are doing and I do want to feel free to come back from time to time and discuss the subject with you and obtain your views and advice.

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(Prepared by Press Relations for use of the Press)

The Stabilization of Exchange Rates: The purpose of the proposed Stabilization Fund is to stabilize the value of the currencies of member countries. The Fund would fix the rates at which it will buy and sell member currencies. Changes in exchange rates could be made only with the approval of the Fund and only to meet an extreme situation. Because changes in exchange rates would be the result of international consultation, competitive currency depreciation among the member countries would be prevented.

Resources of the Fund: To achieve this desired currency stability the Fund would, with adequate safeguards, meet the legitimate needs of member countries for foreign exchange for their current transactions. For this purpose, member countries would subscribe at least $5 billion, making initial payments of one-half of the subscription in the form of gold, currency and government securities. Each country's subscription would be based on a combination of such factors as its holdings of gold and foreign exchange, its national income, and changes in its balance of payments position.

Removal of Exchange Controls: With these provisions, the need for continuance of exchange control by individual countries would be almost entirely removed. No member country could adopt new exchange control measures except to curb undesirable capital movements and then only with the consent of the Fund. Multiple currency devices and bilateral exchange clearing arrangements would also be prohibited unless approved by the Fund. The Fund would make possible the liberation of blocked balances growing out of the war where immediate unblocking of such balances would cause serious domestic and international repercussions.

Powers of the Fund: The Fund would be given the power to buy and sell gold, currencies and, with their approval, securities of member countries. The Fund could also borrow local currency with the approval of the governments concerned. The Fund would deal only with the treasuries, central banks, or fiscal agents of member countries, and with international banks owned predominantly by member countries.

New International Unit: The proposal provides for an international gold monetary unit called the Unitas, equal in value to $10, in terms of which accounts of the Fund would be kept. The Fund would not issue Unitas coins or notes, but member countries could deposit gold with the Fund for a credit in Unitas, redeemable in gold, which could be transferred between member countries.

Management of the Fund: The Fund would be managed by a Board of Directors representing the member governments. Each country would have voting power related to its subscription to the Fund, but no country could have more than 25 percent of the total votes. In general, the decisions of the Board of Directors would be made by a majority vote except for certain important operations where a four-fifths vote would be necessary. The day-to-day operations would be carried on by a Managing Director and an Executive Committee appointed by the Board.

The countries to whose Finance Ministers the letters were addressed are the following:

Australia
Belgium
Brazil
Canada
Costa Rica
Cuba
Czechoslovakia
~~Czecho-Slovakia~~
Dominican Republic
El Salvador
Ethiopia
Greece
Guatemala
Haiti
Honduras
India
Iraq
Luxemburg
Mexico
Netherlands
New Zealand
Nicaragua
Norway
Panama
Poland
South Africa, Union of
Yugoslavia
~~Yugo-Slavia~~
Bolivia
Colombia
Chile
Ecuador
Paraguay
Peru
Uruguay
Venezuela

~~Copy of letter sent to the Ministers of Finance of 34~~ countries

My dear Mr. Minister:
~~Excellency:~~

I am sending for your examination a preliminary draft of a Proposal for an International Stabilization Fund of the United and Associated Nations. This draft was prepared by the technical staff of the United States Treasury in consultation with the technical experts of other departments of this Government.

The document is sent to you not as an expression of the official views of this Government but rather as an indication of the views widely held by the technical experts of this Government. I hope you will examine the draft and submit it for critical study by the technical experts of your Ministry and your Government. After you and your experts have had opportunity to study it, you may wish to send one or more of your technical experts to Washington to give me your preliminary reaction to the draft proposal, and to discuss with our technical experts the feasibility of international monetary cooperation along the lines suggested therein, or along any other lines you may wish to suggest. We are informed that the technical experts of the British Government have also been studying the question and will doubtless make their views available.

It seems to me that the enclosed draft proposal points the way to an effective means of facilitating through cooperative action the maintenance of international monetary stability and the restoration and balanced growth of international trade. It is my hope that as a result of unofficial discussions involving no commitments, we may find a sufficient area of agreement to warrant proceeding on a more formal basis.

Very truly yours,

HENRY MORGENTHAU, JR.

Secretary of the Treasury.

36 - 3

For Immediate Release

The Treasury today made public ~~the text of~~ a letter from Secretary Morgenthau to the Ministers of Finance of thirty-four countries inviting them to send technical experts to Washington to discuss suggestions for an International Stabilization Fund of the United and Associated Nations. The text of the letter is as follows:

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Australia	Mexico
Belgium	Netherlands
Brazil	New Zealand
China Canada	Nicaragua
Costa Rica	Norway
Cuba	Panama
Czechoslovakia	Poland
Dominican Republic	South Africa, Union of
El Salvador	Yugoslavia
Great Britain Ethiopia	Bolivia
Greece	Colombia
Guatemala	Chile
Haiti	Ecuador
Honduras	Paraguay
India	Peru
Iraq	Uruguay
Luxemburg	Venezuela

Union of Soviet Socialist Republics

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TREASURY DEPARTMENT
Washington

FOR ~~IMMEDIATE~~ RELEASE, Morning Newspapers,
~~Monday~~, April 7, 1943.
Wednesday,

Press Service
No. 36-3

The Treasury today made public a letter from Secretary Morgenthau to the Ministers of Finance of thirty-~~four~~ seven countries inviting them to send technical experts to Washington to discuss suggestions for an International Stabilization Fund of the United and Associated Nations. The text of the letter is as follows:

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, April 7, 1943.

Press Service
No. 36-3

Not to be used on radio before
8:00 p.m. EWT Tuesday, April 6,
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My dear Mr. Minister:

I am sending for your examination a preliminary draft of a Proposal for an International Stabilization Fund of the United and Associated Nations. This draft was prepared by the technical staff of the United States Treasury in consultation with the technical experts of other departments of this Government.

The document is sent to you not as an expression of the official views of this Government but rather as an indication of the views widely held by the technical experts of this Government. I hope you will examine the draft and submit it for critical study by the technical experts of your Ministry and your Government. After you and your experts have had opportunity to study it, you may wish to send one or more of your technical experts to Washington to give me your preliminary reaction to the draft proposal, and to discuss with our technical experts the feasibility of international monetary cooperation along the lines suggested therein, or along any other lines you may wish to suggest. We are informed that the technical experts of the British Government have also been studying the question and will doubtless make their views available.

It seems to me that the enclosed draft proposal points the way to an effective means of facilitating through cooperative action the maintenance of international monetary stability and the restoration and balanced growth of international trade. It is my hope that as a result of unofficial discussions involving no commitments, we may find a sufficient area of agreement to warrant proceeding on a more formal basis.

Very truly yours,

HENRY MORGENTHAU, JR.,

Secretary of the Treasury.

The countries to whose Finance Ministers the letters were addressed are the following:

Australia
Belgium
Brazil
Canada
China
Costa Rica
Cuba
Czechoslovakia
Dominican Republic
El Salvador
Ethiopia
Great Britain
Greece
Guatemala
Haiti
Honduras
India
Iraq
Luxembourg
Mexico
Netherlands
New Zealand
Nicaragua
Norway
Panama
Poland
South Africa, Union of
Union of Soviet Socialist Republics
Yugoslavia
Bolivia
Colombia
Chile
Ecuador
Paraguay
Peru
Uruguay
Venezuela

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS
Tuesday, April 6, 1943.

Press Service

36-4

The Secretary of the Treasury announced last evening that the tenders for $800,000,000 or thereabouts, of 91-day Treasury bills to be dated April 7 and to mature July 7, 1943, which were offered on April 2, 1943, were opened at the Federal Reserve Banks on April 5.

The details of this issue are as follows:

Total applied for - $1,104,078,000
Total accepted - 804,717,000

Range of accepted bids:

High	- 99.925	Equivalent rate of discount approx. 0.297% per annum
Low	- 99.905	" " " " " 0.376% " "
Average price	- 99.905	" " " " " 0.374% " "

(70 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 27,485,000	$ 25,652,000
New York	785,277,000	541,035,000
Philadelphia	15,260,000	12,131,000
Cleveland	19,303,000	17,413,000
Richmond	13,000,000	9,655,000
Atlanta	8,348,000	7,376,000
Chicago	140,311,000	106,361,000
St. Louis	29,620,000	22,758,000
Minneapolis	3,557,000	3,492,000
Kansas City	10,927,000	9,596,000
Dallas	6,980,000	6,812,000
San Francisco	44,010,000	42,436,000
TOTAL	$1,104,078,000	$804,717,000

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 6, 1943.
4/5/43

Press Service
No. 36-4

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TOTAL	$1,104,078,000	$804,717,000

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36-5

FOR IMMEDIATE RELEASE,
April ~~6~~ 7, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	March 27, 1943	290,796,606
Colombia	735,840,277	"	260,318,823
Costa Rica	46,718,031	"	12,113,396
Cuba	18,692,451	"	8,664,503
Dominican Republic	25,752,947	"	15,729,669
Ecuador	35,041,235	"	13,509,916
El Salvador	140,776,585	"	43,749,535
Guatemala	124,978,598	"	40,405,051
Haiti	64,236,136	"	47,271,921
Honduras	4,278,467	"	1,344,991
Mexico	111,292,661	"	32,153,691
Nicaragua	45,818,819	"	6,204,742
Peru	5,839,588	"	162
Venezuela	90,021,490	"	36,652,844
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	23,154,716

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 7, 1943.

Press Service
No. 36-5

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a result, they organized themselves into an Allied Newspaper Council to work shoulder to shoulder with us in this gigantic undertaking. In addition to the constant advisory aid of the members of the Council, they have made available to us the full-time services of several of their most talented colleagues.

So painstaking are the preparations for participation by this group that I know that no individual who reads their publications will be unaware of the purposes of our campaign or of the securities that are being offered. On behalf of the Treasury, I am happy to make public acknowledgement ~~even in advance~~ of the valuable support being provided to us by the nation's press.

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been made and will be made by the industries that provide our public with information and advertising.

Naturally, one of the great jobs in this field is that contemplated by the newspapers of America. The press -- daily and weekly, urban and rural -- has long been of importance in the Treasury's financing programs. With the development of the War Savings campaign, the publishers and editors and reporters and artists and carrier boys have joined in with a superb will to tell the story of the War Bonds and Stamps and to sell them as well.

Last month I invited to the Treasury leaders of the newspaper industry who were asked for suggestions in the conduct of the Second War Loan drive. I was delighted by the spontaneity with which they recognized our problems and offered even further cooperation. As

Draft for the AP

O.K.
HMJr.

The financial demands of this war have stretched to every corner of the country the need for lending fighting dollars to the Government. Even with history-making numbers already holding a stake in the nation's future, new millions will have to be added to the lists of shareholders in America during the $13,000,000,000 Second War Loan drive which the Treasury will launch next week.

Thousands of volunteer workers from every group in our national life will be collaborating with their Government in the campaign to sell securities to their friends, neighbors and business associates. Busy as they will be in this important task concentrated into a brief period, they will find their work simplified tremendously by the splendid contributions that have

For Friday pm's

36-6

Secretary Morgenthau today made public the following statement on newspaper participation in the Second War Loan drive, written at the request of the Associated Press:

TREASURY DEPARTMENT
Washington

FOR RELEASE, AFTERNOON NEWSPAPERS,
Friday, April 9, 1943.
4-7-43

Press Service
No. 36-6

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So painstaking are the preparations for participation by this group that I know that no individual who reads their publications will be unaware of the purposes of our campaign or of the securities that are being offered. On behalf of the Treasury, I am happy to make public acknowledgment of the valuable support being provided to us by the nation's press.

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~~ALPHA~~

issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on April 14, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original

~~ALPHA~~ 36-7

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 9, 1943 .
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $800,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated April 14, 1943 ~~(4)~~, and will mature July 14, 1943 ~~(5)~~, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern ~~Standard~~ War time, Monday, April 12, 1943 ~~(6)~~. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

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TREASURY DEPARTMENT
Washington

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their "great" armies; their great armies of sneaks and bullies that jump on weak, helpless nations when they aren't looking. The Japs, with their dreams of empire, built on lies and treachery. The Germans, who twice within the memory of living men have tried, with their Kaisers and their Fuehrers, to conquer the rest of our world. We say: "Never again!" We of the United Nations will show them who we are. We'll show them some really great armies - Chinese and Russian, British and American.

These armies are the mightiest military machine in all [redacted] history, [redacted]. But to us they are friends and husbands, fathers and sons. They are your boys and my boys.

They are asked to give their lives.

You are only asked to lend your money.

Shall we be more tender with our dollars than with the lives of our sons?

[redacted].

An hour ago I passed through a railroad station. Standing at the iron gates, saying goodbye, were boys in uniform with their girls, their wives - young couples come to the heart-breaking minute when there were no more words; when all they could do was to stand with their hands clenched so tightly together that they hurt. And as I passed them I thought of all the other young Americans whose lives have been torn into ragged bits - young architects and engineers giving up their studies; school-girls working in factories; farmers sending their wives and youngsters out to work in the fields because they can't get hired hands; business men losing what they've spent twenty years creating, because of the necessary curtailments.

By what right do the Germans, the Japanese, blight our lives, shatter our homes, whirl away our boys. to drown five thousand miles from home in a scum of oil at sea, or bleed and cough their lives out in a muddy, filthy ditch? Who do they think they are? --- We know only too well who they think they are! They're the supermen, the Master Races, put here on earth to enslave the rest of us and crack the whip over our bare backs while we do their dirty chores - they and means hard work. But I have every confidence, knowing the American people, and how deeply serious they are about this war, that we will get it. We will get it from people who will scrimp and save if need be to buy these bonds. We will get it especially from those upon whom we must depend most heavily - the men and women who are making good money in shipyards and plane factories and tank production; the gallant women who used to call themselves housewives but who are working today at lathes and drill-presses in the great war plants. These are the Americans who, all together, buy bonds in amounts that a millionaire, or even all of the millionaires combined, could never hope to equal. And they'll buy more of them this year - this year when 10 percent is no longer enough.

The boys at the front are counting on them. They ~~They~~ are counting on you. ~~give their lives - you lend your money.~~

All of us will buy bonds because all of us know that this is our war and that we must win it. We must win it so that nations with a bloody philosophy out of the dark ages of mankind's past will never again be able to raise a traitorous hand against neighbors wanting only to live in peace and friendly good will.

savings plan, under which more than 25 million working people now regularly invest almost 9 percent of their wages and salaries. I'd like to thank manufacturing and retail business firms, large and small, who have given us, free of charge, millions of dollars' worth of advertising space and radio time, as has the Bell Telephone System ~~Company~~ tonight. And the Federal Reserve System and thousands of banks working with them - and all the others who are giving their time in this way in the service of their country.

You can feel every confidence that the financial affairs of your government are in good condition as the United Nations go on the offensive. The situation is well in hand. We know where we're going. We know how much money our armed forces will need.

During this month of April we must get 13 billion dollars. We shall then have borrowed about ~~must get~~ 20 billion bollars in the first 4 months of this year. We will need to borrow about 25 billion ~~25~~ during the second 4 months, and without any new taxes, another 25 ~~25~~ in the final period of the year; a total of about 70 billion dollars for the year.

I would like to assure you that we can afford it.

But 70 billion dollars <u>is</u>, of course, a lot of money. It isn't going to be easy to raise it. It

We could borrow all the money from the banks. Our credit is excellent. But for a variety of reasons, economic and social, <u>this</u> is also undesirable. One reason goes to the very heart of our system of government. It is important to me as I know it is to you. This is a people's war - so all of the people ought to have a part in financing it.

And I <u>know</u> you feel the same way about it, because ~~5 sixths~~ five-sixths <u>of all the people who are earning money today have bought bonds</u>.

As Secretary of the Treasury, I can report that 96 ~~per~~cents out of every dollar which comes into the Treasury, through war bonds, taxes, or anything else, is spent for war purposes. When you ~~buy a~~ pay eighteen dollars and seventy-five cents for a bond, <u>eighteen dollars</u> go immediately into guns and planes and equipment. The 75 cents goes for ~~[illegible]~~ the regular expenditures of the Government.

The cost of selling bonds is indeed very small. And this is because you and your neighbors and hundreds of thousands of volunteers across the country have taken over the job of selling. I'd like to express, to all of you, my deepest gratitude. I should like to thank <u>all</u> of those who are helping - management and labor, for the splendid success they have made of the payroll urgent, pressing. Ten percent is no longer enough. We are asking everyone to buy extra bonds this month, even workers who are now participating in the payroll savings plan.

In our private lives none of us deals with billion-dollar figures. I know they're bewildering.

But except for the size of the figures involved there is no mystery about financing a war. The Government of the United States is buying the best equipment ever furnished to any army. It is paying not only for equipment that reaches the fighting fronts but for some equipment that never gets there. For every ship that's sunk we must build two new ships - for every cargo that's lost we must send out two new cargoes. And that costs money. Where are we going to get it?

Well, there are several ways to get the money. We can raise it through taxes. We can borrow it from the banks. And we can borrow it from the people - and that means you.

We are now getting more money through taxes than ever before. And it will be necessary, I have no doubt to ask for still more. But we cannot rely on taxes alone to do the whole job, and I wouldn't want to - because we could not tax with fairness on so huge a scale.

4/7/43

Tonight I'm going to talk about something you might not expect the Treasury Department to discuss. I'm going to talk about the Second Front.

The Second Front is no military secret. We all know that, just over the horizon, we of the United Nations are piling up the thunder-clouds of the greatest attack in history. We are massing for that attack, now. The planning, the patient preparation, the bitter time when we had to take blows without returning them, because we weren't ready - all of that is past. Now we're ready to deal a few blows ourselves; and they'll be blows, I can promise you, that will rock Nazi Germany to its rotten, bloodstained foundations.

As the Secretary of the Treasury I've been given the job of seeing to it that money is available to pay for this great military offensive and others to follow. This is why we are launching the Second War Loan tonight -- to raise at least 13 billion dollars before the end of this month to buy materials and implements of war. We must buy shells today for big guns that will be roaring tomorrow and the day after. I'm here tonight to tell you that your help is needed. The need is real,

36-8

TREASURY DEPARTMENT
Washington

(The following address of SECRETARY MORGENTHAU launching the Second War Loan drive is scheduled to be delivered at a rally in Carnegie Hall, New York City, at 9 p.m., Eastern War Time, Monday, April 12, 1943, and is for release upon delivery at that time.)

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In our private lives none of us deals with billion-dollar figures. I know they're bewildering.

But except for the size of the figures involved there is no mystery about financing a war. The Government of the United States is buying the best equipment ever furnished to any army. It is paying not only for equipment that reaches the fighting fronts but for some equipment that never gets there. For every ship that's sunk we must build two new ships - for every cargo that's lost we must send out two new cargoes. And that costs money. Where are we going to get it?

Well, there are several ways to get the money. We can raise it through taxes. We can borrow it from the banks. And we can borrow it from the people - and that means you.

We are now getting more money through taxes than ever before. And it will be necessary, I have no doubt, to ask for still more. But we cannot rely on taxes alone to do the whole job, and I wouldn't want to - because we could not tax with fairness on so huge a scale.

We could borrow all the money from the banks. Our credit is excellent. But for a variety of reasons, economic and social, this is also undesirable. One reason goes to the very heart of our system of government. It is important to me as I know it is to you. This is a people's war - so all of the people ought to have a part in financing it.

And I know you feel the same way about it, because five-sixths of all the people who are earning money today have bought bonds.

As Secretary of the Treasury, I can report that 96 cents out of every dollar which comes into the Treasury, through war bonds, taxes, or anything else, is spent for war purposes. When you pay eighteen dollars and seventy-five cents for a bond, eighteen dollars go immediately into guns and planes and equipment. The 75 cents goes for the regular expenditures of the Government.

The cost of selling bonds is indeed very small. And this is because you and your neighbors and hundreds of thousands of volunteers across the country have taken over the job of selling. I'd like to express, to all of you, my deepest gratitude. I should like to thank all of those who are helping - management and labor, for the splendid success they have made of the payroll savings plan, under which more than 25 million working people now regularly invest almost 9 percent of their wages and salaries. I'd like to thank manufacturing and retail business firms, large and small, who have given us, free of charge, millions of dollars worth of advertising space and radio time, as has the Bell Telephone System tonight. And the Federal Reserve System and thousands of banks working with them - and all the others who are giving their time in this way in the service of their country.

You can feel every confidence that the financial affairs of your government are in good condition as the United Nations go on the offensive. The situation is well in hand. We know where we're going. We know how much money our armed forces will need.

During this month of April we must get 13 billion dollars. We shall then have borrowed about 20 billion dollars in the first 4 months of this year. We will need to borrow about 25 billions during the second 4 months, and, without any new taxes, another 25 in the final period of the year; a total of about 70 billion dollars for the year.

I would like to assure you that we can afford it.

But 70 billion dollars is, of course, a lot of money. It isn't going to be easy to raise it. It means hard work. But I have every confidence, knowing the American people, and how deeply serious they are about this war, that we will get it. We will get it from people who will scrimp and save if need be to buy these bonds. We will get it especially from those upon whom we must depend most heavily - the men and women who are making good money in shipyards and plane factories and tank production; the gallant women who used to call themselves housewives but who are working today at lathes and drill-presses in the great war plants. These are the Americans who, all together, buy bonds in amounts that a millionaire, or even all of the millionaires combined, could never hope to equal. And they'll buy more of them this year - this year when 10 percent is no longer enough.

The boys at the front are counting on them. They are counting on you.

All of us will buy bonds because all of us know that this is our war and that we must win it. We must win it so that nations with a bloody philosophy out of the dark ages of mankind's past will never again be able to raise a traitorous hand against neighbors wanting only to live in peace and friendly good will. An hour ago I passed through a railroad station. Standing at the iron gates, saying goodbye, were boys in uniform with their girls, their wives - young couples come to the heart-breaking minute when there were no more words; when all they could do was to stand with their hands clenched so tightly together that they hurt. And as I passed them I thought of all the other young Americans whose lives have been torn into ragged bits - young architects and engineers giving up their studies; school-girls working in factories; farmers sending their wives and youngsters out to work in the fields because they can't get hired hands; business men losing what they've spent twenty years creating, because of the necessary curtailments.

By what right do the Germans, the Japanese, blight our lives, shatter our homes, whirl away our boys to drown five thousand miles from home in a scum of oil at sea, or bleed and cough their lives out in a muddy, filthy ditch? Who do they think they are? --- We know only too well who they think they are! They're the supermen, the Master Races, put here on earth to enslave the rest of us and crack the whip over our bare backs while we do their dirty chores - they and their "great" armies; their great armies of sneaks and bullies that jump on weak, helpless nations when they aren't looking. The Japs, with their dreams of empire, built on lies and treachery. The Germans, who twice within the memory of living men have tried, with their Kaisers and their Fuehrers, to conquer the rest of our world. We say: "Never again!" We of the United Nations will show them who we are. We'll show them some really great armies - Chinese and Russian, British and American.

These armies are the mightiest military machine in all history. But to us they are friends and husbands, fathers and sons. They are your boys and my boys.

They are asked to give their lives.

You are only asked to lend your money.

Shall we be more tender with our dollars than with the lives of our sons?

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I trust that you will forgive this unusual means of reaching you. These are unusual times and we need your help. To help us to the full extent of your capacity you should know the facts, and this is the best way I know to get them to you. Although this memorandum is not intended for publication, please feel free to use any of the material included as you see fit. I extend, for the Treasury Department, our thanks for the help you have already given us in selling War Bonds. I know very well that as good Americans you will continue it.

(Signed) Henry Morgenthau, Jr.

facsimile signature

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It is very important that the total excess money should be saved rather than used collectively to bid up prices. Ideally it should be invested to a very large extent in Government securities to close the circuit between the matching deficit of the Government and the surplus of everyone else.

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Corporate accumulations

For corporations other than banks and insurance companies, we made a similar analysis. In the last six months of 1942, 72 percent of the newly available accumulations of these corporations was invested in Government securities. For this year, we assumed that this percentage could be increased in each of the financing periods to 75, 80, and finally to 85 percent in the last four months.

Insurance companies and mutual savings banks

We also estimated the amount of securities which might be absorbed by insurance companies and mutual savings banks as a result of the new funds flowing to them, and other funds which would probably be released for new investment during the year.

Governmental investment accounts

Similar estimates were made as to the amount of savings going to governmental investment accounts -- Federal, State, and local -- and of the amounts of securities which might be absorbed by them.

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If our deficit is going to run to $20-odd billions in each financing period this year, then current savings and accumulations by individuals and businesses will also run to about this same magnitude. This follows from the fact that the Federal deficit is matched by the combined surplus of everyone else. For each period, we have analyzed these current savings and accumulations and classified the funds by investor groups.

Personal savings

In the case of personal savings, we know that people will put a certain amount into life insurance, into savings bank deposits and into the payment of debts. We can also estimate the amount of personal savings which will be left in the hands of individuals and which may be said to be available for investment in Federal securities. Of this reservoir available for Federal securities in the last six months of 1942, we found that 47 percent was actually so invested. (The remainder went largely into currency and commercial bank deposits.) As a tentative program

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Your Treasury Department has the financing for the calendar year 1943 well organized. We know where the money is going to be; we know how much we need to borrow from civilians and how much from bankers. With the greatest invasion in history just around the corner--our invasion of enemy-held territory--we feel confident that the American people will live up to our expectations.

Last December we conducted the first war loan drive. Our goal was $9 billions. We surpassed it by about $4 billions. More than half of the total funds came from non-banking sources.

This year we are planning to conduct a series of drives--beginning with the Second War Loan which opens on April 12th. This drive is for $13 billions, with at least $8 billions from non-banking sources. Later drives will probably be for higher aggregate amounts with even larger proportions from non-banking investors. We also expect to increase the participation in the payroll savings plan during the year and raise the average investment under that plan. This work will go on independently of the periodic drives.

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Let me tell you something about the tentative program we have set down for ourselves for the year.

The details are of course subject to change from time to time. My purpose here is to illustrate how we are planning for the year. First of all let's divide the $70 billions which we must raise during the year cannot rely on taxes to do the whole job, and I would not want to - because we could not tax with fairness on so huge a scale. For example, we all know of family groups where there are extra workers profitably employed at this time; and certainly it is not fair to base a tax upon what these people are able to pay and force into near bankruptcy ~~the average~~ many workers whose income has increased little if at all.

Bond sales are mounting

We could borrow all the money from the banks. Our credit is excellent. But for a variety of reasons, economic and social, this is also undesirable. One reason is that we would then sacrifice what we believe to be our greatest dam against inflation. Another is that this is a people's war, and the people should finance it. Our experience in the past has proved that the people want to finance it. The sales of savings bonds have mounted consistently since Pearl Harbor.

The redemption of bonds, about which there have been many rumors, has been relatively small. In March, because taxes had to be paid, redemptions were at a peak of $131 millions; but during this same month the sale of $954 million ~~dollars~~ in savings bonds established a record which has been surpassed in only three months since Pearl Harbor.

I am very anxious that the American people be given credit for their truly excellent participation to date, and that we attack this new campaign with the idea that the people will not let us down if we deal with them honestly and frankly -- if we tell them why we need the money, how much we need, and where we must get it.

People ask, "Where will the money come from? Where will we find the money to pay for such a costly war?" The answer is simple. We will have the income. When we produce munitions or peacetime goods or anything else, we likewise produce income. For every dollar of production, there is a dollar of income. This income may find its way into the hands of individuals, into corporation profits or reserves, or it may be turned over to the Government as taxes. The important thing to remember is that somebody gets a dollar of income for every dollar of goods produced. This point ought to be put across to the American people -- every dollar that is spent on war equipment finds its way to American business and the American worker.

The problems of war finance arise mainly with respect to the whereabouts of this income. If individuals and businesses receive more income after taxes than there are things produced for them to buy, then excess funds arise. At the same time, the Government will necessarily be receiving less in taxes than it is spending. It boils down to the fact that the Government deficit is matched by the combined surplus of everybody else.

How should we raise the $70 billions?

There are several ways to get the money we need. We can raise it through taxes. We can borrow it from the banks. And we can borrow it from the people.

Limitations of taxes

We are now getting more money through taxes than ever before - and it will be necessary, I have no doubt, to ask for still more. But we

Note to editors:

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MEMORANDUM TO EDITORS,
PUBLISHERS AND COMMENTATORS
FROM HENRY MORGENTHAU, JR.,
SECRETARY OF THE TREASURY

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On April 12th, at Carnegie Hall in New York City, I shall officially launch our Second War Loan drive.

I am taking this opportunity to give you some background. We are very anxious that you, and through you the American people, should understand the problems of war finance, and why it is that we want <u>them</u> to help finance the war.

There is no mystery about war finance. There are many problems, however, and it is difficult to explain some of them to the people.

<u>We need your help</u>

I feel strongly that we are going to have to find new ways of explaining the situation to the American people: and I hope that you who are closest to the people, and who spend your life explaining things to them, will turn your hand to seeing that this job is done.

<u>The job ahead</u>

During the calendar year 1943, the Treasury is going to spend about $100 billion ~~dollars~~. Present taxes will cover about $30 billion ~~dollars~~ of this, leaving about $70 billion ~~dollars~~ to be raised.

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H Morgenthau Jr.

You were one of the original thirteen colonies. You have been in every war this nation has ever fought and you have been in them all the way. Tonight this Second War Loan comes to you as one more opportunity to serve the nation you helped create. Generations of New Jersey men and women cry out through the 167 years of your great traditions and challenge you in this month of April, 1943, to match your heritage. I have confidence that New Jersey will come through.

France and Czechoslovakia -- to Greece and Albania and Yugoslavia -- to all the beaten and broken but unconquered countries. Yes, we propose to restore those lost liberties, and by doing so we will defend our own. We all know that our own freedom is in jeopardy whenever aggression and oppression exist in the world. Those twin curses of civilization we will stamp out this time once and for all.

I think I speak ~~to~~ your mind when I say that it will not be sufficient just to win this war. We must win not only this war but the peace that follows. I think I speak your mind and the mind of America when I say that this war must end with a just and enduring peace, that this nation and our allies must build a world of international peace and progress that will endure for generations. To this we dedicate ourselves tonight.

Men and women of New Jersey, throughout this war you have done a grand job. In every phase of war activity you have demonstrated your ~~faith~~ LOYALTY and ~~loyalty~~ FAITH in your Government and your willingness to work and sacrifice to preserve those things for which this America stands.

flow". Those words are true today of the war we are fighting to keep us a free people. Yes, it is with our BLOOD ~~sweat~~ and SWEAT ~~our blood~~ that we are FIGHTING ~~paying for~~ and FINANCING ~~fighting~~ this war, all of us. This isn't anybody else's war. This is our war. We are the people who would lose the most if this war were lost, and it's up to all of us, to you and to me, to see that it is fought through until it is won so completely that never again will our enemies dare risk the wrath and the power of a great free people.

In that purpose let us refresh our faith and strengthen our determination with the prophetic words of Thomas Jefferson:

"Even should the cloud of barbarism and despotism again obscure the science and liberties of Europe, this country remains to preserve and restore light and liberty to them."

In this year of 1943, true to Jefferson's prediction, we propose to restore the liberty which has been trampled and defiled and stolen from the lands of our ancestors, to bring freedom again to the people of Holland and Belgium -- Poland, Norway and Denmark -- to China and offered during this campaign. Most of you will be called upon by someone who will explain in fullest detail. But don't wait to be asked. Go to your Bank or your post office or your security dealer ~~tomorrow~~! I can assure you that there will be Bonds suitable for every type of investor. These Bonds are the best and safest investments in the world. They are backed by the faith and the resources of the United States. By investing your money in War Bonds, you are not only lending money your Government needs to finance this war, but you are making secure your own future. You are making savings that will increase in value regularly, that will always be available to you, that will serve as an ever-growing nest-egg for whatever rainy day may come after the war. The savings that you make today will help put your children through school, help build your new home, or start you out in a business for yourself.

Thomas Jefferson, in speaking about the Revolution which made this a free country and us a free people, said, "It is the people's sweat that is to earn all the expenses of war and their blood which is to

You are going to throw six billion dollars worth of monkey wrenches into the gear box of the German war machine.

You are going to sink the Japanese Navy under six billion dollars worth of salt water.

You are going to send your dollars to war.

You know that we are building and manning a Navy to sink our enemies' ships beneath all the seven seas. You know we are building and manning an air force to sweep the world's skies clear. You know that we are raising and equipping armies to crush the Nazis and the Japs in Africa, Europe, and Asia, or wherever we have to chase them. You want your dollars to get into this fight so that we can smash their war machines until there isn't enough left to sell for junk. You want your dollars to help crush our enemies so completely that they will never again dare to lift their hands against the free American people.

Well, here is your chance to get your dollars into the fight. I am not going to [redacted] describe the details of the various Bonds to be in the hundreds of contributions that have poured into the Treasury since Pearl Harbor. From all over this country and from people overseas we have received gifts running from ten cents up to six figures. Some people have apparently set for themselves a monthly quota and month after month send us one dollar, five dollars, fifty dollars, or hundreds of dollars.

Now with this thirteen-billion-dollar Second War Loan, we have still another opportunity to demonstrate our unity and our loyalty and to prove that democracy is effective in war. This is the biggest job of financing in the history of the world, but I know you are going to put it across. You are going to raise thirteen billion dollars in these next few weeks. You are going to do it because you want to do it and you know it needs to be done. More than that, you are going to enjoy raising this money for your Government.

You are going to give Il Duce one billion dollars worth of even worse headaches than he now has.

That is not the only time we have proved with our dollars our unity and loyalty.

We have proved it in the constantly increasing sale of our War Savings Bonds to the extent of 14-3/4 billions of dollars, paid by 50 million of our people since May 1, 1941.

We have proved it in the voluntary allotment by 26 millions of wage earners of nearly 9% of their earnings to the purchase of War Savings Bonds.

We have proved it by the way we have kept the Bonds we have bought. During the first three months of this year, when American citizens and American corporations were paying income and excess profits taxes of $5,418,000,000, you purchased $3,072,000,000 worth of War Savings Bonds. During this very same period, while such a large amount of taxes were being paid, there was redeemed only $248,000,000 worth of War Savings Bonds, less than 2 per cent of the total amount of War Savings Bonds now outstanding.

And even further evidence of our unity and loyalty can be found have built a navy to patrol the seven seas, and an air force to clear the skies.

And how are we financing this gigantic effort? In the way of democracy. By taxes we have levied upon ourselves. By our own money freely loaned to our Government. Taxes paid proudly -- without a gun at the head. War Bonds bought voluntarily -- without a bayonet at the throat. This is the war financing of a democracy -- the American people ungrudgingly, happily, proudly paying for the high privilege of being free -- of being Americans.

Just last month the American people gave overwhelming proof of this. They attested their faith and love of country by willingly and gladly pouring into their Federal Treasury the greatest flood of income taxes in the history of this or any other nation.

It was as if these millions of Americans were saying, "We're in this, too. This is our country and our war. Maybe we can't battle in the front line with the fighting men. But we want them to know that we can and do stand here shoulder to shoulder with them -- helping the best we can, serving with our hands and our hearts and our dollars."

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He would find a nation of free people planning their own plans, making up their own minds, taking their own decisions and putting them into effect by their own methods.

He would find us refuting the slave-world's sneering challenge that democracy is decadent, that democracy cannot and will not fight, that democracy cannot survive against their regimented world of so-called supermen.

He would see this nation proving to all the world that DEMOCRACY IS EFFECTIVE in war as in peace.

We have converted our resources to war production -- and by the methods of democracy we are producing, at the end of a little over a year, far more than our enemy is producing at the end of ten years, despite all his slave labor, and his confiscated factories.

By our democratic process we have raised and trained and equipped a great army and transported it to battle lines around the world. We

In his time there were rich and powerful individuals in America, who feared and distrusted the common people. They thought that the masses must be ruled and led by the classes. They did not believe that the people themselves could run a nation -- or win a war.

But it was the common people who fought and won the Revolution.

It was the common people who paid the price of freedom in their blood, and their sweat, and their tears.

Just as in this war it is the people -- the great American people, you and I and Joe Doakes and Josephine Doakes -- who are again paying the price of freedom with our blood and sweat and tears.

Yes, if he could come back today, Thomas Jefferson would find that the American people have justified his faith in them. He would find that a government of the people, by the people -- a government that rests upon the consent of the governed -- does work, and can meet the acid test of war.

He would find a nation grown great with the strength and the brains of the common people who came here from every corner of the shoulder to shoulder with Washington and Lincoln as one of the greatest Americans who ever lived.

He was not a soldier like Washington. He never fought in a battle. But as a civilian leader, he shaped the whole destiny of our country. For he wrote the charter of our democracy -- the Declaration of Independence.

In it he expressed his belief in the common people -- in the right of every person, rich or poor, high or low, to life, and liberty and the pursuit of happiness.

Jefferson believed in the people -- the common people of whom, years later, Lincoln said, "The Lord must love the common people -- he made so many of them."

He trusted these ordinary ~~mine-run~~ people of America. He had faith in their courage, their integrity and their judgment. He believed that if you gave them the facts they would act wisely.

He believed that they -- the people like you and me and Joe Doakes -- could do a better job of running their own lives and their own government than any self-appointed ruler, king or dictator.

We all know that dollars alone do not win wars. But we also know that wars today cannot be won without dollars -- without the guns, tanks, planes and ships that dollars can provide.

We cannot all wear our country's uniform, or fly bombers, or man tanks. But we all can help with the full strength of our hands, our heads, our hearts and our dollars.

By helping to make and helping to pay for the weapons of victory, every one of us can make a personal contribution, a personal sacrifice to match, at least in some small degree, the great sacrifices of our fighting men.

It is altogether fitting that the opening of this drive for funds to save our American democracy should coincide with the anniversary of the birth of the man who did more than any other to assure to us our democratic form of government.

Tomorrow marks the 200th anniversary of the birth of Thomas Jefferson, one of the greatest men of any age or any nation -- a man who stands

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 13, 1943.

Press Service
No. 36-9

delivery at

(The following address by Assistant Secretary of the Treasury John L. Sullivan at the War Finance Committee Victory Fund Rally at the Stanley Theatre, Jersey City, New Jersey, is scheduled for 8 p.m., Eastern ~~Standard~~ War Time, April 12, 1943.) ~~and is for release upon delivery at that time.)~~

Monday

Ladies and Gentlemen, I am sure that you must all appreciate how happy and how very proud I am to be here with you this evening.

~~I would like to express to you, Senator Barbour; to you, Mayor Hague, and to the Hudson County War Finance Committee, my gratitude for inviting me to be the Federal Treasury's spokesman at this meeting which marks the opening of our Nation's Second War Loan. I am happy and proud to be here.~~

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New Jersey is one of the world's great manufacturing areas which the heat of war has welded into a single great factory producing the munitions of victory. You are leaders in the battle of war production, and we confidently expect you to become leaders in this great financial offensive which opens tonight. Yes, that is exactly what this Second War Loan is -- a gigantic offensive -- a powerful, smashing attack against the enemy.

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You are going to give Il Duce one billion dollars worth of even worse headaches than he now has.

You are going to throw 6 billion dollars worth of monkey wrenches into the gear box of the German war machine.

You are going to sink the Japanese Navy under 6 billion dollars worth of salt water.

You are going to send your dollars to war.

You know that we are building and manning a Navy to sink our enemies' ships beneath all the seven seas. You know we are building and manning an air force to sweep the world's skies clear. You know that we are raising and equipping armies to crush the Nazis and the Japs in Africa, Europe, and Asia, or wherever we have to chase them. You want your dollars to get into this fight so that we can smash their war machines until there isn't enough left to sell for junk. You want your dollars to help crush our enemies so completely that they will never again dare to lift their hands against the free American people.

Well, here is your chance to get your dollars into the fight. I am not going to describe the details of the various Bonds to be offered during this campaign. Most of you will be called upon by someone who will explain in fullest detail. But don't wait to be asked. Go to your bank or your post office or your security dealer tomorrow! I can assure you that there will be Bonds suitable for every type of investor. These Bonds are the best and safest investments in the world. They are backed by the faith and the resources of the United States. By investing your money in War Bonds, you are not only lending money your Government needs to finance this war, but you are making secure your own future. You are making savings that will increase in value regularly, that will always be available to you, that will serve as an ever-growing nest-egg for whatever rainy day may come after the war. The savings that you make today will help put your children through school, help build your new home, or start you out in a business for yourself.

Thomas Jefferson, in speaking about the Revolution which made this a free country and us a free people, said, "It is the people's sweat that is to earn all the expenses of war and their blood which is to flow." Those words are true today of the war we are fighting to keep us a free people. Yes, it is with our blood and sweat that we are fighting and financing this war, all of us. This isn't anybody else's war. This is our war. We are the people who would lose the most if this war were lost, and it's up to all of us, to you and to me, to see that it is fought through until it is won so completely that never again will our enemies dare risk the wrath and the power of a great free people.

In that purpose let us refresh our faith and strengthen our determination with the prophetic words of Thomas Jefferson:

"Even should the cloud of barbarism and despotism again obscure the science and liberties of Europe, this country remains to preserve and restore light and liberty to them."

In this year of 1943, true to Jefferson's prediction, we propose to restore the liberty which has been trampled and defiled and stolen from the lands of our ancestors, to bring freedom again to the people of Holland and Belgium -- Poland, Norway and Denmark -- to China and France and Czechoslovakia -- to Greece and Albania and Yugoslavia -- to all the beaten and broken but unconquered countries. Yes, we propose to restore those lost liberties, and by doing so we will defend our own. We all know that our own freedom is in jeopardy whenever aggression and oppression exist in the world. Those twin curses of civilization we will stamp out this time once and for all.

I think I speak your mind when I say that it will not be sufficient just to win this war. We must win not only this war but the peace that follows. I think I speak your mind and the mind of America when I say that this war must end with a just and enduring peace, that this nation and our allies must build a world of international peace and progress that will endure for generations. To this we dedicate ourselves tonight.

Men and women of New Jersey, throughout this war you have done a grand job. In every phase of war activity you have demonstrated your loyalty and faith in your Government and your willingness to work and sacrifice to preserve those things for which this America stands.

You were one of the original thirteen colonies. You have been in every war this nation has ever fought and you have been in them all the way. Tonight this Second War Loan comes to you as one more opportunity to serve the nation you helped create. Generations of New Jersey men and women cry out through the 167 years of your great traditions and challenge you in this month of April, 1943, to match your heritage. I have confidence that New Jersey will come through.

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terse report, "Twelfth district reports 18,750 picked representatives of War Finance Committee in 1,550 communities are ready. These trained troops report preparations on the Western Front are about completed. The ammunition is ready. The big guns are loaded as the barrage awaits only the zero hour, Monday, April 12."

#

April 20, with special sales drive to furnish ammunition "that will make it his last".

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Tenth Federal Reserve District~~,~~—Colorado, Kansas, western ~~part of~~ Missouri, Nebraska, northern ~~part of~~ New Mexico, northwestern ~~part of~~ Oklahoma, Wyoming: 50,000 workers ready; kick-off breakfast meetings planned Monday, April 12, throughout 385 counties of district; 1,800 banks as well as other financial institutions are cooperating and urging their depositors to invest in War Bonds. Insurance companies lending hundreds of sales agents to volunteer sales force; constructed large thermometers throughout district and arranged special daily radio broadcast on percentage of quota attained; clergy to announce the Second War Loan from pulpits Sunday.

Eleventh Federal Reserve District~~,~~—Texas, southeastern Arizona, northern Louisiana, southern New Mexico and southeastern Oklahoma: "Remember Bataan" is the battlecry of the 20,000 volunteer salesmen and women; communities are ~~tying~~ incorporating into the drive special events such as purchase of fighting ships and bombers, ~~into the drive;~~ April 21 is San Jacinto Day and will be featured as "Texas Heroes' Day."

Twelfth Federal Reserve District~~,~~—Oregon, Utah, Washington, northwestern Arizona, California, Idaho and Nevada: From the district came this events include parades and other public meetings. Civilian Defense workers, civic organizations, women's clubs, religious groups and public-spirited citizens are assisting War Finance Committee ~~Victory Fund and War Savings Staff~~ workers in making the canvass the most thorough in history of the area.

Fourth Federal Reserve District,—Eastern Kentucky, Ohio, Western Pennsylvania, Northern West Virginia: 120,000 volunteer workers to spring to action Sunday to get jump on national drive. Parades and public meetings scheduled in large population centers.

Fifth Federal Reserve District,—District of Columbia, Maryland, North Carolina, South Carolina, Virginia and southern ~~part of~~ West Virginia: 50,000 ~~War Savings Staff and Victory Fund~~ workers have been welded into a fighting civilian organization by the War Finance Committee with the announced objective of canvassing every citizen. "The organization is being strengthened every day and enthusiasm is very high."

Sixth Federal Reserve District,—Alabama, Florida, Georgia, southern ~~part of~~ Louisiana, Southern ~~part of~~ Mississippi, eastern ~~part of~~ Tennessee. Many of the 40,000 volunteer salesmen and women have already made contacts and report favorable results. War Finance Committee ~~War Savings~~, civilian defense, commercial bankers, security dealers, civic clubs and independent citizens are cooperating.

Seventh Federal Reserve District,—Northern Illinois, northern Indiana, Iowa, southern Michigan and southern Wisconsin: More than 250,000 men and women volunteer workers mobilized. Chicago planning parade of Army, Navy, Red Cross and volunteer women's groups. Special dinners planned for Chicago and Indianapolis.

Eighth Federal Reserve District,—Arkansas, southern Illinois, southern Indiana, western Kentucky, northern Mississippi, eastern Missouri and western Tennessee: 29,000 workers ready; St. Louis to "celebrate" Hitler's birthday shelter and other necessities of life ~~[illegible]~~ ~~purchase of at least one~~ into extra War Bonds ~~every week above his regular payroll savings.~~

2. Canvass his neighbors to make sure they make an equal extra loan to the Government during the drive.

Here is a swift picture of the highlights of Second War Loan campaign plans:

First Federal Reserve District — Connecticut (excluding Fairfield County), Maine, Massachusetts, New Hampshire, Rhode Island and Vermont: 20,000 volunteers mobilized; campaign fervor at white heat with newspapers going all-out to stimulate feeling that people must back up boys at the front by lending their money to the Government; special emphasis is being placed upon observance of Patriot's Day, April 19, when Minute Men and ride of Paul Revere will be dramatized to give renewed impetus to the drive as it rolls on toward victory.

Second Federal Reserve District — New York, northern New Jersey and Fairfield County in Connecticut: 115,000 ~~100,000 War Savings Staff and 15,000 Victory Fund~~ War Finance Committee volunteer workers will launch drive with rallies in every region of the district; Secretary of the Treasury Henry Morgenthau, Jr., will launch the campaign from Carnegie Hall Monday night over a nation-wide radio network with Governor Thomas E. Dewey, President William Green of the American Federation of Labor, President Phillip Murray of the ~~C.I.O.~~ Congress of Industrial Organizations and other distinquished leaders participating. Efforts will be concentrated throughout the drive on obtaining loans from sources other than commercial banks. District has ~~have~~ set goal of $3,000,000,000, ~~for district~~ which "we are confident we will exceed."

Third Federal Reserve District — Eastern and Central Pennsylvania, Delaware and Southern New Jersey: Every county in district is fully organized and awaits the zero hour at midnight Sunday. Sales will be made at that moment in Philadelphia, Cradle of Liberty. ~~Over~~ More than 50,000 volunteers have answered the call. Special

Press Service 36-10

~~RELEASE NO. 329~~

For Release Morning Newspapers, D. S. OK
Sunday, April 11, 1943

~~FOR RELEASE SUNDAY, APRIL 11, 1943~~

War financing

~~Washington, D. C.~~ — The greatest ~~people's money lending~~ campaign in the world's history - $13,000,000,000 ~~billion dollars~~ to help clear the roads to Berlin, Rome and Tokio for American liberators - will get underway ~~Sunday night~~ tonight at midnight throughout America.

More than 1,000,000 volunteers, the largest civilian army ever assembled, await the zero hour, the Treasury Department announced today.

From New England, where a modern Paul Revere will ride once again the cobbled streets and spread the alarm, to California where the Second War Loan campaign commanders telegraphed the War Finance Committee of the Treasury that "preparations on the Western Front are complete, the ammunition is ready," everything was ~~in readiness~~ set for the gigantic home front offensive.

Reports from all of the 12 Federal Reserve Districts ~~under whose administration the Second War Loan drive is being conducted locally~~ revealed a feeling of confidence that the $620,000,000-a-day ~~in~~ sales of Government bonds - the pace necessary to reach the 13 billion dollar objective during the approximately three weeks of the drive — ~~from April 12 to May 1~~ will be achieved.

Government bonds to fit every purse will be offered. Victory Fund Committees and War Savings Staffs have merged their resources and manpower to make a thorough canvass of every community in the land.

The campaign theme, "They Give Their Lives — You Lend Your Money," runs through every preparation and will resound over the radio, in newspapers and from outdoor billboard displays in an unprecedented mobilization of American advertising resources.

The plain citizen whose son, brother and friends are being called upon to sacrifice their lives if need be for the defense of the Republic is being asked during the Second War Loan to:

1. Divert every cent that is not absolutely required for food,

TREASURY DEPARTMENT
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2. Canvass his neighbors to make sure they make an equal extra loan to the Government during the drive.

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radio, both individual stations and the networks, came the message of urgency and the story of the part the American people must play in the Second War Loan Drive.

Spread on thousands of billboards, on car cards, millions of posters and throughout the retail stores of the nation, was the ~~message~~ same story— "They give their lives. You lend your money" which is the theme of the ~~drive.~~ campaign.

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Highlighting the opening day's activities will be a radio message tonight from Secretary of the Treasury Morgenthau, speaking at a rally in Carnegie Hall. He will be joined in a program, the broadcast portion of which will begin at 9 p. m., Eastern War Time, by Governor Thomas E. Dewey of New York and President Philip Murray of the Congress of Industrial Organizations and President William Green of the American Federation of Labor.

S.P. 3671

~~Release No.330~~

~~For Release Monday A.M.newspapers~~

Washington, D.C.,Apr.12-In scores of communities throughout the nation, volunteer workers in the Treasury's Second War Loan drive "jumped the gun" on Bond sales and as early as a minute after midnight rang up the first purchases of the 13-billion-dollar quota set for the drive.

In the meantime on the opening day of the campaign the civilian army of more than a million ~~people,~~ men and women wheeled into action in ~~the~~ what officials of the drive said was "the greatest demonstration of unity and cooperation ever manifested in the history of the nation." ~~on the first day opening day of this, the greatest financing program in history.~~

Parades, rallies, demonstrations of all kinds were scheduled to feature the first day's promotion to bring home vividly to the American people the vital importance of the Treasury's war financing program which must proceed at a pace of hundreds of millions of dollars daily to reach the goal in the time set.

Insert A

~~According to preliminary reports from the various Federal Reserve districts it is expected that the first five billions of dollars which it is anticipated will come from banking sources, will be subscribed within the next few days.~~

The bulk of the financing, ~~however, some eight billions of dollars which~~ must come from non-banking sources, including the workers in plants, stores and offices in income brackets of from $1,000 to $5,000, officials said ~~is the main objective of the Bond salesmen who are canvassing the nation.~~

Backing up the point-of-sales efforts was the most widespread advertising and promotion campaign ever placed behind a single product, and from newspapers, both daily and weekly, from the

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, April 12, 1943

Press Service
No. 36-11

Washington, D. C., April 12 - In scores of communities throughout the nation, volunteer workers in the Treasury's Second War Loan drive "jumped the gun" on Bond sales and as early as a minute after midnight rang up the first purchases of the 13 billion dollar quota set for the drive.

In the meantime on the opening day of the campaign the civilian army of more than a million men and women wheeled into action in what officials of the drive said was "the greatest demonstration of unity and cooperation ever manifested in the history of the nation."

Parades, rallies, demonstrations of all kinds were scheduled to feature the first day's promotion to bring home vividly to the American people the vital importance of the Treasury's war financing program which must proceed at a pace of hundreds of millions of dollars daily to reach the goal in the time set.

Highlighting the opening day's activities will be a radio message tonight from Secretary of the Treasury Morgenthau, speaking at a rally in Carnegie Hall. He will be joined in a program, the broadcast portion of which will begin at 9 p. m., Eastern War Time, by Governor Thomas E. Dewey of New York and President Philip Murray of the Congress of Industrial Organizations and President William Green of the American Federation of Labor.

The bulk of the financing must come from non-banking sources, including the workers in plants, stores and offices in income brackets of from $1,000 to $5,000, officials said.

Backing up the point-of-sales efforts was the most widespread advertising and promotion campaign ever placed behind a single product, and from newspapers, both daily and weekly, from the radio, both individual stations and the networks, came the message of urgency and the story of the part the American people must play in the Second War Loan Drive.

Spread on thousands of billboards, on car cards, millions of posters and throughout the retail stores of the nation, was the same story - "They give their lives - You lend your money," which is the theme of the campaign.

-oOo-

Radio stations in every section of the land went on the air at midnight and early today with the War Loan story and planned to devote every minute of the day in promoting and selling the series of government bonds being offered by the Treasury.

From New York City, Boston, Philadelphia, Atlantic, Chicagoo Kansas City, Cleveland and St. Louis where the first reports originated, a similar story hummed over the wires by telegraph and telephone to the Treasury.

"Public response tremendous." "Going like hot cakes in New York." "One $25,000,000 subscription from ~~the Penn Mutual Life Insurance Company in~~ Philadelphia." "Response is broad in New England. Everybody buying bonds." "House to house [redacted] canvass covering Chicago"

First tabulations were promised for tonight by the Federal Reserve District chairmen of the War Finance Committee with every expectation that the Second War Loan drive was off to a flying start toward the $ 13 000,000,000 ~~billion dollar~~ goal.

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SPECIAL—RUSH

Defense Savings Staff
Newspaper release

Attached ______________________

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For release to: ______________________

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Approved ______________ VINCENT F. CALLAHAN Time ________ Date ________

______________ EUGENE W. SLOAN

______________ FERDINAND KUHN, JR.

______________ HAROLD N. GRAVES Time ________ Date ________

OK
D.S.

~~RELEASE NO. 331~~

~~FOR IMMEDIATE RELEASE~~

April 12, 1943

~~WASHINGTON, D.~~ C. -- Reports flooding into the Treasury Department today, a few hours after the opening of the Second War Loan campaign to raise $13,000,000,000 ~~billion dollars~~ for war financing, indicated that the public response is ~~was~~ "tremendous."

Banks, insurance companies and investors of all classes were purchasing government bonds at a first day pace, officials said, which was greater than that achieved during the opening phase of the First War Loan drive for $9,000,000,000 ~~billion dollars~~ last December.

From coast to coast today every reader of a newspaper or listener to a radio station was impressed with the necessity for pouring an additional $13,000,000,000 ~~13 additional billion dollars~~ into the fight against the Axis.

Every line of retail advertising in hundreds of newspapers was devoted exclusively toward selling Government ~~vernment~~ bonds. Normal store advertising was abandoned for the ~~that~~ day as merchants went all-out in merchandising the greatest bargain of all time - defeat of the liberty-oppressing ~~[illegible]~~ Axis.

The advertising display devoted to the drive ran into millions of lines.

36-12

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, April 12, 1943.

Press Service
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First tabulations were promised for tonight by the Federal Reserve District chairmen of the War Finance Committee with every expectation that the Second War Loan drive was off to a flying start toward the $13,000,000,000 goal.

-oOo-

The Committee will review the inspectors' recommendations according to definite standards, including a determination of the plants' production against total possible maximum; its safety record and precautionary equipment and program; its absentee record, employee morale and numerous other factors.

"Only those plants passing an exceedingly rigid and careful check of the record will be voted on," said Mr. Mack. "Even then, a unanimous decision of the Committee will be necessary before the Procurement Division will indorse the plant to the Army-Navy Production Standards Board, where final approval must be given."

Procurement Division contractors are located in every section of the United States and are engaged in the manufacture of more than fifty thousand separate articles being procured under the Lend Lease Program.

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C.P.Q.

Treasury Department
Washington

For Release Morning Newspapers
Tuesday, April 13, 1943

~~FOR IMMEDIATE RELEASE, ALL EDITIONS~~

Press Service
No. 36-13

Completion of an arrangment whereby the Procurement Division of the Treasury will nominate war plants to receive the coveted Army-Navy "E" award was announced today.

Clifton E. Mack, Director of Procurement, said that Army and Navy officials henceforth will consider awarding the famous emblem of production excellence to eligible contractors recommended by the Procurement Division.

Mr. Mack revealed that the Division will examine "the cream" of approximately seven thousand firms, large and small, whose production includes manufacture of the "non dramatic" articles of war, such as hand tools, agricultural implements, trucks, miscellaneous articles and metals supplied to foreign nations under the Lend Lease Program.

"The philosophy of the plan is that thousands more manufacturing concerns of all sizes, whose splendid production records may heretofore have not been closely examined, will now gain a better opportunity to shoot for the country's highest production achievement," said Mr. Mack.

Under the plan, Procurement Division field inspectors will initiate recommendations from "on the spot" observation of plants making war goods. These will be forwarded to the Procurement Division "only after the most stringent and rigid examination of applicable plant factors."

Upon receipt in Washington, the recommendations will be reviewed by a committee of Division specialists whose activities cover the entire range of government wartime procurement. The Committee:

Chairman: J.L. Loeb, Consultant To The Director, specializing in expediting and transportation problems.

R.J. Widmann, Special Assistant, handling priorities and inspection problems.

C.C. Heltman, Jr., Chief of the Division's Inspection operations.

J.W. Flatley, Chief of the Purchase & Contract Branch

Major F.X.A. Eble, Treasury Liaison Officer to the Army-Navy Production Standards Board.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 13, 1943.
4-12-43

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The attached tables summarize the tentative financing program and the sources of funds for the calendar year 1943.

Table A. shows the estimated production for the country during the years 1941, 1942, and 1943. Table B. ~~shows~~ analyzes the estimated uses of the income generated by this production. Table C. shows the uses of personal savings.

Table 1. ~~shows~~ outlines the estimated sources of funds for Treasury borrowing from July 1941 through December 1942 by investor groups. Table 2 shows the estimated sources of funds for the calendar year 1943 under a series of tentative schedules to increase the participation of non-banking investors during the year. Table 3 ~~shows~~ analyzes the distribution of personal incomes by size classes.

All of the figures shown in these tables are, of course, estimates, The figures for 1943 are naturally subject to a wider margin of error than the estimates ~~reflecting the actual~~ situation in the past. ~~As a result, the figures in these tables are all~~ and are subject to change from time to time. The tentative financing program ~~for 1943 is naturally not a~~ for obvious reasons cannot be a hard and fast plan, ~~at this time,~~ but is illustrat~~es~~ive ~~the financing~~ ~~how~~ of how ~~program which~~ the Treasury ~~is undertaking~~ ~~planning for the year~~ views the situation at this time.

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Table A
Production of Goods and Services, Calendar Years 1941-1943
by 6-month Periods

(Annual rates - in billions of dollars)

	1941		1942		1943		
	First half	Second half	First half	Second half	First half	Second half	Full year
	(........In current prices........)				(.In January 1943 prices.)		
War 1/	8	15	35	63	84	96	90
Federal Government (except war) 1/	6	5	5	5	5	5	5
State and local Governments 1/	8	8	8	8	7	7	7
Private capital goods:							
Purchased by business	15	17	11	2	0	-1 3/	-1 3/
Purchased by consumers 2/	2	3	2	1	1	1	1
Total	17	20	13	3	1	0	0
Consumers' goods and services 2/	74	78	81	83	76	69	73
Gross national product	113	126	142	162	173	177	175

Office of the Secretary of the Treasury, Division of Research and Statistics. March 1, 1943.

1/ Excludes Government expenditures not constituting a drain on gross national product.
2/ Total consumer spendings consist of purchases of (1) private capital goods and (2) consumers' goods and services.
3/ Represents excess of liquidation of inventories (net) over expenditures for plant and equipment, etc.

Table B

Uses of Funds Generated by Production, Calendar Years 1941-1943
by 6-month Periods

(Annual rates - in billions of dollars)

	1941		1942		1943		
	First half	Second half	First half	Second half	First half	Second half	Full year
	(........ In current prices			........)	(..In January 1943 prices.)		
Personal savings: ordinary savings and pressure funds	6	12	19	31	38	52	45
Social Security accumulations, etc.	1	2	2	3	3	3	3
Business accumulations	-1	-1	3	19	19	20	20
Federal taxes paid 1/	8	7	16	15	29	26	27
State and local taxes paid 1/	8	8	8	8	7	7	7
Spent for private capital goods:							
By business	15	17	11	2	0	-1 3/	-1 3/
By private persons 2/	2	3	2	1	1	1	1
Total	17	20	13	3	1	0	0
Spent for consumers' goods and services 2/	74	78	81	83	76	69	73
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1/ Adjusted for transfer of purchasing power through pensions, relief, etc.

2/ Total consumer spendings consist of purchases of (1) private capital goods and (2) consumers' goods and services.

3/ Represents excess of liquidation of inventories (net) over expenditures for plant and equipment, etc.

Table C

Uses of Personal Savings, Calendar Years 1941-1943
by 6-month Periods

(Annual rates - in billions of dollars)

	1941		1942		1943		
	First half	Second half	First half	Second half	First half	Second half	Full year
	(........In current prices			........)	(.In January 1943 prices.)		
Private insurance	2.0	2.1	2.2	2.4	2.4	2.6	2.5
Mutual savings bank deposits	-.2	-.3	-.5	.6	1.2	1.8	1.5
Debt repayment	-2.6	-.7	2.8	2.8	2.8	2.6	2.7
Investment in Federal securities	1.6	5.0	8.8	11.6	(		
					(31.2	45.0	38.1
Currency and commercial bank deposits, etc. 1/ .	4.8	6.1	6.1	13.2	(		
Total	5.6	12.2	19.4	30.6	37.6	52.0	44.8

Office of the Secretary of the Treasury, Division of Research and Statistics. March 1, 1943.

1/ Includes minor amounts of non-Federal securities and savings and loan association shares.

Table 1: Recent Experience

Comparison by Investor Groups of Current Savings and Accumulations Received and Federal Securities Absorbed, By Semi-annual Periods, July 1941 - December 1942

(In billions of dollars)

Source of funds and investor group	July - December 1941			January - June 1942			July - December 1942		
	Savings received	Securities absorbed	Percent	Savings received	Securities absorbed	Percent	Savings received	Securities absorbed	Percent
A. Nonbanking sources:									
1. Personal savings:									
a. Insurance companies..	1.1	1.0		1.1	.9		1.2	2.1	
b. Mutual savings banks.	-.2	.3		-.3	.2		.3	.7	
c. Recipients of debt repayment...........	-.4	-		1.4	-		1.4	-	
d. Individuals 1/.......	5.6	2.5	45%	7.5	4.4	59%	12.4	5.8	47%
e. Total................	6.1	3.8		9.7	5.5		15.3	8.6	
2. Corporate accumulations:									
a. Corporations 2/......	-.7	2.4	-	1.9	1.0	53%	9.5	6.8	72%
3. Accumulations in Governmental funds:									
a. Federal 3/...........	1.0	1.0		1.0	1.1		1.3	1.6	
b. State and local 4/...	.2	.1		.1	.1		-	.2	
c. Total................	1.2	1.1		1.1	1.2		1.3	1.8	
4. Total for nonbanking sources................	6.6	7.3		12.7	7.7		26.1	17.2	
B. Banking sources..........		1.7			5.0			17.9	
C. Total borrowing..........		9.0			12.7			35.1	

Office of the Secretary of the Treasury, Division of Research and Statistics. March 1, 1943.

1/ Individuals, partnerships and personal trust accounts.
2/ Corporations other than banks and insurance companies.
3/ Federal agencies and trust funds.
4/ State and local Governments, their agencies, sinking and trust funds.

Table 2: Tentative Schedule for 1943

Comparison by Investor Groups of Current Savings and Accumulations Received and Federal Securities Absorbed, By Four-Month Periods, Calendar Year 1943

(In billions of dollars)

Source of funds and investor group	January-April			May-August			September-December			Total for year		
	Savings received	Securities absorbed	Percent	Savings received	Securities absorbed	Percent	Savings received	Securities absorbed	Percent	Savings received	Securities absorbed	Percent
A. Nonbanking sources:												
1. Personal savings:												
a. Insurance companies..	.8	1.1		.8	1.1		.9	1.1		2.5	3.3	
b. Mutual savings banks.	.4	.5		.4	.5		.7	.8		1.5	1.8	
c. Recipients of debt repayment...........	1.1	-		1.0	-		.6	-		2.7	-	
d. Individuals 1/.......	9.6	5.3	55%	14.7	9.6	65%	13.8	10.4	75%	38.1	25.3	66%
e. Total................	11.9	6.9		16.9	11.2		16.0	12.3		44.8	30.4	
2. Corporate accumulations:												
a. Recipients of debt repayment...........	.6	-		1.0	-		1.3	-		2.9	-	
b. Corporations 2/......	5.6	4.2	75%	5.6	4.5	80%	5.2	4.4	85%	16.4	13.1	80%
c. Total................	6.2	4.2		6.6	4.5		6.5	4.4		19.3	13.1	
3. Accumulations in Governmental funds:												
a. Federal 3/...........	.6	1.0		1.3	1.5		1.2	1.4		3.1	3.9	
b. State and local 4/...	-	.2		-	.1		-	.2		-	.5	
c. Total................	.6	1.2		1.3	1.6		1.2	1.6		3.1	4.4	
4. Total for nonbanking sources................	18.7	12.3		24.8	17.3		23.7	18.3		67.2	47.9	
B. Banking sources...........		8.9			8.5			5.4			22.8	
C. Total borrowing...........		21.2			25.8			23.7			70.7	

Office of the Secretary of the Treasury, Division of Research and Statistics. March 1, 1943.

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PRELIMINARY

Table 3

Analysis of Personal Incomes by Size Classes

Calendar Year 1943

	Total	Distribution by net income groups				
		0- $1,000	$1,000- 3,000	$3,000- 5,000	$ 5,000- 10,000	$10,000 and over
I. Number of income recipients 1/						
Millions of persons	63	19.6	37.1	5.2	1.1	.4
II. Dollar figures, in January 1943 prices (in billions)						
Gross incomes (total income payments) .	132	14.9	72.7	23.3	8.9	12.4
Less: Personal taxes 2/	13	.6	4.8	2.3	1.4	4.2
Equals disposable incomes	119	14.4	67.9	21.0	7.5	8.2
Less: Consumer spendings	74 3/					
Equals personal savings	45 3/					

Office of the Secretary of the Treasury, Division of Research and Statistics. March 1, 1943.

Note: Figures are rounded and do not necessarily add to totals.
1/ Excluding individuals under 18 required to report incomes as part of their parents' returns.
2/ State and local as well as Federal.
3/ Distribution by income groups not estimated.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS
Tuesday, April 13, 1943.

Press Service
36-14

The Secretary of the Treasury announced last evening that the tenders for $800,000,000 or thereabouts, of 91-day Treasury bills to be dated April 14 and to mature July 14, 1943, which were offered on April 9, 1943, were opened at the Federal Reserve Banks on April 12.

The details of this issue are as follows:

Total applied for - $1,359,630,000
Total accepted - 803,925,000

Range of accepted bids: (Excepting one tender of $10,000)

High	- 99.925	Equivalent rate of discount approx. 0.297% per annum
Low	- 99.905	" " " " " 0.376% " "
Average price	- 99.906	" " " " " 0.373% " "

(43 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 53,015,000	$ 43,254,000
New York	835,344,000	431,703,000
Philadelphia	60,960,000	43,484,000
Cleveland	35,797,000	32,881,000
Richmond	24,760,000	23,968,000
Atlanta	9,555,000	7,785,000
Chicago	202,731,000	125,270,000
St. Louis	65,385,000	31,658,000
Minneapolis	7,895,000	7,465,000
Kansas City	22,856,000	16,301,000
Dallas	10,007,000	8,945,000
San Francisco	31,325,000	31,211,000
TOTAL	$1,359,630,000	$803,925,000

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Washington

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Tuesday, April 13, 1943.
4-12-43

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Richmond	24,760,000	23,968,000
Atlanta	9,555,000	7,785,000
Chicago	202,731,000	125,270,000
St. Louis	65,385,000	31,658,000
Minneapolis	7,895,000	7,465,000
Kansas City	22,856,000	16,301,000
Dallas	10,007,000	8,945,000
San Francisco	31,325,000	31,211,000
TOTAL	$1,359,630,000	$803,925,000

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For Immediate Release Wed, Apr. 14, 1943

no 36-15

Secretary Morgenthau announced today that George Wanders, financial commentator of the New York Herald Tribune, has joined the Treasury for the period of the Second War Loan drive. He will coordinate publicity activities of the drive. Mr. Wanders, on leave of absence from his newspaper, also aided the Treasury as a special consultant during the First War Loan drive last December.

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TREASURY DEPARTMENT
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FOR IMMEDIATE RELEASE,
Wednesday, April 14, 1943.

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COTTON CARD STRIPS,2/ COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent2/ of the quotas shall be filled by cotton wastes other than card strips/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 April 3, 1943	ESTABLISHED 33-1/3% of Total Quota	Imports Sept. 21, 1942, to April 3, 1943. 1/
United Kingdom......	4,323,457	-	1,441,152	-
Canada..............	239,690	86,495	-	-
France..............	227,420	-	75,807	-
British India.......	69,627	61,823	-	-
Netherlands.........	68,240	-	22,747	-
Switzerland.........	44,388	-	14,796	-
Belguim.............	38,559	-	12,853	-
Japan...............	341,535	-	-	-
China...............	17,322	-	-	-
Egypt...............	8,135	-	-	-
Cuba................	6,544	-	-	-
Germany.............	76,329	-	25,443	-
Italy...............	21,263	-	7,088	-
TOTALS	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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FOR IMMEDIATE RELEASE,
April 13, 1943.

36-16

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to April 3, 1943.

COTTON HAVING A STAPLE OF LESS THAN 1-11/16 INCHES (OTHER THAN HARSH OR ROUGH COTTON OF LESS THAN 3/4 INCH IN STAPLE LENGTH AND CHIEFLY USED IN THE MANUFACTURE OF BLANKETS AND BLANKETING, AND OTHER THAN LINTERS). Annual quotas commencing September 20, by Countries of Origin:

(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to April 3, 1943	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to April 3, 1943
Egypt and the Anglo-Egyptian Sudan	783,816	-		41,182,756
Peru	247,952	247,952		972,868
British India	2,003,483	-		-
China	1,370,791	-		-
Mexico	8,883,259	8,883,259		-
Brazil	618,723	618,723		-
Union of Soviet Socialist Republics	475,124	-		-
Argentina	5,203	-		-
Haiti	237	237		-
Ecuador	9,333	9,263		-
Honduras	752	-		-
Paraguay	871	-		-
Colombia	124	-		-
Iraq	195	-		-
British East Africa	2,240	-		-
Netherlands East Indies	71,388	-		-
Barbados	-	-		
Other British West Indies 1/	21,321	-		-
Nigeria	5,377	-		-
Other British West Africa 2/	16,004	-		-
Other French Africa 3/	689	-		-
Algeria and Tunisia	-	-		-
	14,516,882	9,759,434	45,656,420	42,155,624

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 14, 1943.

Press Service
No. 36-16

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to April 3, 1943.

COTTON HAVING A STAPLE OF LESS THAN 1-11/16 INCHES (OTHER THAN HARSH OR ROUGH COTTON OF LESS THAN 3/4 INCH IN STAPLE LENGTH AND CHIEFLY USED IN THE MANUFACTURE OF BLANKETS AND BLANKETING, AND OTHER THAN LINTERS). Annual quotas commencing September 20, by Countries of Origin:

(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to April 3, 1943	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to April 3, 1943.
Egypt and the Anglo-Egyptian Sudan.........	783,816	-		41,182,756
Peru....................	247,952	247,952		972,868
British India...........	2,003,483	-		-
China...................	1,370,791	-		-
Mexico..................	8,883,259	8,883,259		-
Brazil..................	618,723	618,723		-
Union of Soviet Socialist Republics...	475,124	-		-
Argentina...............	5,203	-		-
Haiti...................	237	237		-
Ecuador.................	9,333	9,263		-
Honduras................	752	-		-
Paraguay................	871	-		-
Colombia................	124	-		-
Iraq....................	195	-		-
British East Africa.....	2,240	-		-
Netherlands East Indies.	71,388	-		-
Barbados................	-	-		-
Other British West Indies 1/	21,321	-		-
Nigeria.................	5,377	-		-
Other British West Africa 2/	16,004	-		-
Other French Africa 3/.	689	-		-
Algeria and Tunisia.....	-	-		-
	14,516,882	9,759,434	45,656,420	42,155,624

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

COTTON CARD STRIPS, 2/ COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than card strips 2/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 April 3, 1943	ESTABLISHED 33-1/3% of Total Quota	Imports Sept. 21, 1942, to April 3, 1943. 1/
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.............	239,690	86,495	-	-
France.............	227,420	-	75,807	-
British India......	69,627	61,823	-	-
Netherlands........	68,240	-	22,747	-
Switzerland........	44,388	-	14,796	-
Belgium............	38,559	-	12,853	-
Japan..............	341,535	-	-	-
China..............	17,322	-	-	-
Egypt..............	8,135	-	-	-
Cuba...............	6,544	-	-	-
Germany............	76,329	-	25,443	-
Italy..............	21,263	-	7,088	-
	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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36-17

FOR IMMEDIATE RELEASE,
April 13, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	April 3, 1943	296,539,950
Colombia	735,840,277	"	259,279,054
Costa Rica	46,718,031	"	12,160,331
Cuba	18,692,451	"	8,895,667
Dominican Republic	25,752,947	"	15,728,794
Ecuador	35,041,235	"	13,669,493
El Salvador	140,776,585	"	51,319,168
Guatemala	124,978,598	"	42,528,197
Haiti	64,236,136	"	47,177,355
Honduras	4,278,467	"	1,576,010
Mexico	111,292,661	"	34,648,461
Nicaragua	45,818,819	"	8,862,956
Peru	5,839,588	"	162
Venezuela	90,021,490	"	37,728,611
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	23,154,839

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 14, 1943.

Press Service
No. 36-17

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption	
		As of (Date)	(Pounds)
Signatory Countries:			
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Colombia	735,840,277	"	259,279,054
Costa Rica	46,718,031	"	12,160,331
Cuba	18,692,451	"	8,895,667
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Guatemala	124,978,598	"	42,528,197
Haiti	64,236,136	"	47,177,355
Honduras	4,278,467	"	1,576,010
Mexico	111,292,661	"	34,648,461
Nicaragua	45,818,819	"	8,862,956
Peru	5,839,588	"	162
Venezuela	90,021,490	"	37,728,611
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	23,154,839

1/ Quotas revised as of March 5, 1943.

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36-18

FOR IMMEDIATE RELEASE,
April 13, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the twelve months commencing May 29, 1942, as follows:

Country of Origin	WHEAT: Established Quota (Bushels)	WHEAT: Imports May 29, 1942, to April 3, 1943 (Bushels)	Wheat, wheat flour, semolina, crushed or cracked wheat and similar wheat products: Established Quota (Pounds)	Wheat, wheat flour, semolina, crushed or cracked wheat and similar wheat products: Imports May 29, 1942, April 3, 1943. (Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	44
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,044

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 14, 1943.

Press Service
No. 36-18

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the twelve months commencing May 29, 1942, as follows:

Country of Origin	WHEAT		Wheat, wheat flour, semolina, crushed or cracked wheat and similar wheat products	
	Established Quota (Bushels)	Imports May 29, 1942, to April 3, 1943 (Bushels)	Established Quota (Pounds)	Imports May 29, 1942, April 3, 1943. (Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	44
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,044

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Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of April 3, 1943.
Silver or black foxes, furs, and articles: Foxes valued under $250 ea. and whole furs and skins	Month of March Canada	17,500	Number	7,992
	Other than Canada	7,500	Number	5,284
Tails	12 months from Dec. 1, 1942	5,000	Piece	462
Paws, head, or other separated parts	12 months from Dec. 1, 1942	500	Pounds	500
Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	27

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36-19

FOR IMMEDIATE RELEASE,
April 13, 1943.

The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to April 3, 1943, inclusive, as follows:

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of April 3, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	1,306
Cream, fresh or sour	Calendar year	1,500,000	Gallon	146
Fish, fresh or frozen filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	2,179,054
White or Irish potatoes certified seed	12 months from Sept. 15, 1942	90,000,000	Pound	56,962,979
Other	12 months from Sept. 15	60,000,000	Pound	583,420
Red cedar shingles	Calendar year	2,506,072	Square	376,132
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	12,900,336
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	35,473

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 14, 1943.

Press Service
No. 36-19

The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to April 3, 1943, inclusive, as follows:

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of April 3, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	1,306
Cream, fresh or sour	Calendar year	1,500,000	Gallon	146
Fish, fresh or frozen filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	2,179,054
White or Irish potatoes	12 months from Sept. 15, 1942			
certified seed	12 months from	90,000,000	Pound	56,962,979
Other	Sept. 15	60,000,000	Pound	583,420
Red cedar shingles	Calendar year	2,506,072	Square	376,132
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	12,900,336
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	35,473

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of April 3, 1943.
Silver or black foxes, furs, and articles: Foxes valued under $250 ea. and whole furs and skins	Month of March Canada	17,500	Number	7,992
	Other than Canada	7,500	Number	5,284
Tails	12 months from Dec. 1, 1942	5,000	Piece	462
Paws, head, or other separated parts	12 months from Dec. 1, 1942	500	Pounds	500
Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	27

-o0o-functions. Where there is a scarcity of goods and an increasing demand for those same goods, naturally prices will rise. We have today a situation involving increased demand for many things which are scarce, and that increased demand is propelled by people who are experiencing individual prosperity. Many of the things they are trying to purchase are not absolutely essential, and by purchasing them at this time they create shortages and deprive others who have more urgent need for the same things. This is a simple thought but carried to its ultimate conclusion it is one that can create hysteria and a resultant loss to everyone. Due to the regular employment, a higher wage scale in war industries and tremendous industrial activity, we have today an ever-increasing amount of cash in the hands and pocketbooks of an ever-increasing number of wage earners. Use of this abundance of excess cash threatens our whole economy. If we are to perpetuate that economy, ~~and by and large it has been satisfactory to date, then we should refrain from spending until after the war.~~ then we should refrain from excessive spending until after the war.

With more and more going into War Bonds it means that during the war our Government will have an enormous purchasing power and after the war our citizenry will have an enormous purchasing power. Both make sense.

I am delighted to have had the opportunity to meet with you gentlemen, and pleased to congratulate General Reckord for his personal interest in this program and you gentlemen for your individual achievement in connection with it.

started last April, the War Department estimated that approximately a million subscriptions would be received by the end of the year. You know what happened. Because of the enthusiasm of War Bond Officers like yourselves and the eagerness of thrifty civilians and soldiers, over four million subscriptions were received in eight months. I understand that the figures approximate five million subscriptions at this time.

However, let me assure you of one thing, the money received from subscribers was always safe and secure. Those funds are still safe and secure and properly credited to the accounts of military and civilian subscribers who have not yet received bonds paid for prior to last December 31st. Moreover, they will not lose the benefit of the increment in the value of the bonds because they will be dated as of the month in which they were paid for regardless of the date of delivery. Ultimately all bonds will be delivered and I sincerely hope their owners will hold them until maturity.

Before concluding these remarks, let me say a brief word about the domestic economy and how important it is that each citizen realize the significance of the part he takes in our great war bond program. Much has been written about inflation tendencies that accompany wars. We have all seen articles referring to those things that contribute toward creating inflation, and we all realize that only through concerted effort can these inflationary tendencies be reduced. It is just a simple thought to say that the law of supply and demand still street cars, busses and subways will help us to attract attention to this job and create interest. There is now in the hands of every committee-publicity-man for the Second War Bond Drive, a publicity kit setting out day by day promotion ideas; and, in addition, special data was compiled for the use of publishers throughout the Nation. Promotion is being carried on in some 3,000 company publications, college magazines and in the local press, also in foreign language newspapers, negro press, and farm papers. We feel confident that our objective will be accomplished in the three weeks allotted. But, from your point of view, the impetus created by this National Campaign should make your task an easier one. I'm sure you know how to take advantage of this momentum.

I know that due to non-delivery of fully paid-for bonds, you have had an uphill fight. Naturally, people deserve to get what they pay for, when they pay for it. I also know that the machinery for solving prompt delivery has been set up by the War Department, and you should not be concerned with this in the future. Delivery to your civilian associates is being made through local issuing agents; the military personnel is being serviced directly from the new Class B Allotment station at Chicago. I am informed that the War Department's Chicago Bond Office is prepared to deliver the bonds within two weeks after they have been fully paid for. The Treasury Department was always concerned with the problems that confronted the War Bond Division at Washington in connection with the overwhelming success of the Pay Reservation Plan. After all, when the Pay Reservation campaign about 24 billion dollars - not for the whole War Program, but solely to cover estimated expenditures ~~help defray expenses~~ of the Navy during the coming fiscal year. That simple thought should enable us to understand the magnitude of the present job and the task we have ahead. Our expenses include some of the needs of our Allies. This time our armed forces are scattered in approximately 50 different points throughout the world. The Navy in conjunction with the Coast Guard touches practically every point in the world. That far-flung military machine is so placed for good and sound tactical reasons, and it costs money to maintain it.

In order to consummate this, the greatest financial undertaking in the history of the world, we have planned every approach down to the smallest groups of prospects in the smallest hamlets in the land. The press and radio have been lined up to publicize the program and its importance in the war effort. Geographical committees in the States, counties, cities and villages have been established. Organizations such as the Boy Scouts, churches, retail department stores, sales organizations of life insurance and banking outfits, moving picture theaters and other organization groups that come in contact with the earning public are all one in helping to put over the campaign. We have much faith in advertising and it is expected that the advertising industry will erect 10,000 panels, while 2,000,000 posters have been distributed for use in stores and other bond sales points. Window displays will play their part. One hundred million cards for conscientiously with their hands, but also want to share with their savings? Is it because you gentlemen have been more convincing and realize that aggressive individual effort makes for concerted accomplishment?

Very likely all these have played important parts. No one reason can be safely regarded as the answer to what has been accomplished with the War Bond Program in this Service Command or in the Army as a whole. However, one thing is certain, you have gotten off to a good start. The importance of your continuing to educate all about you in the merits of purchasing War Bonds sytematically and regularly is vital.

About 26 million citizens are now buying War Bonds through the pay-roll plan. We in the Treasury Department realize we must see that these millions continue their regular savings without interruption, and furthermore that other millions join them.

On Monday, the Treasury Department opened its 13-Billion-Dollar Second War Loan Campaign. We expect this drive to be oversubscribed in three weeks and eight billion dollars of it taken by individuals. The balance has been allocated to financial institutions. Now what is the significance of a thirteen-billion-dollar selling job? Well, during the last World War the total amount of Liberty Bonds and Victory Notes sold by the Treasury was a little more than 24 billion. That's a big figure in any man's language. But just a few days ago, President Roosevelt asked the Congress to appropriate

General Reckord, honored guests, and War Bond Officers of the Third Service Command:

I am very happy to be present on the occasion of the first anniversary of the War Department's War Bond Program, and to have this opportunity to ~~personally address~~ meet with you gentlemen who are representative of the whole Army's War Bond organization.

I understand your own organization includes more installations that have earned and received the President's Interdepartmental War Savings Bond Committee's honor list certificate and Minute Man Flag than any other Service Command in the Army. It has been reported to me that your civilian war workers are saving over $1,250,000 each month through the Pay Reservation Plan. While participation figures on the military are not available, I am told that over thirty million dollars each month - that's a million dollars every day - is being subscribed by combined military and civilian personnel of the War Department. The aggregate of subscriptions for War Bonds from among Army personnel is almost three times that of any other single group. That's an example for the Nation.

Now why should the Army set such an example? Is it because soldiers and civilians on the War Department pay roll are quicker to appreciate the advisability of reserving part of their present income for future use? Is it because they are more patriotic than other groups? Is it because they are not only willing to work

36-20

TREASURY DEPARTMENT
Washington

(The following address by Assistant Secretary of the Treasury John L. Sullivan at the meeting of War Bond Officers of the Army's Third Service Command, in the Emerson Hotel, Baltimore, Maryland, is scheduled for delivery at 2 p.m., Eastern War Time, Thursday, April 15, 1943, and is for release at that time.)

General Reckord, honored guests, and War Bond Officers of the Third Service Command:

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Now why should the Army set such an example? Is it because soldiers and civilians on the War Department pay roll are quicker to appreciate the advisability of reserving part of their present income for future use? Is it because they are more patriotic than other groups? Is it because they are not only willing to work conscientiously with their hands, but also want to share with their savings? Is it because you gentlemen have been more convincing and realize that aggressive individual effort makes for concerted accomplishment?

Very likely all these have played important parts. No one reason can be safely regarded as the answer to what has been accomplished with the War Bond Program in this Service Command or in the Army as a whole. However, one thing is certain, you have gotten off to a good start. The importance of your continuing to educate all about you in the merits of purchasing War Bonds systematically and regularly is vital.

About 26 million citizens are now buying War Bonds through the pay-roll plan. We in the Treasury Department realize we must see that these millions continue their regular savings without interruption, and furthermore that other millions join them.

On Monday, the Treasury Department opened its 13-Billion-Dollar Second War Loan Campaign. We expect this drive to be oversubscribed in three weeks and eight billion dollars of it taken by individuals. The balance has been allocated to financial institutions. Now what is the significance of a thirteen-billion-dollar selling job? Well, during the last World War the total amount of Liberty Bonds and Victory Notes sold by the Treasury was a little more than 24 billion. That's a big figure in any man's language. But just a few days ago, President Roosevelt asked the Congress to appropriate about 24 billion dollars - not for the whole War Program, but solely to cover estimated expenditures of the Navy during the coming fiscal year. That simple thought should enable us to understand the magnitude of the present job and the task we have ahead. Our expenses include some of the needs of our Allies. This time our armed forces are scattered in approximately 50 different points throughout the world. The Navy in conjunction with the Coast Guard touches practically every point in the world. That far-flung military machine is so placed for good and sound tactical reasons, and it costs money to maintain it.

In order to consummate this, the greatest financial undertaking in the history of the world, we have planned every approach down to the smallest groups of prospects in the smallest hamlets in the land. The press and radio have been lined up to publicize the program and its importance in the war effort. Geographical committees in the States, counties, cities and villages have been established. Organizations such as the Boy Scouts, churches, retail department stores, sales organizations of life insurance and banking outfits, moving picture theaters and other organization groups that come in contact with the earning public are all one in helping to put over the campaign. We have much faith in advertising and it is expected that the advertising industry will erect 10,000 panels, while 2,000,000 posters have been distributed for use in stores and other bond sales points. Window displays will play their part. One hundred million cards for street cars, busses and subways will help us to attract attention to this job and create interest. There is now in the hands of every committee-publicity-man for the Second War Bond Drive, a publicity kit setting out day by day promotion ideas; and, in addition, special data were compiled for the use of publishers throughout the Nation. Promotion is being carried on in some 3,000 company publications college magazines and in the local press, also in foreign language newspapers, negro press, and farm papers. We feel confident that our objective will be accomplished in the three weeks allotted. But, from your point of view, the impetus created by this National Campaign should make your task an easier one. I'm sure you know how to take advantage of this momentum.

I know that due to non-delivery of fully paid-for bonds, you have had an uphill fight. Naturally, people deserve to get what they pay for, when they pay for it. I also know that the machinery for solving prompt delivery has been set up by the War Department, and you should not be concerned with this in the future. Delivery to your civilian associates is being made through local issuing agents; the military personnel is being serviced directly from the new Class B Allotment station at Chicago. I am informed that the War Department's Chicago Bond Office is prepared to deliver the bonds within two weeks after they have been fully paid for. The Treasury Department was always concerned with the problems that confronted the War Bond Division at Washington in connection with the overwhelming success of the Pay Reservation Plan. After all, when the Pay Reservation campaign started last April, the War Department estimated that approximately a million subscriptions would be received by the end of the year. You know what happened. Because of the enthusiasm of War Bond Officers like yourselves and the eagerness of thrifty civilians and soldiers, over four million subscriptions were received in eight months. I understand that the figures approximate five million subscriptions at this time.

However, let me assure you of one thing, the money received from subscribers was always safe and secure. Those funds are still safe and secure and properly credited to the accounts of military and civilian subscribers who have not yet received bonds paid for prior to last December 31st. Moreover, they will not lose the benefit of the increment in the value of the bonds because they will be dated as of the month in which they were paid for regardless of the date of delivery. Ultimately all bonds will be delivered and I sincerely hope their owners will hold them until maturity.

Before concluding these remarks, let me say a brief word about the domestic economy and how important it is that each citizen realize the significance of the part he takes in our great war bond program. Much has been written about inflation tendencies that accompany wars. We have all seen articles referring to those things that contribute toward creating inflation, and we all realize that only through concerted effort can these inflationary tendencies be reduced. It is just a simple thought to say that the law of supply and demand still functions. Where there is a scarcity of goods and an increasing demand for those same goods, naturally prices will rise. We have today a situation involving increased demand for many things which are scarce, and that increased demand is propelled by people who are experiencing individual prosperity. Many of the things they are trying to purchase are not absolutely essential, and by purchasing them at this time they create shortages and deprive others who have more urgent need for the same things. This is a simple thought but carried to its ultimate conclusion it is one that can create hysteria and a resultant loss to everyone. Due to the regular employment, a higher wage scale in war industries and tremendous industrial activity, we have today an ever-increasing amount of cash in the hands and pocketbooks of an ever-increasing number of wage earners. Use of this abundance of excess cash threatens our whole economy. If we are to perpetuate that economy, then we should refrain from excess spending until after the war.

With more and more going into War Bonds it means that during the war our Government will have an enormous purchasing power and after the war our citizenry will have an enormous purchasing power. Both make sense.

I am delighted to have had the opportunity to meet with you gentlemen, and pleased to congratulate General Reckord for his personal interest in this program and you gentlemen for your individual achievement in connection with it.

TREASURY DEPARTMENT

FISCAL SERVICE

WASHINGTON

BUREAU OF ACCOUNTS
OFFICE OF THE COMMISSIONER

April 7, 1943.

Schwarz

TO MR. D. W. BELL:

During the month of March, the following market transactions took place in direct and guaranteed securities of the Government:

Sales	$72,927,750
Purchases	-
Net Sales	$72,927,750

Miss Simpson
Rm. 390

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
~~Monday, March 15, 1943.~~
Thursday, April 15, 1943

Press Service
No. ~~35-73~~ 36-21

During the month of ~~February~~ March, 1943, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $~~90,273,900~~ 72,927,750, Secretary Morgenthau announced today.

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C.P.P.

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issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on April 21, 1943.
~~(7)~~

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 16, 1943 .
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated April 21, 1943 ~~(4)~~, and will mature July 21, 1943 ~~(5)~~, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War ~~Standard~~ time, Monday, April 19, 1943 ~~(6)~~. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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This power given to the President to determine within limits the gold content of the dollar could not safely be terminated until a satisfactory means was available for assuring the stabilization of the appropriate exchange relation among currencies and avoiding competitive currency depreciation. The President recommended and the Congress enacted extensions of this power in 1937 and again in 1939 and 1941.

We are all agreed that no one can benefit from a competitive race in the depreciation of currencies. If such a development is to be avoided, we must frankly face the danger of competitive currency depreciation in the post-war period. It is not possible at this time to foresee the pattern of post-war monetary developments. But this we do know: that if we are to avoid competitive depreciation of currency after the war, it would be helpful to be armed with this power as a warning that we shall not permit the international economic position of this country to be undermined by competitive currency depreciation.

For nine years the President has had the power to alter the gold content of the dollar without using it. As I have said before, there is no present intention to use this power. But it is needed as a means of helping to prevent competitive depreciation of currencies by other countries. When adequate arrangements for international monetary cooperation have been completed, we shall be happy to surrender the power without having used it.

EMB/grs
4/15/43

In the more than nine years since the Stabilization Fund was created it has been operated with scrupulous care. Not only have we succeeded in keeping intact the resources that were entrusted by the Congress to the President and the Secretary of the Treasury, but in the course of performing our broader function of maintaining stability of exchange rates we have been able to accumulate a net profit which now exceeds $30 million. I do not wish to emphasize the profitability of the operations of the Stabilization Fund. I prefer to stress the success of the Stabilization Fund in its fundamental purpose of bringing about a greater degree of stability in exchange relationships of other currencies with the dollar.

The pattern for international monetary cooperation that we have developed in the operation of our Stabilization Fund holds a real promise of achieving currency stability in the post-war period. We took an important step in the direction of international cooperation for currency stability through the Tri-partite Accord in 1936. Unfortunately, the functioning of the Tri-partite Accord was interrupted by the war. Nevertheless, we have continued to embody the principles of that Accord in our stabilization agreements with our neighbors in Latin America and with other friendly countries. These agreements provide for maintenance of exchange stability and for periodic consultation on financial and economic conditions that may affect the stability of exchange rates. Under provisions safeguarding our interests, we have made available the resources of the Stabilization Fund for the purpose of maintaining stability of exchange rates. In the five years before the war and in the nearly four years since the outbreak of war, the operations of the Stabilization Fund have contributed to maintaining relatively stable exchange rates, despite the unprecedented conditions of political and economic disorder.

Power to Alter the Gold Content of the Dollar

The power to alter the gold content of the dollar was given to the President by Title III of the Agricultural Adjustment Act of May 12, 1933, and reaffirmed with its present limitation by the Gold Reserve Act of January 30, 1934. On January 31, 1934, the President fixed the dollar at its present gold content, which has remained unchanged for more than nine years.

This power was given to the President in the midst of a deep depression, unquestionably prolonged and intensified by the general depreciation of other currencies which destroyed the markets for American products abroad and brought ruinously low prices. The revaluation of the dollar was an unavoidable step in the restoration of foreign and domestic markets for the industrial and agricultural products of the American people.

We have two stabilization agreements with China. Under the first of these agreements, which was signed in 1937, the Stabilization Fund held nearly $49 million of yuan on February 10, 1938. By October, 1942, China had completed the repurchasing of all the yuan. On December 31, 1942, this stabilization agreement was renewed. The Stabilization Fund does not at this time hold any yuan under this agreement.

The second agreement with China was signed on April 25, 1941. The first transaction under this agreement took place on December 10, 1942, when the Stabilization Fund acquired $10 million of Chinese yuan. On June 30, 1942, this agreement was renewed for one year. No additional operations have been undertaken under this agreement, and the Stabilization Fund now holds $10 million ~~of~~ Chinese yuan under the repurchase provisions of this agreement. U.S. dollars in

The stabilization agreement with Brazil was signed in 1937. On November 5, 1941, we bought $8 million in milreis from Brazil. As Brazil's foreign exchange position was strengthened these milreis were repurchased, and on February 25, 1942, the Stabilization Fund held no more milreis. Under another section of this same agreement we have sold $74 million in gold to Brazil for dollars for the purpose of strengthening the monetary reserves of Brazil. The agreement with Brazil was renewed on July 15, 1942.

In September, 1942, we entered into an agreement with the Government of Liberia to facilitate the conversion of the currency system of that country from sterling to dollars. The Liberian Government had for a long time been eager to adopt the exclusive use of United States currency and coin, and the need for such a conversion became more urgent in 1942 as additional British coin could not be secured and as American troops stationed in Liberia brought in United States currency and coin. The Stabilization Fund is facilitating the conversion of the Liberian currency system to dollars through an agreement to purchase with United States currency the British coin withdrawn from circulation. Arrangements have been made with the British Government to dispose of these British coins without cost to the Stabilization Fund.

Two proposed stabilization agreements are now pending. A draft of an agreement to facilitate the stabilization of the dollar-boliviano rate of exchange is now being considered by Bolivia. We are also engaged in discussions with Iran under which the Iranian Government would undertake to provide rials for the needs of our Army and other Government agencies in return for dollars paid to the Iranian account in this country. As part of this agreement, the Iranian Government undertakes not to change the dollar-rial rate of exchange without prior consultation.

Under the gold-sale agreement with Cuba, which was signed on July 6, 1942, the Stabilization Fund has undertaken to sell gold to Cuba, payment to be made in United States dollars within 120 days from the date of such sale. Under this agreement Cuba has already acquired $25 million in gold, all of which has been paid for. The agreement with Cuba was designed to facilitate the accumulation and the maintenance of a gold reserve against Cuban currency as provided by Cuban law.

During the past two years we have made and completed three gold purchase agreements with Russia. The agreements called for future delivery of gold purchased by the Stabilization Fund, with an advance on such gold prior to its delivery. The obligations of Russia under these agreements have been fully met. The dollars made available by these gold transactions were used by Russia to pay for purchases of goods and services in the United States in addition to the materials obtained under the terms of the Lend-Lease arrangement.

The series of stabilization agreements under which the Stabilization Fund cooperates with other countries to facilitate the maintenance of stability in the exchange rate of currencies of other countries with the dollar have been extended since July 1, 1941.

On November 19, 1941, a stabilization agreement was entered into with the Government of the Republic of Mexico and the Bank of Mexico for the purpose of stabilizing the United States dollar-Mexican peso rate of exchange. It is still necessary under this agreement for the Mexican Government to confirm its authority to guarantee the performance of all obligations undertaken by it and the Bank of Mexico.

On February 27, 1942, a stabilization agreement was signed with the Government of the Republic of Ecuador for the purpose of stabilizing the United States dollar-Ecuadoran sucre rate of exchange. The agreement is now in force, although no stabilization operations have as yet been necessary under this agreement.

As a further link in the closer relations between the Governments of the United States and Iceland, a stabilization agreement was signed with the Government of Iceland and the National Bank of Iceland on May 5, 1942, for the purpose of stabilizing the United States dollar-Icelandic krona rate of exchange. This agreement is also now in force, although no stabilization operations have as yet been necessary under this agreement.

In the same period since July 1, 1941, we have renewed the stabilization agreements with China and Brazil.

Statement of Secretary Morgenthau before the
Committee on Banking and Currency
of the Senate
Friday, April 16, 1943

Extension of the Stabilization Fund

On April 12, 1943 Senator Wagner introduced a bill (S.991) extending to June 30, 1945 the powers relating to the Stabilization Fund and the power to alter the gold content of the dollar both of which under the present law will otherwise expire on June 30, 1943. I am appearing before you in support of this bill.

In my previous appearance before your committee to recommend the extension of these powers, I emphasized the emergency necessitating the continuance of these powers. It is hardly necessary to say that the emergency is greater now than it was when I appeared before your committee on June 13, 1941. The monetary situation throughout the world is potentially more unstable than it has ever been before. The powers extended under the proposed bill will help assure currency stability and help avoid competitive currency depreciation in the critical period following the war.

The spread of the war to this hemisphere and the presence of American forces in many countries abroad have heightened the importance of our currency relations with these countries. The gold, currency, and stabilization operations of the Stabilization Fund in the past two years have reflected these changes in the world situation.

While during most of the period since 1934 there was a heavy inflow of gold into the United States so that the Fund's purchases exceeded its sales of gold, during the last two fiscal years the Fund has sold more gold to foreign countries than it has purchased. In the fiscal year 1942 the Fund sold $644 million of gold to foreign countries and purchased $162 million of gold from foreign countries. So far in the fiscal year 1943 the Fund has sold $401 million of gold to foreign countries and purchased only $27 million from foreign countries. The Fund's sales of gold have been made to 21 different countries.

As I have said to this committee before, I know of no better means of settling international balances than with gold. For this reason it has been, and is, the policy of the Treasury to facilitate the continued use of gold for the settlement of international balances. Our Stabilization Fund has definitely contributed to the implementing of this policy. Since I last appeared before this committee the Stabilization Fund has entered into three gold-purchase agreements with Russia and a gold-sale agreement with Cuba.

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we have made available the resources of the Stabilization Fund for the purpose of maintaining stability of exchange rates. In the five years before the war and in the nearly four years since the outbreak of war, the operations of the Stabilization Fund have contributed to maintaining relatively stable exchange rates, despite the unprecedented conditions of political and economic disorder.

Power to Alter the Gold Content of the Dollar

The power to alter the gold content of the dollar was given to the President by Title III of the Agricultural Adjustment Act of May 12, 1933, and reaffirmed with its present limitation by the Gold Reserve Act of January 30, 1934. On January 31, 1934, the President fixed the dollar at its present gold content, which has remained unchanged for more than nine years.

This power was given to the President in the midst of a deep depression, unquestionably prolonged and intensified by the general depreciation of other currencies which destroyed the markets for American products abroad and brought ruinously low prices. The revaluation of the dollar was an unavoidable step in the restoration of foreign and domestic markets for the industrial and agricultural products of the American people.

This power given to the President to determine within limits the gold content of the dollar could not safely be terminated until a satisfactory means was available for assuring the stabilization of the appropriate exchange relation among currencies and avoiding competitive currency depreciation. The President recommended and the Congress enacted extensions of this power in 1937 and again in 1939 and 1941.

We are all agreed that no one can benefit from a competitive race in the depreciation of currencies. If such a development is to be avoided, we must frankly face the danger of competitive currency depreciation in the post-war period. It is not possible at this time to foresee the pattern of post-war monetary developments. But this we do know: that if we are to avoid competitive depreciation of currency after the war, it would be helpful to be armed with this power as a warning that we shall not permit the international economic position of this country to be undermined by competitive currency depreciation.

we have made available the resources of the Stabilization Fund for the purpose of maintaining stability of exchange rates. In the five years before the war and in the nearly four years since the outbreak of war, the operations of the Stabilization Fund have contributed to maintaining relatively stable exchange rates, despite the unprecedented conditions of political and economic disorder.

Power to Alter the Gold Content of the Dollar

The power to alter the gold content of the dollar was given to the President by Title III of the Agricultural Adjustment Act of May 12, 1933, and reaffirmed with its present limitation by the Gold Reserve Act of January 30, 1934. On January 31, 1934, the President fixed the dollar at its present gold content, which has remained unchanged for more than nine years.

This power was given to the President in the midst of a deep depression, unquestionably prolonged and intensified by the general depreciation of other currencies which destroyed the markets for American products abroad and brought ruinously low prices. The revaluation of the dollar was an unavoidable step in the restoration of foreign and domestic markets for the industrial and agricultural products of the American people.

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Two proposed stabilization agreements are now pending. A draft of an agreement to facilitate the stabilization of the dollar-boliviano rate of exchange is now being considered by Bolivia. We are also engaged in discussions with Iran under which the Iranian Government would undertake to provide rials for the needs of our Army and other Government agencies in return for dollars paid to the Iranian account in this country. As part of this agreement, the Iranian Government undertakes not to change the dollar-rial rate of exchange without prior consultation.

In the more than nine years since the Stabilization Fund was created it has been operated with scrupulous care. Not only have we succeeded in keeping intact the resources that were entrusted by the Congress to the President and the Secretary of the Treasury, but in the course of performing our broader function of maintaining stability of exchange rates we have been able to accumulate a net profit which now exceeds $30 million. I do not wish to emphasize the profitability of the operations of the Stabilization Fund. I prefer to stress the success of the Stabilization Fund in its fundamental purpose of bringing about a greater degree of stability in exchange relationships of other currencies with the dollar.

The pattern for international monetary cooperation that we have developed in the operation of our Stabilization Fund holds a real promise of achieving currency stability in the post-war period. We took an important step in the direction of international cooperation for currency stability through the Tri-partite Accord in 1936. Unfortunately, the functioning of the Tri-partite Accord was interrupted by the war. Nevertheless, we have continued to embody the principles of that Accord in our stabilization agreements with our neighbors in Latin America and with other friendly countries. These agreements provide for maintenance of exchange stability and for periodic consultation on financial and economic conditions that may affect the stability of exchange rates. Under provisions safeguarding our interests,

exchange. The agreement is now in force, although no stabilization operations have as yet been necessary under this agreement.

As a further link in the closer relations between the Governments of the United States and Iceland, a stabilization agreement was signed with the Government of Iceland and the National Bank of Iceland on May 5, 1942, for the purpose of stabilizing the United States dollar-Icelandic krona rate of exchange. This agreement is also now in force, although no stabilization operations have as yet been necessary under this agreement.

In the same period since July 1, 1941, we have renewed the stabilization agreements with China and Brazil.

We have two stabilization agreements with China. Under the first of these agreements, which was signed in 1937, the Stabilization Fund held nearly $49 million of yuan on February 10, 1938. By October, 1942, China had completed the repurchasing of all the yuan. On December 31, 1942, this stabilization agreement was renewed. The Stabilization Fund does not at this time hold any yuan under this agreement.

The second agreement with China was signed on April 25, 1941. The first transaction under this agreement took place on December 10, 1942, when the Stabilization Fund acquired $10 million of Chinese yuan. On June 30, 1942, this agreement was renewed for one year. No additional operations have been undertaken under this agreement, and the Stabilization Fund now holds $10 million U. S. dollars in Chinese yuan under the repurchase provisions of this agreement.

The stabilization agreement with Brazil was signed in 1937. On November 5, 1941, we bought $8 million in milreis from Brazil. As Brazil's foreign exchange position was strengthened these milreis were repurchased, and on February 25, 1942, the Stabilization Fund held no more milreis. Under another section of this same agreement we have sold $74 million in gold to Brazil for dollars for the purpose of strengthening the monetary reserves of Brazil. The agreement with Brazil was renewed on July 15, 1942.

In September, 1942, we entered into an agreement with the Government of Liberia to facilitate the conversion of the currency system of that country from sterling to dollars. The Liberian Government had for a long time been eager to adopt the exclusive use of United States currency and coin, and the need for such a conversion became more urgent in 1942 as additional

As I have said to this committee before, I know of no better means of settling international balances than with gold. For this reason it has been, and is, the policy of the Treasury to facilitate the continued use of gold for the settlement of international balances. Our Stabilization Fund has definitely contributed to the implementing of this policy. Since I last appeared before this committee the Stabilization Fund has entered into three gold-purchase agreements with Russia and a gold-sale agreement with Cuba.

Under the gold-sale agreement with Cuba, which was signed on July 6, 1942, the Stabilization Fund has undertaken to sell gold to Cuba, payment to be made in United States dollars within 120 days from the date of such sale. Under this agreement Cuba has already acquired $25 million in gold, all of which has been paid for. The agreement with Cuba was designed to facilitate the accumulation and the maintenance of a gold reserve against Cuban currency as provided by Cuban law.

During the past two years we have made and completed three gold purchase agreements with Russia. The agreements called for future delivery of gold purchased by the Stabilization Fund, with an advance on such gold prior to its delivery. The obligations of Russia under these agreements have been fully met. The dollars made available by these gold transactions were used by Russia to pay for purchases of goods and services in the United States in addition to the materials obtained under the terms of the Lend-Lease arrangement.

The series of stabilization agreements under which the Stabilization Fund cooperates with other countries to facilitate the maintenance of stability in the exchange rate of currencies of other countries with the dollar have been extended since July 1, 1941.

On November 19, 1941, a stabilization agreement was entered into with the Government of the Republic of Mexico and the Bank of Mexico for the purpose of stabilizing the United States dollar-Mexican peso rate of exchange. It is still necessary under this agreement for the Mexican Government to confirm its authority to guarantee the performance of all obligations undertaken by it and the Bank of Mexico.

On February 27, 1942, a stabilization agreement was signed with the Government of the Republic of Ecuador for the purpose of stabilizing the United States dollar-Ecuadoran sucre rate of

Statement of Secretary Morgenthau before the
Committee on Coinage, Weights and Measures
of the House of Representatives
Friday, April 16, 1943 — space

Extension of the Stabilization Fund

On April 13, 1943, Congressman Somers introduced a bill (H.R. 2489) extending to June 30, 1945, the powers relating to the Stabilization Fund and the power to alter the gold content of the dollar, both of which under the present law will otherwise expire on June 30, 1943. I am appearing before you in support of this bill.

In my previous appearance before your committee to recommend the extension of these powers, I emphasized the emergency necessitating the continuance of these powers. It is hardly necessary to say that the emergency is greater now than it was when I appeared before your committee on May 8, 1941. The monetary situation throughout the world is potentially more unstable than it has ever been before. The powers extended under the proposed bill will help assure currency stability and help avoid competitive currency depreciation in the critical period following the war.

The spread of the war to this hemisphere and the presence of American forces in many countries abroad have heightened the importance of our currency relations with these countries. The gold, currency, and stabilization operations of the Stabilization Fund in the past two years have reflected these changes in the world situation.

While during most of the period since 1934 there was a heavy inflow of gold into the United States so that the Fund's purchases exceeded its sales of gold, during the last two fiscal years the Fund has sold more gold to foreign countries than it has purchased. In the fiscal year 1942 the Fund sold $644 million of gold to foreign countries and purchased $162 million of gold from foreign countries. So far in the fiscal year 1943 the Fund has sold $401 million of gold to foreign countries. countries and purchased only $27 million from foreign countries. The Fund's sales of gold have been made to 21 different countries.

36-24 As I have said to this committee before, I know of no better means of settling international balances than with gold. For this reason it has been, and is, the policy of the Treasury to facilitate the continued use of gold for the settlement of international balances. Our Stabilization Fund has definitely contributed to the implementing of this policy. Since I last appeared before this committee the Stabilization Fund has entered into three gold-purchase agreements with Russia and a gold-sale agreement with Cuba.

Statement of Secretary Morgenthau before the
Committee on Coinage, Weights and Measures
of the House of Representatives

Monday, April 19, 1943

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I believe that a two-year extension of the power to devalue the dollar would be helpful, but in view of the action taken by the Senate last Friday, I am here before your Committee only to ask for the extension of the Stabilization Fund.

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, April 19, 1943.

Press Service
No. 36-25

Secretary of the Treasury Morgenthau today announced the offering, through the Federal Reserve Banks, of one-year 7/8 percent Treasury Certificates of Indebtedness of Series C-1944, in exchange for 0.65 percent Treasury Certificates of Indebtedness of Series C-1943, maturing May 1, 1943, and 3/4 percent Commodity Credit Corporation Notes of Series F, also maturing May 1, 1943. Exchanges will be made par for par, and the offering of the new certificates will be limited to the amount of securities of the two maturing issues tendered and accepted in payment therefor. Cash subscriptions will not be received. As announced on March 12, 1943, this exchange operation will be conducted outside of the Second War Loan Campaign. The offering of a new security to holders of the two maturing issues is not to be considered as a precedent for future refunding operations of the Treasury.

The certificates now offered will be dated May 1, 1943, and will bear interest from that date at the rate of seven-eighths of one percent per annum, payable semiannually on November 1, 1943, and May 1, 1944. They will mature May 1, 1944. They will be issued in bearer form only, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates or notes, with final coupon due May 1, 1943, detached.

The right is reserved to close the books as to any or all subscriptions at any time without notice. Subject to the reservations set forth in the official circular, all subscriptions will be allotted in full.

The certificates will be redeemed in cash at maturity and will carry no exchange privileges.

There are now outstanding $1,505,727,000 of the Series C-1943 certificates and $289,458,000 of the Series F notes.

The text of the official circular follows:

UNITED STATES OF AMERICA

7/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES C-1944

Dated and bearing interest from May 1, 1943 | Due May 1, 1944

1943
Department Circular No. 711

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, April 20, 1943.

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for certificates of indebtedness of the United States, designated 7/8 percent Treasury Certificates of Indebtedness of Series C-1944, in payment of which only 0.65 percent Treasury Certificates of Indebtedness of Series C-1943, maturing May 1, 1943, or 3/4 percent Commodity Credit Corporation Notes of Series F, also maturing May 1, 1943, may be tendered. The amount of the offering under this circular will be limited to the amount of such Series C-1943 certificates and Series F notes tendered and accepted.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated May 1, 1943, and will bear interest from that date at the rate of 7/8 percent per annum, payable semiannually on November 1, 1943, and May 1, 1944. They will mature May 1, 1944, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all Federal taxes, now or hereafter imposed. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes and will not bear the circulation privilege.

4. Bearer certificates with two interest coupons attached will be issued in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before May 1, 1943, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series C-1943 or in Commodity Credit Corporation Notes of Series F, maturing May 1, 1943, which will be accepted at par, and should accompany the subscription.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized

and requested to receive subscriptions, 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, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

Miss Simpson

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Saturday, April 17, 1943.

Press Service

36-26

Secretary of the Treasury Morgenthau today announced the subscription figures and the basis of allotment on subscriptions from commercial banks for their own account for the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series B-1944.

Reports received from the Federal Reserve Banks show that subscriptions from such banks aggregate $9,769,000,000. Of this amount $401,000,000 were allotted in full to banks entering subscriptions for not more than $100,000 and the remainder were allotted 18 percent, but not less than $100,000 on any one subscription, with adjustments, where necessary, to the $1,000 denomination.

The subscription books will remain open until further notice on this issue and also on the 2-1/2 percent Treasury Bonds of 1964-69 and the 2 percent Treasury Bonds of 1950-52 for subscriptions from others than commercial banks for their own account. As previously announced, the books will be open for three days beginning April 28 for the receipt of subscriptions from commercial banks for their own account for the 2 percent Treasury Bonds of 1950-52.

Details as to commercial bank subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

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~~Total Subscriptions to Second War Loan~~
~~As of April 16, 1943~~

(In millions of dollars)

	Amount	~~Goal~~	~~Percent~~
A. Investors in $8 billion goal			
Individuals....................	$ 904	2,500	36%
Corporations:			
Insurance companies and mutual savings banks...............	2,629		
Other corporations............	2,260		
Total corporations............	4,889	5,500	89
Total ~~investors~~ amount of subscriptions in $8 billion goal......................	5,793	8,000	72
B. Other investors			
Federal agencies and trust funds.........................	340		
Dealers and brokers............	502		
Total..........................	842		
C. Banking investors...............	~~2,501~~* 2,487		
D. Total all investors.............	$ ~~9,136~~ 9,122		

~~Office of the Secretary of the Treasury,~~ ~~April 17, 1943.~~
~~Division of Research and Statistics~~
* ~~Approximate~~ Allotment, including additional bills.

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"However, I hasten to add that we all have great confidence that in the remaining two weeks the people will put their hearts into the job. As our selling and distribution machinery throughout the country gets into high gear, people will realize more keenly the importance of buying bonds in this drive. The realization that our military machine is setting its sights on the continent is a compelling reason to lend the Government money, and more money, and still more money, to provide the best possible equipment for the boys at the front!"

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Here are the facts and figures concerning the ~~first week of the~~ Second War Loan, as of April 16, 1943:

wire to Fed Res?

For Sunday a.m.s

36-27

Secretary of the Treasury Henry Morgenthau, Jr., Announced today that ~~an excellent~~ good start has been made in the first week of the 13 billion dollar Second War Loan Drive. Total subscriptions at the close of business ~~last~~ on Friday (April amounted to more than 9 billion dollars, or about 70% of the 13 billion dollar goal.

"We are gratified by this quick response", Mr. Morgenthau said, "but it is important that we all realize that the ~~magnificent~~ figure of 9 billion dollars after less than a week is in one way misleading. ~~That is,~~ It is made up to a great extent of very large purchases -- by institutions, life insurance companies, etc. -- ~~recognizing~~ whose officers recognize War Bonds as ~~a safe and~~ sound investment for funds in their c

"This means that the pace set cannot be maintained throughout the drive, from the standpoint of dollars and cents, since ~~most~~ many of these institutions, groups, and large investors have already subscribed to the full limit~~, permitted by law. To let them subscribe beyond such safe limitations might contribute dangerously to inflation.~~

"~~This means that the bulk~~ Much of the remaining 4 billion dollars must come straight from the people -- from the men and women who have new jobs in shipyards and on war production lines; ~~at lathes,~~ from the men and women who are still at their old jobs and who are asked now to contribute in double measure as America prepares for its great offensive.

"Up to this point, I am sorry to ~~have to~~ say that our reports do not reflect fully the individual buyer of small denomination bonds ~~is not taking~~ in an amount as great ~~a part in this drive as~~ as we expect and must have. ~~we wish he were. We of course have no accurate figures on popular subscriptions, because of the complicated machinery involved in collecting and reporting the smaller subscriptions.~~ purchases.

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C. Banking investors..............	2,487
D. Total all investors...........	9,122

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TREASURY DEPARTMENT
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FOR RELEASE, MORNING NEWSPAPERS, Sunday, April 18, 1943.
4-17-43

Press Service
No. 36-27

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"We are gratified by this quick response", Mr. Morgenthau said, "but it is important that we all realize that the figure of 9 billion dollars after less than a week is in one way misleading. It is made up to a great extent of very large purchases -- by institutions, life insurance companies, etc. -- whose officers recognize War Bonds as sound investment for funds in their care.

"This means that the pace set cannot be maintained throughout the drive, from the standpoint of dollars and cents, since many of these institutions, groups, and large investors have already subscribed to the full limit.

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Press Service
No. 36-27

Secretary of the Treasury Henry Morgenthau, Jr., announced today that a good start has been made in the first week of the 13 billion dollar Second War Loan drive. Total subscriptions at the close of business on Friday (April 16) amounted to more than 9 billion dollars, or about 70 percent of the 13 billion dollar goal.

"We are gratified by this quick response," Mr. Morgenthau said, "but it is important that we all realize that the figure of 9 billion dollars after less than a week is in one way misleading. It is made up to a great extent of very large purchases -- by institutions, life insurance companies, etc., -- whose officers recognize War Bonds as sound investment for funds in their care.

"This means that the pace set cannot be maintained throughout the drive, from the standpoint of dollars and cents, since many of these institutions, groups, and large investors have already subscribed to the full limit.

"Much of the remaining 4 billion dollars must come straight from the people -- from the men and women who have new jobs in shipyards and on war production lines; from the men and women who are still at their old jobs and who are asked now to contribute in double measure as America prepares for its great offensive.

"Up to this point, I am sorry to say that our reports do not reflect purchases by the individual buyer of small denomination bonds in an amount as great as we expect and must have.

"However, I hasten to add that we all have great confidence that in the remaining two weeks the people will put their hearts into the job. As our selling and distribution machinery throughout the country gets into high gear, people will realize more keenly the importance of buying bonds in this drive. The realization that our military machine is setting its sights on the continent is a compelling reason to lend the Government money, and more money, and still more money, to provide the best possible equipment for the boys at the front !"

* * * * * * * *

Here are the facts and figures concerning the Second War Loan, as of April 16, 1943:

(In millions of dollars)

	Amount
A. Investors in $8 billion goal	
Individuals....................	$ 904
Corporations:	
Insurance companies and mutual savings banks..............	2,629
Other corporations...........	2,260
Total corporations...........	4,889
Total investors in $8 billion goal........................	5,793
B. Other investors	
Federal agencies and trust funds......................	340
Dealers and brokers...........	502
Total.........................	842
C. Banking investors.............	2,487
D. Total all investors...........	9,122

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converted the smuggled currency into cashier~~'s~~ and travel~~l~~er~~'s~~ checks which they were about to take back to South America. ~~It was pointed out that~~ The acquisition of such checks by Axis agents in South America, in exchange for currency of dubious origin, would enable them to use looted funds to buy needed commodities and services in Latin America.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Saturday, April 17, 1943x

Press Service
No. 36-28

The Treasury Department announced today that a ring of currency smugglers operating between here and South America ~~has been~~ was ~~smashed~~ broken up with the indictment ~~late yesterday~~ April 15 of three seamen by a Federal Grand Jury at New Orleans. The indictment charges Ernesto F. Allu, purser, and Jose Manuel Salas, chief steward, of the S. S. Copiapu, and Oscar Luna, chief steward of the S. ~~F.~~ S. Aconcaqua, with violation of the Trading with the Enemy Act of 1917, as amended. The prisoners were apprehended in February of this year by agents of the Customs Bureau of working in cooperation with the Foreign Funds Control. When questioned by Customs officials, the three defendants confessed that on their most recent trip they had smuggled over $30,000 in United States currency into the United States from South America.

Under the Treasury regulations issued pursuant to the Trading with the Enemy Act, it is illegal to import United States currency from a foreign country unless such currency is deposited with a Federal Reserve Bank. ~~Treasury spokesmen pointed out that~~ This measure was taken to prevent Germany from making use of United States currency looted from individuals and banks in the occupied areas of Europe. Some of the currency, however, has found its way to South America, and constant vigilance is necessary to prevent its being smuggled into the United States.

At the time of their arrest, the defendants had already

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Washington

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Saturday, April 17, 1943.

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At the time of their arrest, the defendants had already converted the smuggled currency into cashiers' and travelers' checks which they were about to take back to South America. The acquisition of such checks by Axis agents in South America, in exchange for currency of dubious origin, would enable them to use looted funds to buy needed commodities and services in Latin America.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS
Tuesday, April 20, 1943.

Press Service
36-29

The Secretary of the Treasury announced last evening that the tenders for $900,000,000 or thereabouts, of 91-day Treasury bills to be dated April 21 and to mature July 21, 1943, which were offered on April 16, 1943, were opened at the Federal Reserve Banks on April 19.

The details of this issue are as follows:

Total applied for - $1,622,219,000
Total accepted - 905,584,000

Range of accepted bids:

High	- 99.935	Equivalent rate of discount approx.	0.257% per annum
Low	- 99.905	" " " " "	0.376% " "
Average price	- 99.906	" " " " "	0.371% " "

(19 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 58,100,000	$ 46,084,000
New York	932,152,000	393,776,000
Philadelphia	86,876,000	64,618,000
Cleveland	62,345,000	55,116,000
Richmond	35,075,000	30,924,000
Atlanta	15,680,000	14,925,000
Chicago	193,841,000	95,516,000
St. Louis	45,123,000	16,606,000
Minneapolis	29,822,000	30,512,000
Kansas City	38,104,000	34,005,000
Dallas	19,191,000	18,730,000
San Francisco	105,910,000	104,772,000
TOTAL	$1,622,219,000	$905,584,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 20, 1943.
4/19/43

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Miss Simpson

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 21, 1943.

Press Release
36-30

Secretary of the Treasury Morgenthau announced today that the subscription books for the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series C-1944, open to the holders of Treasury Certificates of Indebtedness of Series C-1943 and Commodity Credit Corporation Notes of Series F, maturing May 1, 1943, will close at the close of business tomorrow, April 22.

Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before 12 o'clock midnight, Thursday, April 22, will be considered as having been entered before the close of the subscription books.

Announcement of the amount of subscriptions and their division among the several Federal Reserve Districts will be made later.

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TREASURY DEPARTMENT
Washington

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Wednesday, April 21, 1943.

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FOR IMMEDIATE RELEASE,
April 20, 1943.

36-31

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	April 10, 1943	303,322,852
Colombia	735,840,277	"	272,905,743
Costa Rica	46,718,031	"	12,559,146
Cuba	18,692,451	"	8,895,673
Dominican Republic	25,752,947	"	16,155,670
Ecuador	35,041,235	"	13,769,012
El Salvador	140,776,585	"	51,105,410
Guatemala	124,978,598	"	43,128,728
Haiti	64,236,136	"	46,004,850
Honduras	4,278,467	"	1,676,264
Mexico	111,292,661	"	36,400,019
Nicaragua	45,818,819	"	8,395,961
Peru	5,839,588	"	162
Venezuela	90,021,490	"	37,728,986
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	23,156,454

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

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Wednesday, April 21, 1943.

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issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on ____April 28, 1943____.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original

Miss Simpson 36-32

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 23, 1943.

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated April 28, 1943, and will mature July 28, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, April 26, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

32

TREASURY DEPARTMENT
Washington

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Friday, April 23, 1943.
4-22-43

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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.

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~~Siler-draft of release~~

Treasury Department
Washington

For Immediate Release
Friday, April 23, 1943

Press Service
No. 36-33

The name of Lend-Lease Administrator E.R. Stettinius, Jr., today was added to the Treasury Department's lengthy list of donors to the war effort.

A letter transmitting a check for $450 as Mr. Stettinius' contribution was received by Daniel W. Bell, Under Secretary of the Treasury, from the Readers Digest. The letter said:

"Mr. John D. East, Assistant to Lend-Lease Administrator E.R. Stettinius, Jr., has asked us to send to you the enclosed check for $450 made out to the Treasurer of the United States for payment into the War Contributions Fund....This check is in compensation for reprinting in our May issue the article 'Where Is All Our Food Going?' by Mr. Stettinius, which appeared in the April issue of The American Magazine."

The article referred to described lend-lease food shipments.

The check was duly credited as a war contribution, and Mr. Stettinius will receive an engraved certificate of acknowledgment from Secretary of the Treasury Morgenthau.

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serving with your hearts and hands. Three hundred years of great American tradition challenge you in this month of April, 1943, to match your heritage.

I know that New Hampshire will come through.

You are willingly sacrificing your personal comforts. You are doing without automobiles and tires, without sugar, without coffee -- that our armies and our allies' armies may be well supplied.

You are accepting the inconveniences of rationing in the spirit of equal sacrifice and equal distribution of what is available.

You have given up pleasure driving -- with pleasure.

You are living in colder houses -- with warmer hearts.

You are sending your sons and brothers and husbands off to fight -- and biting back your fears and going back to do your part with a ~~grimmer~~ firmer purpose.

In every phase of war activity you are demonstrating your loyalty and faith in your Government. You are proving in every deed that the men and women of this nation are united to preserve unharmed those things for which this America stands.

I repeat: You have done, and are doing, a magnificent job.

Now this Second War Loan comes to you as one more opportunity to serve the nation you helped create -- to serve it with your dollars, as you are stand shoulder to shoulder with them -- helping the best I know how, with my hands and my heart and my dollars."

Men and Women of New Hampshire, in this war you are doing a great job. Many of you are working long hours in actual war production. All of you are giving generously of your time and effort to the nation's service outside of working hours. You are doing the thankless work of draft and rationing boards. You have volunteered as air raid wardens, plane spotters, ambulance drivers. You are serving selflessly in canteens and recreation centers, in USO and Red Cross service centers. You are giving your blood to save the wounded. You are rolling bandages and knitting sweaters and serving as nurses' aids in the hospitals.

You are salvaging endless tons of strategic materials. You are raising [redacted]s tons of needed food in your victory gardens. You are serving as volunteer speakers and salesmen to spur the sale of War Bonds. In a hundred ways you are meeting the challenge of total war as Americans — [redacted] forgetting ~~selfish~~ personal interest~~s~~ in your determination to serve your country in every way you can serve.

Don't wait to be asked to buy -- make it a matter of pride to buy <u>before</u> you are asked. Remember the words, "They give their lives -- you lend your money". Then go to your bank, or the post office, or to any security dealer -- and buy as many Bonds as you possibly can.

By investing now you not only are lending money which your Government needs to finance the war; but you are making your own future secure. You are establishing a fund of savings that will steadily increase in value. You are setting aside money that will always be available to you on short notice. In this time of plentiful money, you are protecting yourselves and your families with an ever-growing nest-egg for whatever rainy days may come after the war. And every dollar you invest in Bonds during this Second War Loan will get into the fight somewhere along the line. Every dollar will help beat the Japs and the Germans.

Yes, every dollar you invest now is a voice saying for you, "I'm in this, too. This is my country, and my war. Maybe I can't battle in the line with the fighting men; but I want them to know that I can and do are answering our enemies' bloody challenge, in the Pacific, and in Tunisia -- and before long, we confidently hope, on the Continent of Europe and the Islands of Japan.

And right here at home we are answering our enemies, too. ~~-- throwing this challenge back at them -- "right in der Fuehrer's face"~~. We have converted our nation to war production, so successfully that already we are ~~already~~ producing far more than the enemy, even ~~is producing~~ after their ten years of frantic war preparations.

We have created great armies and transported them to world-wide battle lines. We have created one of the world's mightiest air forces. We are well on our way to a seven-ocean navy.

And we are financing this all-out effort in the way of free people; not by compulsion, but by levying heavy taxes upon ourselves; by freely lending our own money to our own Government.

I urge you now -- every individual man and woman of you -- to shoulder your part of this load, to take your own full share of the responsibility for making this Second War Loan a smashing success.

They say that the masses must be ruled and led by the classes. They say that the common people cannot run a nation, or win a war.

Maybe they never heard about the American Revolution.

It was the common people of America who fought and won the Revolution.

It was the common people whose blood and sweat paid the price of our freedom.

And it was those same common people of America who set up a government of the people, by the people, and for the people -- which has grown and prospered for 167 years.

¶ Now, 167 years ~~That~~ is a pretty long period of successful operation, compared with the 21 precarious years Mussolini has perched on his shak~~e~~y throne, and the 10 bloody years that Hitler has clung to his.

And believe me, Ladies and Gentlemen, our democratic American government-by-the-consent-of-the-governed will still be going strong many, many long years after those two evil names are rubbed out of the record.

That rubbing out has now begun in earnest, with the help of American men, American arms, American production, and American dollars. Yes, we we believe with all our hearts, American heritage ~~the things that makes our lives worth living.~~

Our enemies don't believe in those things. They have said in so many words that democracy is soft. They have said that democracy cannot and will not fight. They say that democracy cannot live in their world of so-called supermen.

Our Air Force has been ordered by its Commanding General to ~~annihilate~~ destroy the Japanese air force, to avenge that crime.

Those acts of justice will be done, in God's good time. But meanwhile, what will you do? How can you help avenge this horror?

¶ Well, for one thing you ~~You~~ can buy War Bonds. If you never bought them before, you can start now. You can lend your Government the money to build the planes and buy the bombs that will ~~answer~~ reply to this challenge of savagery. You can help answer it in the only language that can answer it effectively and completely.

More than ever now, this is our war -- not somebody else's.

This is a war to keep alive the things which New Hampshire men and women did so much to ~~bring to life~~ create -- liberty, freedom from oppression, ~~liberty,~~ the right to lead our own lives in our own way, opportunity for ourselves and our children, equality between all men. ~~These things which we have created are to us Americans the very blood of our bodies.~~ This is ~~our~~ the heritage we Americans are fighting to defend — ~~war to defend them --~~ to preserve for our children the things in which

"This recourse by our enemies to frightfulness is barbarous. The efforts of the Japanese war lords thus to intimidate us will utterly fail."

That gives you the answer to "why" this murderous deed was done. That first raid hurt them -- and hurt them plenty. They are trying to scare us out of raiding them again.

Men and Women of America -- they are going to find out that we don't scare very easily.

They are going to find out that that first raid was a Sunday School picnic compared to what the next one will be; and the next; and the ones after that.

They knew that we are a good-natured people -- that ~~we don't get mad~~ it takes a lot to make us mad + ~~very easily.~~ Apparently they did not know that when we do get fighting mad -- as we are now -- we start our punches from the floor. They will find that out, too.

Our Government has stated that it will bring to stern justice all the officers of the Japanese government who participated in this murder.

war. You are going to send them to fight in the battles that will crush our enemies in Africa and Europe, or wherever we have to chase them.

And in Asia!

I do not need to remind any American of the black news we received earlier this week when ~~our~~ President Roosevelt said to the nation, "It is with a feeling of deepest horror that I have to announce the barbarous execution by the Japanese government of some of the members of this country's armed forces who fell into Japanese hands as an incident of warfare."

That is not war. That is murder; treacherous, cowardly, cold-blooded murder.

~~They stood~~ Did they stand those boys of ours up against a wall -- prisoners of war, soldiers in the uniform of the United States -- and shoot them, like spies?

~~Or maybe~~ Did they hang them, as traitors are hanged.

They did this to us -- those Japanese whose fliers ~~machine-gunned children and~~ bombed ~~churches in~~ Honolulu while our nations were at peace -- at the very moment when their ambassadors in Washington were talking oily words of diplomacy. In reporting this horrible crime, President Roosevelt ~~said,~~ declared

Here, too, New Hampshire adopted the first constitutional form of civil government, again serving as a model for the other Colonies and for this new nation.

New Hampshire has been in every war this nation has fought -- and has been in them all the way.

So today we of New Hampshire are faithfully living up to our patriotic, war-like heritage as we meet here to take our part in this new great offensive. For this Second War Loan is nothing less than that -- a gigantic financial offensive~~. --~~ ~~A~~ a smashing attack against the enemy.

You know, and I know, that it will take more than <u>mere</u> dollars to win the war. It takes men -- men armed with ~~bravery~~ courage and ~~strength~~ determination. But also it takes men armed with the guns and tanks, the planes and ships of modern warfare. And those things <u>do</u> take dollars -- billions of dollars.

That is where we come in. We cannot all fight in our nation's war. But our money can -- yours, mine, every American's.

That's what this Second War Loan means to every individual one of us -- man, woman or child. You are going to enlist your dollars in this

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, April 26, 1943.

Press Service
No. 36-34

(The following address by Assistant Secretary of the Treasury John L. Sullivan at the Second War Loan Rally, Holman Stadium, Nashua, New Hampshire, is scheduled for delivery at 3 p.m., Eastern War Time, Sunday, April 25, 1943.)

~~Ladies and Gentlemen:~~

Dorville You must all appreciate how really happy I am to be here today, because you know how very much it means to a native son to come back to this New Hampshire of ours, to be again with New Hampshire people.

Our State has a glorious history to live up to, a great wartime tradition to uphold. We were one of the original 13 Colonies. It was a band of New Hampshire men who took the first firm step toward American freedom when they attacked Fort William and Mary in Portsmouth Harbor, and captured there the gunpowder that later, at Lexington, fired the first shot for American independence, "the shot heard 'round the world".

Here in our State, on the 15th of June 1776, the men and women of New Hampshire declared their independence of Britain, leading the way for the other States to follow nineteen days later when, on July 4th 1776, they signed the Declaration of Independence.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
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That is where we come in. We cannot all fight in our nation's war. But our money can -- yours, mine, every American's.

That's what this Second War Loan means to every individual one of us -- man, woman or child. You are going to enlist your dollars in this war. You are going to send them to fight in the battles that will crush our enemies in Africa and Europe, or wherever we have to chase them.

And in Asia!

I do not need to remind any American of the black news we received earlier this week when President Roosevelt said to the nation, "It is with a feeling of deepest horror that I have to announce the barbarous execution by the Japanese government of some of the members of this country's armed forces who fell into Japanese hands as an incident of warfare."

Did they stand those boys of ours up against a wall -- prisoners of war, soldiers in the uniform of the United States -- and shoot them, like spies? Did they hang them, as traitors are hanged? That is not war. That is murder; treacherous, cowardly, cold-blooded murder.

They did this to us -- those Japanese whose fliers bombed Honolulu while our nations were at peace -- at the very moment when their ambassadors in Washington were talking oily words of diplomacy. In reporting this horrible crime, President Roosevelt declared, "This recourse by our enemies to frightfulness is barbarous. The efforts of the Japanese war lords thus to intimidate us will utterly fail."

That gives you the answer to "why" this murderous deed was done. That first raid hurt them -- and hurt them plenty. They are trying to scare us out of raiding them again.

Men and Women of America -- they are going to find out that we don't scare very easily.

They are going to find out that that first raid was a Sunday School picnic compared to what the next one will be; and the next; and the ones after that.

They knew that we are a good-natured people -- that it takes a lot to make us mad. Apparently they did not know that when we do get fighting mad -- as we are now -- we start our punches from the floor. They will find that out, too.

Our Government has stated that it will bring to stern justice all the officers of the Japanese government who participated in this murder.

Our Air Force has been ordered by its Commanding General to destroy the Japanese air force, to avenge that crime.

Those acts of justice will be done, in God's good time. But meanwhile, what will you do? How can you help avenge this horror?

Well, for one thing you can buy War Bonds. If you never bought them before, you can start now. You can lend your Government the money to build the planes and buy the bombs that will reply to this challenge of savagery. You can help answer it in the only language that can answer it effectively and completely.

More than ever now, this is our war — not somebody else's.

This is a war to keep alive the things which New Hampshire men and women did so much to create — liberty, freedom from oppression, the right to lead our own lives in our own way, opportunity for ourselves and our children, equality between all men. This is the heritage we Americans are fighting to defend — to preserve for our children the things in which we believe with all our hearts.

Our enemies don't believe in those things. They have said in so many words that democracy is soft. They have said that democracy cannot and will not fight. They say that democracy cannot live in their world of so-called supermen.

They say that the masses must be ruled and led by the classes. They say that the common people cannot run a nation, or win a war.

Maybe they never heard about the American Revolution.

It was the common people of America who fought and won the Revolution.

It was the common people whose blood and sweat paid the price of our freedom.

And it was those same common people of America who set up a government of the people, by the people, and for the people — which has grown and prospered for 167 years.

Now, 167 years is a pretty long period of successful operation, compared with the 21 precarious years Mussolini has perched on his shaky throne, and the 10 bloody years that Hitler has clung to his.

And believe me, Ladies and Gentlemen, our democratic American government-by-the-consent-of-the-governed will still be going strong many, many long years after those two evil names are rubbed out of the record.

That rubbing out has now begun in earnest, with the help of American men, American arms, American production, and American dollars. Yes, we are answering our enemies' bloody challenge, in the Pacific, and in Tunisia — and before long, we confidently hope, on the Continent of Europe and the Islands of Japan.

And right here at home we are answering our enemies, too. We have converted our nation to war production, so successfully that already we are producing far more than the enemy, even after their ten years of frantic war preparations.

We have created great armies and transported them to world-wide battle lines. We have created one of the world's mightiest air forces. We are well on our way to a seven-ocean navy.

And we are financing this all-out effort in the way of free people; not by compulsion, but by levying heavy taxes upon ourselves; by freely lending our own money to our own Government.

I urge you now — every individual man and woman of you — to shoulder your part of this load, to take your own full share of the responsibility for making this Second War Loan a smashing success.

Don't wait to be asked to buy — make it a matter of pride to buy before you are asked. Remember the words, "They give their lives — you lend your money." Then go to your bank, or the post office, or to any security dealer — and buy as many Bonds as you possibly can.

By investing now you not only are lending money which your Government needs to finance the war; but you are making your own future secure. You are establishing a fund of savings that will steadily increase in value. You are setting aside money that will always be available to you on short notice. In this time of plentiful money, you are protecting yourselves and your families with an ever-growing nest-egg for whatever rainy days may come after the war. And every dollar you invest in Bonds during this Second War Loan will get into the fight somewhere along the line. Every dollar will help beat the Japs and the Germans.

Yes, every dollar you invest now is a voice saying for you, "I'm in this, too. This is my country, and my war. Maybe I can't battle in the line with the fighting men; but I want them to know that I can and do stand shoulder to shoulder with them — helping the best I know how, with my hands and my heart and my dollars."

Men and Women of New Hampshire, in this war you are doing a great job. Many of you are working long hours in actual war production. All of you are giving generously of your time and effort to the nation's service outside of working hours. You are doing the thankless work of draft and rationing boards. You have volunteered as air raid wardens, plane spotters, ambulance drivers. You are serving selflessly in canteens and recreation centers, in USO and Red Cross service centers. You are giving your blood to save the wounded. You are rolling bandages and knitting sweaters and serving as nurses' aids in the hospitals.

You are salvaging endless tons of strategic materials. You are raising tons of needed food in your victory gardens. You are serving as volunteer speakers and salesmen to spur the sale of War Bonds. In a hundred ways you are meeting the challenge of total war as Americans -- forgetting personal interests in your determination to serve your country in every way you can serve.

You are willingly sacrificing your personal comforts. You are doing without automobiles and tires, without sugar, without coffee -- that our armies and our allies' armies may be well supplied.

You are accepting the inconveniences of rationing in the spirit of equal sacrifice and equal distribution of what is available.

You have given up pleasure driving -- with pleasure.

You are living in colder houses -- with warmer hearts.

You are sending your sons and brothers and husbands off to fight -- and biting back your fears and going back to do your part with a firmer purpose.

In every phase of war activity you are demonstrating your loyalty and faith in your Government. You are proving in every deed that the men and women of this nation are united to preserve unharmed those things for which this America stands.

I repeat: You have done, and are doing, a magnificent job.

Now this Second War Loan comes to you as one more opportunity to serve the nation you helped create -- to serve it with your dollars, as you are serving with your hearts and hands. Three hundred years of great American tradition challenge you in this month of April, 1943, to match your heritage.

I know that New Hampshire will come through.

Treasury Department
Washington

Press Service
No. 36-35

For Release, Morning Newspapers
~~release~~ Monday, April 26, 1943

With More than the ~~the minimum goal of~~ $13,000,000,000 minimum goal in sight, Secretary Morgenthau announced today that the Second War Loan Drive will terminate, and the subscription books will close, at the close of business May 1, with respect to the three issues of marketable securities. ~~namely,~~ These issues are 2 1/2 percent Treasury Bonds of 1964-69, 2 percent Treasury Bonds of 1950-52 and 7/8 percent Treasury Certificates of Indebtedness of Series B-1944. The sale of Tax Savings Notes and United States Savings Bonds will continue without interruption.

The Treasury will accept subscriptions which are placed in the mail up to midnight of May 1 for the three issues on which the subscription books close on that day. As previously announced, the 2 percent Treasury Bonds of 1950-52 will be open for subscriptions from commercial banks for their own account on April 28, 29 and 30. Subscriptions from such banks in amounts up to $100,000 will be allotted in full, and larger subscriptions on an equal percentage basis. Total allotments to banks will be $2,000,000,000, or thereabouts.

In order that the heavy volume of savings bonds which are being sold during this Drive may be reflected in the totals, all sales processed through the Federal Reserve Banks by May 8 will be included in the final figures. This is necessary to give adequate credit for the work done during the Drive, as it takes several days to process subscriptions through the thousands of issuing agents to the Federal Reserve Banks.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, April 26, 1943.
4-24-43

Press Service
No. 36-35

With more than the $13,000,000,000 minimum goal in sight, Secretary Morgenthau announced today that the Second War Loan Drive will terminate, and the subscription books will close, at the close of business May 1, with respect to the three issues of marketable securities. These issues are the 2 1/2 percent Treasury Bonds of 1964-69, 2 percent Treasury Bonds of 1950-52 and 7/8 percent Treasury Certificates of Indebtedness of Series B-1944. The sale of Tax Savings Notes and United States Savings Bonds will continue without interruption.

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Statement of Under Secretary of the Treasury Daniel W. Bell In Presenting the Treasury Department's Award to Norman Rockwell at The Hecht Company, Washington, April 26, 1943, 10:30 P. M., Eastern War Time.

Strange as it may seem, Norman Rockwell and I have a lot in common. We both deal in facts and figures. I must confess, however, that the figures in which he deals seem a lot more understandable to the average man or woman than those in which we deal at the Treasury.

Mr. Rockwell paints in a language all Americans understand. His paintings evoke feelings all Americans share. If the function of art is to portray life, to communicate to others the sentiments and emotions that the artist himself feels, then Norman Rockwell is one of America's great artists.

While millions of Americans for years have been thrilled by Mr. Rockwell's magazine covers and illustrations, no work of his has won such universal popular acclaim as his series of paintings portraying the Four Freedoms. In these paintings Mr. Rockwell has given body and substance to the ideals for which we are now fighting. In his characterization of the Four Freedoms we find the grandeur that is America; its hopes for the future that will forever embody man's eternal quest.

Mr. Rockwell is permitting the Treasury to exhibit the Four Freedoms in this War Bond show throughout the country. Millions of Americans will find them a source of inspiration, just as we have today. It gives me great pleasure, therefore, to present at this time to Norman Rockwell the Treasury's award for distinguished service in behalf of the War Savings program.

Address of Justice William O. Douglas of the United States Supreme Court at the Treasury Department - Saturday Evening Post War Bond Show at The Hecht Company, Washington, D. C., April 26, 1943, 10:30 p.m., Eastern War Time

The beautiful War Bond display that came from the brush of Norman Rockwell is dedicated to America's ideals of freedom and justice. It is spread before us here in Washington tonight. It will soon start its tour of the nation. Tonight it is assembled in the shadows of the White House -- our White House. When you see this display in your own home town, remember that a Japanese warlord made the boast that he would dictate and write the peace in our White House.

The Bill of Rights which contains our notions of freedom and justice is symbolic of the values we cherish in our civilization. It is not fashioned on class or racial lines. Our ideals of freedom respect all creeds, all peoples, all nationalities.

Remember in that connection the cool and calculating Nazi plan to exterminate whole races. Remember also the Japanese pattern for the subjugation of nations -- a plan of systematic brutality first exhibited to plain public view in the plunder of Free China.

Our Bill of Rights reflects our respect for the dignity of man, our belief in God, our conviction that man must remain free and independent if man is to remain strong. A mere summary of our ideals of freedom shows how deep is the gulf between our way of life and the forces of darkness and aggression which have assaulted us. Fair play, decency, integrity, justice -- these have no place in the cult of death and destruction which has undertaken to destroy us.

Remember in that connection the pictures published last week of the American flyers who had been captured by the Japanese after the Tokyo raid. The headlines stopped passers-by in the street when the papers first appeared. But it was those grave young faces looking out at us from the column of news print that really brought home the shock.

When these men left for the war they knew very well that they might die. Their mothers and fathers — who are all of us — knew it, and lived with it, accepting it anew every day. That is a commonplace of war.

But those boys were not killed. They were murdered.

They have left us with a debt we shall never be able to repay. They have laid on us obligations from which we cannot escape.

One of those obligations is to realize what we are fighting. It is not Tojo or Hirohito alone. It is not just a few fanatics or a sadistic army clique. Our boys were not lynched in darkness by a mob run mad. They were put to death by an official act of the Japanese government.

This has shocked us; it has aroused in us the kind of feeling that followed the sinking of the Maine.

It has brought home to all of us that the Japanese state is a mockery of decent human government; and that we are dealing with a society which is a throw-back to the dark ages. The Chinese have tried to tell us this. The men on Guadalcanal learned it early. But it was not until the Japanese had admitted, and boasted with perverted pride of the murder of these boys of ours that we came fully to understand what we had been told.

But there is still another lesson that we must learn. That relates to the responsibility for those high crimes.

Thomas Jefferson wrote in our Declaration of Independence that "governments are instituted among men, deriving their just powers from the consent of the governed". Jefferson and his colleagues were making a revolution and setting up a new government. And they knew they had a right to do so. Their Declaration -- our Declaration of Independence -- goes on to say that when the train of abuses heaped on the people by its rulers shows a "design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security."

The government that was organized after years of agony and experience as the United States did and does derive its democratic powers from the consent of the governed. Our rights have been ingrained in us from our earliest childhood. But just because we have those rights, and take them for granted, it is easy for us to forget that Jefferson spoke also of a duty. It was in service to that duty that he and his generation fought seven bloody years to curb the power of an over-weaning monarch. It is that duty that has been neglected by this generation in Europe and Asia. Failing to rise to its responsibility, nation after nation has sunk back into despotism. Hence, this war.

Those seven years of the American Revolution have their own importance. They prove what can be done under almost impossible odds. It was no easy task for the farmers and fishermen of the American Revolution to meet the great army and fleet of the enemy of that day.

Their achievement has a deep significance even today. It shows the course a people can follow when it wants to meet its moral responsibility, whe n it wants to become a trustworthy partner in a common way of life with the other nations of the world.

"The consent of the governed." That is the two-edged phrase that must become again a sword against tyrants as it was a hundred and fifty years ago. In the last war its power was shown once more. Twenty-five years ago the peoples subject to the German and Austrian emperors came to understand that it was their tyrannical governments we were fighting, not the decent folks among them. When they decided that they wanted to make peace with us, they faced the difficulties of getting rid of a ruling class. They faced the risks of mutiny and rebellion. The Kaisers were overthrown in spite of the centuries of tradition behind them. The governed had ceased to consent to despotism.

But the lesson had not been thoroughly learned. Self-rule is never simple. It carries with it not only freedom, but moral responsibility for the freedom of others. Those who resign their power into a dictator's hands do not lose their responsibility. No human being is free from it.

And the Japanese people are not free from it either. Their rulers have committed these high crimes against humanity. But let no one say that the Japanese people are guiltless because they were not consulted before the murders. They may not be absolved of the treachery of Pearl Harbor; or the brutality of the rape of China; for the conscious outrage of this present murder. For they have not only flung away their rights, they have refused and woefully neglected their responsibility. They have steadfastly refused to learn from the great Chinese civilization the lessons of humanity taught by China to the western world. They have suffered a great moral default. They have allowed to be cast upon the world a Frankenstein state --- a primitive system nurtured into a cult of death and destruction. A state is what its people wish it to be or suffer it to become. Until a people casts off its tyrants, it must stand at the bar of justice with them.

The Japanese began this war. We will finish it. The Jap will not succeed in his mad plan of conquest.

Equally important, he will not succeed in turning this into a racial war. Our ideals of liberty are not based on race, creed, or color. They recognize no such distinctions. We are not against Japan's millions as human beings --- if they will assume the responsibilities of human beings. The Japanese state, the Japanese system, is our real enemy. We know that that system is not worthy of all Japanese. We know, for example, that many of them are loyal citizens of our own country and proudly wear our uniform. But we also know, as our 400 million Chinese comrades well know, that unless the Japanese medieval system of enthroned savagery is crushed, it will destroy liberty and freedom in every island, in every province, in every nation it touches.

America will not forget these things. America will remember them as it forges its terrible, swift sword of retribution. But we will not degrade ourselves and our civilization by emulating the example of the enemy.

Victory will sweep into the limbo of outworn things the degenerate society which has produced these high crimes in the Pacific.

Nothing could more appropriately honor our dead heroes than the death of the social order that murdered them.

~~Subscriptions to Second War Loan~~
~~as of April 23, 1943~~

(In millions of dollars)

Funds from non-banking sources:		
Individuals	$1,629	
Insurance companies and Mutual Savings Banks	2,964	
Other corporations	3,634	
		8,227
Funds from banking sources		2,738
Funds from other sources		
Dealers and Brokers	706	
Federal Trust Funds	343	
		1,049
Total		$12,014

Treasury Department
April 24, 1943

For Sunday a.m.'s
~~page 2.~~

36-36

¶ Subscriptions up to and including ~~[illegible]~~ Friday night for all issues in the Second War Loan Drive totaled $12,014,000,000, ~~Mr. Morgenthau said, adding that~~ Secretary Morgenthau announced tod
The Secretary urged that this mark ~~should~~ be topped by the widest possible margin, especially through the participation of more individual investors.

"The Treasury Drive, in which everyone with an income or accumulated funds can join, provides an opportunity for an emphatic demonstration by the American people of their grim determination to wage total war until the unconditional surrender of the Axis marks the end of the fighting," said Mr. Morgenthau.

"The securities in the Treasury basket are suitable for every type of investor, whether large or small, and in the remaining days of the Drive those who have not yet purchased should do so, and those who have should increase their subscriptions, if at all possible. Everyone who loves freedom and appreciates decency can share in this answer to Japanese atrocities.

"At the start of the third and final week of the Drive it is evident that the $13,000,000,000 goal will be realized. The real aim, however, is not to be measured by that minimum sum. The real aim is the placement of all idle dollars on battle stations, against the Axis abroad and against inflation at home. An unreserved and undelayed enlistment of funds is essential."

Details of subscriptions to the close of business April 23 are:

(~~In millions of dollars~~)

~~amount~~

~~A. Applicable to $8 billion non-banking goal~~

B. Other applications

C. Commercial banking applications

D. Total

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS, Sunday, April 25, 1943.
4-24-43

Press Service
No. 36-36

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Funds from non-banking sources:		
Individuals	$1,629	
Insurance companies and Mutual Savings Banks . .	2,964	
Other corporations	3,634	
		8,227
Funds from banking sources . .		2,738
Funds from other sources		
Dealers and Brokers . . .	706	
Federal Trust Funds . . .	343	
		1,049
Total		$12,014

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, April 26, 1943.

Press Service

36-37

Secretary of the Treasury Morgenthau today announced the final subscription and allotment figures with respect to subscriptions from commercial banks for their own account for the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series B-1944.

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

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted
Boston	$ 489,336,000	$ 103,900,000
New York	3,534,739,000	664,791,000
Philadelphia	405,572,000	94,676,000
Cleveland	641,538,000	154,363,000
Richmond	419,912,000	101,568,000
Atlanta	555,870,000	131,860,000
Chicago	1,423,568,000	326,942,000
St. Louis	381,530,000	105,976,000
Minneapolis	184,296,000	65,196,000
Kansas City	344,751,000	100,044,000
Dallas	394,472,000	93,079,000
San Francisco	1,006,421,000	195,829,000
TOTAL	9,782,005,000	$2,138,224,000

TREASURY DEPARTMENT
Washington

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Atlanta	555,870,000	131,860,000
Chicago	1,423,568,000	326,942,000
St. Louis	381,530,000	105,976,000
Minneapolis	184,296,000	65,196,000
Kansas City	344,751,000	100,044,000
Dallas	394,472,000	93,079,000
San Francisco	1,006,421,000	195,829,000
TOTAL	$9,782,005,000	$2,138,224,000

-oOo-

Miss Simpson

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 27, 1943.

Press Service
36-38

The Secretary of the Treasury announced last evening that the tenders for $900,000,000 or thereabouts, of 91-day Treasury bills to be dated April 28 and to mature July 28, 1943, which were offered on April 23, 1943, were opened at the Federal Reserve Banks on April 26.

The details of this issue are as follows:

Total applied for - $1,585,836,000
Total accepted - 901,753,000

Range of accepted bids:

High	- 99.935	Equivalent rate of discount approx.	0.257% per annum
Low	- 99.905	" " " " "	0.376% " "
Average price	- 99.906	" " " " "	0.372% " "

(24 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 52,675,000	$ 38,178,000
New York	954,486,000	414,249,000
Philadelphia	67,105,000	42,466,000
Cleveland	61,741,000	52,030,000
Richmond	27,485,000	27,250,000
Atlanta	21,965,000	18,146,000
Chicago	137,381,000	96,706,000
St. Louis	76,037,000	30,437,000
Minneapolis	9,663,000	9,556,000
Kansas City	20,026,000	17,803,000
Dallas	25,358,000	24,826,000
San Francisco	131,914,000	130,106,000
TOTAL	$1,585,836,000	$901,753,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 27, 1943.

Press Service
No. 36-38

4/26/43

The Secretary of the Treasury announced last evening that the tenders for $900,000,000 or thereabouts, of 91-day Treasury bills to be dated April 28 and to mature July 28, 1943, which were offered on April 23, 1943, were opened at the Federal Reserve Banks on April 26.

The details of this issue are as follows:

Total applied for - $1,585,836,000
Total accepted - 901,753,000

Range of accepted bids:

High	- 99.935	Equivalent rate of discount	approx. 0.257% per annum
Low	- 99.905	" " " "	approx. 0.376% per annum
Average price	- 99.906	" " " "	approx. 0.372% per annum

(24 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 52,675,000	$ 38,178,000
New York	954,486,000	414,249,000
Philadelphia	67,105,000	42,466,000
Cleveland	61,741,000	52,030,000
Richmond	27,485,000	27,250,000
Atlanta	21,965,000	18,146,000
Chicago	137,381,000	96,706,000
St. Louis	76,037,000	30,437,000
Minneapolis	9,663,000	9,556,000
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means — and we know the misery that follows a war. We don't shrink from war when it is forced upon us. But we do recoil from the stupidity of a bungling peace that begets more wars and breeds more misery. I think I speak the mind of the United Nations and I know I speak the mind of America when I say that this war must end with a just and enduring peace. It must not happen again. This nation and our allies must build a world of international peace and progress that will endure for generations. ~~To this we dedicate ourselves~~ tonight. ~~This we shall achieve, God willing.~~ This, God willing, we shall achieve.

war, but they have also discovered the value of participating in a public cause for the common good. These millions of citizens now so active in the prosecution of our common purpose must not and will not lose their interest in public affairs and retire into their former seclusion when this war ends. I confidently predict that the millions of men and women for whom monotonous, and sometimes unpleasant volunteer war tasks now represent the biggest things in their lives will not abandon their interest in the affairs of this country, or their own State, county or city and retire to their golf clubs and their bridge tables and sing once again the old chant, "Let George do it."

The most immediate importance of their continuing interest in the affairs of this nation will be their insistence that their voice be heard at the peace tables.

All of us in America today would gladly give our lives to prevent a repetition of what we are now going through. A single generation that knew not only Chateau Thierry, Belleau Woods, Soissons and the Argonne but also knew Pearl Harbor, Bataan, Wake and Guam -- we know what war

You are accepting the inconveniences of rationing in the spirit of equal sacrifice and equal distribution of what is available.

In most parts of the country you have given up pleasure driving — with pleasure.

In most parts of the country you are living in colder houses — with warmer hearts.

You are sending your sons and brothers and husbands off to fight — and biting back your fears and going back to do your part with a firmer purpose.

In every phase of war activity you are demonstrating your loyalty and faith in your Government. You are proving in every deed that the men and women of this nation are united to preserve unharmed those things for which this America stands.

Such a record is an inspiring demonstration of Democracy at work and it carries with it a promise of great things for the future. These millions of unsung, unselfish, unpublicized, volunteer public servants have not only found a way in which they can help their nation win this

All of you are giving generously of your time and effort to the nation's service outside of working hours. You are doing the thankless work of draft and rationing boards. You have volunteered as air raid wardens, plane spotters, ambulance drivers. You are serving selflessly in canteens and recreation centers, in USO and Red Cross service centers. You are giving your blood to save the wounded. You are rolling bandages and knitting sweaters and serving as nurses' aids in the hospitals.

You are salvaging endless tons of strategic materials. You are raising tons of needed food in your victory gardens. You are serving as volunteer speakers and salesmen to spur the sale of War Bonds. In a hundred ways you are meeting the challenge of total war as Americans -- forgetting personal interests in your determination to serve your country in every way you can serve.

You are willingly sacrificing your personal comforts. You are doing without automobiles and tires, without sugar, without coffee -- that our armies and our allies' armies may be well supplied.

submit to you two brief arguments in support of that contention:

You already know that 26 million people are setting aside a substantial part of their pay envelope every week in the year for the purchase of War Bonds. You know that over 50 million people are buying these Bonds more or less regularly. I suggest to you that the continuation of this program in and of itself constitutes the greatest thrift program that the world has ever seen. Ten years ago in December 1933, there were 25,573,000 ~~million~~ people in 7,230,000 households dependent on work projects or di rel ~~in this country on relief~~. Contrast that with the numbers who are now setting aside out of their weekly income savings for a rainy day. I believe that the spread throughout the coun ~~nationalizatio~~n of the kind of thrift for which New England once was noted contains social, economic and political implications that are worthy of consideration.

But the most convincing evidence of the revitalization of democracy is to be found in the daily lives of 135 million people in every city and town and hamlet in this nation today. The men and women of America in this war are doing a great job. Take the people of Toledo, for instance. Many of you are working long hours in actual war production.

Another convincing bit of evidence of Democracy's ability to take care of itself is now being placed on the record. On April 12th the Second War Loan started, the biggest piece of financing in the world's history, a drive to raise in one borrowing operation thirteen billion dollars. This figure represents nearly half of the entire cost to us of the first World War. The response to this appeal has been very gratifying. Of this total a quota of 8 billion was set to come from non-banking sources. At the close of business Monday, April 26, we had already received from non-banking sources 9.850. The banks have already substantially oversubscribed the 2 billion 7/8 % certificates offered at the beginning of the drive. The banks are having an opportunity to subscribe the last three days of this month to 2 ~~million~~ billion 2 per cent Bonds. We know they will respond as they have in the past.

I hope that the fact that it has become apparent that we will exceed our quota will in no way deter any individual or any corporation from buying just as many of these securities as possible. Regardless of any quota, the more funds that are devoted to the purchase of these securities and diverted from the spending stream the better off we all will be, you and your Government alike.

Earlier in the evening I told you that in my opinion America would emerge from this trial a stronger democracy than when she entered it. I would like to their payroll for the direct purchase of War Bonds, almost 9 percent of their pay. Almost 50 million people in this country are buying War Bonds under one method or another. Furthermore, the great bulk of these people are purchasing these Bonds for ~~good.~~ keeps. They are holding onto them not only because they know it is harmful to the war effort for them to redeem these Bonds, but because they have faith in this country's future. They know that the Bonds that they purchase are not only an anchor to windward against whatever rainy days are ahead of us, but that these Bonds are the nest-egg which will enable them to buy a new home after the war, to put their children through school, or to provide that contentment in later years that can come only from a sense of personal financial security. At the Treasury, we are proud not only of the way the American people are purchasing these Bonds, but are also proud and gratified at the way they are holding onto them.

these heaviest taxes in our history, stepped up promptly and paid them proudly. They did so because they knew that in this emergency their country needs their money. They understand there is no cheap way to win the war and that it is far better and far cheaper to win it than to lose it. High and low, rich and poor, they wanted to hold up their end — to match in some small degree the sacrifices of the men who are actually fighting the battles all around the world. That is the spirit underlying this decisive silent victory which the whole American people ~~this~~ last month won over the skeptics. I believe the moral to be learned from this March experience is that, in this Democracy of ours, the American people can be counted upon to make any sacrifice that is required. They ask only that the necessity of this sacrifice be explained. Granted that this be done, I believe there is nothing the American people in their turn will not to do speed the day of victory.

In another sector of the home front the American people are likewise making an inspiring record. I refer to the voluntary purchase of War Bonds, which is now going on at a scale unprecedented in this or any other land. Right today there are almost 26 million people who are setting aside, out of

I am sorry that because of the unprecedented flood of returns which have not yet been completely tabulated it is impossible for me today to give you a complete report on the amount of money paid in this first quarter or the total number of people who paid those returns. It will be some time before the final figures are available. I can tell you, however, that at the close of business on March 25, 1943, there had been deposited with the Federal Reserve Banks during the first quarter of this year income and excess profits taxes in the sum of $4,683,000,000, as against $3,218,000,000 for the same period last year. I can tell you that we believe that more than 40 million people filed returns. I can tell you that right here in the State of Ohio there was collected and deposited in the first 20 days of this month ______________ as against ______________ for the comparable period last year.

Of far greater importance than any of the facts or the figures I have given you was the spirit of willingness which characterized income tax payments this year. There was even less complaining than last year. Nowhere was there any sign of reluctance, nowhere any visible shirking of responsibility. The American people who, through their own Congress, had levied on themselves

~~year 1940, a check of the information returns and the follow-up of the delinquents showed that of the total number who filed taxable returns an additional 1 percent had been delinquent, and the taxes owed by that additional 1 percent amounted to less than 1/10 of 1 percent of the total amount collected.~~

I believe these figures should convince you of one outstanding fact which has long been apparent to all of those engaged in the collection of taxes: that 99-9/10 % of the American people are thoroughly honest with their Government and are willing and anxious to pay their share. So much of the publicity about income taxes is devoted to the Al Capones and the Nucky Johnsons that the public itself is apt to overlook the essential honesty of the American citizen and the average American businessman. Take it from one who has had an opportunity to know: The American people not only discharge their income tax liabilities promptly and honestly, but they give their Government the benefit of the break when they are in doubt. The percentage of American citizens and American businessmen who try to chisel on Uncle Sam is gratifyingly low.

During those same years we have formally abated as uncollectible the total amount of $278,024,325, -- a yearly average of $12,637,470. You must remember that the amount abated in any one year represents taxes that became due one or two or three years before the year of formal abatement. ~~If we compare the rate of tax abatement year by year since 1940 a highly significant fact appears. At the very time when the number of individuals filing tax returns was increasing by leaps and bounds the rate of tax abatement actually declined. Here are the figures:~~ Nevertheless, it is worth noting that while the number of individual tax filers increased from less than 8 million in 1940 to almost 15 million in 1941 and to 26-1/2 million in 1942, the amount abated in 1941 was slightly in excess of $7,000,000 (0.5% of the amount collected), and the amount abated in 1942 was just under $10,000,000 (0.3% of the amount collected). Judge these in comparison with the yearly average of more than $12,637,470.

But someone may ask, "How about the people who filed no returns at all?" My answer to them is that through Form 1099, the information return, and through Social Security records, we have ways and means of checking almost everyone who is liable to pay an income tax. And we do check them. For the closes June 30, 1943, we expect the final analysis will show that for every $100 collected we will have spent less than 50 cents to collect it. ~~Let this figure be the answer to all who talk of Federal inefficiency and extravagance in the collection of the Federal revenues.~~

Lately there has been a great deal of talk about the amount of individual income taxes that have been uncollectible. This talk has grown to such proportion that I think I should give you a report on the actual amount of taxes that have been formally abated over the last 22 fiscal years from 1921 through 1942, inclusive. ~~In weighing these figures, you will consider, I am sure, that the tax rates in those 22 years were very much lower than they are now. I would suggest that you also consider that that 22-year period included two depressions. During the last two months, many people have told me how difficult it would be to collect taxes from new income tax payers. I have asked many of them how much they thought we failed to collect in the average year, and I have never met one who was not astonished at the actual figures. Here they are:~~

In the 22 years from 1921 through 1942, the Federal Government collected in income taxes from individuals $22,053,845,561.

of the Federal Income Tax that may be of interest to you. Ten years ago, in the fiscal year 1933, while we were collecting $747 million from 2 million individual and corporate taxpayers, the Bureau of Internal Revenue had a total of 11,500 employees. This year when we hope to collect 17-1/2 billions from more than 40 million taxpayers, the Bureau personnel is only 34,000. Thus while collections increased 23 times and the number of returns increased 10 times the Bureau personnel increased only 3 times.

~~I am well aware that in every well-conducted business unit costs decrease as production mounts. This has been the case in the collection of Federal taxes.~~ During the first two months of this year, a vicious rumor was circulated in certain parts of this country that the costs of collection of Federal taxes were fantastic. ~~Because of that rumor and because of a general feeling that collection costs are in fact high,~~ I would like to tell you just how much it has cost the Treasury to collect your tax dollars. In the fiscal year 1940, it cost us $1.12 for every $100 we collected. In the fiscal year 1941, 89 cents for every $100 collected. Last year, the cost of collection was 57 cents for every $100, and in the year which

That you may appraise what they did in proper perspective,

I would like to give you a few facts and figures demonstrating the recent growth and popularization of the Federal Income Tax as an instrument in supporting the Federal Government. Ten years ago, in the fiscal year 1933, total individual income tax collections yielded $352,573,000. That year 3,723,558 people filed a return. Never until 1940 did we receive as many as 8 million individual income tax returns. In 1941, more than 15 million individuals filed returns. In 1942, 26-1/2 million people filed income tax returns. This year, more than 40 million people have filed income tax returns, and total individual and corporate income and excess profits taxes actually paid the first three months this year were 5,418,000,000.

The revenue received from corporate and individual tax returns 10 years ago in the fiscal year 1933 amounted to $746,791,000. In the fiscal year 1940, they yielded $2,121,000,000; in 1941, $3,462,000,000; in 1942, $8,002,000,000, and for the current fiscal year, we estimate they will yield $17,567,000,000. Surely no one can now charge that the Federal Income Tax payers are an exclusive group nor that the great bulk of the American people are not contributing liberally to the support of their Government and the financing of the war. There are some other facts about this development every-day routine. The entire question of taxes was complicated and confused as never before by a series of proposals which contemplated the present or future forgiveness of taxes. I doubt if ever before any group of taxpayers faced such confusion or would have had a better excuse for failing in their responsibilities. Yet the American people with that same understanding and unity that is so surprising to the people of other nations realized how their Government needed money to finance this war. And when the word finally got through to them that despite any proposal pending in the Congress it was their duty as citizens to file a return and pay their quarterly installment, they did so in a manner that was heartening and inspiring.

insert on page 5

I believe that when the history of this war is written, one of the facts that will amaze and mystify not only the peoples but the leaders of our enemies and allies alike is the degree to which all the people of America have helped our Government finance this war. For this great war is being fin in the Democrat I predict to you today that during this war more American people, through taxes willingly paid and through Bonds voluntarily purchased, will have participated in financing this war more completely than any other people in any land in history.

American people are in complete and active partnership with their Government to win this war. (Insert last paragraph on page 6)

In the first two weeks of March the American people gave a tremendous, overwhelming proof of unity and loyalty. During that fortnight they attested their faith and love of their country by willingly and gladly pouring into their Federal Treasury the greatest flood of income taxes in the history of this or any other nation.

There was a sweep and vastness about it that no one could mistake. It was as if these millions of Americans were saying, "We're in this, too. This is our country and our war. Maybe we can't battle in the front line with the fighting men. But we want them to know that we can and do stand here shoulder to shoulder with them — helping the best we can, serving with our hands and our hearts and our dollars."

A year ago when our entire land was blazing in the first white heat of war, and raging mad at the treachery of Pearl Harbor — a year ago such a demonstration was to be expected. But this year, the first flush of excitement had gone, the war had settled down to a deadly unglamorous matter of

By our democratic process we have raised and trained and equipped a great army and transported it to battle lines around the world. We have built a navy to patrol the seven seas, and an air force to clear the skies. With this offensive force we shall crush the Nazis and the Japs in Africa, Europe and Asia, or wherever we have to chase them. We shall smash them so completely that never again will dictators dare raise their hands against the free American people.

The conclusions I have just expressed are based very largely upon a conviction I have long held, — that no power on earth can overcome an aroused, united America. I would like to submit to you now some evidence which has convinced me, as I believe it will convince you, that the people of this country today are aroused, are united, and are one in their determination that no sacrifice is too great to preserve those things for which America stands.

I want to tell you a few solid truths that speak louder than words of the morale here on the home front — facts which prove that in spite of bickerings and crabbings and recriminations and second guessings, the

We have converted our resources to war production -- and by the methods of democracy we are producing, at the end of a little over a year, far more than our enemy is producing at the end of ten years, despite all his slave labor, and his confiscated factories.

Perhaps some of this sort of thing is good for us. There are abuses that need to have the light turned on them. There are errors of omission and commission which publicity helps to correct. Complacency and over-confidence are always dangers in need of combatting. But for all that, there is one glorious fact that far outshines the troubles that fret us, and the delays and mistakes that very properly make us impatient:

That is the unmistakable truth, which grows clearer each month and week, that DEMOCRACY IS EFFECTIVE in war as in peace.

For day by day it becomes more surely apparent that a free people planning their own plans, making up their own minds, taking their own decisions and putting them into effect by their own methods, will make fewer mistakes and get surer results than any Fuehrers or Duces or self-appointed dictator leaders under any name.

In this year of 1943 we are successfully answering the slave-world's sneering challenge that Democracy is decadent, that Democracy cannot and will not fight, that Democracy cannot survive in a regimented world of so-called supermen.

this trial are freedom of worship, freedom of speech, freedom from oppression, our right to lead our own lives in our own way, and equality of opportunity for ourselves and for our children. The defendant in this trial is Democracy, whose right to survive anywhere in the modern world was challenged on December 7, 1941.

As a junior member of the defending firm, I would like to relate to you some of the evidence within that small part of the case with which I am familiar and from which I conclude that the final verdict will be that Democracy will survive, and that Democracy will emerge from this trial strengthened and revitalized, an even stronger pillar of civilization than on the day the trial opened.

I am well aware that there is a great deal of gloom in circulation. Headlines wail of dissension and disorder. The papers are full of things left undone which ought to have been done, and things done which ought not to have been done. The radio is loud with querulous, scolding voices. And many speakers feel the urge to don sack-cloth and ashes, and to view with alarm. I am not of this school of thought.

36-39

Sullivan
Toledo Bar Assn
April 28, 43

~~I suppose that~~ In ordinary times an Assistant Secretary of the Treasury who happened to be a lawyer himself, probably would take advantage of this brilliant gathering to expound the philosophy and theory underlying the important legal problems of the Treasury Department. Somehow or other we always seem to have important legal problems and the present is no exception to the rule. Without in any way minimizing the importance of the correct solution of legal problems now pending in the Treasury, I am not going to discuss them tonight, because there is now being tried ~~in~~ before the World ~~Court~~ a case which completely overshadows all legal theories and philosophies and all other ~~issues.~~ problems.

It is not a common law trial, nor is it being conducted under the rules of Equity. Rather it is a trial by fire. The number of parties-in-interest exceeds two billion persons. Among the issues involved in

TREASURY DEPARTMENT
Washington

For Release, Morning Newspapers,
Thursday, April 29, 1943.

Press Service
No. 36-39

(The following address by Assistant Secretary of the Treasury John L. Sullivan before the Toledo Bar Association is scheduled for delivery in the Toledo Club, Toledo, Ohio, at 8 p.m., Eastern War Time, Wednesday, April 28, 1943.)

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I want to tell you a few solid truths that speak louder than words of the morale here on the home front -- facts which prove that in spite of bickerings and crabbings and recriminations and second guessings, the American people are in complete and active partnership with their Government to win this war.

I believe that when the history of this war is written, one of the facts that will amaze and mystify not only the peoples but the leaders of our enemies and allies alike is the degree to which all the people of America have helped our Government finance this war. For this great war is being financed in the Democratic way. I predict to you today that during this war more American people, through taxes willingly paid and through Bonds voluntarily purchased, will have participated in financing this war more completely than any other people in any land in history.

In the first two weeks of March the American people gave a tremendous, overwhelming proof of unity and loyalty. During that fortnight they attested their faith and love of their country by willingly and gladly pouring into their Federal Treasury the greatest flood of income taxes in the history of this or any other nation.

There was a sweep and vastness about it that no one could mistake. It was as if these millions of Americans were saying, "We're in this, too. This is our country and our war. Maybe we can't battle in the front line with the fighting men. But we want them to know that we can and do stand here shoulder to shoulder with them -- helping the best we can, serving with our hands and our hearts and our dollars."

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That you may appraise what they did in proper perspective, I would like to give you a few facts and figures demonstrating the recent growth and popularization of the Federal Income Tax as an instrument in supporting the Federal Government. Ten years ago, in the fiscal year 1933, total individual income tax collections yielded $352,573,000. That year 3,723,558 people filed a return. Never until 1940 did we receive as many as 8 million individual income tax returns. In 1941, more than 15 million individuals filed returns. In 1942, 26-1/2 million people filed income tax returns, this year, more than 40 million people have filed income tax returns, and total individual and corporate income and excess profits taxes actually paid the first three months this year were $5,418,000,000.

The revenue received from corporate and individual tax returns 10 years ago in the fiscal year 1933 amounted to $746,791,000. In the fiscal year 1940, they yielded $2,121,000,000; in 1941, $3,462,000,000; in 1942, $8,002,000,000, and for the current fiscal year, we estimate they will yield $17,567,000,000. Surely no one can now charge that the Federal Income Tax payers are an exclusive group nor that the great bulk of the American people are not contributing liberally to the support of their Government and the financing of the war. There are some other facts about this development of the Federal Income Tax that may be of interest to you. Ten years ago, in the fiscal year 1933, while we were collecting $747 million from 2 million individual and corporate taxpayers, the Bureau of Internal Revenue had a total of 11,500 employees. This year when we hope to collect 17-1/2 billions from more than 40 million taxpayers, the Bureau personnel is only 34,000. Thus while collections increased 23 times and the number of returns increased 10 times the Bureau personnel increased only 3 times.

During the first two months of this year, a vicious rumor was circulated in certain parts of this country that the costs of collection of Federal taxes were fantastic. I would like to tell you just how much it has cost the Treasury to collect your tax dollars. In the fiscal year 1940, it cost us $1.12 for every $100 we collected. In the fiscal year 1941, 89 cents for every $100 collected. Last year, the cost of collection was 57 cents for every $100, and in the year which closes June 30, 1943, we expect the final analysis will show that for every $100 collected we will have spent less than 50 cents to collect it.

Lately there has been a great deal of talk about the amount of individual income taxes that have been uncollectible. This talk has grown to such proportion that I think I should give you a report on the actual amount of taxes that have been formally abated over the last 22 fiscal years from 1921 through 1942, inclusive.

In the 22 years from 1921 through 1942, the Federal Government collected in income taxes from individuals $22,053,845,561.

During those same years we have formally abated as uncollectible the total amount of $278,024,325, -- a yearly average of $12,637,470. You must remember that the amount abated in any one year represents taxes that became due one or two or three years before the year of formal abatement. Nevertheless it is worth noting that while the number of individual tax filers increased from less than 8 million in 1940 to almost 15 million in 1941 and to 26-1/2 million in 1942, the amount abated in 1941 was slightly in excess of $7,000,000 (0.5% of the amount collected), and the amount abated in 1942 was just under $10,000,000 (0.3% of the amount collected). Judge these in comparison with the yearly average of more than $12,637,470.

I believe these figures should convince you of one outstanding fact which has long been apparent to all of those engaged in the collection of taxes: that 99-9/10% of the American people are thoroughly honest with their Government and are willing and anxious to pay their share. So much of the publicity about income taxes is devoted to the Al Capones and the Nucky Johnsons that the public itself is apt to overlook the essential honesty of the American citizen and the average American businessman. Take it from one who has had an opportunity to know: The American people not only discharge their income tax liabilities promptly and honestly, but they give their Government the benefit of the break when they are in doubt. The percentage of American citizens and American businessmen who try to chisel on Uncle Sam is gratifyingly low.

Of far greater importance than any of the facts or the figures I have given you was the spirit of willingness which characterized income tax payments this year. There was even less complaining than last year. Nowhere was there any sign of reluctance, nowhere any visible shirking of responsibility. The American people who, through their own Congress, had levied on themselves these heaviest taxes in our history, stepped up promptly and paid them proudly. They did so because they know that in this emergency their country needs their money. They understand there is no cheap way to win the war and that it is far better and far cheaper to win it than to lose it. High and low, rich and poor, they wanted to hold up their end -- to match in some small degree the sacrifices of the men who are actually fighting the battles all around the world. That is the spirit underlying this decisive silent victory which the whole American people last month won over the skeptics. I believe the moral to be learned from this March experience is that, in this Democracy of ours, the American people can be counted upon to make any sacrifice that is required. They ask only that the necessity of this sacrifice be explained. Granted that this be done, I believe there is nothing the American people in their turn will not to do speed the day of victory.

In another sector of the home front the American people are likewise making an inspiring record. I refer to the voluntary purchase of War Bonds, which is now going on at a scale unprecedented in this or any other land. Right today there are almost 26 million people who are setting aside, out of their payroll for the direct purchase of War Bonds, almost 9 percent of their pay. Almost 50 million people in this country are buying War Bonds under one method or another. Furthermore, the great bulk of these people are purchasing these Bonds for keeps. They are holding onto them not only because they know it is harmful to the war effort for them to redeem these Bonds, but because they have faith in this country's future. They know that the Bonds that they purchase are not only an anchor to windward against whatever rainy days are ahead of us, but that these Bonds are the nest-egg which will enable them to buy a new home after the war, to put their children through school, or to provide that contentment in later years that can come only from a sense of personal financial security. At the Treasury, we are proud not only of the way the American people are purchasing these Bonds, but are also proud and gratified at the way they are holding onto them.

Another convincing bit of evidence of Democracy's ability to take care of itself is now being placed on the record. On April 12th the Second War Loan started, the biggest piece of financing in the world's history, a drive to raise in one borrowing operation thirteen billion dollars. This figure represents nearly half of the entire cost to us of the first World War. The response to this appeal has been very gratifying. Of this total a quota of 8 billion was set to come from non-banking sources. At the close of business Monday, April 26, we had already received from non-banking sources 9.850. The banks have already substantially oversubscribed the 2 billion 7/8 certificates offered at the beginning of the drive. The banks are having an opportunity to subscribe the last three days of this month to 2 billion 2 per cent Bonds. We know they will respond as they have in the past.

I hope that the fact that it has become apparent that we will exceed our quota will in no way deter any individual or any corporation from buying just as many of these securities as possible. Regardless of any quota, the more funds that are devoted to the purchase of these securities and diverted from the spending stream the better off we all will be, you and your Government alike.

Earlier in the evening I told you that in my opinion America would emerge from this trial a stronger democracy than when she entered it. I would like to submit to you two brief arguments in support of that contention:

You already know that 26 million people are setting aside a substantial part of their pay envelope every week in the year for the purchase of War Bonds. You know that over 50 million people are buying these Bonds more or less regularly. I suggest to you that the continuation of this program in and of itself constitutes the greatest thrift program that the world has ever seen. Ten years ago in December 1933, there were 25,573,000 people in 7,230,000 households dependent on work projects or direct relief. Contrast that with the numbers who are now setting aside out of their weekly income savings for a rainy day. I believe that the spread throughout the country of the kind of thrift for which New England once was noted contains social, economic and political implications that are worthy of consideration.

But the most convincing evidence of the revitalization of democracy is to be found in the daily lives of 135 million people in every city and town and hamlet in this nation today. The men and women of America in this war are doing a great job. Take the people of Toledo, for instance. Many of you are working long hours in actual war production. All of you are giving generously of your time and effort to the nation's service outside of working hours. You are doing the thankless work of draft and rationing boards. You have volunteered as air raid wardens, plane spotters, ambulance drivers. You are serving selflessly in canteens and recreation centers, in USO and Red Cross service centers. You are giving your blood to save the wounded. You are rolling bandages and knitting sweaters and serving as nurses' aids in the hospitals.

You are salvaging endless tons of strategic materials. You are raising tons of needed food in your victory gardens. You are serving as volunteer speakers and salesmen to spur the sale of War Bonds. In a hundred ways you are meeting the challenge of total war as Americans -- forgetting personal interests in your determination to serve your country in every way you can serve.

You are willingly sacrificing your personal comforts. You are doing without automobiles and tires, without sugar, without coffee -- that our armies and our allies' armies may be well supplied.

You are accepting the inconveniences of rationing in the spirit of equal sacrifice and equal distribution of what is available.

In most parts of the country you have given up pleasure driving -- with pleasure.

In most parts of the country you are living in colder houses -- with warmer hearts.

You are sending your sons and brothers and husbands off to fight -- and biting back your fears and going back to do your part with a firmer purpose.

In every phase of war activity you are demonstrating your loyalty and faith in your Government. You are proving in every deed that the men and women of this nation are united to preserve unharmed those things for which this America stands.

Such a record is an inspiring demonstration of Democracy at work and it carries with it a promise of great things for the future. These millions of unsung, unselfish, unpublicized, volunteer public servants have not only found a way in which they can help their nation win this war, but they have also discovered the value of participating in a public cause for the common good. These millions of citizens now so active in the prosecution of our common purpose must not and will not lose their interest in public affairs and retire into their former seclusion when this war ends. I confidently predict that the millions of men and women for whom monotonous and sometimes unpleasant volunteer war tasks now represent the biggest things in their lives will not abandon their interest in the affairs of this country or their own state, county or city and retire to their golf clubs and their bridge tables and sing once again the old chant, "Let George do it."

The most immediate importance of their continuing interest in the affairs of this nation will be their insistence that their voice be heard at the peace tables.

All of us in America today would gladly give our lives to prevent a repetition of what we are now going through. A single generation that knew not only Chateau Thierry, Belleau Woods, Soissons and the Argonne but also knew Pearl Harbor, Bataan, Wake and Guam -- we know what war means -- and we know the misery that follows a war. We don't shrink from war when it is forced upon us. But we do recoil from the stupidity of a bungling peace that begets more wars and breeds more misery. I think I speak the mind of the United Nations and I know I speak the mind of America when I say that this war must end with a just and enduring peace. It must not happen again. This nation and our allies must build a world of international peace and progress that will endure for generations. To this we dedicate ourselves tonight. This, God willing, we shall achieve.

-oOo-

Table 2

Tax payments and effective rates under H.R. 2570 at selected levels of net income in calendar year 1944 assuming (a) taxpayer avails himself of no discount and (b) taxpayer avails himself of the 6% discount
Married person - no dependents

Net income before personal exemption 1/	Income tax liability on 1944 income	Victory tax after post-war credit 2/	Reduced 1942 tax payable in 1944		Total tax payable in 1944	
			If no discount is taken (One-third of reduced tax) amount of tax	If 6% discount is taken 5/	If no discount is taken	If 6% discount is taken
$ 1,200	-	$ 21	-	-	$ 21	$ 21
1,500	$ 48	31	-	-	79	79
1,800	103	41	$ 7 4/	$ 21	151. 6/	165
2,000	140	48	13	38	201	226
2,500	232	65	29	81	326	378
3,000	324	81	44	124	449	529
4,000	532	115	79	222	726	869
5,000	746	148	119	337	1,013	1,231
6,000	992	181	168	475	1,341	1,648
8,000	1,532	248	287	809	2,067	2,589
10,000	2,152	315	431	1,214	2,898	3,681
15,000	4,052	481	902	2,543	5,435	7,076
20,000	6,452	648	1,527	4,306	8,627	11,406
25,000	9,220	815	2,275	6,415	12,310	16,450
50,000	25,328	1,747	6,798	19,169	33,873	46,244
100,000	64,060	4,524	17,568	49,541	86,152	118,125
500,000	414,000	26,747	115,131	324,670	555,878	765,417
1,000,000	854,000	45,000 3/	244,291	688,902	1,143,291	1,587,902
5,000,000	4,374,000	125,000 3/	1,307,615	3,687,473	5,806,615	8,186,473

Effective rates

Net income	Income tax	Victory tax	If no discount	If 6% discount	Total, no discount	Total, 6% discount
1,200	-	1.8%	-	-	1.8%	1.8%
1,500	3.2%	2.1	-	-	5.3	5.3
1,800	5.7	2.3	0.4%	1.2%	8.4	9.2
2,000	7.0	2.4	0.7	1.9	10.1	11.3
2,500	9.3	2.6	1.2	3.2	13.0	15.1
3,000	10.8	2.7	1.5	4.1	15.0	17.6
4,000	13.3	2.9	2.0	5.6	18.2	21.7
5,000	14.9	3.0	2.4	6.7	20.3	24.6
6,000	16.5	3.0	2.8	7.9	22.4	27.5
8,000	19.2	3.1	3.6	10.1	25.8	32.4
10,000	21.5	3.2	4.3	12.1	29.0	36.8
15,000	27.0	3.2	6.0	17.0	36.2	47.2
20,000	32.3	3.2	7.6	21.5	43.1	57.0
25,000	36.9	3.3	9.1	25.7	49.2	65.8
50,000	50.7	3.5	13.6	38.3	67.7	92.5
100,000	64.1	4.5	17.6	49.5	86.2	118.1
500,000	82.8	5.3	23.0	64.9	111.2	153.1
1,000,000	85.4	4.5 3/	24.4	68.9	114.3	158.8
5,000,000	87.5	2.5 3/	26.2	73.7	116.1	163.7

Treasury Department, Division of Tax Research — April ~~27~~ 28, 1943

1/ Maximum earned net income assumed and 1944 net income assumed to be same as 1942 net
2/ Assuming gross income to be ten-ninths of net income. Net Victory tax is used on assumption that taxpayer ~~gets~~ receives current benefit of postwar credit.
3/ Taking into account maximum effective rate limitation of 90 percent on combined net income and Victory tax.
5/ The discount of 6 percent is allowed if the entire amount of the reduced tax for 1942 is paid on or before March 15, 1944.
4/ The exact amount payable would be $7.33.
6/ The exact amount payable would be $151.33.

unquote Schwarz

~~[illegible] 4/27/43~~

Table 1

Reduced 1942 income tax 1/ after discounts under H. R. 2570
if paid by various dates

Married person - no dependents

Net income before personal exemption 2/	Reduced 1942 tax under H. R. 2570 if paid by March 15, 1946 (no discount)	Reduced 1942 tax after discounts in Section 6 of H. R. 2570 if paid by March 15, 1944 (Discount of 6%)	March 15, 1945 (Discount of 2%)
$ 1,200	-	-	-
1,500	-	-	-
1,800	$ 22	$ 21	$ 21. 3/
2,000	40	38	39
2,500	86	81	84
3,000	132	124	129
4,000	236	222	231
5,000	358	337	351
6,000	505	475	495
8,000	861	809	844
10,000	1,292	1,214	1,266
15,000	2,705	2,543	2,651
20,000	4,581	4,306	4,489
25,000	6,824	6,415	6,688
50,000	20,393	19,169	19,985
100,000	52,703	49,541	51,649
500,000	345,394	324,670	338,486
1,000,000	732,874	688,902	718,217
5,000,000	3,922,844	3,687,473	3,844,387

Treasury Department, Division of Tax Research April ~~26~~ 28, 1943

1/ Exclusive of Victory tax.
2/ Maximum earned income assumed.
3/ The exact amount payable would be $21.56.

The system of current payment of taxes not withheld at source will come into operation during the third quarter of 1943 to parallel the new withholding system which begins July 1.

In the opinion of the Treasury, the Committee bill will make income taxes far easier to pay. At the same time it will strengthen the Federal revenue system. It will fit tax payment directly into the budgets of the millions of small income recipients. Taxes will rise and fall as income rises and falls from week to week and month to month and will stop when income stops.

By providing a true pay-as-you-go system, the bill will bring in revenue more certainly and more promptly, thus helping to curb inflation. Without excessive doubling up and without permitting undeserved windfalls, the Committee bill will definitely improve the tax system for both the taxpayer and the Government.

A separate system of current payment is provided for incomes not subject to withholding under the Committee Bill. Such incomes, excepting farm income, must be estimated on March 15 of each year and the taxes thereon must be paid in quarterly instalments or earlier. In computing the tax on the estimated income each year, allowance will be made for amounts, if any, to be collected at source. The taxpayer will be permitted to revise his estimate of tax during the year and to increase or decrease his remaining installments for the year.

A special rule permits farmers to pay their taxes at any time before December 15 of the taxable year on the grounds that they do not have a reliable basis for forecasting their income. They are, however, given the option of paying their taxes in instalments.

Penalties will be applied for gross underestimates of current income and tax. Taxpayers other than farmers are required to pay currently at least 80 percent and farmers at least 66-2/3 percent of the final tax liability. To the extent that payments fall short of these percentages, a penalty of 6 percent is applied.

the bill provides for collection at source, or withholding, from wages and salaries to begin on July 1 at a rate of 20 percent. This rate consists of 3 percent for the Victory tax and 17 percent for the income tax, and applies only to the excess of the total wage above exemptions and an allowance for deductions. The Victory tax exemption will remain at $624 for all individuals, and the exemption in withholding income taxes will be the regular $500 for a single person, $1,200 for a married person, and an additional $350 for each dependent, each increased by 10 percent to allow for average deductions.

Employers will be provided with special tables to simplify their withholding task. These tables will indicate the combined tax to be witheld for each wage bracket according to the exemption status of the employee. While collection at source applies generally to wages and salaries, remuneration paid to domestic servants, men in the armed forces, farm labor, and a few other limited classes are not subject to withholding. Such employees will pay their taxes directly to the Government on the basis of current estimates of income.

All members of the armed forces will be entirely exempt from income taxation on service pay up to $3,500.

The reduced 1942 tax will be payable in three instalments, the first, by March 15, 1944; the second, by March 15, 1945; and the third, by March 15, 1946. However, taxpayers anxious to pay up their 1942 taxes will be given the incentive of discounts for payment in advance of this schedule. The person who pays the full amount of his tax on or before March 15, 1944, will get a 6 percent discount. Those who pay the full remaining amount on or before March 15, 1945, will get a discount of 2 percent of their ~~remaining~~ Total liability, or 6 percent of their remaining liability. In cases of hardship, the Commissioner of Internal Revenue is authorized to grant extensions totalling 3 years for any instalments of the reduced 1942 tax.

The reduced tax and the effects of the discount provisions are shown in Table 1, while total income and Victory tax payments in 1944 are shown for selected levels of income in Table 2.

As a convenient means of paying income taxes currently,

~~special provisions for military personnel, [illegible]~~

~~will cancel $4.7 billion of the aggregate 1942 tax liability of $9.5~~
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no ¶ ~~billion.~~ The remaining $4.8 billion will be collected over the period from 1944 to 1946, thus providing $1.6 billion a year of the added collections needed to finance the war. Discounts provided for paying taxes ahead of time will probably speed up payments so that the increase in collections for 1944 and 1945 will be even greater.

Restoring 1941 rates and exemptions for 1942 incomes and holding off the application of 1942 rates and exemptions until 1943 will cancel the entire 1942 tax for 7 million new taxpayers at the bottom of the income scale and substantially reduce the 1942 tax for the great bulk of the remaining taxpayers. For a married person with no dependents, the tax reduction on a $2,500 net income is 63 percent of the 1942 tax; at $5,000, it is 52 percent; at $10,000, it is 40 percent; at $25,000, it is 26 percent; at $100,000, it is 18 percent; and at $1,000,000, it is 14 percent. Taxpayers in the lower brackets, who are least able to provide in advance for taxes, are given the most relief in percentage terms.

WASH

FOR RELEASE AT 3:00 P.M., EWT, Wednesday, April 28, 1943.

Press Sec no 36-49

The following statement analyzing H.R. 2570, recently reported by the Ways and Means Committee to the House of Representatives and providing for current collection of income taxes, was made public by the Treasury today:

The Treasury fully supports the current tax payment plan introduced by Chairman Doughton and recently reported by the Ways and Means Committee to the House of Representatives. If this bill becomes law, American taxpayers will be paying their income taxes currently before the end of 1943. In order to make the shift from the present system to the new system without over-burdening taxpayers, the bill proposes to reduce the 1942 tax to 1941 levels and to give the taxpayer three years in which to pay the reduced tax. The March and June instalments payable in 1943 will be treated as current payments of 1943 income tax, and withholding of the income tax from wages and salaries will begin at a 20 percent rate on July 1st. The 20 percent withheld is not an additional tax, but is merely a means of collecting the regular income and victory taxes.

double

The bill, in effect, recomputes the tax on 1942 incomes at 1941 rates and exemptions, and cancels the difference. Treasury figures indicate that the bill ~~including its~~ will cancel $4.7 billion of the aggregate 1942 tax liability of $9.5 billion which remain after taking account of the special provisions for military personnel.

single

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 30, 1943

Press Service
No. 36-40

Secretary Morgenthau announced today that the Treasury fully supports the current tax payment plan introduced by Chairman Doughton and recently reported by the Ways and Means Committee to the House of Representatives. If this bill becomes law, American taxpayers will be paying their income taxes currently before the end of 1943. In order to make the shift from the present system to the new system without over-burdening taxpayers, the bill proposes to reduce the 1942 tax to 1941 levels and to give the taxpayer three years in which to pay the reduced tax. The March and June instalments payable in 1943 will be treated as current payments of 1943 income tax, and withholding of the income tax from wages and salaries will begin at a 20 percent rate on July 1st. The 20 percent withheld is not an additional tax, but is merely a means of collecting the regular income and Victory taxes.

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Table 1

Reduced 1942 income tax 1/ after discounts under H. R. 2570 if paid by various dates

Married person - no dependents

Net income before personal exemption 2/	Reduced 1942 tax under H. R. 2570 if paid by March 15, 1946: (No discount)	Reduced 1942 tax after discounts in Section 6 of H. R. 2570 if paid by March 15, 1944 (Discount of 6%)	March 15, 1945 (Discount of 2%)
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10,000	1,292	1,214	1,266
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20,000	4,581	4,306	4,489
25,000	6,824	6,415	6,688
50,000	20,393	19,169	19,985
100,000	52,703	49,541	51,649
500,000	345,394	324,670	338,486
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Treasury Department, Division of Tax Research April 28, 1943

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Married person - no dependents

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			Effective rates			
1,200	-	1.8%	-	-	1.8%	1.8%
1,500	3.2%	2.1	-	-	5.3	5.3
1,800	5.7	2.3	0.4%	1.2%	8.4	9.2
2,000	7.0	2.4	0.7	1.9	10.1	11.3
2,500	9.3	2.6	1.2	3.2	13.0	15.1
3,000	10.8	2.7	1.5	4.1	15.0	17.6
4,000	13.3	2.9	2.0	5.6	18.2	21.7
5,000	14.9	3.0	2.4	6.7	20.3	24.6
6,000	16.5	3.0	2.8	7.9	22.4	27.5
8,000	19.2	3.1	3.6	10.1	25.8	32.4
10,000	21.5	3.2	4.3	12.1	29.0	36.8
15,000	27.0	3.2	6.0	17.0	36.2	47.2
20,000	32.3	3.2	7.6	21.5	43.1	57.0
25,000	36.9	3.3	9.1	25.7	49.2	65.8
50,000	50.7	3.5	13.6	38.3	67.7	92.5
100,000	64.1	4.5	17.6	49.5	86.2	118.1
500,000	82.8	5.3	23.0	64.9	111.2	153.1
1,000,000	85.4	4.5 3/	24.4	68.9	114.3	158.8
5,000,000	87.5	2.5 3/	26.2	73.7	116.1	163.7

Treasury Department, Division of Tax Research — April 28, 1943

See footnotes next page.

Table 2 (cont.)

1/ Maximum earned net income assumed. 1944 net income assumed to be same as 1942 net income.

2/ Assuming gross income to be ten-ninths of net income. Net Victory tax is used on assumption that taxpayer receives current benefit of postwar credit.

3/ Taking into account maximum effective rate limitation of 90 percent on combined net income and Victory tax.

4/ The exact amount payable would be $7.33.

5/ The discount of 6 percent is allowed if the entire amount of the reduced tax for 1942 is paid on or before March 15, 1944.

6/ The exact amount payable would be $151.33.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 28, 1943.

Press Service
No. 36-41

Secretary Morgenthau announced today that proposals are being invited for furnishing distinctive paper required for printing currency and public debt securities of the United States during the fiscal year 1944, for which bids will be opened at the Treasury Department on May 18, 1943.

The estimated quantity of paper required for currency is 147,750,000 sheets, or about 1784 tons, and for public debt securities 57,500,000 sheets, or about 1,050 tons.

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Washington

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Wednesday, April 28, 1943.

Press Service
No. 36-41

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The estimated quantity of paper required for currency is 147,750,000 sheets, or about 1784 tons, and for public debt securities 57,500,000 sheets, or about 1050 tons.

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PRA134 6/182

1943 APR 28 AM 3 31

=WASHINGTON. I CAN PROMISE YOU I'LL DO A BETTER JOB THANKS TO WHAT I'VE LEARNED HERE. IF EVERYBODY IN THE COUNTRY FELT ABO THE WAR AS YOU DO IN PORTLAND I WOULDN'T HAVE TO WORRY ABOUT SELLING BONDS. YOU KNOW WHAT MANY OTHER AMERICANS ARE JUST BEGINNING TO REALIZE -- THAT PAYING FOR THIS WAR IS A CONTINUOUS JOB. IT ISN'T ENOUGH TO BUY 10%. IT ISN'T ENOUGH TO BUY BONDS ONLY WHEN THERE'S A BOND DRIVE ON. WE'VE ALL GOT TO KEEP BUYING THEM -- BETWEEN DRIVES -- ALL THE TIME.

"WE ARE DETERMINED THAT NEVER AGAIN WILL ANY NATION OR GROUP OF NATIONS DRAG OUR BOYS AWAY TO DIE ON DESERTS AND JUNGLES. NEVER AGAIN WILL WE PERMIT ANY OTHER NATIONS TO BREA UP OUR HOMES, TAKE OUR YOUNGSTERS AWAY FROM SCHOOL, SEND OUR FARMERS' WIVES AND CHILDREN OUT INTO THE FIELDS.

"THE SPIRIT THAT'S IN THE HEART OF YOU PEOPLE IN THIS AUDIENCE IS THE SPIRIT THAT'S GOT TO BE IN THE HEARTS OF EVER MAN AND WOMAN IN AMERICA AS WE FIGHT THIS COSTLIEST, MOST DANGEROUS, MOST DECISIVE WAR IN HISTORY."=

~~PEABODY.~~

10%.

CLASS OF SERVICE
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1220

A. N. WILLIAMS, PRESIDENT
NEWCOMB CARLTON, CHAIRMAN OF THE BOARD
J. C. WILLEVER, FIRST VICE-PRESIDENT

SYMBOLS
DL=Day Letter
NT=Overnight Telegram
LC=Deferred Cable
NLT=Cable Night Letter
Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

PRA134 5/170=

1943 APR 23 AM 5 31

GENEROUS. WE HAVE ALWAYS TAKEN IT FOR GRANTED THAT THESE THINGS WERE PART OF THE NATURE OF EVERY DECENT HUMAN BEING.

"JUST WHEN WE WERE BEGINNING TO HAVE SOME REASON TO BELIEVE MEN WERE GROWING CIVILIZED ENOUGH TO SETTLE THEIR PROBLEMS WITH THEIR BRAINS INSTEAD OF THEIR FISTS, THIS HORRIBLE WAR HIT OUR COUNTRY. WE WERE FORCED INTO IT BY AS ROTTEN A MOB OF GANGSTERS AS HISTORY HAS EVER SEEN. IT'S A WAR WE'VE GOT TO WIN NOW. BECAUSE, IF WE DON'T WIN IT, WE MAY NEVER FIND PEACE AGAIN and

OUR CHILDREN AND OUR CHILDREN'S CHILDREN WILL HAVE TO GO THROUGH THE HELL OF WAR AFTER WAR, GENERATION AFTER GENERATION

¶ "IT'S BECAUSE WE'RE FIGHTING NOW TO PUT AN END TO ALL WAR THAT WE AREN'T GOING TO STOP, THIS TIME, WITH ANY TEMPORARY, INCONCLUSIVE PEACE. I FERVENTLY PRAY THAT WE'RE GOING TO CRUSH THESE ENEMIES OF HUMANITY SO COMPLETELY THAT NO ENEMIES LIKE THEM WILL EVER APPEAR AGAIN.

"I'M GOING DOWN TO SANFRANCISCO, TOMORROW, AND THEN ON BACK TO=

WESTERN UNION

PRA134 4/175=

1943 APR 23 AM 3 31

"NOW I'M GOING TO TAKE A BACK SEAT, AND I WANT YOU TO TELL ME AT SEVEN O'CLOCK THIS MORNING I CALLED UP TED GAMBLE AND SAID I WAS SURE HE COULD FIND SOMEONE WHO COULD TELL ME. AND HERE HE IS - MR. HENRY DETLOFF." 45

MR. DETLOFF, WHO IS SECRETARY OF MACHINISTS' UNION #153 AND CHAIRMAN OF A.F.L. OREGON WAR BOND COMMITTEE, SAID THAT MOST OF THE WORKERS AT THE YARD HADN'T COME OUT HERE TO BUILD SHIPS. "MANY OF THEM HADN'T SEEN A SHIP BEFORE," he said. "they ~~THEY~~ CAME OUT TO FIGHT THE WAR. BUILDING SHIPS WAS THEIR WAY OF DOING IT - THAT AND BUYING WAR BONDS." HE EXPRESSED CONFIDENCE THAT PORTLAND WORKERS WOULD GO ON BUILDING SHIPS AND BUYING BONDS UNTIL THE FIGHT IS WON. MR. MORGENTHAU THEN CONTINUED:

~~(INTERMISSION FOR LABOR REPRESENTATIVE)~~

"THANK YOU, MR. DETLOFF.

"WE AMERICANS AREN'T FUNDAMENTALLY A WAR - LIKE PEOPLE. WE BELIEVE IN PEACE AND IN ALL OF THE THINGS OF PEACE. WE CALL IT THE AMERICAN WAY. WE BELIEVE IN FRIENDSHIP AND KINDNESS; IN BEING HONEST AND COURTEOUS AND=

#153 A.F.L..

PRA134 3/181=

1943 APR 23 AM 3 31

THAT'S WHY, RIGHT FROM THE START, I TURNED THE JOB OF SELLIN BONDS OVER TO VOLUNTEER WORKERS. IT'S A JOB THAT OUGHT TO BE DONE BY UNIONS, CLUBS, CIVIC GROUPS -- BY NEIGHBORS CALLING UPON NEIGHBORS. THIS WAR IS GOING TO COST US NEARLY A HUNDRE BILLION DOLLARS JUST FOR THIS YEAR ALONE. WE CAN PAY FOR IT, ALL RIGHT, BECAUSE OUR NATIONAL INCOME THIS YEAR WILL BE AROUND 145 BILLION DOLLARS. BUT SOMEBODY HAS TO PAY THE BILL AND I THINK WE ALL WANT TO PAY FOR IT. IT'S OUR WAR AND WE WANT TO RUN IT. AND WHEN IT'S OVER WE WANT TO FEEL THAT WE ALL PUT UP THE MONEY.

"THAT'S ALL I CAN TELL YOU -- THAT WE'RE GETTING PRODUCTION AND SELLING BONDS IN PLANTS LIKE THIS WHERE YOU'V GOT THE WAR SPIRIT. THAT'S NO MATTER OF OPINION. IT'S A MATTE OF RECORD.

"BUT I'D LIKE TO KNOW WHAT THAT SOMETHING IS, THAT YOU'VE GOT, THAT TOO MANY OTHER PEOPLE HAVEN'T GOT. THAT'S WHAT I'VE GOT TO KNOW AS THE HIRED MAN IN THE TREASURY FOR 135 MILLION PEOPLE=

135.

PRA134 2/170=

1943 APR 23 AM 3 51

AS 18% IN BONDS. I AM SURE THERE IS A REASON, PROBABLY MANY REASONS. CERTAINLY IT'S NO ACCIDENT:

" PERHAPS IT'S THE 'MIX' YOU'VE GOT. THE BEST BAKER IN THE WORLD, YOU KNOW, CAN'T BAKE BREAD IF HIS ~~[illegible]~~ 'MIX' ISN'T RIGHT THE DOUGH JUST WON'T RISE. v5

"IT SEEMS TO ME, AS AN OUTSIDER, THAT YOUR FIRST ACHIEVEMENT OUT HERE WAS A DEEP DETERMINATION TO FIGHT THIS W THROUGH TO VICTORY. THEN, PROBABLY AS A RESULT OF THAT, YOU HAVE DEVELOPED A REAL PARTNERSHIP BETWEEN LABOR AND MANAGEMEN ON THAT FOUNDATION, YOU HAVE WORKED MARVELS OF PRODUCTION. A FINALLY, TO ROUND OUT YOUR TOTAL WAR EFFORT, YOU ESTABLISHED THE HIGHEST BOND RECORDS IN THE COUNTRY IN THESE THREE KAISER SHIPYARDS. 18

"AND THAT SEEMS TO CHECK WITH WHAT OUR FIGURES TELL US. WAR SPIRIT, LABOR MANAGEMENT ~~RELATINS~~. (Relations) PRODUCTIONS AND BOND SALES ALL GO HAND IN HAND.

"THAT'S WHY I KEEP SAYING THAT THE LARGEST PART OF THE TASK OF FINANCING THIS WAR OUGHT TO BE CARRIED BY THE PEOPLE -- BY ALL OF US.

=18%

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

388

WESTERN UNION

1220

R

A. N. WILLIAMS, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

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PRA134 1054/1048 NL 1/170=PORTLAND ORG 27

CHARLES SCHWARZ=

1943 APR 28 AM 3 31

US TREASURY MAIN BLDG WASHDC=

PLEASE SEND OUT AS TREASURY RELEASE FOLLOWING SPEECH OF SECRETARY ON TUESDAY APRIL 27 AT KAISER SHIPYARD, SWAN ISLAND PORTLAND: THE SECRECTARY WAS INTRODUCED BY EDGAR KAISER, SON OF HENRY J KAISER, WHO STATED THAT HE WAS THE FIRST MEMBER OF THE CABINET TO VISIT THE KAISER YARD, OR SO FAR AS HE KNEW, AN PORTLAND YARD. MR. MORGENTHAU SAID:

" I CAME OUT HERE TO GET ACQUAINTED WITH YOU. TED GAMBLE OF PORTLAND, WHO'S IN WASHINGTON HELPING ME TO SELL WAR BONDS, HAS BEEN GETTING ME ALL EXCITED ABOUT THIS PLACE AND TELLING ME I HAD TO COME OUT HERE, AND MEET YOU. HE DIDN'T HA TO WORK VERY HARD TO PERSUADE ME, BECAUSE--I WANT TO TELL YOU -- YOU PEOPLE HAVE BEEN SETTING AN EXAMPLE FOR THE WHOLE COUNTRY YOU'VE BEEN SETTING AN EXAMPLE IN PRODUCTION AND YOU'V BEEN SETTING AN EXAMPLE IN BOND BUYING. THAT'S WHY I'M OUT HERE. I WANT YOU TO TELL ME WHY SOME OF YOU MEN AND WOMEN IN PORTLAND ARE BUYING AS HIGH:

=27 YOU -- YOU.

36-42

FOR IMMEDIATE RELEASE,
Tuesday, April 27, 1943.

Portland, Ore., April 27.---Secretary Morgenthau today paid tribute to the War Bond buyers of Portland, some of whom are lending as much as 18 percent of their earnings to the Government, and heard from a representative worker the reason for the good record. The Secretary spoke at the Kaiser shipyard on Swan Island. He was introduced by Edgar Kaiser, son of Henry J. Kaiser, who said the Treasury head was the first Cabinet member to visit the Kaiser ~~yards~~ or, as far as he knew, any Portland shipyard. The Secretary then said:

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Tuesday, April 27, 1943.

Press Service
No. 36-42

Portland, Ore., April 27. -- Secretary Morgenthau today paid tribute to the War Bond buyers of Portland, some of whom are lending as much as 18 percent of their earnings to the Government, and heard from a representative worker the reason for the good record.

The Secretary spoke at the Kaiser shipyard on Swan Island. He was introduced by Edgar Kaiser, son of Henry J. Kaiser, who said the Treasury head was the first Cabinet member to visit the Kaiser or, as far as he knew, any Portland shipyard. The Secretary then said:

"I came out here to get acquainted with you. Ted Gamble of Portland, who's in Washington helping me to sell War Bonds, has been getting me all excited about this place and telling me I had to come out here, and meet you. He didn't have to work very hard to persuade me, because--I want to tell you--you people have been setting an example for the whole country. You've been setting an example in production and you've been setting an example in Bond buying. That's why I'm out here. I want you to tell me why some of you men and women in Portland are buying as high as 18 percent in Bonds. I am sure there is a reason, probably many reasons. Certainly it's no accident:

"Perhaps it's the 'mix' you've got. The best baker in the world, you know, can't bake bread if his 'mix' isn't right. The dough just won't rise.

"It seems to me, as an outsider, that your first achieve- out here was a deep determination to fight this war through to victory. Then, probably as a result of that, you have developed a real partnership between labor and management. On that foundation, you have worked marvels of production. And finally, to round out your total war effort, you established the highest Bond records in the country in these three Kaiser shipyards.

"And that seems to check with what our figures tell us. War spirit, labor management relations, productions and Bond sales all go hand in hand.

"That's why I keep saying that the largest part of the task of financing this war ought to be carried by the people--by all of us. That's why, right from the start, I turned the job of selling Bonds over to volunteer workers. It's a job that ought to be done by unions, clubs, civic groups--by neighbors calling upon neighbors. This war is going to cost us nearly a hundred billion dollars just for this year alone. We can pay for it, all right, because our national income this year will be around 145 billion dollars. But somebody has to pay the bill and I think we all want to pay for it. It's our war and we want to run it. And when it's over we want to feel that we all put up the money.

"That's all I can tell you -- that we're getting production and selling Bonds in plants like this where you've got the war spirit. That's no matter of opinion. It's a matter of record.

"But I'd like to know what that something is, that you've got, that too many other people haven't got. That's what I've got to know as the hired man in the Treasury for 135 million people.

"Now I'm going to take a back seat, and I want you to tell me. At seven o'clock this morning I called up Ted Gamble and said I was sure he could find someone who could tell me. And here he is - Mr. Henry Detloff."

Mr. Detloff, who is secretary of Machinists' Union #153 and Chairman of A.F.L. Oregon War Bond Committee, said that most of the workers at the yard hadn't come out here to build ships.

"Many of them hadn't seen a ship before," he said. "They came out to fight the war. Building ships was their way of doing it - that and buying War Bonds." He expressed confidence that Portland workers would go on building ships and buying Bonds until the fight is won. Mr. Morgenthau then continued:

"Thank you, Mr. Detloff.

"We Americans aren't fundamentally a war-like people. We believe in peace and in all of the things of peace. We call it the American way. We believe in friendship and kindness; in being honest and courteous and generous. We have always taken it for granted that these things were part of the nature of every decent human being.

"Just when we were beginning to have some reason to believe men were growing civilized enough to settle their problems with their brains instead of their fists, this horrible war hit our country. We were forced into it by as rotten a mob of gangsters as history has ever seen. It's a war we've got to win now. Because, if we don't win it, we may never find peace again and our children and our children's children will have to go through the hell of war after war, generation after generation.

"It's because we're fighting now to put an end to all war that we aren't going to stop, this time, with any temporary, inconclusive peace. I fervently pray that we're going to crush these enemies of humanity so completely that no enemies like them will ever appear again.

"I'm going down to San Francisco, tomorrow, and then on back to Washington. I can promise you I'll do a better job thanks to what I've learned here. If everybody in the country felt about the war as you do in Portland I wouldn't have to worry about selling Bonds. You know what many other Americans are just beginning to realize -- that paying for this war is a continuous job. It isn't enough to buy 10 percent. It isn't enough to buy Bonds only when there's a Bond drive on. We've all got to keep buying them -- between drives -- all the time.

"We are determined that never again will any nation or group of nations drag our boys away to die on deserts and jungles. Never again will we permit any other nations to break up our homes, take our youngsters away from school, send our farmers' wives and children out into the fields.

"The spirit that's in the heart of you people in this audience is the spirit that's got to be in the hearts of every man and woman in America as we fight this costliest, most dangerous, most decisive war in history."

-oOo-

TREASURY DEPARTMENT
Washington

36-43

FOR IMMEDIATE RELEASE,
April 27, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	April 17, 1943	325,820,934
Colombia	735,840,277	"	279,141,653
Costa Rica	46,718,031	"	12,910,141
Cuba	18,692,451	"	8,895,674
Dominican Republic	25,752,947	"	16,182,734
Ecuador	35,041,235	"	13,809,577
El Salvador	140,776,585	"	55,505,412
Guatemala	124,978,598	"	46,447,268
Haiti	64,236,136	"	46,022,487
Honduras	4,278,467	"	1,676,264
Mexico	111,292,661	"	37,400,275
Nicaragua	45,818,819	"	10,356,728
Peru	5,839,588	"	162
Venezuela	90,021,490	"	37,726,991
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	24,067,053

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, April 28, 1943.

Press Service
No. 36-44

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series C-1944, open to the holders of 0.65 percent Treasury Certificates of Indebtedness of Series C-1943, maturing May 1, 1943, and 3/4 percent Commodity Credit Corporation Notes of Series F, also maturing May 1, 1943.

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

Federal Reserve District	Certificates Exchanged	CCC Notes Exchanged	Total Exchanges
Boston	$ 44,944,000	$ 9,632,000	$ 54,576,000
New York	725,603,000	197,272,000	922,875,000
Philadelphia	34,329,000	8,778,000	43,107,000
Cleveland	48,106,000	6,406,000	54,512,000
Richmond	26,580,000	5,395,000	31,975,000
Atlanta	30,679,000	2,796,000	33,475,000
Chicago	285,936,000	25,412,000	311,348,000
St. Louis	23,455,000	8,409,000	31,864,000
Minneapolis	27,133,000	2,530,000	29,663,000
Kansas City	32,603,000	6,289,000	38,892,000
Dallas	25,319,000	2,030,000	27,349,000
San Francisco	65,571,000	6,942,000	72,513,000
Treasury	3,025,000	- -	3,025,000
TOTAL	$1,373,283,000	$281,891,000	$1,655,174,000

Emf. R.
C.P.R.

TREASURY DEPARTMENT
Washington

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Minneapolis	27,133,000	2,530,000	29,663,000
Kansas City	32,603,000	6,289,000	38,892,000
Dallas	25,319,000	2,030,000	27,349,000
San Francisco	65,571,000	6,942,000	72,513,000
Treasury	3,025,000	- -	3,025,000
TOTAL	$1,373,283,000	$281,891,000	$1,655,174,000

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issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

o0o

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 5, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original

Miss Simpson

~~ALPHA~~

TREASURY DEPARTMENT

36-45

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 30, 1943.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated May 5, 1943 ~~(4)~~, and will mature August 4, 1943 ~~(5)~~, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern ~~Standard~~ War time, Monday, May 3, 1943 ~~(6)~~. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

E.
C.P.B.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 30, 1943.
4-29-43

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated May 5, 1943, and will mature August 4, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, May 3, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 5, 1943.

36-45

(Over)

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

-oOo-

In 1943 we are successfully answering the slave-world's sneering challenge that democracy is decadent, that democracy cannot and will not fight, that democracy cannot survive in a regimented world of so-called supermen.

That challenge we are answering now with growing power and confidence. We are answering it in the Solomons, in Tunisia, in the Bismarck Sea, in the sky and on the land, and on the seven seas.

We are answering it right here at home in the raising and training of a great army, in the building of a mighty fleet of ships to transport that army, in production of war goods on a scale so vast that our enemies actually do not believe us when we tell them the true figures.

Now today I would like to tell you about still another of those victories of democracy right here on the home front — to my mind one of the inspiring events in our 15 months of war. I am going to tell you a few simple facts which make me more certain than ever of the invincible greatness of our country; and I think they will make you a little bit prouder of these United States of America.

I want to tell you a few solid truths that speak louder than words of the morale here on the home front — facts which prove that in spite of bickerings and crabbings and recriminations and second guessings, the American people are in complete and active partnership with their government to win this war.

In the first two weeks of March the American people gave a tremendous, overwhelming proof of unity and loyalty. During that fortnight they attested their faith and love of their country by willingly and gladly pouring into their Federal Treasury the greatest flood of income taxes in the history of this or any other nation.

There was a sweep and vastness about it that no one could mistake. It was as if these millions of Americans were saying, "We're in this, too. This is our country and our war. Maybe we can't battle in the front line with the fighting men. But we want them to know that we can and do stand here shoulder to shoulder with them — helping the best we can, serving with our hands and our hearts and our dollars."

A year ago when our entire land was blazing in the first white heat of war, and raging mad at the treachery of Pearl Harbor — a

"But even this performance must be bettered in the future. Both during the Drives and in the intervals between them, it is important ~~that steady purchases be made by~~ that all who have regular incomes or accumulated funds make steady purchases of the several issues of savings bonds and tax savings notes which are available at all times.

"The Treasury was assisted in the Drive by an army of volunteers and to all of these participants the thanks of the Government are due. I should like to add to this my own heartfelt appreciation of the freely given aid of solicitors from the financial, insurance and other fields; of advertisers; of the press, magazines, radio, outdoor and other media; of department stores, retailers, theaters and others who contributed ingenious displays, and of all who joined in the effort in any manner whatsoever."

(Note - Detailed figures through Friday, April 30, will be announced later in the day.)

release Sunday am's 36-46

¶ Washington, D.C., May 1. —

In a tremendous financial response to the needs of our armed forces, more than $16,500,000,000 has been invested by the American people in securities offered by the Treasury during the Second War Loan Drive, which closes at midnight tonight, Secretary Morgenthau announced today. Although the final tabulation will not be completed for some days, it already is evident that the $13,000,000,000 original goal has been exceeded by more than $3,500,000,000, making this borrowing operation the greatest in history, he said.

"I am greatly pleased by this entirely voluntary investment by the people in victory," Secretary Morgenthau said. "The unprecedented sum borrowed in this campaign reflects the earnestness and vigor of our national war effort. In this, as in other ways, a crushing superiority of United Nations armaments is assured and the defeat of our enemies made inevitable.

"The campaign now ending marks another milestone in our move toward sound borrowing from ultimate investors, rather than from commercial banks. The banks were limited to purchases of approximately $5,000,000,000, and other buyers thus subscribed to more than $11,500,000,000 of the securities. I am especially pleased that the increase in total subscriptions over the initial goal has come entirely from non-banking sources. This is the highroad of non-inflationary borrowing.

more

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, May 2, 1943.

Press Service
No. 36-46

5/1/43

Washington, D. C., May 1. -- In a tremendous financial response to the needs of our armed forces, more than $16,500,000,000 has been invested by the American people in securities offered by the Treasury during the Second War Loan Drive, which closes at midnight tonight, Secretary Morgenthau announced today. Although the final tabulation will not be completed for some days, it already is evident that the $13,000,000,000 original goal has been exceeded by more than $3,500,000,000, making this borrowing operation the greatest in history, he said.

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"But even this performance must be bettered in the future. Both during the Drives and in the intervals between them, it is important that all who have regular incomes or accumulated funds make steady purchases of the several issues of Savings Bonds and Tax Savings Notes which are available at all times.

"The Treasury was assisted in the Drive by an army of volunteers and to all of these participants the thanks of the Government are due. I should like to add to this my own heartfelt appreciation of the freely given aid of solicitors from the financial, insurance and other fields; of advertisers; of the press, magazines, radio, outdoor and other media; of department stores, retailers, theaters and others who contributed ingenious displays, and of all who joined in the effort in any manner whatsoever."

(NOTE -- Detailed figures, through Friday, April 30, will be announced later in the day.)

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, April 25, 1943.
4-24-43

Press Service 47
No. 36-~~36~~

Subscriptions up to and including Friday night for all issues in the Second War Loan Drive totaled $12,014,000,000, Secretary Morgenthau announced today. The Secretary urged that this mark be topped by the widest possible margin, especially through the participation of more individual investors.

"The Treasury Drive, in which everyone with an income or accumulated funds can join, provides an opportunity for an emphatic demonstration by the American people of their grim determination to wage total war until the unconditional surrender of the Axis marks the end of the fighting," said Mr. Morgenthau.

"The securities in the Treasury basket are suitable for every type of investor, whether large or small, and in the remaining days of the Drive those who have not yet purchased should do so, and those who have should increase their subscriptions, if at all possible. Everyone who loves freedom and appreciates decency can share in this answer to Japanese atrocities.

"At the start of the third and final week of the Drive it is evident that the $13,000,000,000 goal will be realized. The real aim, however, is not to be measured by that minimum sum. The real aim is the placement of all idle dollars on battle stations, against the Axis abroad and against inflation at home. An unreserved and undelayed enlistment of funds is essential."

Details of subscriptions to the close of business April ~~23~~ 30 are:

(In millions of dollars)

Funds from non-banking sources:		
Individuals	~~$1,629~~ 2504	
Insurance companies and Mutual Savings Banks . .	~~2,964~~ 3331	
Other corporations	~~3,634~~ 4869	
		~~8,227~~ 10,704
Funds from banking sources . .		~~2,738~~ 5,000*
Funds from other sources		
Dealers and Brokers . . .	~~706~~ 831	
Federal Trust Funds . . .	~~343~~ 373	
		~~1,049~~ 1,204
Total		~~$12,014~~ 16,908

** Includes ~~estimated~~ allotment for 2% Bonds to banks.

May 2 47

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, ~~April 25~~, 1943.
~~4-24-43~~

Press Service
No. 36-~~36~~

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(for the Second War Loan Drive)

Details of subscriptions to the close of business April ~~23~~ ~~are~~ 30 as follows:

(In millions of dollars)

Funds from non-banking sources:		
Individuals	~~$1,629~~	
Insurance companies and Mutual Savings Banks . .	~~2,964~~	
Other corporations	~~3,634~~	
		~~8,227~~
Funds from banking sources . .		~~2,738~~
Funds from other sources		
Dealers and Brokers . . .	~~706~~	
Federal Trust Funds . . .	~~343~~	
		~~1,049~~
Total		$~~12,014~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, May 2, 1943

Press Service
No. 36-47

Secretary Morgenthau late this afternoon announced details of subscriptions in the Second War Loan Drive to the close of business April 30 as follows:

(In millions of dollars)

Funds from non-banking sources:		
Individuals	$2,504	
Insurance companies and Mutual Savings Banks . .	3,331	
Other corporations.	4,869	
		10,704
Funds from banking sources . . .		5,000*
Funds from other sources:		
Dealers and Brokers	831	
Federal Trust Funds	373	
		1,204
Total . . .		$16,908

*Includes estimated allotment for 2% Bonds to banks.

-oOo-

Secretary Morgenthau today made public the following message he has addressed to the newspapers of America:

~~May 3, 1943~~ No 36-48

~~To the Newspapers of America:~~

The Second War Loan drive has ended. The final tabulations have not been made, but it is evident that the goal has been exceeded by a substantial amount -- more than 4 billion dollars.

Our thanks are due to many people -- workers, advertisers, advertising media, retailers, theaters -- all who devoted themselves so wholeheartedly to this vital cause. I wish to express to the Allied Newspaper Council and to newspapers generally our sincere gratitude for the part they played. The support they gave us in the handling of news, in compelling and imaginative features, and in the promotion of sponsored advertising was as invaluable as it was unparalleled in promotional history.

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~~Henry Morgenthau, Jr.~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, May 3, 1943.

Press Service
No. 36-48

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 4, 1943.

Press Service

36-

The Secretary of the Treasury announced last evening that the tenders for $900,000,000 or thereabouts, of 91-day Treasury bills to be dated May 5 and to mature August 4, 1943, which were offered on April 30, 1943, were opened at the Federal Reserve Banks on May 3.

The details of this issue are as follows:

Total applied for - $1,388,528,000
Total accepted - 901,706,000

Range of accepted bids:

High	- 99.935	Equivalent rate of discount approx.	0.257% per annum
Low	- 99.905	" " " " "	0.376% " "
Average price	- 99.906	" " " " "	0.373% " "

(49 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 46,461,000	$ 36,677,000
New York	810,224,000	416,287,000
Philadelphia	50,372,000	38,311,000
Cleveland	34,505,000	28,110,000
Richmond	20,390,000	20,161,000
Atlanta	16,380,000	13,779,000
Chicago	184,790,000	157,152,000
St. Louis	58,125,000	35,615,000
Minneapolis	60,042,000	59,846,000
Kansas City	29,383,000	26,178,000
Dallas	7,015,000	6,118,000
San Francisco	70,841,000	63,472,000
TOTAL	$1,388,528,000	$901,706,000

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 4, 1943.
5-3-43

Press Service
No. 36-49

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated May 5 and to mature August 4, 1943, which were offered on April 30, 1943, were opened at the Federal Reserve Banks on May 3.

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New York	810,224,000	416,287,000
Philadelphia	50,372,000	38,311,000
Cleveland	34,505,000	28,110,000
Richmond	20,390,000	20,161,000
Atlanta	16,380,000	13,779,000
Chicago	184,790,000	157,152,000
St. Louis	58,125,000	35,615,000
Minneapolis	60,042,000	59,846,000
Kansas City	29,383,000	26,178,000
Dallas	7,015,000	6,118,000
San Francisco	70,841,000	63,472,000
TOTAL	$1,388,528,000	$901,706,000

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(In millions of dollars) 24

	From non-banking sources	From banking sources	Total
Treasury Bills	—	$800	$800
7/8 % Certificates	$3,077	2,138	5,215
2 % Treasury Bonds	2,757	2,039	4,796
2½ % Treasury Bonds	3,738	—	3,738
Savings Bonds	1,573 *	—	1,573
Tax Notes	1,697	—	1,697
	$12,842	4,977	17,819

* Series E, $1,079; F $119; G $375

(2)

Details of the sales by types of securities through Monday, May 3, are as follows:

No. 36-50

For Immediate Release,
Monday May 3, 1943.

Reports through the close of business today brought total sales of securities in the Second War Loan drive to 17,819,000,000, Secretary Morgenthau announced tonight.

Final figures in the campaign, launched with a goal of $13,000,000,000, will be made public Monday, May 10 ~~to allow for processing of Savings Bonds purchased during the last week of the drive.~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, May 3, 1943.

Press Service
No. 36-50

Reports through the close of business today brought total sales of securities in the Second War Loan drive to $17,819,000,000, Secretary Morgenthau announced tonight.

Final figures in the campaign, launched with a goal of $13,000,000,000, will be made public Monday, May 10.

Details of the sales by types of securities through Monday, May 3, are as follows:

(In millions of dollars)

	From non-banking sources	From banking sources	Total
Treasury Bills	--	$ 800	$ 800
7/8% Certificates	$ 3,077	2,138	5,215
2% Treasury Bonds	2,757	2,039	4,796
2½% Treasury Bonds	3,738	--	3,738
Savings Bonds	1,573 *	--	1,573
Tax Notes	1,697	--	1,697
	$12,842	$ 4,977	$17,819

* Series E, $1,079; F $119; G $375

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Monday, May 3, 1943.

Press Service
36-51

Secretary of the Treasury Morgenthau today announced the subscription figures and the basis of allotment on subscriptions from commercial banks for their own account for the current offering of 2 percent Treasury Bonds of 1950-52.

Reports received from the Federal Reserve Banks show that subscriptions from such banks aggregate $9,914,000,000. Of this amount $539,000,000 were allotted in full to banks entering subscriptions for not more than $100,000 and the remainder were allotted 16 percent, but not less than $100,000 on any one subscription, with adjustments, where necessary, to the $1,000 denomination.

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

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Monday, May 3, 1943.

Press Service
36-57

Secretary of the Treasury Morgenthau today announced the subscription figures and the basis of allotment on subscriptions from commercial banks for their own account for the current offering of 2 percent Treasury Bonds of 1950-52.

Reports received from the Federal Reserve Banks show that subscriptions from such banks aggregate $9,914,000,000. Of this amount $539,000,000 were allotted in full to banks entering subscriptions for not more than $100,000 and the remainder were allotted 16 percent, but not less than $100,000 on any one subscription, with adjustments, where necessary, to the $1,000 denomination.

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TREASURY DEPARTMENT
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Monday, May 3, 1943.

Press Service
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Details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

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Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942 - Contd.
(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (commercial)	Banks other than national: Mutual savings	Banks other than national: Private
Time deposits - Contd.:						
Deposits of States and political subdivisions	$436,472	$268,270	$168,202	$167,314	$554	$334
Deposits of banks in the United States	172,652	53,504	119,148	118,901	157	90
Deposits of banks in foreign countries	4,818	4,051	767	767	---	---
Total time deposits	27,381,745	8,678,032	18,703,713	8,054,600	10,634,938	14,175
Other deposits (certified and cashiers' checks, etc.)	1,239,539	671,696	567,843	566,198	597	1,048
Total deposits 1/	100,265,638	50,648,816	49,616,822	38,800,436	10,640,895	175,491
Bills payable, rediscounts, and other liabilities for borrowed money	18,638	3,516	15,122	12,334	30	2,758
Acceptances executed by or for account of reporting banks and outstanding	52,462	26,008	26,454	20,593	---	5,861
Interest, discount, rent, and other income collected but not earned	58,320	30,118	28,202	27,760	405	37
Interest, taxes, and other expenses accrued and unpaid	137,846	75,197	62,649	54,262	8,324	63
Other liabilities(including securities borrowed & dividends declared but not payable)	404,645	258,968	145,677	125,053	20,337	287
Total liabilities 1/	100,937,549	51,042,623	49,894,926	39,040,438	10,669,991	184,497
CAPITAL ACCOUNTS						
Capital notes and debentures	99,202	---	99,202	93,123	6,079	---
Preferred stock	280,654	146,047	134,607	134,607	---	---
Common stock	2,605,535	1,357,635	1,247,900	1,241,506	---	6,394
Surplus	3,769,806	1,438,645	2,331,161	1,460,696	858,419	12,046
Undivided profits	1,322,567	540,524	782,043	469,723	312,037	283
Reserves and retirement account for preferred stock and capital notes and debentures	527,264	255,504	271,760	209,985	60,279	1,496
Total capital accounts	8,605,028	3,738,355	4,866,673	3,609,640	1,236,814	20,219
Total liabilities and capital accounts 1/	109,542,577	54,780,978	54,761,599	42,650,078	11,906,805	204,716
Reciprocal balances with banks in the United States	536,550	349,306	187,244	184,694	---	2,550

1/ Excludes reciprocal interbank demand balances with banks in the United States (reported gross prior to June 30, 1942), the amounts of which are shown below "Total liabilities and capital accounts".

Comparison of assets and liabilities of all banks - Continued. (In thousands of dollars) Page 2

	Dec. 31, 1942	June 30, 1942	Dec. 31, 1941
LIABILITIES			
Deposits of individuals, partnerships, and corporations:			
Demand	$47,968,820	$39,983,386	$37,805,431
Time	26,703,762	25,613,382	26,063,374
U. S. Government and postal savings deposits	8,506,607	1,902,191	1,947,950
Deposits of States and political subdivisions	4,523,373	4,454,371	4,303,416
Deposits of banks	1/11,323,537	1/10,295,050	11,015,110
Other deposits (certified and cashiers' checks, etc.)	1,239,539	781,195	1,097,979
Total deposits	1/100,265,638	1/83,029,575	82,233,260
Bills payable, rediscounts, and other liabilities for borrowed money	18,638	20,736	22,593
Acceptances executed by or for account of reporting banks	52,462	78,641	100,521
Interest, discount, rent, and other income collected but not earned	58,320	)	(97,811
Interest, taxes, and other expenses accrued and unpaid	137,846	) 608,821	(124,227
Other liabilities	404,645	)	(380,145
Total liabilities	1/100,937,549	1/83,737,773	82,958,557
CAPITAL ACCOUNTS			
Capital notes and debentures	99,202	104,171	108,194
Preferred stock	280,654	290,914	312,085
Common stock	2,605,535	2,603,601	2,614,082
Surplus	3,769,806	3,746,111	3,704,368
Undivided profits	1,322,567	1,270,261	1,248,461
Reserves and retirement account for preferred stock and capital notes and debentures	527,264	507,160	507,947
Total capital accounts	8,605,028	8,522,218	8,495,137
Total liabilities and capital accounts	1/109,542,577	1/92,259,991	91,453,694
Reciprocal balances with banks in the United States	536,550	614,654	2/

1/ Excludes reciprocal interbank demand balances with banks in the United States (reported gross prior to June 30, 1942), the amounts of which are shown below "Total liabilities and capital accounts".

2/ Not available.

Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942 - Contd.
(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (commercial)	Mutual savings	Private
Currency and coin	$1,463,836	$733,499	$730,337	$646,534	$81,224	$2,579
Balances with other banks, including reserve balances, and cash items in process of collection 1/	27,371,581	15,516,771	11,854,810	11,227,683	580,063	47,064
Bank premises owned, furniture and fixtures	1,189,800	580,476	609,324	493,828	114,876	620
Real estate owned other than bank premises	530,109	61,060	469,049	151,675	316,685	689
Investments and other assets indirectly representing bank premises or other real estate	122,402	51,340	71,062	53,551	17,484	27
Customers' liability on acceptances outstanding	46,132	23,294	22,838	17,614	---	5,224
Interest, commissions, rent, and other income earned or accrued but not collected	172,961	74,926	98,035	59,750	37,983	302
Other assets (including securities borrowed, insurance and other expenses prepaid, and cash items not in process of collection)	273,250	56,026	217,224	184,690	32,153	381
Total assets 1/	109,542,577	54,780,978	54,761,599	42,650,078	11,906,805	204,716
LIABILITIES						
Demand deposits:						
Deposits of individuals, partnerships, and corporations	47,968,820	26,730,691	21,238,129	21,109,888	4,103	124,138
Deposits of U. S. Government	8,442,566	4,797,494	3,645,072	3,644,118	659	295
Deposits of States and political subdivisions	4,086,901	2,426,924	1,659,977	1,656,896	505	2,576
Deposits of banks in the United States 1/	10,305,761	6,945,106	3,360,655	3,350,831	93	9,731
Deposits of banks in foreign countries	840,306	398,873	441,433	417,905	---	23,528
Total demand deposits 1/	71,644,354	41,299,088	30,345,266	30,179,638	5,360	160,268
Time deposits:						
Deposits of individuals, partnerships, and corporations	26,703,762	8,307,519	18,396,243	7,748,268	10,634,224	13,751
Deposits of U. S. Government	47,875	35,615	12,260	12,260	---	---
Postal savings deposits	16,166	9,073	7,093	7,090	3	---

Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942*

(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (commercial)**	Banks other than national: Mutual savings	Banks other than national: Private
Number of banks	14,722	5,087	9,635	9,047	537	51
ASSETS						
Loans and discounts:						
Commercial and industrial loans (including open-market paper)	$7,879,842	$4,746,161	$3,133,681	$3,103,436	$5,067	$25,178
Loans secured by agricultural commodities, covered directly or indirectly by purchase agreements of Commodity Credit Corporation	777,496	443,072	334,424	334,134	165	125
Other agricultural loans	931,159	467,046	464,113	463,821	22	270
Loans to brokers and dealers in securities	961,417	302,878	658,539	652,334	---	6,205
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities	615,528	295,038	320,490	312,037	246	8,207
Real-estate loans:						
Secured by farm land	495,406	197,252	298,154	292,398	4,805	951
Secured by residential properties	7,905,090	1,577,809	6,327,281	1,752,600	4,573,521	1,160
Secured by other properties	972,507	412,203	560,304	511,838	48,294	172
Loans to banks	27,150	10,095	17,055	17,037	18	---
All other loans	3,422,571	1,742,328	1,680,243	1,613,191	61,624	5,428
Overdrafts	12,980	6,916	6,064	5,620	---	444
Total loans and discounts	24,001,146	10,200,798	13,800,348	9,058,446	4,693,762	48,140
Investments:						
U. S. Government securities:						
Direct obligations	43,184,881	22,261,410	20,923,471	16,406,900	4,442,955	73,616
Guaranteed obligations	2,874,230	1,563,941	1,310,289	1,201,002	108,208	1,079
Obligations of States and political subdivisions	3,926,485	2,022,493	1,903,992	1,582,914	313,334	7,744
Other bonds, notes, and debentures	3,755,131	1,441,184	2,313,947	1,297,020	1,005,011	11,916
Corporate stocks, including stocks of Federal Reserve banks	630,633	193,760	436,873	268,471	163,067	5,335
Total investments	54,371,360	27,482,788	26,888,572	20,756,307	6,032,575	99,690

* Excludes figures for Guam and The Philippines on account of the war.

** Includes trust companies and stock savings banks.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

FOR RELEASE, MORNING NEWSPAPERS
Thursday, May 6, 1943

Press Service
No 36-52

The Comptroller of the Currency today released the following preliminary figures, showing the assets and liabilities of all active banks in the United States and possessions on December 31, 1942, and comparisons of such figures with the assets and liabilities of all active banks on June 30, 1942 and December 31, 1941.

(In thousands of dollars)

	Dec. 31, 1942	June 30, 1942	Dec. 31, 1941
Number of banks	14,722*	14,815*	14,885
ASSETS			
Loans on real estate	$9,373,003	$9,617,560	$9,718,071
Other loans, including overdrafts	14,628,143	15,560,745	17,120,294
Total loans	24,001,146	25,178,305	26,838,365
U. S. Government securities:			
Direct obligations	43,184,881	27,287,165	21,070,177
Guaranteed obligations	2,874,230	3,075,858	4,483,632
Obligations of States and political subdivisions	3,926,485	3,974,821	4,196,861
Other bonds, notes, and debentures	3,755,131	4,027,470	4,165,115
Corporate stocks, including stocks of Federal Reserve banks	630,633	650,798	673,561
Total investments	54,371,360	39,016,112	34,589,346
Currency and coin	1,463,836	1,446,780	1,545,018
Balances with other banks, including reserve balances	1/27,371,581	1/24,236,259	25,942,377
Bank premises owned, furniture and fixtures	1,189,800	1,204,320	1,209,480
Real estate owned other than bank premises	530,109	614,523	706,486
Investments and other assets indirectly representing bank premises or other real estate	122,402	127,781	133,125
Customers' liability on acceptances outstanding	46,132	67,961	84,461
Interest, commissions, rent, and other income earned or accrued but not collected	172,961	) 367,950	(162,893
Other assets	273,250	)	(242,143
Total assets	1/109,542,577	1/92,259,991	91,453,694

*Excludes banks in Guam and The Philippines on account of the war.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

FOR RELEASE, MORNING NEWSPAPERS
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Total assets	1/109,542,577	1/92,259,991	91,453,694

*Excludes banks in Guam and The Philippines on account of the war.

Comparison of assets and liabilities of all banks - Continued. (In thousands of dollars) Page 2

	Dec. 31, 1942	June 30, 1942	Dec. 31, 1941
LIABILITIES			
Deposits of individuals, partnerships, and corporations:			
Demand	$47,968,820	$39,983,386	$37,805,431
Time	26,703,762	25,613,382	26,063,374
U. S. Government and postal savings deposits	8,506,607	1,902,191	1,947,950
Deposits of States and political subdivisions	4,523,373	4,454,371	4,303,416
Deposits of banks	1/11,323,537	1/ 10,295,050	11,015,110
Other deposits (certified and cashiers' checks, etc.)	1,239,539	781,195	1,097,979
Total deposits	1/100,265,638	1/83,029,575	82,233,260
Bills payable, rediscounts, and other liabilities for borrowed money	18,638	20,736	22,593
Acceptances executed by or for account of reporting banks	52,462	78,641	100,521
Interest, discount, rent, and other income collected but not earned	58,320	)	(97,811
Interest, taxes, and other expenses accrued and unpaid	137,846	) 608,821	(124,227
Other liabilities	404,645	)	(380,145
Total liabilities	1/100,937,549	1/83,737,773	82,958,557
CAPITAL ACCOUNTS			
Capital notes and debentures	99,202	104,171	108,194
Preferred stock	280,654	290,914	312,085
Common stock	2,605,535	2,603,601	2,614,082
Surplus	3,769,806	3,746,111	3,704,368
Undivided profits	1,322,567	1,270,261	1,248,461
Reserves and retirement account for preferred stock and capital notes and debentures	527,264	507,160	507,947
Total capital accounts	8,605,028	8,522,218	8,495,137
Total liabilities and capital accounts	1/109,542,577	1/92,259,991	91,453,694
Reciprocal balances with banks in the United States	536,550	614,654	2/

1/ Excludes reciprocal interbank demand balances with banks in the United States (reported gross prior to June 30, 1942), the amounts of which are shown below "Total liabilities and capital accounts".

2/ Not available.

Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942*

(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (commercial)**	Banks other than national: Mutual savings	Banks other than national: Private
Number of banks	14,722	5,087	9,635	9,047	537	51
ASSETS						
Loans and discounts:						
Commercial and industrial loans (including open-market paper)	$7,879,842	$4,746,161	$3,133,681	$3,103,436	$5,067	$25,178
Loans secured by agricultural commodities, covered directly or indirectly by purchase agreements of Commodity Credit Corporation	777,496	443,072	334,424	334,134	165	125
Other agricultural loans	931,159	467,046	464,113	463,821	22	270
Loans to brokers and dealers in securities	961,417	302,878	658,539	652,334	---	6,205
Other loans for the purpose of purchasing or carrying stocks, bonds, and other securities	615,528	295,038	320,490	312,037	246	8,207
Real-estate loans:						
Secured by farm land	495,406	197,252	298,154	292,398	4,805	951
Secured by residential properties	7,905,090	1,577,809	6,327,281	1,752,600	4,573,521	1,160
Secured by other properties	972,507	412,203	560,304	511,838	48,294	172
Loans to banks	27,150	10,095	17,055	17,037	18	---
All other loans	3,422,571	1,742,328	1,680,243	1,613,191	61,624	5,428
Overdrafts	12,980	6,916	6,064	5,620	---	444
Total loans and discounts	24,001,146	10,200,798	13,800,348	9,058,446	4,693,762	48,140
Investments:						
U. S. Government securities:						
Direct obligations	43,184,881	22,261,410	20,923,471	16,406,900	4,442,955	73,616
Guaranteed obligations	2,874,230	1,563,941	1,310,289	1,201,002	108,208	1,079
Obligations of States and political subdivisions	3,926,485	2,022,493	1,903,992	1,582,914	313,334	7,744
Other bonds, notes, and debentures	3,755,131	1,441,184	2,313,947	1,297,020	1,005,011	11,916
Corporate stocks, including stocks of Federal Reserve banks	630,633	193,760	436,873	268,471	163,067	5,335
Total investments	54,371,360	27,482,788	26,888,572	20,756,307	6,032,575	99,690

* Excludes figures for Guam and The Philippines on account of the war.

** Includes trust companies and stock savings banks.

Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942 - Contd.
(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (commercial)	Banks other than national: Mutual savings	Banks other than national: Private
Currency and coin.	$1,463,836	$733,499	$730,337	$646,534	$81,224	$2,579
Balances with other banks, including reserve balances, and cash items in process of collection 1/.	27,371,581	15,516,771	11,854,810	11,227,683	580,063	47,064
Bank premises owned, furniture and fixtures	1,189,800	580,476	609,324	493,828	114,876	620
Real estate owned other than bank premises	530,109	61,060	469,049	151,675	316,685	689
Investments and other assets indirectly representing bank premises or other real estate.	122,402	51,340	71,062	53,551	17,484	27
Customers' liability on acceptances outstanding.	46,132	23,294	22,838	17,614	---	5,224
Interest, commissions, rent, and other income earned or accrued but not collected. .	172,961	74,926	98,035	59,750	37,983	302
Other assets (including securities borrowed, insurance and other expenses prepaid, and cash items not in process of collection)	273,250	56,026	217,224	184,690	32,153	381
Total assets 1/	109,542,577	54,780,978	54,761,599	42,650,078	11,906,805	204,716
LIABILITIES						
Demand deposits:						
Deposits of individuals, partnerships, and corporations.	47,968,820	26,730,691	21,238,129	21,109,888	4,103	124,138
Deposits of U. S. Government	8,442,566	4,797,494	3,645,072	3,644,118	659	295
Deposits of States and political subdivisions	4,086,901	2,426,924	1,659,977	1,656,896	505	2,576
Deposits of banks in the United States 1/	10,305,761	6,945,106	3,360,655	3,350,831	93	9,731
Deposits of banks in foreign countries	840,306	398,873	441,433	417,905	---	23,528
Total demand deposits 1/.	71,644,354	41,299,088	30,345,266	30,179,638	5,360	160,268
Time deposits:						
Deposits of individuals, partnerships, and corporations.	26,703,762	8,307,519	18,396,243	7,748,268	10,634,224	13,751
Deposits of U. S. Government	47,875	35,615	12,260	12,260	---	---
Postal savings deposits.	16,166	9,073	7,093	7,090	3	---

Assets and liabilities of all active banks in the United States and possessions, by classes, Dec. 31, 1942 - Contd.

(In thousands of dollars)

	Total all banks	National banks	All banks other than national	Banks other than national: State (Commercial)	Mutual savings	Private
Time deposits - Contd.:						
Deposits of States and political subdivisions	$436,472	$268,270	$168,202	$167,314	$554	$334
Deposits of banks in the United States	172,652	53,504	119,148	118,901	157	90
Deposits of banks in foreign countries	4,818	4,051	767	767	---	---
Total time deposits	27,381,745	8,678,032	18,703,713	8,054,600	10,634,938	14,175
Other deposits (certified and cashiers' checks, etc.)	1,239,539	671,696	567,843	566,198	597	1,048
Total deposits 1/	100,265,638	50,648,816	49,616,822	38,800,436	10,640,895	175,491
Bills payable, rediscounts, and other liabilities for borrowed money	18,638	3,516	15,122	12,334	30	2,758
Acceptances executed by or for account of reporting banks and outstanding	52,462	26,008	26,454	20,593	---	5,861
Interest, discount, rent, and other income collected but not earned	58,320	30,118	28,202	27,760	405	37
Interest, taxes, and other expenses accrued and unpaid	137,846	75,197	62,649	54,262	8,324	63
Other liabilities (including securities borrowed & dividends declared but not payable)	404,645	258,968	145,677	125,053	20,337	287
Total liabilities 1/	100,937,549	51,042,623	49,894,926	39,040,438	10,669,991	184,497
CAPITAL ACCOUNTS						
Capital notes and debentures	99,202	---	99,202	93,123	6,079	---
Preferred stock	280,654	146,047	134,607	134,607	---	---
Common stock	2,605,535	1,357,635	1,247,900	1,241,506	---	6,394
Surplus	3,769,806	1,438,645	2,331,161	1,460,696	858,419	12,046
Undivided profits	1,322,567	540,524	782,043	469,723	312,037	283
Reserves and retirement account for preferred stock and capital notes and debentures	527,264	255,504	271,760	209,985	60,279	1,496
Total capital accounts	8,605,028	3,738,355	4,866,673	3,609,640	1,236,814	20,219
Total liabilities and capital accounts 1/	109,542,577	54,780,978	54,761,599	42,650,078	11,906,805	204,716
Reciprocal balances with banks in the United States	536,550	349,306	187,244	184,694	---	2,550

1/ Excludes reciprocal interbank demand balances with banks in the United States (reported gross prior to June 30, 1942), the amounts of which are shown below "Total liabilities and capital accounts".

36-53

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
May 4, 1943

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption As of (Date)	Authorized for entry for consumption (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	April 24, 1943	365,203,898
Colombia	735,840,277	"	312,993,195
Costa Rica	46,718,031	"	14,382,941
Cuba	18,692,451	"	8,895,713
Dominican Republic	25,752,947	"	16,426,040
Ecuador	35,041,235	"	14,152,088
El Salvador	140,776,585	"	59,240,731
Guatemala	124,978,598	"	47,006,481
Haiti	64,236,136	"	46,021,259
Honduras	4,278,467	"	1,951,489
Mexico	111,292,661	"	39,972,677
Nicaragua	45,818,819	"	10,359,903
Peru	5,839,588	"	162
Venezuela	90,021,490	"	41,738,425
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	24,363,385

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, May 5, 1943.

Press Service
No. 36-53

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Dominican Republic	25,752,947	"	16,426,040
Ecuador	35,041,235	"	14,152,088
El Salvador	140,776,585	"	59,240,731
Guatemala	124,978,598	"	47,006,481
Haiti	64,236,136	"	46,021,259
Honduras	4,278,467	"	1,951,489
Mexico	111,292,661	"	39,972,677
Nicaragua	45,818,819	"	10,359,903
Peru	5,839,588	"	162
Venezuela	90,021,490	"	41,738,425
Non-signatory Countries: British Empire, except Aden and Canada Kingdom of the Netherlands and its possessions Aden, Yemen, and Saudi Arabia Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	24,363,385

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It was not very long ago that Hitler seemed invincible. Today the legend is shattered.

The tide of our strength is rising. But remember this -- it rises only as we will it to. Our resolution must not falter. The forces against us are enormous, not only the forces of our enemies from without, but the dangerous forces of inflation from within.

In the bitter fight to come, we must strike on the mightiest scale of warfare ever known. Our attack must be remorseless, prolonged and shattering. We must hammer our enemies abroad with every ounce of our strength. But at the same time, we must not neglect, we cannot neglect the vital mobilization at home -- the mobilization of American dollars for the financial security of the home front.

Our corps of volunteer workers on the United States Treasury War Finance Committees have done magnificent work, but they cannot do the job alone. It is too big. This is a nation of 135 million people, a nation in which over 60 million people are receiving incomes of one kind or another. It is physically impossible for these volunteer workers to call on each and every prospective purchaser of War Bonds. And yet somehow, some way this is exactly what must eventually be done.

To mobilize our financial resources we must mobilize more people to ring door bells. More importantly, however, we must enlist the complete enthusiasm of what we might call multiple contact people, people who are in touch daily with individuals with money to invest. People to whom workers with more money than they can spend look naturally for financial advice. People like yourselves.

We are not asking people to withdraw money from savings accounts to buy War Bonds - we are asking them to put their new income over the necessities of life into Bonds.

If we fell short in our 2nd War Loan drive, it was in not reaching more people than we did. When I say "reach" I don't mean through advertising, through the press, through radio, through the movies. These media placed their nation-wide facilities at our disposal all during the campaign; it would be impossible to exaggerate the importance of their contribution.

But advertising and promotion are not enough. In addition, the people must be approached as individuals in face-to-face contact. All our experience to date is eloquent testimony that there is no substitute for the personal, face-to-face approach. Where this approach has been used, the sale of War Bonds has jumped substantially.

The mobilization must take place in your home communities. It cannot be organized by hard and fast rules and regulations made by people hundreds or thousands of miles away. Your communities must mobilize their own financial resources, in their own way. No two communities will do it quite alike. It won't be done in Texas as in Maine, or in Oregon as in Florida. It will be geared to the life and habits and philosophy of its local citizens.

And such mobilization on a community level calls for community leadership, leadership of the kind that represents all elements in the life of each community: You bankers are among those who can help in that leadership. Your word commands respect. Your reputation is known to your fellows and neighbors. You have the ability to lead and assist them in a democratic, voluntary, spontaneous mobilization. On the record to date there seems to be no necessity for compulsory savings, and if we succeed in our ultimate goals, there probably never will be.

and services for us to buy. The difference between 75 billion dollars worth of goods and services and 120 billion dollars of purchasing power is 45 billion dollars. Barring a material additional increase in taxes or a mad scramble for goods setting off an additional price rise, this 45 billion dollars is the amount we Americans will save in 1943. We will have to save this much -- we can't spend it. Price controls, rationing, shortages of goods, excess of income over what was expected -- all these contribute to the money the American public will as a whole be unable to spend, will automatically save. And we are not absorbing a large enough proportion of this money in Government securities.

I believe that our financial mobilization, if it is to be successful, must manifest itself at the community level. It is not something that can be accomplished at Washington.

During the Second War Loan drive we raised altogether about 18 billion dollars, but only two and three quarter billion dollars, or 15 percent of the total, represented securities purchased by individuals. Only one and one quarter billion dollars, or 7 percent of the total, represented the purchase of E Bonds, known as the people's bond.

This is not a record to give us satisfaction. We have a long way, a very long way, to go before we come close to reaching the capacity of the people to buy War Bonds. The total income payments to the American people from all sources this year will be something like 135 billion dollars. Deducting the fifteen billions which we will pay in direct federal, state, and local personal taxes, we Americans in 1943 will have about 120 billion dollars of income at our disposal. But, at present prices, there will be only about 75 billion dollars worth of goods individuals and groups of individuals, who have contributed so much to our war financing.

We have raised the tremendous amount of money asked of us; but we have not raised enough of the kind of money the Government today so desperately requires, the kind of money that is burning a hole in Mr. America's pants pocket.

The distinction is of vital importance. Unless we raise the right kind of money in sufficient amounts, our financial mobilization will remain incomplete and our job unfinished. We will endanger the whole structure of our price controls, we will add to the costs of Government in prosecuting the war, we will distribute those costs among our citizens unjustly and inequitably, and we may cause grave post-war disorders in our economic structure.

New money raised during the four-month period January through April amounted to 25 billion dollars -- an amount well over the assigned 20 billion dollar goal.

The April, Second War Loan drive, just ended, climaxed this period. Second War Loan sales of Government securities reached a total of 18 billion dollars, as compared with our total goal of 13 billion.

It would appear, therefore, that our borrowing program is an outstanding success, that it promises security for the future.

But these gigantic figures alone do not tell the whole story. While the figures do convey the impression of a truly staggering financial mobilization, the fact is that our mobilization has been partial and incomplete, despite the splendid work done by

The Government is now spending at a rate of well over 200 million dollars a day, or almost 7 billion dollars a month. By the end of 1943 we will be spending nearly as much <u>per month</u> as we spent <u>per year</u> in any peacetime year in our history.

Federal taxes from all sources, at current rates, provide for only about a third of estimated expenditures for the year. Approximately two-thirds of the funds that are required must be borrowed. About 70 billion dollars in new money must be raised by borrowings from all sources during the current year.

Divide the 70 billion dollars into three financing periods of four months each. The job for the first period comes to about 20 billion dollars, for the second period to about 25 billion dollars, and for the third period, assuming no new taxes, to another 25 billion dollars.

You know this, you who are gathered here today. But that is not enough. All America must know it. We are not yet completely aware how deeply economic forces can work to swell our strength -- or to undermine it. We have not grasped either the magnitude or the essential character of the financial task confronting us. You who are skilled in finance and economics must help us realize these things. You can help translate our national purpose into terms understandable to men untrained in the mysteries of finance, and to convey in turn to the Government the attitudes, feelings and moods of the average Americans who are your depositors. You stand at the center of the economic life of your communities. That is why I want to lay before you the problem of our economic mobilization for war. Not the tax aspects of the problem -- that is outside my province -- but the borrowing aspects of our mobilizatio

The reason for this is utterly simple. Our financial mobilization is lagging because America does not yet wholly understand how vitally necessary it is for us to fight with our dollars as well as with our machines and our men. People do not yet realize that we must draw financial support from every citizen in the land just as we draw on our manpower or our raw materials or our productive capacity. A war, or a battle, is won by concentration of power. That is one of the oldest rules of strategy. Today, when warfare is so closely geared to the production front, the rule applies equally to farm and factory and finance. The sooner we realize this, the sooner we will end the world-wide threat to civilized decency, and the fewer the lives it will cost us in ending it.

We had to stimulate our domestic economy and our agriculture to serve both our armies and our civilians. And we had to mobilize our financial resources.

Of these four tasks none was more obvious, more swiftly recognized, or more swiftly fulfilled, than the assembling and training of our fighting men. Second only to that was the marshalling of industry.

There was serious delay in the mobilization of industrial and farm workers because the vital need was not so apparent, but we have begun to deal with it decisively. There has been even more serious delay in the marshalling of our financial resources and we have only just begun their mobilization.

When war came, our enemies were fully mobilized, and we were not. What had taken them the better part of a generation, we had to bring about in a few short months. Even as we struggled to stave off defeat, we labored feverishly to convert our peaceful nation into a fighting one, to gather the strength for survival in freedom and decency.

There are four ways in which a nation must marshall its resources for the intensive, prolonged and terrible struggles of modern warfare, four major tasks. When war came to us, those tasks were staggering. We had to assemble the gigantic fighting forces that would deliver the actual blows against our enemies. We had to mobilize our industries to produce sorely needed equipment, welding these industries into a single, efficient, coordinated machine.

I should like to talk to you today about the financial mobilization of this nation for war. I should like to discuss, bluntly and squarely, what we have accomplished, and what we have not accomplished. I should like to challenge the assumption that the purchase, during the Second War Loan, of approximately 18 billion dollars in government securities is any grounds for complacency, however staggering the sum may seem. I should like to examine some problems that face us, problems that are not easy of solution and that certainly are not going to get any easier as the war progresses.

double

We are a nation of peace. We are engaged, along with other nations of peace, in a struggle against people long hardened for war. For twenty years we have turned our minds and hands, and -- what is equally important -- our hearts, to peaceful pursuits.

FROM: MR. SCHWARZ'S OFFICE

TO: ....

TREASURY DEPARTMENT

Washington

(The following address by William M. Robbins, chairman of the War Finance Committee, ~~of the Treasury Department~~, before the National Association of Mutual Savings Banks at a luncheon in the Waldorf-Astoria Hotel, New York City, and broadcast by the National Broadcasting Company, is scheduled for delivery at 12.15 P.M., Eastern War Time Thursday, May 6, 1943, and is for release at that time.)

36-5-4

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But these gigantic figures alone do not tell the whole story. While the figures do convey the impression of a truly staggering financial mobilization, the fact is that our mobilization has been partial and incomplete, despite the splendid work done by individuals and groups of individuals, who have contributed so much to our war financing.

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During the Second War Loan drive we raised altogether about 18 billion dollars, but only two and three quarter billion dollars, or 15 percent of the total, represented securities purchased by individuals. Only one and one quarter billion dollars, or 7 percent of the total, represented the purchase of E Bonds, known as the people's bond.

This is not a record to give us satisfaction. We have a long way, a very long way, to go before we come close to reaching the capacity of the people to buy War Bonds. The total income payments to the American people from all sources this year will be something like 135 billion dollars. Deducting the fifteen billions which we will pay in direct federal, state, and local personal taxes, we Americans in 1943 will have about 120 billion dollars of income at our disposal. But, at present prices, there will be only about 75 billion dollars worth of goods and services for us to buy. The difference between 75 billion dollars worth of goods and services and 120 billion dollars of purchasing power is 45 billion dollars. Barring a material additional increase in taxes or a mad scramble for goods setting off an additional price rise, this 45 billion dollars is the amount we Americans will save in 1943. We will have to save this much -- we can't spend it. Price controls, rationing, shortages of goods, excess of income over what was expected -- all these contribute to the money the American public will as a whole be unable to spend, will automatically save. And we are not absorbing a large enough proportion of this money in Government securities.

I believe that our financial mobilization, if it is to be successful, must manifest itself at the community level. It is not something that can be accomplished at Washington. The mobilization must take place in your home communities. It cannot be organized by hard and fast rules and regulations made by people hundreds or thousands of miles away. Your communities must mobilize their own financial resources, in their own way. No two communities will do it quite alike. It won't be done in Texas as in Maine, or in Oregon as in Florida. It will be geared to the life and habits and philosophy of its local citizens.

And such mobilization on a community level calls for community leadership, leadership of the kind that represents all elements in the life of each community: You bankers are among those who can help in that leadership. Your word commands respect. Your reputation is known to your fellows and neighbors. You have the ability to lead and assist them in a democratic, voluntary, spontaneous mobilization. On the record to date there seems to be no necessity for compulsory savings, and if we succeed in our ultimate goals, there probably never will be. We are not asking people to withdraw money from savings accounts to buy War Bonds -- we are asking them to put their new income over the necessities of life into Bonds.

If we fell short in our 2nd War Loan drive, it was in not reaching more people than we did. When I say "reach" I don't mean through advertising, through the press, through radio, through the movies. These media placed their nation-wide facilities at our disposal all during the campaign; it would be impossible to exaggerate the importance of their contribution.

But advertising and promotion are not enough. In addition, the people must be approached as individuals in face-to-face contact. All our experience to date is eloquent testimony that there is no substitute for the personal, face-to-face approach. Where this approach has been used, the sale of War Bonds has jumped substantially.

Our corps of volunteer workers on the United States Treasury War Finance Committees have done magnificent work, but they cannot do the job alone. It is too big. This is a nation of 135 million people, a nation in which over 60 million people are receiving incomes of one kind or another. It is physically impossible for these volunteer workers to call on each and every prospective purchaser of War Bonds. And yet somehow, some way this is exactly what must eventually be done.

To mobilize our financial resources we must mobilize more people to ring door bells. More importantly, however, we must enlist the complete enthusiasm of what we might call multiple contact people, people who are in touch daily with individuals with money to invest. People to whom workers with more money than they can spend look naturally for financial advice. People like yourselves.

It was not very long ago that Hitler seemed invincible. Today the legend is shattered.

The tide of our strength is rising. But remember this — it rises only as we will it to. Our resolution must not falter. The forces against us are enormous, not only the forces of our enemies from without, but the dangerous forces of inflation from within.

In the bitter fight to come, we must strike on the mightiest scale of warfare ever known. Our attack must be remorseless, prolonged and shattering. We must hammer our enemies abroad with every ounce of our strength. But at the same time, we must not neglect, we cannot neglect the vital mobilization at home — the mobilization of American dollars for the financial security of the home front.

-oOo-

May 5, 1943

STATUTORY DEBT LIMITATION
AS OF APRIL 30, 1943

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$210,000,000,000
Outstanding as of April 30, 1943:			
Interest-bearing:			
Bonds -			
Treasury	$55,200,868,650		
Savings (Maturity value)*	23,697,588,000		
Depositary	183,166,000		
Adjusted Service	723,075,106	$ 79,804,697,756	
Treasury notes	22,949,973,250		
Certificates of Indebtedness	20,078,114,000		
Treasury Bills (Maturity value)	10,044,382,000	53,072,469,250	
		$132,877,167,006	
Matured obligations, on which interest has ceased		55,214,800	
Bearing no interest (U.S. Savings stamps)		227,989,467	133,160,371,273
Face amount of obligations issuable under above authority			$ 76,839,628,727

Reconcilement with Daily Statement of the United States Treasury 164
April 30, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act,		$133,160,371,273
Deduct, unearned discount on Savings bonds(difference between current redemption value and maturity value)		4,430,582,050
		128,729,789,223
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War,etc.)	$195,960,420	
Matured obligations on which interest has ceased	8,187,950	
Bearing no interest	915,023,534	1,119,171,904
Total gross debt outstanding as of April 30, 1943		$129,848,961,127

*Approximate maturity value. Principal amount(current redemption value) according to preliminary public debt statement $19,267,005,950

36-53

TREASURY DEPARTMENT

TO (1) Mr Bell

(2) Mr Schwarz

This is the usual statement release for the press at month end.

[illegible]

5/5

MR. HEFFELFINGER

May 5, 1943

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AS OF APRIL 30, 1943

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36-55

All that we have learned in this Second War Loan Drive, all the enthusiasm that we have gained, all our understanding of how vital and urgently necessary it is that the war be adequately financed will be useful in the bigger job that we still have to do.

There is no automatic and easy process for winning battles on the home front any more than there is an automatic and easy process for winning battles in the field. The war must be won and the war must be financed by the voluntary, united effort of the whole American people. There is no other way.

What success in financing means to our fighters is illustrated by a conversation I had with the Chief of Staff just two days ago. General Marshall came over to the Treasury to have lunch with me and, before he left, he said, "Mr. Secretary, I want you to answer a question for me and to answer it with complete frankness. Can we military leaders plan to fight this war in an orderly way--in the surest and most effective manner -- or must we take extraordinary risks for fear the money will not hold out?"

My answer was: "General, the American people will take care of that. What they have done in this Second War Loan Drive -- the money they have produced and the spirit they have shown -- is proof enough for me that they will not let our fighters suffer from lack of support until we achieve complete victory, no matter how long that may be nor how much it may cost."

This was my answer to General Marshall. And I know it is also yours.

oOo

I have come to some definite conclusions as to the reasons for our success. It seems to me that the explanation is found in the spirit of the American people and their deep-rooted determination to fight this war through to victory.

When the people really become aflame with the war spirit, all the other problems seem to solve themselves. Labor and management get together; production rises to an all-time high; and bond sales go up automatically. That seems to check with what all our figures tell us.

War spirit, labor-management relations, production, and bond sales all go hand in hand.

Military terms to describe this Second War Loan victory -- and it is a victory -- are only partly appropriate. There can be no comparison between the self-denial needed to finance the war adequately and the suffering and death which our fighting men must face. Yet, there is a similarity between the war on the home front and the war on the fighting front. Neither is won in a single engagement. On both fronts the war must go on through a succession of gains until the final and complete victory is won. We can speak of this success in the Second War Loan Drive only as a victory in a minor engagement. It is like the taking of a single fortified point while the main battlefield and the main forces of the enemy still lie ahead.

In this drive that has just been completed we have raised a total of more than eighteen billions whereas the full total of our war expenditures during this year will be more than one hundred billions.

My purpose in speaking to you tonight was twofold. First, to tell you of our success, the success of the American people in accomplishing this one task, and in speaking of that success to thank the thousands of workers who labored so devotedly. But the other half of my message is of far greater importance. It was to tell you that we must not deceive ourselves by thinking that now we can <u>rest on our oars. The real battle is still ahead of us.</u>

Announcer 3: Under the circumstances, the Treasury Department desires to prevent the people from gaining the impression that the War Loan Drive is a failure.

MR. MORGENTHAU: And listen to this one from Italy:

Announcer 4: The American people have lost faith in the American system. At last they know that the Democratic way of life will not stand up in a crisis.

MR. MORGENTHAU:
We needn't take any time trying to answer the Axis, because they have already had a rude awakening. Before the war they boasted that Democracy's armies would be weak, and flabby. But now they know better. Field Marshal Rommel, if he ever takes the time to look back over his shoulder, can see and report to his Fuehrer the kind of fighting men he is up against.

And now the people on the home fronts all over the world realize that the American people -- that you and I and all of our neighbors -- are in this war to the finish. The fact that we have sold well over 18 billion dollars in War Bonds is proof enough.

stands solidly [illegible] C qu C, that they

We have exceeded by more than five billion the goal we set for ourselves. This is a measure of our enthusiasm and patriotism. The result proves many things. It proves that the American people ~~recognize~~ this as their war, and they are willing and eager to finance it.

It is evidence that the American people are not going to sit back and wait for any forced savings plan in order to finance this most expensive war in all history. This, I might add, is vitally important to me.

I believe in the American people; I believe that they will go to the very limit of their capacity if only they understand the urgency of the situation.

From reports that have come to me from all over the country, and as a result of what I saw and heard on a seven-thousand-mile trip from which I have just returned, hours of the day and night. The splendid job they have done is little short of miraculous. I thank them humbly and from the depth of my heart.

I also want to thank the country newspapers and great metropolitan dailies that printed free as a patriotic service millions upon millions of messages about Bonds, and the radio stations of the country that gave us hundreds of shows throughout the drive, and the business houses and industrial firms and stores and theaters and all the others who cooperated so splendidly.

The success of the Second War Loan is America's answer to the Axis nations. I wish you could hear what the Axis short-wave propagandists have been saying. I wish you could have heard them during the past three weeks. You would have been entertained by their hysterical lies, brought on by the growing success of the Second War Loan. I can tell you that the response of the American people has frightened them down to their boots--those brutal boots that sought to trample down freedom all over the world. During the entire drive the Axis powers hurled lies and abuses at us over the short-wave radio. Listen now to a sample of some of the things they had to say:

Announcer 1: Flash from Washington, D. C. -- Insiders in the Treasury Department state that the Second War Loan Drive is proving to be a complete failure because the people have no desire to invest their money in War Bonds.

MR. MORGENTHAU: And hear this one:

Announcer 2: In view of the threatening failure of the War Loan Drive, the Treasury Department has hastily called together a meeting of prominent bankers and has requested the banks to take over the War Loan off the hands of the Government in the hope that the banks will be able to sell them to the public later on.

MR. MORGENTHAU: Or listen to this one:

TREASURY DEPARTMENT

Washington

May 7, 1943.

36-5-6

FOR RELEASE, MORNING NEWSPAPERS,
Friday, ~~August 21, 1942.~~
~~8/20/42~~

Press Service
No. ~~32-93~~

reporting on the Second War Loan drive which was concluded May!

broadcast over the coast-to-coast network of the Columbia Broadcasting System at

(The following address of SECRETARY MORGENTHAU ~~at the ceremonies designating Roanoke, Virginia, as the first "Treasury Flag City" in the War Savings Bond campaign~~ is scheduled to be ~~delivered in Roanoke at 6 p.m.~~, Eastern War Time, Thursday, ~~August 20, 1942,~~ ~~and is for release upon delivery at that time.~~)

May 6, 19

10:30 pm

Just before coming to Roanoke for this great demonstration it was my privilege in the past five days to inspect Army camps in the West and South at the invitation of General Marshall. By way of preface I can assure you that your boys are being well housed, well fed and well prepared for the fighting that lies ahead of them. No praise of mine can be too high for the job the Army has done, and is doing, in equipping and training the manpower of America for war.

One impression above all that I bring away with me is of the magnificent spirit of these men. We civilians used to think, in our superior way, that we

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 7, 1943.

Press Service
No. 36-56

(The following address of SECRETARY MORGENTHAU reporting on the Second War Loan drive which was concluded May 1, is scheduled to be broadcast over the coast-to-coast network of the Columbia Broadcasting System at 10:30 p.m., Eastern War Time, Thursday, May 6, 1943.)

Fellow Americans:

I take great pleasure in reporting to you that the Second War Loan Drive is an overwhelming success. This is mighty bad news for the Axis. Americans in less than three weeks have pushed over the top the greatest single financing operation in the history of the world, involving the collection of more than eighteen billion dollars.

Speaking for myself, I should like to say it has been a great privilege to serve as your Secretary of the Treasury during this drive. I feel privileged because I have had an opportunity to watch Democracy at work. Through Democratic means, in these three weeks, we have raised a sum of money that Germany, Italy and Japan could not raise even through plunder and stealing and outright confiscation.

So tonight I must first thank all who have contributed to make this drive so huge a success. Especially do I thank the great army of patriotic men and women who have poured their energy and enthusiasm into the Second War Loan Drive during all hours of the day and night. The splendid job they have done is little short of miraculous. I thank them humbly and from the depth of my heart.

I also want to thank the country newspapers and great metropolitan dailies that printed free as a patriotic service millions upon millions of messages about Bonds, and the radio stations of the country that gave us hundreds of shows throughout the drive, and the business houses and industrial firms and stores and theaters and all the others who cooperated so splendidly.

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And now the people on the home fronts all over the world realize that the American people -- that you and I and all of our neighbors -- are in this war to the finish. The fact that we have sold well over 18 billion dollars in War Bonds is proof enough.

We have exceeded by more than five billion the goal we set for ourselves. This is a measure of our enthusiasm and patriotism. The result proves many things. It proves that the American people stand solidly behind their Commander in Chief, that they recognize this as their war, and they are willing and eager to finance it.

It is evidence that the American people are not going to sit back and wait for any forced savings plan in order to finance this most expensive war in all history. This, I might add, is vitally important to me.

I believe in the American people; I believe that they will go to the very limit of their capacity if only they understand the urgency of the situation.

From reports that have come to me from all over the country, and as a result of what I saw and heard on a seven-thousand-mile trip from which I have just returned, I have come to some definite conclusions as to the reasons for our success. It seems to me that the explanation is found in the spirit of the American people and their deep-rooted determination to fight this war through to victory.

When the people really become aflame with the war spirit, all the other problems seem to solve themselves. Labor and management get together; production rises to an all-time high; and bond sales go up automatically. That seems to check with what all our figures tell us.

War spirit, labor-management relations, production, and bond sales all go hand in hand.

Military terms to describe this Second War Loan victory -- and it is a victory -- are only partly appropriate. There can be no comparison between the self-denial needed to finance the war adequately and the suffering and death which our fighting men must face. Yet, there is a similarity between the war on the home front and the war on the fighting front. Neither is won in a single engagement. On both fronts the war must go on through a succession of gains until the final and complete victory is won. We can speak of this success in the Second War Loan Drive only as a victory in a minor engagement. It is like the taking of a single fortified point while the main battlefield and the main forces of the enemy still lie ahead.

In this drive that has just been completed we have raised a total of more than eighteen billions whereas the full total of our war expenditures during this year will be more than one hundred billions.

My purpose in speaking to you tonight was twofold. First, to tell you of our success, the success of the American people in accomplishing this one task, and in speaking of that success to thank the thousands of workers who labored so devotedly. But the other half of my message is of far greater importance. It was to tell you that we must not deceive ourselves by thinking that now we can <u>rest on our oars. The real battle is still ahead of us.</u>

All that we have learned in this Second War Loan Drive, all the enthusiasm that we have gained, all our understanding of how vital and urgently necessary it is that the war be adequately financed will be useful in the bigger job that we still have to do.

There is no automatic and easy process for winning battles on the home front any more than there is an automatic and easy process for winning battles in the field. The war must be won and the war must be financed by the voluntary, united effort of the whole American people. There is no other way.

What success in financing means to our fighters is illustrated by a conversation I had with the Chief of Staff just two days ago. General Marshall came over to the Treasury to have lunch with me and, before he left, he said, "Mr. Secretary, I want you to answer a question for me and to answer it with complete frankness. Can we military leaders plan to fight this war in an orderly way--in the surest and most effective manner -- or must we take extraordinary risks for fear the money will not hold out?"

My answer was: "General, the American people will take care of that. What they have done in this Second War Loan Drive -- the money they have produced and the spirit they have shown -- is proof enough for me that they will not let our fighters suffer from lack of support until we achieve complete victory, no matter how long that may be nor how much it may cost."

This was my answer to General Marshall. And I know it is also yours.

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TREASURY DEPARTMENT

Washington

Press Service
36-57

FOR IMMEDIATE RELEASE,
Friday, May 7, 1943.

Secretary of the Treasury Morgenthau today announced the final subscription and allotment figures with respect to subscriptions from commercial banks for their own account for the current offering of 2 percent Treasury Bonds of 1950-52.

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

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Philadelphia	608,123,000	137,407,000
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Atlanta	470,277,500	114,343,500
Chicago	1,433,021,000	319,380,500
St. Louis	353,777,000	109,585,500
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Kansas City	396,724,500	116,992,500
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12

Footnotes on Page 12 should read:

1/ Cf. Gorieb v. Fox, 274 U.S. 603, 607 (1927) (nontax); Steward Machine Co. v. Davis, 301 U.S. 548, 591 (1937) (social security tax).

2/ Brandeis, J., dissenting in Washington v. Dawson & Co., 264 U.S. 219, 236 (1924) (nontax). Cf. Black, J., concurring in Helvering v. Gerhardt, 304 U.S. 405, 425 (1938) (i.t.).

3/ Steward Machine Co. v. Davis, 301 U.S. 548, 591 (1937).

new pg 12

36-5-8

process of inclusion and exclusion, so often applied in developing a rule, cannot end with its first enunciation; there must be some resort to the trial-and-error method."[1] I have defined broadly some of the terms in which Congress has expressed its intent to prevent hardships from arising under the excess-profits tax law. To use the language of Justice Cardozo, "Definitions more precise must abide the wisdom of the future."[2]

In your practice of accounting you are concerned with the interests of particular taxpayers. But the interest of taxpayers can extend beyond the immediate case; indeed, every case, has not only its immediate particular aspects,

but its

1/ Federal Estate and Gift Taxation, Volume I, p. 368, note 2.

2/ Steward Machine Co. v. Davis, 301 U.S. 548, 591 (1937).

average base period net income determined with respect to a taxpayer cannot be used if the character of such taxpayer has changed. Thus, if there has been any change in an affiliated group making a consolidated return, the new group must be examined to determine whether it satisfies the requirements for relief. Likewise, if a Supplement A transaction has occurred, the nature of the base period experience of the acquiring corporation must be analyzed to ascertain whether it is entitled to relief.

All of you are, most naturally, interested in knowing how Section 722 will be applied in the case of particular taxpayers. In the nature of the case, "it is practically impossible in laying down a general rule to anticipate and and provide in specific terms for every case." 1/ "The process

1/ Federal Estate and Gift Taxation, Volume I, p. 368, note 3.

(f) It would be a useless burden both upon a taxpayer and the Government to compel new applications for relief and reexamination of cases after a constructive average base period net income has finally been determined for the taxpayer. The regulations, therefore, provide, as did the regulations under Section 722 prior to its amendment, that in certain instances a constructive average base period net income established for a taxpayer may be used in subsequent years without the necessity of additional applications. This does not mean that any error incurred may not be corrected in a subsequent year through a reexamination. Since the theory of Section 722 is to establish a fair standard based upon the current character of a taxpayer in the framework of certain base period conditions, a constructive

average base

In this connection, an application for relief need not be filed for the taxable year from which it is desired to carry over an unused excess-profits credit based upon the constructive average base period net income. A timely application filed for the year to which the carry-over is to be applied is sufficient.

(e) Corporations comprising an affiliated group have the privilege of making consolidated income and excess-profits tax returns. The consolidated returns regulations provide certain principles of accounting which view the group, generally, as a business unit. Consequently, any relief requested by the group must depend upon whether such group, as it existed during any excess-profits tax year, satisfied the eligibility requirements of Section 722.

(f) It would

(d) The determination of what is excessive and discriminatory excess-profits taxation from which Congress intended to relieve corporations by Section 722 is not based upon the consideration that the excess-profits tax consumes too large a portion of the taxpayer's taxable income or upon the consideration that a taxpayer pays a larger percentage of its income as tax than a competitor. It is based upon a finding of inherent inequity in the taxpayer's excess-profits credit. It is logical consequence, therefore, that relief obtained in the form of a constructive average base period net income may be used in a proper case to compute an unused excess-profits credit for purposes of a carry-over or carry-back, as well as to diminish a tax liability for a particular year.

In this

for such taxpayers. Although taxpayers using these relief sections may also use section 722 to correct a base period inadequacy, section 722 may not be used as an oblique means of avoiding these provisions to obtain a more favorable method of computation.

would have spread over several years. Section 736 (b) grants a measure of relief to taxpayers which under the completed contract method of accounting must report in one year income from contracts which may have been in progress over a period of years. These sections and section 722 are complementary rather than mutually exclusive. As such, both may be used by the taxpayer. Congress has specifically said, however, that in the case of installment-basis taxpayers the base period shall not be recomputed under the method of relief provided for the excess-profits-tax years; contrariwise, in the case of long-term contract taxpayers Congress has provided that the base period should be recomputed under the accounting method provided as relief

for such

of unusual and peculiar elements. The relief rules in section 711 cannot be used as a matter of right, but may be applied in principle if warranted in determining normal earnings.

(c) In addition to section 722, which is designed to correct the excess-profits credit, the excess-profits tax law contains various relief provisions which mitigate the effect of abnormally large income during the excess-profits tax period. Thus, section 721 levels off abnormally large income in any one year over the years to which such income is actually attributable. Section 736 (a) provides relief for taxpayers on the installment method of accounting which are hit by anti-inflationary regulations tending to bunch in one or two years income which normally

would have

(b) A somewhat similar relationship exists between the general relief provisions and the specific relief profisions of section 711 (b) (1). In the latter provisions Congress has enacted specific rules to scale down abnormal or abnormally large base period deductions not usually experienced by a taxpayer. These rules are based upon the relationship between deductions in a particular year with such deductions in the preceding four years. If the deductions in any one year exceed 125 percent of the average deductions in other years, the deductions in the unusually large year are mechanically reduced to 125 percent of the average. As in the case of the relief provisions of section 713, the application of the relief provisions of section 711 may be unjustifiable if a fair and just amount representing normal earnings presupposes the absence

of unusual

it does not reduce the credits of those taxpayers which were abnormally prosperous during the base period.

However, the relief afforded by Section 722 is specifically limited to "a fair and just amount representing normal earnings." Clearly, no such amount can be reached if account is taken only of those abnormalities in the experience of the taxpayer which had the effect of reducing its income. To ignore those abnormal circumstances which tended to increase actual base period earnings would be equivalent to allowing a taxpayer an excess-profits credit greater than an amount representing normal earnings.

(b) A somewhat similar

in the computation of constructive base period net income if the case warrants their application, but that no taxpayer coming under the provisions of Section 722 will be permitted to apply the special relief provisions of Section 713 as a matter of right.

If abnormally poor years in the taxpayer's base period are corrected under Section 722, it is contemplated that years of abnormally high earnings will likewise be revised and corrected in order to determine the fair and just amount of a taxpayer's earnings. At first glance, this position may appear to be inconsistent with the intent of Congress in enacting a general relief provision. It is true that taken as a whole general relief is a one-way proposition. It provides a higher credit for those taxpayers whose earnings were abnormally depressed, but

it does

said to have been abnormally low. The adjustment called for under Section 722 is an adjustment in the entire base period earnings, and no importance can be attached to the manner in which the taxpayer may choose to distribute such earnings over the four years comprising this period.

Clearly, this taxpayer should not be permitted to enjoy the benefits of the growth formula merely because it chooses to allocate the larger part of its constructive net income to the last two base period years. If it is established that the taxpayer was, in fact, growing during the base period, this should be taken into account in determining the constructive average. The use of the automatic growth formula would, however, be inappropriate in such a case.

The rule has, therefore, been adopted that the principles of the special relief provisions may be applied

in the

of the income of the other three years? Under the particular circumstances of this case it would appear to be inequitable not to permit it to do so. If this taxpayer were not allowed to use the 75 percent rule, it would clearly be placed in a less favorable position than a competitor which, except for the year of the fire, had a similar pattern of income during the base period.

On the other hand, take the case of the taxpayer whose average base period net income is found to be an inadequate standard of normal earnings because it is a member of an industry which is subject to sporadic and intermittent periods of high production and profits, and such periods were not adequately represented in the base period. In such a case, the actual earnings of no one or two specific years can be from the provisions of Section 713 if its base period earnings have been reconstructed under the provisions of Section 722? For example, take the case of the taxpayer whose operations were interrupted by a fire which occurred during the early part of 1939, with the result that its earnings for that one year were abnormally depressed. Assume further that after adjusting the 1939 income so as to eliminate the effects of the fire upon base-period earnings, it is found that the income for 1938 is less than 75 percent of the income of the other three years.

Should this taxpayer be allowed to substitute for its actual 1938 income an amount equal to 75 percent

of the

an

same business. It does no more than give a taxpayer an opportunity to reconstruct an earnings experience on the basis of comparatives after he has established the fact that a comparison between his own earning capacity and that of such similar taxpayer is a reasonable one.

IV. Rules for the computation of the constructive average base period net income.

I should now like to discuss some of the specific rules which have been prescribed for the computation of the constructive average base period net income.

(a) First, there is the question of the relationship between the general relief provisions of Section 722 and the specific relief provisions of Section 713, i. e., the elimination of a deficit year, the 75 percent rule, and the growth formula. Briefly, the problem is this: should a taxpayer be permitted as a matter of right to benefit

from the

F. <u>Normal profits in the case of taxpayers with no base period earnings experience.</u>

Finally, there is the question of normal profits of taxpayers qualifying for relief under Subsection 722 (c). Taxpayers of this class were not in existence during the base period; hence no appeal can be made to a prewar earnings record. On the other hand, obviously, no account can be taken of actual wartime earnings.

In such cases the taxpayer in establishing a constructive average base period net income is allowed to refer to the actual earnings experience of comparable taxpayers during the base period. This is not the comparative standard of the First World War. It does not entitle a new business with abnormally low capital to use the average profits of representative firms in the

same

of operations. Therefore, any unused excess-profits credit obtained as a result of the difference between constructive normal profits and the subnormal earnings of a taxpayer which had not yet reached its level of normal operations would, in effect, be a form of double relief. Moreover, to permit a taxpayer to compute an unused excess-profits credit in such a case would discriminate unfairly against competitive corporations which had realized normal earnings in comparable excess-profits-tax years since they would have no unused excess-profits credit.

F. Normal profits

commencing business after December 31, 1939. In these cases it would appear that a fair and just standard of normal earnings for such taxpayers must be based not upon the full level of normal earnings, but upon the level of earnings which the taxpayer might have been expected to obtain in years prior to the time that it realized its full level of normal earnings.

The reason for this provision is clear. The purpose of relief is to establish a fair and just standard of normal earnings to be used in determining what portion of current earnings constitute excess profits. This standard of normal earnings implies a level or range of profits needed not only to furnish an adequate return on the capital invested in the business, but also to provide reimbursements for deficits or low earnings encountered in the early years of operations.

the two-year push-back provision it will be necessary to estimate the level of earnings which the taxpayer would have attained after two more years of growth under the general circumstances and conditions prevailing during the prewar years. The earning capacity reflected in the last year of this extended growth period would then be used as the basis for the reconstruction of base-period earnings.

In some such cases, however, the taxpayer may not have reached its established level of normal earnings until after its first excess-profits taxable year. This may also be true of a taxpayer which was committed to a course of action to change its capacity for production or operation prior to January 1, 1940, but which consummated such change in a later year; it will necessarily be true of a taxpayer

commencing

presents a difficult problem, especially if the business of the taxpayer has not reached its normal earning capacity by the end of the base period.

In determining the normal profits of such growing taxpayers, it has been provided that a taxpayer shall be deemed to have commenced business or made the change in the character of its business two years before it did so. This assumption provides a more liberal allowance for growth than was provided in the 1941 version of section 722, but avoids the necessity of attempting to distinguish between increased earnings attributable to the abnormal influence of the war, and increased earnings which might properly be regarded as the continuation of the normal peacetime growth of the taxpayer into war years. Under

the two-year

to the new business, which was slowly building up its earning capacity during the base period years. It also relates to the old business, which changed its products, its methods of production, or its capacity of production during that period and which was therefore in the process of establishing a new earning capacity bearing little or no relation to its previously established level of earnings.

(8) In these situations it is obvious that the average base period net income will rarely be an adequate measure of the normal profits of the new or changed business. To accept it as such would be to discriminate against the very businessmen who most need encouragement, namely, the newcomers and the innovators. But the determination of a fair and just amount representing the normal profits of such taxpayers

presents a

it is a member, this period bears the same relationship to the profit cycle of the taxpayer and the industry as the base period bears to the general business cycle.

E. Normal profits in the growth cases

The principal defect of the base period approach to the measurement of excess profits is the fact that it provides an adequate standard of normal earnings only so long as the character or capacity of the taxpayer's business does not change from what it was during the base period. For the purposes of a war profits tax this defect would not be serious as regards changes initiated during the war years since no account can ~~, in general,~~ be taken of such changes. But there is another difficulty that cannot be handled so easily since it relates to circumstances which prevailed during the base period. This difficulty relates

to the

calculus and that if the techniques of the latter are deemed to be essential to the establishment of eligibility under this section, the industry is not one which Congress intended to relieve under this subsection. The mere fact that deviations from some general cycle of business profit can be established for a particular industry will not be accepted as evidence that the average base period net income is not an adequate standard of normal earnings.

The constructive average base period net income of a taxpayer in an abnormal cycle industry may be determined with reference to one or more prior periods in its experience when normal earnings were realized. However, the average income of any one such period will not be regarded as an amount representing normal earnings unless it is established that with respect to the taxpayer and the industry of which

it is

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prosperity produces a building boom; instead, it appears that such periods of high production and profits occur at intervals of from twelve to twenty years. Taxpayers in industries, the profits cycles of which follow this building cycle for example would, presumably, be eligible for relief under subsection 722 (b) (3), if base period earnings inadequately reflected normal earnings.

There are undoubtedly other industries which will attempt to establish eligibility under this subsection. Some of them will be able easily to establish their eligibility on the basis of generally recognized facts. Others may attempt to do so through the use of highly refined statistical techniques. I venture the suggestion that arithematic will get better results than differential

calculus

logarithms."1/

In considering the cycle cases it must be recalled that in selecting the years 1936-1939 as the standard of normal profits, Congress selected a period of 48 months within which was embraced one complete profits cycle for business in general. For most businesses, therefore, the choice of these years provided a base period of moderate prosperity in which the normal fluctuation of profits which characterize the general business cycle were averaged out.

However, it was evident that there would be some industries the members of which could not expect to average out good and bad years within these particular four years. The construction industry provides an example of an industry with a profits cycle longer than the customary 40 to 50 months cycle. Not every period of general business

1/ Cf. Cardozo, "The Paradoxes of ~~the~~ Legal Science", p. 1 (1927).

prosperity

D. Normal profits in the cycle cases

One of the most widely discussed provisions of Section 722 is that relating to the eligibility of a taxpayer which was depressed during the base period because it was a member of an industry with a profit cycle differing materially in length and amplitude from the general business cycle. A good many taxpayers appear to have the impression that this provision necessitates an excursion into the higher mathematics of business-cycle analysis. I do not believe that any such excursion will, as a rule, be necessary. It is my opinion that in such cases an ounce of common sense will carry more weight than a pound of statistics. It is not always true that "they do things better with logarithms."

that relief is limited to a fair and just amount representing normal earnings. Consequently, if adjustments are made in the earnings for particular base period years affected by abnormally poor circumstances, adjustments must also be made for years affected by abnormally good circumstances to ensure a constructive average base period net income which can fairly represent normal earnings.

6

In the case of taxpayers depressed by reason of unusual temporary economic circumstances, earnings should be reconstructed not on the basis of the actual economic factor affecting the taxpayer's production, costs, and profits for the years in question, but upon the basis of such factors as existed in the taxpayer's industry. Account may be taken of the relationship of the taxpayer's sales, costs and profits to those of other members of the industry in other periods of normal earnings for the industry.

In abnormality cases of both types~~,~~ the constructive base period net income will usually be arrived at by correcting the taxpayer's actual earnings experience for the year or years in which its earnings were affected by the occurrence of the unusual event or events. It should not be forgotten, however,

that relief

abnormally cold winters during the same period.

The question whether an event should be regarded as normal or abnormal is, of course, one which can be answered only in the light of the experience of particular taxpayers. A flood would generally be regarded as an abnormal event, but in the case of a taxpayer whose operations are usually interrupted by spring floods, it is doubtful if the occurrence of such floods during the base period could be accepted as the basis of a claim for relief under Section 722. Whether an event is to be regarded as normal or abnormal is also a matter of time. Over a long enough period of time all events tend to become normal events. Taxpayers will do well to remember that Section 722 operates within the framework of a four-year period.

In the

C. Normal profits of taxpayers with base period abnormalit[y]

The mere fact that an abnormal event occurred during the base period does not provide the basis of a claim for relief unless it is also established that as a result of this event the average base period net income is an inadequate standard of normal earnings. Not only must there be some connection between the event itself and the earning capacity of the taxpayer, but it must also be established that there were no other equally abnormal events or circumstances which affected earnings in the opposite manner. An abnormally warm winter during the base period might well be regarded as an unusual event in the experience of a natural gas company supplying fuel for domestic heating purposes; but the occurrence of such an event could provide the basis of a claim for relief only if there were no

abnormally

norm should not provide the basis for relief.

But what is the norm, significant deviations from which may provide the basis for such a claim? Under what circumstances should an event be regarded as an abnormal one? Under what circumstances does the average base period net income of a taxpayer become an inadequate standard of normal earnings? What factors can be taken into account and what factors must be disregarded in reconstructing base period earnings? I cannot, of course, give you very precise answers to these questions here tonight, but I shall attempt to give you some general views of the Treasury on them. It will, perhaps, be easiest to consider them with reference to each of the three classes of cases covered under Section 722.

C. Normal

B. When are profits not normal?

The concept of normal profits cannot be subjected to precise quantitative measurement; rather we should think of normal profits as a matter of more or less. When a businessman enters upon a new venture in the expectation of making a profit from it, his expectations will rarely be expressed in terms of an exact sum of money. Instead, he will be inclined to think of them as a range of possibilities. So long as actual profits fall within this range, they can be said to have come up to expectations. Similarly, the actual profits of the base period years should be regarded as normal if they come within a reasonable range of the average profits which the taxpayer might be expected to earn under normal conditions. Slight deviations from the

norm should

this sort may, indeed, be highly relevant to a determination of the reasonableness of the taxpayer's claim. In special cases, such as those of ~~the firms~~ Corporations which have commenced business since January 1, 1940, such evidence ~~will be essential~~ is an important factor ~~for~~ in the determination of that fair and just amount which represents normal profits. In other words, although the base period experience of similar corporations cannot be freely substituted for the actual experience of a taxpayer claiming abnormally low base period earnings, it might be ~~introduced as evidence~~ used in support of the constructive average base period net income claimed by the taxpayer. The taxpayer will, however, be expected to establish the reasonableness of the relationship assumed between its own earning capacity during the base period and that of such similar corporations.

B. When

an inappropriate measure of normal profits, the constructive average base period net income must be determined with reference to the profits which the taxpayer in question could reasonably have been expected to earn under happier circumstances. Profits are not to be deemed abnormal merely because they were low. Taxpayers hoping to establish the abnormality of their base period earnings must be prepared to back their claims with an appeal to their own experience and demonstrated business capacity.

However, the essentially subjective character of normal profits does not mean that reference can not be made to the experience of other taxpayers insofar as such experience throws some light upon conditions within the industry or trade of the taxpayer itself. Evidence of

this sort

profits refers to the <u>individual</u> experience of each corporate taxpayer, not to the <u>collective</u> experience of all such taxpayers. The 1942 amendments to Section 722 have not altered the basic approach in this regard. They merely broaden the scope of the credit to embrace hypothetical, as well as actual, experiences of the particular taxpayer, and extend the credit to taxpayers which had no base period experience. The constructive average base period net income which must represent normal profits still relates, not to the experience ~~or expectations~~ of business as a whole, or to that of any particular industry, but to the experience ~~actual or hypothetical~~ ~~and expectations~~ of the taxpayer claiming relief.

If, for example, it is established that unusual circumstances made the income of the base period years

an

III. <u>The concept of normal profits</u>

The fundamental concept underlying Section 722 is that of normal profits. The statute makes it clear that no taxpayer entitled to use the average earnings method of computing the excess profits credit can obtain relief under Section 722 unless it can establish that its average base period net income was not a fair measure of normal profits. Furthermore, once eligibility for relief is established, the relief afforded by the statute is the right to use a constructive average base period net income which justly represents ~~does represent~~ normal profits. It is, therefore, important to know what Congress intended this term to mean.

A. <u>The term "normal profits" is a subjective concept</u>

The base period approach to the measurement of excess profits are entitled to use a hypothetical base period net income as the excess-profits credit. These are (1) taxpayers with intangible assets not includible in invested capital which make important contributions to income, (2) taxpayers for which invested capital is not an important income-contributing factor, and (3) taxpayers whose capital is abnormally low. Only in these three special cases is relief granted to taxpayers which would otherwise compute the excess-profits credit by the invested capital method.

~~the good years of which were~~ not adequately ~~experienced~~ presented during the base period. Another is found in the case of the new business or of the business which changed its character or capacity for production during the base period. In most such cases, the average earnings of the years 1936 to 1939 could not be expected to reflect the earning capacity of the business after it had passed through its developmental stage.

<u>Third</u>, there is the situation of those taxpayers which commenced business after December 31, 1939. Such taxpayers have no 1936 to 1939 earnings which might reflect their normal profits. They would ordinarily be required to use the invested-capital method of computing the excess-profits credit, but under Section 722 (c) certain classes of them

are entitled

circumstance has made the base period earnings of the taxpayer an inadequate standard for the measurement of normal profits. Under the 1941 Act only *physical* events were in general recognized as the basis of a claim for relief from base period abnormalities. The 1942 Act permits relief to be extended on account of abnormal *economic* situations as well.

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Second, there is the situation in which the base period earnings are an inadequate standard for the measurement of normal profits because the taxpayer's years of normal profits did not coincide with the years 1936 to 1939, which embrace a period of normal earnings for business in general. One example of this type of situation is found in the case of the industry which in the base period is in the low phase of its ~~is subject to an abnormal~~ profits cycle, with the good years of its profits cycle

~~the good~~

as 95 percent of the average earnings for the years 1936-1939, with appropriate adjustments for increases or reductions in paid-in capital. For most businesses these four years do provide a reasonably good standard of normal earnings. Taken as a whole, they were years of moderate prosperity; they included one very good year (1937), one poor year (1938), and two moderately good years (1936 and 1939). However, for some businesses the average income of these four prewar years does not provide an adequate standard of normal profits. It was in recognition of this fact that Congress enacted the relief provisions in Section 722.

The 1942 version of Section 722 may be said to cover three general types of situations. First, there is the situation in which the occurrence of some abnormal event or

circumstance

the character and the extent of the relief which these provisions were designed to afford. For this knowledge and understanding, businessmen will rely heavily on the men of your profession. I am, therefore, very glad to have this opportunity to discuss with you some of the more difficult problems which are likely to arise in the administration of Section 722.

II. <u>Classes of taxpayers covered under Section 722</u>

The general relief provisions, as set forth in Section 722 of the Internal Revenue Code, relate <u>primarily</u> to taxpayers which would ordinarily elect to use the average earnings method of computing the excess-profits credit. Under the general rule the average earnings credit is taken

as 95 percent

2

The line between eligibility and ineligibility for relief under Section 722 will not be an easy one to draw. But "drawing the line is a recurrent difficulty in those fields of the law where differences in degree produce ultimate differences in kind." Harrison v. Shaffner, 213 U.S. 579 (1941)

Responsibility for the successful administration of the general relief provisions must also rest in part upon ~~the~~ taxpayers, ~~themselves.~~ The greater the number of unreasonable and exhorbitant claims filed, the more difficult it will be for the Government to administer relief fairly and fully to those who deserve it. It is, therefore, highly important that businessmen should understand the principles underlying Section 722 so that they may better appreciate

This is a responsibility which cannot be accepted lightly. If the relief which Congress intended to give taxpayers is arbitrarily denied them, the excess-profits tax law can become an instrument for the destruction rather than for the preservation of competitive enterprise. New and growing businesses, as well as businesses which were depressed during the prewar years, will be deprived of the means with which to reestablish themselves in the postwar economy.

On the other hand, if the relief provisions are permitted to become instruments for widespread tax avoidance, we shall have failed in our efforts to eliminate profiteering and to achieve an equitable distribution of the costs of the war.

The line

these provisions are administered. As the House Ways and Means Committee stated in its report on the 1941 version of Section 722, "The success or failure of legislation of this type depends to a considerable degree upon its intelligent and sympathetic administration." The general intent of Congress in enacting Section 722 is reasonably clear, but in providing "for the many unforeseen hardships which may arise under the Excess-Profits Tax Law" Congress was forced to express its intent in general, rather than in specific, terms. Hence, the task of interpreting the intent of Congress in those specific cases where the excess-profits tax is claimed to be "excessive and discriminatory" will devolve upon those whose responsibility it is to administer the tax statutes.

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IX Employee Relations: The Place of Employee Organizations - Ward Stewart

1. The Importance of a Sense of "Belonging"

2. Employee Organizations As One Means of Stimulating the Sense of "Belonging"

3. Unions As One Type of Employee Organization

4. The Place of Unions in the Public Service

5. The Responsibilities of Operating Officials in Dealing with Employee Unions

6. Questions and Discussion

TREASURY DEPARTMENT

Washington

(The following address by Randolph E. Paul, General Counsel for the Treasury, ~~[illegible]~~ before the New York Society of Certified Public Accounts at the Waldorf Astoria Hotel, is scheduled for delivery at ~~[illegible]~~ 8.00 PM., Eastern War Time, Monday, May 10, 1943, and is for release at that time.)

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I am sure that you will also agree that the success with which the excess-profits tax will achieve the ends it was designed to serve will depend upon the success with which these provisions are administered. As the House Ways and Means Committee stated in its report on the 1941 version of Section 722, "The success or failure of legislation of this type depends to a considerable degree upon its intelligent and sympathetic administration." The general intent of Congress in enacting Section 722 is reasonably clear, but in providing "for the many unforeseen hardships which may arise under the Excess-Profits Tax Law" Congress was forced to express its intent in general, rather than in specific, terms. Hence, the task of interpreting the intent of Congress in those specific cases where the excess-profits tax is claimed to be "excessive and discriminatory" will devolve upon those whose responsibility it is to administer the tax statutes.

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The line between eligibility and ineligibility for relief under Section 722 will not be an easy one to draw. But "drawing the line is a recurrent difficulty in those fields of the law where differences in degree produce ultimate differences in kind." Harrison v. Shaffner, 213 U.S. 579 (1941).

Responsibility for the successful administration of the general relief provisions must also rest in part upon taxpayers. The greater the number of unreasonable and exhorbitant claims filed, the more difficult it will be for the Government to administer relief fairly and fully to those who deserve it. It is, therefore, highly important that businessmen should understand the principles underlying Section 722 so that they may better appreciate the character and the extent of the relief which these provisions were designed to afford. For this knowledge and understanding, businessmen will rely heavily on the men of your profession. I am, therefore, very glad to have this opportunity to discuss with you some of the more difficult problems which are likely to arise in the administration of Section 722.

II. Classes of taxpayers covered under Section 722

The general relief provisions, as set forth in Section 722 of the Internal Revenue Code, relate primarily to taxpayers which would ordinarily elect to use the average earnings method of computing the excess-profits credit. Under the general rule the average earnings credit is taken as 95 percent of the average earnings for the years 1936-1939, with appropriate adjustments for increases or reductions in paid-in capital. For most businesses these four years do provide a reasonably good standard of normal earnings. Taken as a whole, they were years of moderate prosperity; they included one very good year (1937), one poor year (1938), and two moderately good years (1936 and 1939). However, for some businesses the average income of these four prewar years does not provide an adequate standard of normal profits. It was in recognition of this fact that Congress enacted the relief provisions in Section 722.

The 1942 version of Section 722 may be said to cover three general types of situations. First, there is the situation in which the occurrence of some abnormal event or circumstance has made the base period earnings of the taxpayer an inadequate standard for the measurement of normal profits. Under the 1941 Act only physical events were in general recognized as the basis of a claim for relief from base period abnormalities. The 1942 Act permits relief to be extended on account of abnormal economic situations as well.

Second, there is the situation in which the base period earnings are an inadequate standard for the measurement of normal profits because the taxpayer's years of normal profits did not coincide with the years 1936 to 1939, which embrace a period of normal earnings for business in general. One example of this type of situation is found in the case of the industry which in the base period is in the low phase of its profits cycle, with the good years of its profits cycle not adequately represented during the base period. Another is found in the case of the new business or of the business which changed its character or capacity for production during the base period. In most such cases the average earnings of the years 1936 to 1939 could not be expected to reflect the earning capacity of the business after it had passed through its developmental stage.

Third, there is the situation of those taxpayers which commenced business after December 31, 1939. Such taxpayers have no 1936 to 1939 earnings which might reflect their normal profits. They would ordinarily be required to use the invested-capital method of computing the excess-profits credit, but under Section 722 (c) certain classes of them are entitled to use a hypothetical base period net income as the excess-profits credit. These are (1) taxpayers with intangible assets not includible in invested capital which make important contributions to income, (2) taxpayers for which invested capital is not an important income-contributing factor, and (3) taxpayers whose capital is abnormally low. Only in these three special cases is relief granted to taxpayers which would otherwise compute the excess-profits credit by the invested capital method.

III. The concept of normal profits

The fundamental concept underlying Section 722 is that of normal profits. The statute makes it clear that no taxpayer entitled to use the average earnings method of computing the excess profits credit can obtain relief under Section 722 unless it can establish that its average base period net income was not a fair measure of normal profits. Furthermore, once eligibility for relief is established, the relief afforded by the statute is the right to use a constructive average base period net income which justly represents normal profits. It is, therefore, important to know what Congress intended this term to mean.

A. The term "normal profits" is a subjective concept

The base period approach to the measurement of excess profits refers to the individual experience of each corporate taxpayer, not to the collective experience of all such taxpayers. The 1942 amendments to Section 722 have not altered the basic approach in this regard. They merely broaden the scope of the credit to embrace hypothetical, as well as actual, experiences of the particular taxpayer, and extend the credit to taxpayers which had no base period experience. The constructive average base period net income which must represent normal profits still relates, not to the experience of business as a whole, or to that of any particular industry, but to the experience of the taxpayer claiming relief.

If, for example, it is established that unusual circumstances made the income of the base period years an inappropriate measure of normal profits, the constructive average base period net income must be determined with reference to the profits which the taxpayer in question could reasonably have been expected to earn under happier circumstances. Profits are not to be deemed abnormal merely because they were low. Taxpayers hoping to establish the abnormality of their base period earnings must be prepared to back their claims with an appeal to their own experience and demonstrated business capacity.

However, the essentially subjective character of normal profits does not mean that reference can not be made to the experience of other taxpayers insofar as such experience throws some light upon conditions within the industry or trade of the taxpayer itself. Evidence of this sort may, indeed, be highly relevant to a determination of the reasonableness of the taxpayer's claim. In special cases, such as those of corporations which have commenced business since January 1, 1940, such evidence is an important factor in the determination of that fair and just amount which represents normal profits. In other words, although the base period experience of similar corporations cannot be freely substituted for the actual experience of a taxpayer claiming abnormally low base period earnings, it might be used in support of the constructive average base period net income claimed by the taxpayer. The taxpayer will, however, be expected to establish the reasonableness of the relationship assumed between its own earning capacity during the base period and that of such similar corporations.

B. <u>When are profits not normal?</u>

The concept of normal profits cannot be subjected to precise quantitative measurement; rather we should think of normal profits as a matter of more or less. When a businessman enters upon a new venture in the expectation of making a profit from it, his expectations will rarely be expressed in terms of an exact sum of money. Instead, he will be inclined to think of them as a range of possibilities. So long as actual profits fall within this range, they can be said to have come up to expectations. Similarly, the actual profits of the base period years should be regarded as normal if they come within a reasonable range of the average profits which the taxpayer might be expected to earn under normal conditions. Slight deviations from the norm should not provide the basis for relief.

But what is the norm, significant deviations from which may provide the basis for such a claim? Under what circumstances should an event be regarded as an abnormal one? Under what circumstances does the average base period net income of a taxpayer become an inadequate standard of normal earnings? What factors can be taken into account and what factors must be disregarded in reconstructing base period earnings? I cannot, of course, give you very precise answers to these questions here tonight, but I shall attempt to give you some general views of the Treasury on them. It will, perhaps, be easiest to consider them with reference to each of the three classes of cases covered under Section 722.

C. Normal profits of taxpayers with base period abnormalities

The mere fact that an abnormal event occurred during the base period does not provide the basis of a claim for relief unless it is also established that as a result of this event the average base period net income is an inadequate standard of normal earnings. Not only must there be some connection between the event itself and the earning capacity of the taxpayer, but it must also be established that there were no other equally abnormal events or circumstances which affected earnings in the opposite manner. An abnormally warm winter during the base period might well be regarded as an unusual event in the experience of a natural gas company supplying fuel for domestic heating purposes; but the occurrence of such an event could provide the basis of a claim for relief only if there were no abnormally cold winters during the same period.

The question whether an event should be regarded as normal or abnormal is, of course, one which can be answered only in the light of the experience of particular taxpayers. A flood would generally be regarded as an abnormal event, but in the case of a taxpayer whose operations are usually interrupted by spring floods, it is doubtful if the occurrence of such floods during the base period could be accepted as the basis of a claim for relief under Section 722. Whether an event is to be regarded as normal or abnormal is also a matter of time. Over a long enough period of time all events tend to become normal events. Taxpayers will do well to remember that Section 722 operates within the framework of a four-year period.

In the case of taxpayers depressed by reason of unusual temporary economic circumstances, earnings should be reconstructed not on the basis of the actual economic factor affecting the taxpayer's production, costs, and profits for the years in question, but upon the basis of such factors as existed in the taxpayer's industry. Account may be taken of the relationship of the taxpayer's sales, costs and profits to those of other members of the industry in other periods of normal earnings for the industry.

In abnormality cases of both types the constructive base period net income will usually be arrived at by correcting the taxpayer's actual earnings experience for the year or years in which its earnings were affected by the occurrence of the unusual event or events. It should not be forgotten, however, that relief is limited to a fair and just amount representing normal earnings. Consequently, if adjustments are made in the earnings for particular base period years affected by abnormally poor circumstances, adjustments must also be made for years affected by abnormally good circumstances to ensure a constructive average base period net income which can fairly represent normal earnings.

D. Normal profits in the cycle cases

One of the most widely discussed provisions of Section 722 is that relating to the eligibility of a taxpayer which was depressed during the base period because it was a member of an industry with a profit cycle differing materially in length and amplitude from the general business cycle. A good many taxpayers appear to have the impression that this provision necessitates an excursion into the higher mathematics of business-cycle analysis. I do not believe that any such excursion will, as a rule, be necessary. It is my opinion that in such cases an ounce of common sense will carry more weight than a pound of statistics. It is not always true that "they do things better with logarithms." 1/

In considering the cycle cases it must be recalled that in selecting the years 1936-1939 as the standard of normal profits, Congress selected a period of 48 months within which was embraced one complete profits cycle for business in general. For most businesses, therefore, the choice of these years provided a base period of moderate prosperity in which the normal fluctuation of profits which characterize the general business cycle were averaged out.

However, it was evident that there would be some industries the members of which could not expect to average out good and bad years within these particular four years. The construction industry provides an example of an industry with a profits cycle longer than the customary 40 to 50 months cycle. Not every period of general business prosperity produces a building boom; instead, it appears that such periods of high production and profits occur at intervals of from twelve to twenty years. Taxpayers in industries, the profits cycles of which follow this building cycle for example would, presumably, be eligible for relief under subsection 722 (b) (3), if base period earnings inadequately reflected normal earnings.

1/ Cf. Cardozo, "The Parodixes of Legal Science," p. 1, (1927).

There are undoubtedly other industries which will attempt to establish eligibility under this subsection. Some of them will be able easily to establish their eligibility on the basis of generally recognized facts. Others may attempt to do so through the use of highly refined statistical techniques. I venture the suggestion that arithematic will get better results than differential calculus and that if the techniques of the latter are deemed to be essential to the establishment of eligibility under this section, the industry is not one which Congress intended to relieve under this subsection. The mere fact that deviations from some general cycle of business profit can be established for a particular industry will not be accepted as evidence that the average base period net income is not an adequate standard of normal earnings.

The constructive average base period net income of a taxpayer in an abnormal cycle industry may be determined with reference to one or more prior periods in its experience when normal earnings were realized. However, the average income of any one such period will not be regarded as an amount representing normal earnings unless it is established that with respect to the taxpayer and the industry of which it is a member, this period bears the same relationship to the profit cycle of the taxpayer and the industry as the base period bears to the general business cycle.

E. Normal profits in the growth cases

The principal defect of the base period approach to the measurement of excess profits is the fact that it provides an adequate standard of normal earnings only so long as the character or capacity of the taxpayer's business does not change from what it was during the base period. For the purposes of a war profits tax this defect would not be serious as regards changes initiated during the war years since no account can be taken of such changes. But there is another difficulty that cannot be handled so easily since it relates to circumstances which prevailed during the base period. This difficulty relates to the new business, which was slowly building up its earning capacity during the base period years. It also relates to the old business, which changed its products, its methods of production, or its capacity of production during that period and which was therefore in the process of establishing a new earning capacity bearing little or no relation to its previously established level of earnings.

In these situations it is obvious that the average base period net income will rarely be an adequate measure of the normal profits of the new or changed business. To accept it as such would be to discriminate against the very business men who most need encouragement, namely, the newcomers and the innovators. But the determination of a fair and just amount representing the normal profits of such taxpayers presents a difficult problem, especially if the business of the taxpayer has not reached its normal earning capacity by the end of the base period.

In determining the normal profits of such growing taxpayers, it has been provided that a taxpayer shall be deemed to have commenced business or made the change in the character of its business two years before it did so. This assumption provides a more liberal allowance for growth than was provided in the 1941 version of section 722, but avoids the necessity of attempting to distinguish between increased earnings attributable to the abnormal influence of the war, and increased earnings which might properly be regarded as the continuation of the normal peacetime growth of the taxpayer into war years. Under the two-year push-back provision it will be necessary to estimate the level of earnings which the taxpayer would have attained after two more years of growth under the general circumstances and conditions prevailing during the prewar years. The earning capacity reflected in the last year of this extended growth period would then be used as the basis for the reconstruction of base-period earnings.

In some such cases, however, the taxpayer may not have reached its established level of normal earnings until after its first excess-profits taxable year. This may also be true of a taxpayer which was committed to a course of action to change its capacity for production or operation prior to January 1, 1940, but which consummated such change in a later year; it will necessarily be true of a taxpayer commencing business after December 31, 1939. In these cases it would appear that a fair and just standard of normal earnings for such taxpayers must be based not upon the full level of normal earnings, but upon the level of earnings which the taxpayer might have been expected to obtain in years prior to the time that it realized its full level of normal earnings.

The reason for this provision is clear. The purpose of relief is to establish a fair and just standard of normal earnings to be used in determining what portion of current earnings constitute excess profits. This standard of normal earnings implies a level or range of profits needed not only to furnish an adequate return on the capital invested in the business, but also to provide reimbursements for deficits or low earnings encountered in the early years of operations. Therefore, any unused excess-profits credit obtained as a result of the difference between constructive normal profits and the subnormal earnings of a taxpayer which had not yet reached its level of normal operations would, in effect, be a form of double relief. Moreover, to permit a taxpayer to compute an unused excess-profits credit in such a case would discriminate unfairly against competitive corporations which had realized normal earnings in comparable excess-profits-tax years since they would have no unused excess-profits credit.

F. <u>Normal profits in the case of taxpayers with no base period earnings experience</u>.

Finally, there is the question of normal profits of taxpayers qualifying for relief under Subsection 722 (c). Taxpayers of this class were not in existence during the base period; hence no appeal can be made to a prewar earnings record. On the other hand, obviously, no account can be taken of actual wartime earnings.

In such cases the taxpayer in establishing a constructive average base period net income is allowed to refer to the actual earnings experience of comparable taxpayers during the base period. This is not the comparative standard of the First World War. It does not entitle a new business with abnormally low capital to use the average profits of representative firms in the same business. It does no more than give a taxpayer an opportunity to reconstruct an earnings experience on the basis of comparatives after he has established the fact that a comparison between his own earning capacity and that of such similar taxpayer is a reasonable one.

IV. <u>Rules for the computation of the constructive average base period net income</u>.

I should now like to discuss some of the specific rules which have been prescribed for the computation of the constructive average base period net income.

(a) First, there is the question of the relationship between the general relief provisions of Section 722 and the specific relief provisions of Section 713, i. e., the elimination of a deficit year, the 75 percent rule, and the growth formula. Briefly, the problem is this: should a taxpayer be permitted as a matter of right to benefit from the provisions of Section 713 if its base period earnings have been reconstructed under the provisions of Section 722? For example, take the case of the taxpayer whose operations were interrupted by a fire which occurred during the early part of 1939, with the result that its earnings for that one year were abnormally depressed. Assume further that after adjusting the 1939 income so as to eliminate the effects of the fire upon base-period earnings, it is found that the income for 1938 is less than 75 percent of the income of the other three years.

Should this taxpayer be allowed to substitute for its actual 1938 income an amount equal to 75 percent of the income of the other three years? Under the particular circumstances of this case it would appear to be inequitable not to permit it to do so. If this taxpayer were not allowed to use the 75 percent rule, it would clearly be placed in a less favorable position than a competitor which, except for the year of the fire, had a similar pattern of income during the base period.

On the other hand, take the case of the taxpayer whose average base period net income is found to be an inadequate standard of normal earnings because it is a member of an industry which is subject to sporadic and intermittent periods of high production and profits, and such periods were not adequately represented in the base period. In such a case, the actual earnings of no one or two specific years can be said to have been abnormally low. The adjustment called for under Section 722 is an adjustment in the entire base period earnings, and no importance can be attached to the manner in which the taxpayer may choose to distribute such earnings over the four years comprising this period.

Clearly, this taxpayer should not be permitted to enjoy the benefits of the growth formula merely because it chooses to allocate the larger part of its constructive net income to the last two base period years. If it is established that the taxpayer was, in fact, growing during the base period, this should be taken into account in determining the constructive average. The use of the automatic growth formula would, however, be inappropriate in such a case.

The rule has, therefore, been adopted that the principles of the special relief provisions may be applied in the computation of constructive base period net income if the case warrants their application, but that no taxpayer coming under the provisions of Section 722 will be permitted to apply the special relief provisions of Section 713 as a matter of right.

If abnormally poor years in the taxpayer's base period are corrected under Section 722, it is contemplated that years of abnormally high earnings will likewise be revised and corrected in order to determine the fair and just amount of a taxpayer's earnings. At first glance, this position may appear to be inconsistent with the intent of Congress in enacting a general relief provision. It is true that taken as a whole general relief is a one-way proposition. It provides a higher credit for those taxpayers whose earnings were abnormally depressed, but it does not reduce the credits of those taxpayers which were abnormally prosperous during the base period.

However, the relief afforded by Section 722 is specifically limited to "a fair and just amount representing normal earnings." Clearly, no such amount can be reached if account is taken only of those abnormalities in the experience of the taxpayer which had the effect of reducing its income. To ignore those abnormal circumstances which tended to increase actual base period earnings would be equivalent to allowing a taxpayer an excess-profits credit greater than an amount representing normal earnings.

(b) A somewhat similar relationship exists between the general relief provisions and the specific relief provisions of section 711 (b) (1). In the latter provisions Congress has enacted specific rules to scale down abnormal or abnormally large base period deductions not usually experienced by a taxpayer. These rules are based upon the relationship between deductions in a particular year with such deductions in the preceding four years. If the deductions in any one year exceed 125 percent of the average deductions in other years, the deductions in the unusually large year are mechanically reduced to 125 percent of the average. As in the case of the relief provisions of section 713, the application of the relief provisions of section 711 may be unjustifiable if a fair and just amount representing normal earnings presupposes the absence of unusual and peculiar elements. The relief rules in section 711 cannot be used as a matter of right, but may be applied in principle if warranted in determining normal earnings.

(c) In addition to section 722, which is designed to correct the excess-profits credit, the excess-profits tax law contains various relief provisions which mitigate the effect of abnormally large income during the excess-profits tax period. Thus, section 721 levels off abnormally large income in any one year over the years to which such income is actually attributable. Section 736 (a) provides relief for taxpayers on the installment method of accounting which are hit by anti-inflationary regulations tending to bunch in one or two years income which normally would have spread over several years. Section 736 (b) grants a measure of relief to taxpayers which under the completed contract method of accounting must report in one year income from contracts which may have been in progress over a period of years. These sections and section 722 are complementary rather than mutually exclusive. As such, both may be used by the taxpayer. Congress has specifically said, however, that in the case of installment-basis taxpayers the base period shall not be recomputed under the method of relief provided for the excess-profits-tax years; contrariwise, in the case of long-term contract taxpayers Congress has provided that the base period should be recomputed under the accounting method provided as relief for such taxpayers. Although taxpayers using these relief sections may also use section 722 to correct a base period inadequacy, section 722 may not be used as an oblique means of avoiding these provisions to obtain a more favorable method of computation.

(d) The determination of what is excessive and discriminatory excess-profits taxation from which Congress intended to relieve corporations by Section 722 is not based upon the consideration that the excess-profits tax consumes too large a portion of the taxpayer's taxable income or upon the consideration that a taxpayer pays a larger percentage of its income as tax than a competitor. It is based upon a finding of inherent inequity in the taxpayer's excess-profits credit. It is logical consequence, therefore, that relief obtained in the form of a constructive average base period net income may be used in a proper case to compute an unused excess-profits credit for purposes of a carry-over or carry-back, as well as to diminish a tax liability for a particular year.

In this connection, an application for relief need not be filed for the taxable year from which it is desired to carry over an unused excess-profits credit based upon the constructive average base period net income. A timely application filed for the year to which the carry-over is to be applied is sufficient.

(e) Corporations comprising an affiliated group have the privilege of making consolidated income and excess-profits tax returns. The consolidated returns regulations provide certain principles of accounting which view the group, generally, as a business unit. Consequently, any relief requested by the group must depend upon whether such group, as it existed during any excess-profits tax year, satisfied the eligibility requirements of Section 722.

(f) It would be a useless burden both upon a taxpayer and the Government to compel new applications for relief and reexamination of cases after a constructive average base period net income has finally been determined for the taxpayer. The regulations, therefore, provide, as did the regulations under Section 722 prior to its amendment, that in certain instances a constructive average base period net income established for a taxpayer may be used in subsequent years without the necessity of additional applications. This does not mean that any error incurred may not be corrected in a subsequent year through a reexamination. Since the theory of Section 722 is to establish a fair standard based upon the current character of a taxpayer in the framework of certain base period conditions, a constructive average base period net income determined with respect to a taxpayer cannot be used if the character of such taxpayer has changed. Thus, if there has been any change in an affiliated group making a consolidated return, the new group must be examined to determine whether it satisfies the requirements for relief. Likewise, if a Supplement A transaction has occurred, the nature of the base period experience of the acquiring corporation must be analyzed to ascertain whether it is entitled to relief.

All of you are, most naturally, interested in knowing how Section 722 will be applied in the case of particular taxpayers. In the nature of the case, "it is practically impossible in laying down a general rule to anticipate and provide in specific terms for every case."1/ "The process of inclusion and exclusion, so often applied in developing a rule, cannot end with its first enunciation; there must be some resort to the trial-and-error method." 2/ I have defined broadly some of the terms in which Congress has expressed its intent to prevent hardships from arising under the excess-profits tax law. To use the language of Justice Cardozo, "Definitions more precise must abide the wisdom of the future." 3/

In your practice of accounting you are concerned with the interests of particular taxpayers. But the interest of taxpayers can extend beyond the immediate case; indeed, every case, has not only its immediate particular aspects, but its long-range general implications. The interest of no particular

1/ Cf. Gorieb v. Fox, 274 U.S. 603, 607 (1927) (nontax); Steward Machine Co. v. Davis, 301 U.S. 548, 591 (1937) (social security tax).
2/ Brandeis, J., dissenting in Washington v. Dawson & Co., 264 U.S. 219, 236 (1924) (nontax). Cf. Black, J., concurring in Helvering v. Gerhardt, 304 U.S. 405, 425 (1938) (i.t.).
3/ Steward Machine Co. v. Davis, 301 U.S. 548, 591 (1937).

taxpayer in the specific application of general relief should be placed ahead of its fair administration in the interests of all taxpayers. Abuse of the statute would undoubtedly result in drastic modification. Everyone will remember the abuse of the cognate sections of the 1918 Act. Accordingly, I hope that in your preoccupation with the cases of particular taxpayers, you will not lose sight of the principles which must govern the administration of general relief if the excess-profits tax is to function as an effective instrument of war taxation.

-o0o-of saving part of everything they got, of bearing hardships, and growing tough and strong from bearing them.

We are going back to the virtues of our forefathers, to the fearlessness and singleness of purpose, the sheer character which turned the unknown wilderness into this great nation. The pioneer tradition is our national heritage. The tradition of accomplishing the things we set out to do in spite of hell and high water. 23 That's in our blood, bred in our bone as Americans . . . We've done it before and we'll do it again. And God help the Fuehrer or the Duce who thinks we cannot, or will not!

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These millions of devoted citizens now so active in the prosecution of their common purpose must not and will not lose their interest in public affairs and retire into their former seclusion when this war ends. I predict with confidence that the ~~millions of~~ men and women for whom monotonous and sometimes unpleasant volunteer war tasks now represent the biggest things in their lives will not, when the war ends, abandon their interests in the affairs of their country, State, county, or city.

All over America today men and women are rededicating themselves to the ideals of their forefathers. 32 The men and women who settled your State were pioneers who fought their way across the mountains, beat off the Indians, cleared the forest by hand, won their land and formed their State the hard way. They learned the lesson of using what they had, our Allies' Armies may be well supplied.

The inconveniences of rationing are being accepted in a spirit of equal sacrifice. ~~A great deal~~ Many people have abandoned Pleasure-driving h[illegible] g[illegible] -- with pleasure. In every phase of war activity the American people are demonstrating their loyalty and faith in their Government. They are proving by deeds that the men and women of this Nation are united to preserve untarnished those things for which this America stands.

Such a record is an inspiring demonstration of democracy at work. It carries with it a promise of great things for the future. These millions of unselfish, unsung, unpublicized volunteer public servants have not only found ways in which to help their Nation win this war. 21 They have also discovered the value of participating in a public cause for the common good.

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are serving as volunteer speakers and salesmen to spur the sale of War Bonds. They are raising tons of needed food on farms and in Victory gardens. They are salvaging endless tons of strategic materials. They are serving as voluntary air raid wardens, plane spotters, ambulance drivers; in canteens and recreation centers, in U.S.O. and Red Cross Service centers. They are donating their blood to save the wounded, rolling bandages, knitting sweaters, and serving as nurses' aides in the hospitals. In a thousand different ways they are meeting the challenge of total war as Americans -- forgetting personal interests in their determination to serve home and country in every possible way.

The American people are willingly sacrificing their personal comforts. 50 They are doing without automobiles and tires, without sugar, without coffee -- that our Armies and

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their pay envelope every week in the year for the purchase of War Bonds. 18 Over 50 million people have become investors in War Bonds. These savings constitute the greatest thrift program that the world has ever seen. I believe that the spread throughout the country of this practice of thrift contains tremendous social, economic and political implications for our national future.

The most convincing evidence of the revitalization of democracy, however, is to be found in the daily lives of 135 million people in every city and town and hamlet in this nation today. All over America men and women are doing things that they never dreamed of doing before. They are giving generously of their time and effort to the Nation's service outside of working hours. They are performing thankless tasks on the draft and rationing boards. 19 They for war purposes, it is absolutely impossible for civilians to obtain more goods -- to increase their standard of living -- no matter how much pay they may have in their pockets. Point out to them the plain economic horse-sense of saving now, so that after the war they may enjoy the things which they simply cannot get now at any price. (17) Once they appreciate the magnitude of our financial problems, once you explain to them the horrors of inflation, I am convinced they will rise to the occasion as the American people always have risen when they have learned that either their Nation or their own security is in peril.

In my opinion America will emerge from this war a stronger democracy than when she entered it.

Ten years ago, in December 1933, there were over 25 million people in over 7 million households dependent upon work projects or direct relief. In contrast today 26 million people are setting aside a substantial part of

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Some of you may feel that the passage of a 20 percent withholding tax may reduce the necessity for maintaining the sale of War Bonds. Nothing could be further from the truth. The Government's war expenditures are increasing from day to day. (15) Soon we will be spending 96 cents out of every dollar for war purposes. In the year which will start July 1st next, total Government expenditures are estimated at 109 billion dollars. The estimate of tax revenues under existing tax laws is 35 billion dollars. ~~If the Congress votes additional taxes to yield 16 billion dollars as requested by President Roosevelt,~~ There will still remain ~~58~~ 74 billion dollars (, less whatever amount of immediately applicable taxes the Congress) which will have to be financed by loans from the American people. Obviously, we must attract to Federal investment every dollar ~~the~~ American ~~people~~ individuals earn in excess of their living requirements.

The regular purchase of War Bonds must be continued. For its war financing, the Treasury counts upon both taxes and bonds in increasing amounts.

(16)

Urge your people, therefore, to keep on buying War Bonds regularly every payday, to participate in the payroll allotment plan at their places of employment. Point out to them the unpleasant but simple truth that in these war times, when over one-half of the product of our industry is going

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are now receiving

this Nation some 60 million people ~~receive~~ incomes and are prospective purchasers of War Bonds. We know from experience that there is no substitute for personal face-to-face approach. They must be talked to individually. A friendly talk with a man is worth reams of advertising copy and impersonal publicity. (14) We are counting upon you to shoulder a great part of this job -- as men with multiple contacts, men who see each day many people with funds to invest.

We must enlist your continuing and unflagging help. You stand at the center of the economic life of your communities. You know the people who have money to invest. People look to you for sound judgment and good advice. Your words command respect. You are the leaders to induce the individual people of your communities to buy War Bonds, to buy War Bonds with all their income beyond the necessities of life.

individual citizens. That is where you gentlemen come into the picture. Here you can render your nation a vital service as no other group of men in America can. You have already served manfully, given generously of your time and work. You have sold War Bonds without any compensation from the Government. 13 You have assigned to that task thousands of your employees. You have introduced Savings Bonds Departments, bond windows, and Victory Club Plans -- involving special bookkeeping, special accounting devices, additional expense. You have promoted the War Bond Program in your advertising and at your own expense. We are truly and deeply grateful to you.

And yet we are asking you to carry on your efforts even further. For there is a job to be done which is so big that non-
professional volunteer workers alone can hardly be expected to do it. In

in a reckless and fruitless attempt to preserve conventional standards of living. This must not be allowed to happen.

While rationing and price control are largely responsible for these huge involuntary savings, the continu~~ed~~ing success of these administrative controls may very well depend on our ability to convert such savings into voluntary long-term savings, into savings that ~~really~~ represent not only a willingness ~~and~~ but a determination to forego present consumption for future consumption.

17 It is our job -- yours and ours -- to see that ~~our~~ an increasingly large proportion of the Nation's huge, liquid savings finds safe, non-inflationary investment; that it be employed advantageously in the furtherance of the war effort, ~~instead of harmfully to form~~ isolated so that it cannot create pressure against price ceilings and add to the threat of a serious inflation.

Such a mobilization of our individual purchasing power, to be successful, must get right down to the level of the of individuals -- a putting aside of income for a rainy day, or for a new home, or for Johnny's college education. No, a large part of the savings now taking place is purely automatic, purely unintended. The savings arise from the fact that price control, rationing, the shortage of durable consumers' goods, and the excess of people's actual income over their anticipated income have left many people willy-nilly with more money than they know what to do with.

11

It is precisely because these savings have not grown out of a voluntary desire to save systematically, out of a determination to set aside and keep aside come what may, a fixed proportion of one's income week-in and week-out, that they constitute a source of potential danger. For when goods' shortages become even more acute than they are today, as inevitably they will, this type of savings is in danger of being frittered away

9

they ever did before. From 1941 to 1942 individual savings shot up from approximately 10 billion dollars to 25 billion dollars, and this year, as I have already pointed out, without additional taxe price increa savings by individuals will skyrocket to 45 billions. We have not q ~~There has been~~ invested ~~failure~~, however, ~~to invest~~ a sufficient proportion of these savings in War Bonds. We are not absorbing a large enough proportion of these savings in Government securities.

Some people have blithely assumed that savings, in and of themselves, constitute a sufficient obstacle to inflation. I beg to disagree. Because of the widespread misunderstanding on this point, it might be helpful to examine a little more closely the nature of wartime savings.

10

Much of the savings taking place today is in a highly liquid form -- in the form of commercial bank deposits, currency in hand or in the sock. What is more, much of the savings represents in no sense a voluntary premeditated act on the part

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~~check figures used by Secretary~~

income of the American people from all sources this year will be something like 135 billion dollars. (8) If we deduct from this national income figure of 135 billion dollars, the fifteen billions which we will pay in direct federal, state, and local personal taxes, we Americans in 1943 will have about 120 billion dollars at our disposal. How are we going to use that money? Well, there will be about 75 billion dollars worth of goods and services which we can buy at present prices. The difference between 75 billion dollars worth of goods and services and 120 billion dollars of purchasing power is 45 billion dollars. Without an ~~Barring an addi-tional~~ increase in taxes actually paid this year ~~or a mad scramble for goods setting off an additional price rise, this~~ 45 billion dollars is the amount ~~the~~ American ~~people~~ individuals will either save in 1943, or squander away in an inflationary price rise.

There is no failure, it should be clear, of savings in the United States. The American people are saving more than would add to the Government's cost of prosecuting the war, and cause serious economic disorder now and in the future.

~~Two~~ Three billion ~~nine hundred~~ 300 million dollars is a lot of money for the men and women of America to subscribe. But it is not enough -- not nearly enough.

7

At this point many of you may say: "Well, aren't you asking too much? After all, it isn't possible to squeeze blood out of a turnip. Perhaps the American people have purchased bonds to the limit of their capacity?"

The answer to this is simple: We have a long way, a very long way, to go before we come close to reaching capacity. There are huge savings available for investment in War Bonds. Let us see why.

When we produce munitions or peace-time goods or anything else, we likewise produce incomes. Every dollar of production is matched by a dollar of income. Now the total

~~individual purchasers.~~ Obviously, ~~We~~ we did not divert to investment in War Bonds enough of the restless current income which is burning holes in our American pockets. But the next drive will see us better organized, which we hope will result in a substantial increase from individual investors.

Out of the 18 1/2 billion dollars of securities sold, ~~only~~ ~~2~~ 3 billion, ~~900~~ 300 million dollars, or ~~16~~ 18 percent of the total, represented securities purchased by individuals. ~~Only~~ nearly one and one-~~quarter~~ half billion dollars, which is ~~4~~ 8 percent of the total, represented the purchase of the people's bond, the Series E War Savings Bond. Thus, although the amount actually raised from individuals represents 40 % of the original quota of 8 billion to be raised from non-banking sources, nevertheless we

~~It would be idle for me to dwell on the significance of that fact to this gathering. We~~ all know that until we raise a great deal more of our funds from current income of individuals, our financial mobilization will not be complete or fully effective. Until we do so, the whole structure of price control is in danger, we run the risk of an inflation which

For through democratic means, in those three weeks, we, the people of the United States, raised a sum of money that Germany, Italy and Japan could not raise even through plunder and stealing and outright confiscation. This is very bad news for the Axis, because it is just one more proof of the iron purpose of America, and the physical ability of America, to fight this war through to a complete victory; no matter what the cost may be, no matter what sacrifices we must make in our way of life.

5

But successful as the Second War Loan was in meeting the Nation's over-all objective, there is, nevertheless, one particular in which there is a great deal of room for improvement. In raising the tremendous sum of 18 1/2 billion dollars we more than met our objective in regard to the amount of money immediately needed. Had more of this sum come from individuals we would have been even better pleased. ~~But we did not meet our objective as to the kind of money needed. We did not sell enough bonds to~~

amounted to over 100 million dollars. You exceeded your quota by the generous margin of 65 percent, which is considerably better than the national average.

Much of this success can be attributed directly to you gentlemen. ~~personally~~. ~~Not only did you do your part~~ you did your part not only in purchasing securities for the account of your banks, but you gave invaluable personal service in the all-important matter of selling these Government securities to individual investors.

You have played your part extremely well, in this fighting engagement on the home front, and I am happy that it falls to me to bring you a richly merited "Well Done!"

In the country as a whole we set out to raise 13 billion dollars. We raised 18½ billion ~~300~~ million dollars -- thus exceeding our goal by ~~nearly~~ 40 percent. As Secretary Morgenthau said, it was a demonstration of democracy at work.

~~And as a Treasury man, whose official duties have largely to do with the fiscal legislation which the Congress prepares~~, I also wish ~~want~~ to pay my respects ~~also~~ to your very able Congressman and my very good friend, the Honorable Jere Cooper. As a member of the Ways and Means Committee of the House of Representatives, he has played a vital part in the framing of our Nation's wartime financial program. Nobody has worked harder, nobody has given more unselfishly to the country's welfare than Jere Cooper.

3

I am happy that this meeting of yours comes at just this time, for it gives me an opportunity to express to you at first-hand the Federal Treasury's thanks for the great assistance you bankers of Tennessee rendered in making the Second War Loan such a great success.

The final figures indicate that Tennessee did its part well. Total sales in your State of Government securities

~~Mr. Sullivan's Speech before the Tennessee Bankers' Association~~ 8:00 P.M.

at Chat

It is a real honor for any member of the Federal Government to speak in this State. Tennessee has done more than her fair share to supply tough-minded, strong-principled, clear-visioned men to help guide this Nation. But never, in my opinion, have you provided the Nation with a more distinguished public servant at a time when greatness was desperately needed than now in giving us our eminent, respected and well-loved Secretary of State, Cordell Hull. His integrity, his fearlessness, his stern sense of justice, have made him a tower of strength in our Nation's war crisis; and his enlightened vision gives bright promise of a sane, enduring peace after the war is won.

2

It is a pleasure, also, to come to this home State of two such distinguished statesmen as Senators McKeller and Stewart. They are living up to the best traditions of Tennessee men in the Senate.

In the House of Representatives, Congressmen Courtney, Davis, Gore, Jennings, Kefauver, McCord, Murray, Priest and Reese are carrying on for you and for the nation in a manner worthy of your heritage.

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TREASURY DEPARTMENT

WASHINGTON

(The following address by John L. Sullivan, Assistant Secretary of the Treasury, before the Tennessee Bankers Association at Chattanooga, Tennessee, is scheduled for delivery at 8:00 P. M., Eastern War Time, Tuesday, May 11, 1943, and is for release at that time.)

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TREASURY DEPARTMENT
Washington

(The following address by John L. Sullivan, Assistant Secretary of the Treasury, before the Tennessee Bankers Association at Chattanooga, Tennessee, is scheduled for delivery at 8:00 P. M., Eastern War Time, Tuesday, May 11, 1943, and is for release at that time.)

It is a real honor for any member of the Federal Government to speak in this State. Tennessee has done more than her fair share to supply tough-minded, strong-principled, clear-visioned men to help guide this Nation. But never, in my opinion, have you provided the Nation with a more distinguished public servant at a time when greatness was desperately needed than now in giving us our eminent, respected and well-loved Secretary of State, Cordell Hull. His integrity, his fearlessness, his stern sense of justice, have made him a tower of strength in our Nation's war crisis; and his enlightened vision gives bright promise of a sane, enduring peace after the war is won.

It is a pleasure, also, to come to this home State of two such distinguished statesmen as Senators McKellar and Stewart. They are living up to the best traditions of Tennessee men in the Senate.

In the House of Representatives, Congressmen Courtney, Davis, Gore, Jennings, Kefauver, McCord, Murray, Priest and Reese are carrying on for you and for the nation in a manner worthy of your heritage.

I also wish to pay my respects to your very able Congressman and my very good friend, the Honorable Jere Cooper. As a member of the Ways and Means Committee of the House of Representatives, he has played a vital part in the framing of our Nation's wartime financial program. Nobody has worked harder, nobody has given more unselfishly to the country's welfare than Jere Cooper.

I am happy that this meeting of yours comes at just this time, for it gives me an opportunity to express to you at first-hand the Federal Treasury's thanks for the great assistance you bankers of Tennessee rendered in making the Second War Loan such a great success.

The final figures indicate that Tennessee did its part well. Total sales in your State of Government securities amounted to over 100 million dollars. You exceeded your quota by the generous margin of 55 percent, which is considerably better than the national average.

Much of this success can be attributed directly to you gentlemen. You did your part not only in purchasing securities for the account of your banks, but you gave invaluable personal service in the all-important matter of selling these Government securities to individual investors.

36-59

You have played your part extremely well, in this fighting engagement on the home front, and I am happy that it falls to me to bring you a richly merited "Well Done!"

In the country as a whole we set out to raise 13 billion dollars. We raised $18\frac{1}{2}$ billion dollars -- thus exceeding our goal by 40 percent. As Secretary Morgenthau said, it was a demonstration of democracy at work. For through democratic means, in those three weeks, we, the people of the United States, raised a sum of money that Germany, Italy and Japan could not raise even through plunder and stealing and outright confiscation. This is very bad news for the Axis, because it is just one more proof of the iron purpose of America, and the physical ability of America, to fight this war through to a complete victory; no matter what the cost may be, no matter what sacrifices we must make in our way of life.

But successful as the Second War Loan was in meeting the Nation's over-all objective, there is, nevertheless, one particular in which there is a great deal of room for improvement. In raising the tremendous sum of $18\frac{1}{2}$ billion dollars we more than met our objective in regard to the amount of money immediately needed. Had more of this sum come from individuals we would have been even better pleased. Obviously, we did not divert to investment in War Bonds enough of the restless current income which is burning holes in our American pockets. But the next drive will see us better organized, which we hope will result in a substantial increase from individual investors.

Out of the $18\frac{1}{2}$ billion dollars of securities sold, 3 billion, 300 million dollars, or 18 percent of the total, represented securities purchased by individuals. Nearly one and one-half billion dollars, which is 8 percent of the total, represented the purchase of the people's bond, the Series E War Savings Bond. Thus, although the amount actually raised from individuals represents 40 percent of the original quota of 8 billion to be raised from non-banking sources, nevertheless we all know that until we raise a great deal more of our funds from current income of individuals our financial mobilization will not be complete or fully effective. Until we do so, the whole structure of price control is in danger, we run the risk of an inflation which would add to the Government's cost of prosecuting the war, and cause serious economic disorder now and in the future.

Three billion 300 million dollars is a lot of money for the men and women of America to subscribe. But it is not enough -- not nearly enough.

At this point many of you may say: "Well, aren't you asking too much? After all, it isn't possible to squeeze blood out of a turnip. Perhaps the American people have purchased bonds to the limit of their capacity?"

The answer to this is simple: We have a long way, a very long way, to go before we come close to reaching capacity. There are huge savings available for investment in War Bonds. Let us see why.

When we produce munitions or peace-time goods or anything else, we likewise produce incomes. Every dollar of production is matched by a dollar of income. Now the total income of the American people from all sources this year will be something like 135 billion dollars. If we deduct from this national income figure of 135 billion dollars, the fifteen billions which we will pay in direct federal, state, and local personal taxes, we Americans in 1943 will have about 120 billion dollars at our disposal. How are we going to use that money? Well, there will be about 75 billion dollars worth of goods and services which we can buy at present prices. The difference between 75 billion dollars worth of goods and services and 120 billion dollars of purchasing power is 45 billion dollars. Without an increase in taxes actually paid this year 45 billion dollars is the amount American individuals will either save in 1943, or squander away in an inflationary price rise.

There is no failure, it should be clear, of savings in the United States. The American people are saving more than they ever did before. From 1941 to 1942 individual savings shot up from approximately 10 billion dollars to 25 billion dollars, and this year, as I have already pointed out, without additional taxes or price increases savings by individuals will skyrocket to 45 billions. We have not yet invested, however, a sufficient proportion of these savings in War Bonds. We are not absorbing a large enough proportion of these savings in Government securities.

Some people have blithely assumed that savings, in and of themselves, constitute a sufficient obstacle to inflation. I beg to disagree. Because of the widespread misunderstanding on this point, it might be helpful to examine a little more closely the nature of wartime savings.

Much of the savings taking place today is in a highly liquid form-- in the form of commercial bank deposits, currency in hand or in the sock. What is more, much of the savings represents in no sense a voluntary premeditated act on the part of individuals --- a putting aside of income for a rainy day, or for a new home, or for Johnny's college education. No, a large part of the savings now taking place is purely automatic, purely unintended. The savings arise from the fact that price control, rationing, the shortage of durable consumers' goods, and the excess of people's actual income over their anticipated income have left many people willy-nilly with more money than they know what to do with.

It is precisely because these savings have not grown out of a voluntary desire to save systematically, out of a determination to set set aside and keep aside, come what may, a fixed proportion of one's income week-in and week-out, that they constitute a source of potential danger. For when goods' shortages become even more acute than they are today, as inevitably they will, this type of savings is in danger of being frittered away in a reckless and fruitless attempt to preserve conventional standards of living. This must not be allowed to happen.

While rationing and price control are largely responsible for these huge involuntary savings, the continuing success of these administrative controls may very well depend on our ability to convert such savings into voluntary long-term savings, into savings that represent not only a willingness but a determination to forego present consumption for future consumption.

It is our job -- yours and ours -- to see that an increasingly large proportion of the Nation's huge, liquid savings finds safe, non-inflationary investment; that it be employed advantageously in the furtherance of the war effort, isolated so that it cannot create pressure against price ceilings and add to the threat of a serious inflation.

Such a mobilization of our individual purchasing power, to be successful, must get right down to the level of the individual citizens. That is where you gentlemen come into the picture. Here you can render your nation a vital service as no other group of men in America can. You have already served manfully, given generously of your time and work. You have sold War Bonds without any compensation from the Government. You have assigned to that task thousands of your employees. You have introduced Savings Bonds Departments, bond windows, and Victory Club Plans--involving special bookkeeping, special accounting devices, additional expense. You have promoted the War Bond Program in your advertising and at your own expense. We are truly and deeply grateful to you.

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In my opinion America will emerge from this war a stronger democracy than when she entered it.

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The most convincing evidence of the revitalization of democracy, however, is to be found in the daily lives of 135 million people in every city and town and hamlet in this nation today. All over America men and women are doing things that they never dreamed of doing before. They are giving generously of their time and effort to the Nation's service outside of working hours. They are performing thankless tasks on the draft and rationing boards. They are serving as volunteer speakers and salesmen to spur the sale of War Bonds. They are raising tons of needed food on farms and in Victory gardens. They are salvaging endless tons of strategic materials. They are serving as voluntary air raid wardens, plane spotters, ambulance drivers; in canteens and recreation centers, in U.S.O. and Red Cross Service centers. They are donating their blood to save the wounded, rolling bandages, knitting sweaters, and serving as nurses' aides in the hospitals. In a thousand different ways they are meeting the challenge of total war as Americans -- forgetting personal interests in their determination to serve home and country in every possible way.

The American people are willingly sacrificing their personal comforts. They are doing without automobiles and tires, without sugar, without coffee -- that our Armies and our Allies' Armies may be well supplied.

The inconveniences of rationing are being accepted in a spirit of equal sacrifice. Many people have abandoned pleasure-driving -- with pleasure. In every phase of war activity the American people are demonstrating their loyalty and faith in their Government. They are proving by deeds that the men and women of this Nation are united to preserve untarnished those things for which this America stands.

Such a record is an inspiring demonstration of democracy at work. It carries with it a promise of great things for the future. These millions of unselfish, unsung, unpublicized volunteer public servants have not only found ways in which to help their Nation win this war. They have also discovered the value of participating in a public cause for the common good.

These millions of devoted citizens now so active in the prosecution of their common purpose must not and will not lose their interest in public affairs and retire into their former seclusion when this war ends. I predict with confidence that the men and women for whom monotonous and sometimes unpleasant volunteer war tasks now represent the biggest things in their lives will not, when the war ends, abandon their interests in the affairs of their country, State, county, or city.

All over America today men and women are rededicating themselves to the ideals of their forefathers. The men and women who settled your State were pioneers who fought their way across the mountains, beat off the Indians, cleared the forest by hand, won their land and formed their State the hard way. They learned the lesson of using what they had, of saving part of everything they got, of bearing hardships, and growing tough and strong from bearing them.

We are going back to the virtues of our forefathers, to the fearlessness and singleness of purpose, the sheer character which turned the unknown wilderness into this great nation. The pioneer tradition is our national heritage. The tradition of accomplishing the things we set out to do in spite of hell and high water. That's in our blood, bred in our bone as Americans . . . We've done it before and we'll do it again. And God help the Fuehrer or the Duce who thinks we cannot, or will not!

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 11, 1943.

Press Service

36.6

The Secretary of the Treasury announced last evening that the tenders for $900,000,0 or thereabouts, of 92-day Treasury bills to be dated May 12 and to mature August 12, 194 which were offered on May 7, 1943, were opened at the Federal Reserve Banks on May 10.

The details of this issue are as follows:

Total applied for - $1,509,316,000
Total accepted - 906,987,000 (includes $80,741,000 entered on a fixed-price basis at 99.905 and accepted in full)

Range of accepted bids:

High	- 99.912	Equivalent rate of discount approx. 0.344% per annum
Low	- 99.904	" " " " " 0.376 " "
Average price	- 99.905	" " " " " 0.372 " "

(29 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 30,986,000	$ 23,972,000
New York	945,636,000	417,410,000
Philadelphia	46,418,000	29,662,000
Cleveland	50,570,000	41,808,000
Richmond	26,935,000	26,225,000
Atlanta	38,120,000	37,870,000
Chicago	131,707,000	110,407,000
St. Louis	70,145,000	53,141,000
Minneapolis	24,027,000	24,027,000
Kansas City	37,794,000	37,084,000
Dallas	29,560,000	29,560,000
San Francisco	77,418,000	75,821,000
TOTAL	$1,509,316,000	$906,987,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 11, 1943.
5-10-43

Press Service
No. 36-60

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 92-day Treasury bills to be dated May 12 and to mature August 12, 1943, which were offered on May 7, 1943, were opened at the Federal Reserve Banks on May 10.

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Richmond	26,935,000	26,225,000
Atlanta	38,120,000	37,870,000
Chicago	131,707,000	110,407,000
St. Louis	70,145,000	53,141,000
Minneapolis	24,027,000	24,027,000
Kansas City	37,794,000	37,084,000
Dallas	29,560,000	29,560,000
San Francisco	77,418,000	75,821,000
TOTAL	$1,509,316,000	$906,987,000

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
May 12, 1943

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption	
		As of (Date)	(Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 1, 1943	372,162,620
Colombia	735,840,277	"	322,625,913
Costa Rica	46,718,031	"	20,134,570
Cuba	18,692,451	"	9,191,918
Dominican Republic	25,752,947	"	16,426,059
Ecuador	35,041,235	"	14,718,211
El Salvador	140,776,585	"	68,983,119
Guatemala	124,978,598	"	48,530,309
Haiti	64,236,136	"	46,021,273
Honduras	4,278,467	"	2,120,300
Mexico	111,292,661	"	40,728,361
Nicaragua	45,818,819	"	10,352,350
Peru	5,839,588	"	162
Venezuela	90,021,490	"	43,040,681
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	25,119,173

1/ Quotas revised as of March 5, 1943.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, May 12, 1943.

Press Service
No. 36-61

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 1, 1943	372,162,620
Colombia	735,840,277	"	322,625,913
Costa Rica	46,718,031	"	20,134,570
Cuba	18,692,451	"	9,191,918
Dominican Republic	25,752,947	"	16,426,059
Ecuador	35,041,235	"	14,718,211
El Salvador	140,776,585	"	68,983,119
Guatemala	124,978,598	"	48,530,309
Haiti	64,236,136	"	46,021,273
Honduras	4,278,467	"	2,120,300
Mexico	111,292,661	"	40,728,361
Nicaragua	45,818,819	"	10,352,350
Peru	5,839,588	"	162
Venezuela	90,021,490	"	43,040,681
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	25,119,173

1/ Quotas revised as of March 5, 1943.

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of May 1, 1943.
Silver or black foxes, furs, and articles:				
Foxes valued under $250 ea. and whole furs and skins	Month of April Canada	17,500	Number	14,912
	Other than Canada	7,500	Number	3,692
Tails	12 months from Dec. 1, 1942	5,000	Piece	462
Paws, head, or other separated parts	12 months from Dec. 1, 1942	500	Pounds	(Quota filled)
Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	35

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36-62

FOR IMMEDIATE RELEASE,
May ~~11~~, 1943
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The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to May 1, 1943, inclusive, as follows:

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of May 1, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	2,563
Cream, fresh or sour	Calendar year	1,500,000	Gallon	290
Fish, fresh or frozen filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	3,568,276
White or Irish potatoes: certified seed	12 months from Sept. 15, 1942	90,000,000	Pound	64,845,661
Other	12 months from Sept. 15	60,000,000	Pound	920,503
Red cedar shingles	Calendar year	2,506,072	Square	502,613
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	21,087,276
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	48,190

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 13, 1943.

Press Service
No. 36-62

The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to May 1, 1943, inclusive, as follows:

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of May 1, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	2,563
Cream, fresh or sour	Calendar year	1,500,000	Gallon	290
Fish, fresh or frozen filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	3,568,276
White or Irish potatoes: certified seed	12 months from Sept. 15, 1942	90,000,000	Pound	64,845,661
Other	12 months from Sept. 15	60,000,000	Pound	920,503
Red cedar shingles	Calendar year	2,506,072	Square	502,613
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	21,087,276
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	48,190

Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of May 1, 1943
Silver or black foxes, furs, and articles:				
Foxes valued under $250 ea. and whole furs and skins	Month of April Canada	17,500	Number	14,912
	Other than Canada	7,500	Number	3,692
Tails	12 months from Dec. 1, 1942	5,000	Piece	462
Paws, head, or other separated parts	12 months from Dec. 1, 1942	500	Pounds	(Quota filled)
Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	35

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 13, 1943.

Press Service
No. 36-63

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the twelve months commencing May 29, 1942, as follows:

Country of Origin	WHEAT: Established Quota (Bushels)	WHEAT: Imports May 29, 1942, to May 1, 1943 (Bushels)	Wheat, wheat flour, semolina, crushed or cracked wheat and similar wheat products: Established Quota (Pounds)	Wheat, wheat flour, semolina, crushed or cracked wheat and similar wheat products: Imports May 29, 1942, May 1, 1943. (Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	44
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,044

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COTTON CARD STRIPS,[2/] COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent[2/] of the quotas shall be filled by cotton wastes other than card strips/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 May 1, 1943	ESTABLISHED 33-1/3% of Total Quota	Imports Sept. 21, 1942, to May 1, 1943 1/
United Kingdom......	4,323,457	-	1,441,152	-
Canada..............	239,690	86,495	-	-
France..............	227,420	-	75,807	-
British India.......	69,627	61,823	-	-
Netherlands.........	68,240	-	22,747	-
Switzerland.........	44,388	-	14,796	-
Belguim.............	38,559	—	12,853	-
Japan...............	341,535	-	-	-
China...............	17,322	-	-	-
Egypt...............	8,135	-	-	-
Cuba................	6,544	-	-	-
Germany.............	76,329	-	25,443	-
Italy...............	21,263	-	7,088	-
TOTALS	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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Miss Simpson 36-64

FOR IMMEDIATE RELEASE
MAY 11, 1943

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to **May 1, 1943**

COTTON HAVING A STAPLE OF LESS THAN 1-11/16 INCHES (OTHER THAN HARSH OR ROUGH COTTON OF LESS THAN 3/4 INCH IN STAPLE LENGTH AND CHIEFLY USED IN THE MANUFACTURE OF BLANKETS AND BLANKETING, AND OTHER THAN LINTERS). Annual quotas commencing September 20, by Countries of Origin:

(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to May 1, 1943	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to May 1, 1943
Egypt and the Anglo-Egyptian Sudan.........	783,816	-		42,670,385
Peru.....................	247,952	247,952		863,662
British India............	2,003,483	-		-
China....................	1,370,791	-		-
Mexico...................	8,883,259	8,883,259		-
Brazil...................	618,723	618,723		-
Union of Soviet Socialist Republics....	475,124	-		-
Argentina................	5,203	-		-
Haiti....................	237	237		-
Ecuador..................	9,333	9,263		-
Honduras.................	752	-		-
Paraguay.................	871	--		-
Colombia.................	124	-		-
Iraq.....................	195	-		-
British East Africa......	2,240	-		-
Netherlands East Indies.	71,388	-		-
Barbados.................	-	-		
Other British West Indies 1/..........	21,321	--		-
Nigeria..................	5,377	-		-
Other British West Africa 2/............	16,004	-		-
Other French Africa 3/.	689	-		-
Algeria and Tunisia.....	-	-		-
	14,516,882	9,759,434	45,656,420	43,534,047

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 13, 1943.

Press Service
No. 36-64

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to May 1, 1943.

COTTON HAVING A STAPLE OF LESS THAN 1-11/16 INCHES (OTHER THAN HARSH OR ROUGH COTTON OF LESS THAN 3/4 INCH IN STAPLE LENGTH AND CHIEFLY USED IN THE MANUFACTURE OF BLANKETS AND BLANKETING, AND OTHER THAN LINTERS). Annual quotas commencing September 20, by Countries of Origin:

(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to May 1, 1943.	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to May 1, 1943.
Egypt and the Anglo-Egyptian Sudan..........	783,816	-		42,670,385
Peru....................	247,952	247,952		863,662
British India............	2,003,483	-		-
China...................	1,370,791	-		-
Mexico..................	8,883,259	8,883,259		-
Brazil..................	618,723	618,723		-
Union of Soviet Socialist Republics.....	475,124	-		-
Argentina...............	5,203	-		-
Haiti...................	237	237		-
Ecuador.................	9,333	9,263		-
Honduras................	752	-		-
Paraguay................	871	-		-
Colombia................	124	-		-
Iraq....................	195	-		-
British East Africa......	2,240	-		-
Netherlands East Indies..	71,388	-		-
Barbados................	-	-		-
Other British West Indies 1/	21,321	-		-
Nigeria.................	5,377	-		-
Other British West Africa 2/	16,004	-		-
Other French Africa 3/ .	689	-		-
Algeria and Tunisia......	-	-		-
	14,516,882	9,759,434	45,656,420	43,534,047

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

COTTON CARD STRIPS, 2/ COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than card strips 2/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 May 1, 1943	ESTABLISHED 33-1/3% of Total Quota	Imports Sept. 21, 1942, to May 1, 1943 1/
United Kingdom......	4,323,457	-	1,441,152	-
Canada..............	239,690	86,495	-	-
France..............	227,420	-	75,807	-
British India.......	69,627	61,823	-	-
Netherlands.........	68,240	-	22,747	-
Switzerland.........	44,388	-	14,796	-
Belgium.............	38,559	-	12,853	-
Japan...............	341,535	-	-	-
China...............	17,322	-	-	-
Egypt...............	8,135	-	-	-
Cuba................	6,544	-	-	-
Germany.............	76,329	-	25,443	-
Italy...............	21,263	-	7,088	-
TOTALS	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 19, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 14, 1943 (1).

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 (2), or thereabouts, of 92 (3) -day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 19, 1943 (4), and will mature August 19, 1943 (5), when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, May 17, 1943 (6). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 14, 1943.

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 19, 1943, and will mature August 19, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, May 17, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 19, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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Reconciliation of total receipts, 18 months, January 1, 1943-June 30, 1944, with total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944 --

Victory tax withheld but not received in the first six months of calendar year 1944	552.0
Victory tax which will be withheld in last six months of calendar year 1944	1,104.0
Victory tax withholdings in excess of net Victory tax liability for calendar year 1944	- 740.0
Calendar year 1943 Victory tax liability not received before July 1, 1944	629.3
Calendar year 1944 Victory tax liability not due until 1945	1,258.5
Net income tax liability on calendar year 1943 income not received before July 1, 1944	5,994.6
Net income tax liability on calendar year 1944 income not due until 1945	11,989.2
Total	39,246.7

Treasury Department, Division of Research and Statistics. March 25, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

Exhibit 8

Estimated receipts under present law 1/

(In millions of dollars)

			Last six months of fiscal 1943	First six months of fiscal 1944	Last six months of fiscal 1944	Total 18 mos. Jan. 1, 1943- June 30, 1944
Net income tax liability, calendar year 1942, in quarterly payments			4,907.6	4,907.6		9,815.2
Net income tax liability, calendar year 1943, in quarterly payments			--	--	5,994.6	5,994.6
Present law withholding			552.0	1,104.0	1,104.0	2,760.0
March 1944 adjustment --						
Net Victory tax liability, calendar year 1943		2,726.5				
Total withholdings	2,208.0					
Withholdings in excess of net Victory tax liability	740.0					
Withholdings offset against net Victory tax liability.		-1,468.0				
Net Victory tax liability of calendar year 1943 not paid in calendar year 1943		1,258.5				
Payment in first six months of calendar year 1944 of one-half of net Victory tax liability of calendar year 1943 not paid in calendar year 1943					629.3	629.3
Refund to those having excess of Victory tax withholdings over sum of net income tax plus net Victory tax liability					- 175.0	- 175.0
Excess of withholdings over net Victory tax liability which is offset against net income tax liability on income of calendar year 1943					- 565.0	- 565.0
Total receipts			5,459.6	6,011.6	6,987.9	18,459.1

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Estimated income tax liabilities 1/ due under H. R. 2570 as reported by the Committee on Ways and Means, April 24, 1943, which would:

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(1) Remit to all taxpayers the difference between the net income tax liabilities on calendar year 1942 incomes as modified in provision (2) and such liabilities computed under a rate schedule applied to calendar year 1942 tax liabilities which approximates the yield derived by using the lower tax rates and the larger personal exemptions and dependent credit of the Revenue Act of 1941.

(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year and such spouse is not entitled to the benefit of this allowance).

(3) By June 15, 1943, require payment of at least one-half of proposed net income tax liabilities on income of the calendar year 1942.

(4) Withhold after June 30, 1943, from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.

(5) Require the unremitted 1942 tax liabilities to be paid over a period of three years, one-third being due by March 15 of each of the years 1944, 1945, and 1946.

(6) Allow a discount of 6 percent of the unremitted tax if paid in full by March 15, 1944 and a discount of 2 percent if paid in full by March 15, 1945.

(7) Require that total proposed tax liabilities (including the net Victory tax) on incomes of the calendar years 1943 and subsequent years be paid currently. Quarterly payments are required on September 15 and December 15, 1943 to discharge such part of the proposed tax liabilities on income of the calendar year 1943 as is not withheld during calendar year 1943 or discharged by payments prior to June 15, 1943. Quarterly payments are required in subsequent years in such amounts that, together with the amounts withheld, tax liabilities will be paid currently.

	Maximum discounts taken	No discounts taken
	(In millions of dollars)	
Estimated income tax liabilities:		
Last six months of fiscal year 1943	5,277.7	5,277.7
First six months of fiscal year 1944	7,250.5	7,250.5
Last six months of fiscal year 1944	11,372.8	8,473.1
Total, 18 months, January 1, 1943 - June 30, 1944	23,901.0	21,001.3
Calendar year 1943	12,528.2	12,528.2
Fiscal year 1944	18,623.3	15,723.6
Reconciliation of total tax liabilities, 18 months, January 1, 1943 - June 30, 1944, with total tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --		
Total tax liabilities, 18 months period, January 1, 1943 - June 30, 1944	23,901.0	21,001.3
Amount withheld but not received until after June 30, 1944 (three months withholding)	1,462.6	1,462.6
Proposed tax liabilities through December 31, 1944, not withheld or paid through June 30, 1944	6,957.0	10,143.5
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943, and 1944 2/	1,967.7	1,967.7
Proposed calendar year 1942 net income tax liabilities remitted	4,671.6	4,671.6
Discount allowed for prepayment of unremitted tax liabilities on calendar year 1942 income	286.8	--
Total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944	39,246.7	39,246.7
Total tax liabilities under H. R. 2570 on income of the calendar years 1942, 1943, and 1944	32,320.6	32,607.4

Treasury Department, Division of Research and Statistics. April 30, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943.

NOTE: Figures are rounded and will not necessarily add to totals.

Exhibit 6

(8)

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Estimated income tax liabilities 1/ due under H.R. 2577 as passed by the House of Representatives on May 4, 1943. The estimates assume that H.R. 2577 would:

(1) Remit the basic tax liabilities on income of the calendar year 1942 (normal tax plus 13 percent of entire surtax net income). 2/
(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year and such spouse is not entitled to the benefit of this allowance).
(3) By June 15, 1943 require payment of at least one-half of proposed net income tax liabilities (prior to remission of basic tax liabilities) on income of the calendar year 1942.
(4) Withhold after June 30, 1943 from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.
(5) In case gross income from sources other than salaries and wages can reasonably be expected to exceed $100 for the current calendar year, require certain current payments to be applied toward basic tax liabilities and net Victory tax liabilities not withheld at source 2/. Such current payments are equal to 20 percent of the excess of estimated net income over the larger of (a) estimated salaries and wages or (b) personal exemption plus dependent credit.
(6) Require that any basic tax liabilities or net Victory tax liabilities not paid currently be paid by March 15 of the following year 2/.
(7) Require payments of "balance tax liabilities" (the excess of total net income tax liabilities over liabilities for basic tax 2/ equal to normal tax plus 13 percent of entire surtax net income) to be collected as under present law; namely, in the year following the calendar year in which the taxable income is received.

A-1

	(In millions of dollars)	
Estimated income tax liabilities due:		
Last six months of fiscal year 1943		5,277.7
First six months of fiscal year 1944		5,102.5
Last six months of fiscal year 1944		7,920.3
Total, 18 months, January 1, 1943 - June 30, 1944		18,300.5
Calendar year 1943		10,380.2
Fiscal year 1944		13,022.8
Reconciliation of total income tax liabilities, 18 months, January 1, 1943 - June 30, 1944 with total income tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --		
Total tax liabilities, 18 months period, January 1, 1943 - June 30, 1944		18,300.5
Amount withheld but not received until after June 30, 1944 (3 months' withholding)		1,462.6
Proposed tax liabilities through December 31, 1944 not withheld or paid through June 30, 1944:		
Calendar year 1943 liabilities	1,375.6	
Calendar year 1944 liabilities	8,902.3	
Total		10,277.9
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943 and 1944 3/		1,967.7
Proposed calendar year 1942 basic tax liabilities remitted in addition to the special exclusion allowed to the armed forces		7,237.9
Total tax liabilities under present law on income of the 36 month period, January 1, 1942- December 31, 1944		39,246.6
Total tax liabilities under H.R. 2577 on income of the 36 month period, January 1, 1942- December 31, 1944		30,041.0

A-2

Treasury Department, Division of Research and Statistics. May 5, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.
2/ The bill includes the net Victory tax liability of the calendar year 1943 and subsequent years as a part of basic tax liability. For convenience in estimating, net Victory tax liabilities are treated separately.
3/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by $363.9 millions and $670.1 millions, respectively. Calendar year 1943 net Victory tax liabilities are reduced by $131.8 millions.

NOTE: Figures are rounded and will not necessarily add to totals.

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Exhibit 5

Estimated income tax liabilities due under the Carlson amendment, as amended, to H. R. 2570 as voted on in the House of Representatives May 4, 1943, which would:

(1) Remit to all taxpayers the net income tax liabilities on calendar year 1942 income as modified in provision (2).
(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year, and such spouse is not entitled to the benefit of this allowance).
(3) By June 15, 1943, require payment of at least one-half of proposed net income tax liabilities on income of the calendar year 1942, to be treated as payments toward income tax liabilities on calendar year 1943 income.
(4) Withhold after June 30, 1943, from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.
(5) For those taxpayers whose calendar year 1942 and calendar year 1943 surtax net incomes exceed calendar year 1940 surtax net income by more than $5,000, compute an additional calendar year 1943 tax liability as follows: From the smaller of the surtax net income of the calendar years 1942 and 1943, deduct the sum of $5,000 plus the calendar year 1940 surtax net income. The additional tax is the sum of 6 percent of such difference plus the surtax computed on such difference at present law rates, and is due by December 15, 1943.
(6) For those taxpayers whose present law calendar year 1942 net income tax liability is both greater than $1,050 and greater than the calendar year 1943 tax liability, add to present law calendar year 1943 net income tax liabilities the smaller of the excesses of present law calendar year 1942 net income tax liabilities over (a) $1,050 or (b) present law calendar year 1943 net income tax liabilities. This additional tax is due by December 15, 1943.
(7) Require that total proposed tax liabilities (comprising the proposed net Victory tax and the proposed net income tax but excluding the two additional taxes described in provisions (5) and (6)) on incomes of the calendar years 1943 and subsequent years be paid currently. Quarterly payments are required on September 15 and December 15, 1943, to discharge such part of the proposed tax liabilities on income of the calendar year 1943 required to be paid currently as is not withheld during the calendar year 1943 or discharged by payments prior to June 15, 1943. Quarterly payments are required in subsequent years in such amounts that, together with the amounts withheld, tax liabilities will be paid currently.

B-1

	(Million dollars)
Estimated income tax liabilities due: 1/	
Last six months of fiscal year 1943	5,277.7
First six months of fiscal year 1944	8,383.3
Last six months of fiscal year 1944	6,879.8
Total, 18 months, January 1, 1943 - June 30, 1944	20,540.8
Calendar year 1943	13,661.0
Fiscal year 1944	15,263.1
Reconciliation of total proposed income tax liabilities, 18 months, January 1, 1943 - June 30, 1944, with total tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --	
Total income tax liabilities, 18 months period, January 1, 1943 - June 30, 1944	20,540.8
Amount withheld but not received until after June 30, 1944 (3 months' withholding)	1,462.6
Proposed net income tax and Victory tax liabilities through December 31, 1944, not withheld or paid through June 30, 1944	6,957.0
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943, and 1944 2/	1,967.7
Proposed net income tax liabilities remitted in addition to the special exclusion allowed to the armed forces	9,451.3
Elimination of additions to 1943 net income tax liabilities --	
"Windfall provision"	- 455.9
"Excess profits tax"	- 676.9
Total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944	39,246.6
Total tax liabilities under Carlson proposal on income of the calendar years 1942, 1943, and 1944	28,960.4

B-2

Treasury Department, Division of Research and Statistics. May 5, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.
2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by $363.9 millions and $670.1 millions, respectively. Calendar year 1943 net Victory tax liabilities are reduced by $131.8 millions.

NOTE: Figures are rounded and will not necessa[rily] add to totals.

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B-3

5

Exhibit 4

Approximate distribution of income recipients by percentage of total liabilities discharged currently under the House Bill

(Calendar year 1943)

Percentage of total liability discharged currently	Number of taxable income recipients (millions)	Percentage of all taxable income recipients	Cumulative percentage of all taxable income recipients	Maximum amount of tax not discharged currently
100	38.7	88.8	88.8	0
90 - 100	4.2	9.6	98.4	$ 90
75 - 90	.3	.7	99.1	550
50 - 75	.3	.7	99.8	4,200
25 - 50	.1	.2	100.0	115,000
Less than 25	.002	.005	100.0	-
Total	43.6	100.0		

(4)

~~(and 1943~~

1/ ~~1942~~ net income for 1942, 1943 and 1944 assumed to be same ~~as 1942 net income.~~

2/ Maximum earned net income assumed.

~~3/~~ For Victory tax purposes, gross income assumed to be ten-ninths of net income. Net Victory tax is used on assumption that taxpayer receives current benefit of post-war credit.

3 ~~4~~/ Under the Committee Bill a discount of 6 percent is allowed if the entire amount of the reduced tax for 1942 is paid on or before March 15, 1944.

4 ~~5~~/ Taking into account maximum effective rate limitation of 90 percent on combined net income and Victory tax.

Ways & Means

[illegible]

May 5, 1943

MA:mw 5/5/43

Exhibit ____ year

net Victory (as in calendar 1944)

Income and ~~Tax payments and effective rates at selected levels of net income~~ under the Ruml-Carlson Bill, Committee Bill and ~~House Bill~~ 1/

House Bill and Ways and Means

at selected levels

Married person - no dependents

Tax payments due

Net income before personal exemption 2/	~~Income tax and net Victory tax liability on 1944 income 3/~~ Under both the Ruml-Carlson Bill and the House Bill	Under the Committee Bill: If no discount is taken	Under the Committee Bill: If 6% discount is taken ~~4/~~ 3/
$ 1,200	$ 21	$ 21	$ 21
1,500	79	79	79
1,800	144	151	165
2,000	188	201	226
2,500	297	326	378
3,000	405	449	529
4,000	647	726	869
5,000	894	1,013	1,231
6,000	1,173	1,341	1,648
8,000	1,780	2,067	2,589
10,000	2,467	2,898	3,681
15,000	4,533	5,435	7,076
20,000	7,100	8,627	11,406
25,000	10,035	12,310	16,450
50,000	27,075	33,873	46,244
100,000	68,584	86,152	118,125
500,000	440,747	555,878	765,417
1,000,000	899,000 ~~5/~~ 4	1,143,291	1,587,902
5,000,000	4,499,000 ~~5/~~ 4	5,806,615	8,186,473

Effective rates

Net income before personal exemption	Under both the Ruml-Carlson Bill and the House Bill	Committee Bill, no discount	Committee Bill, 6% discount
$ 1,200	1.8%	1.8%	1.8%
1,500	5.3	5.3	5.3
1,800	8.0	8.4	9.2
2,000	9.4	10.1	11.3
2,500	11.9	13.0	15.1
3,000	13.5	15.0	17.6
4,000	16.2	18.2	21.7
5,000	17.9	20.3	24.6
6,000	19.6	22.4	27.5
8,000	22.3	25.8	32.4
10,000	24.7	29.0	36.8
15,000	30.2	36.2	47.2
20,000	35.5	43.1	57.0
25,000	40.1	49.2	65.8
50,000	54.2	67.7	92.5
100,000	68.6	86.2	118.1
500,000	88.1	111.2	153.1
1,000,000	89.9 ~~5/~~ 4	114.3	158.8
5,000,000	90.0 ~~5/~~ 4	116.1	163.7

Ways Means

Proof

Treasury Department, Division of Tax Research May 5, 1943

(See next page for footnotes)

MAS 5/5/43

Exhibit 3

Income and net Victory tax payments due in calendar year 1944, and effective rates under the Ruml-Carlson Bill, House Bill, and Ways and Means Committee Bill at selected levels of net income 1/

Married person - no dependents

Net income before personal exemption 2/	Tax payments due: Under both the Ruml-Carlson Bill and the House Bill	Under the Committee Bill: If no discount is taken	Under the Committee Bill: If 6% discount is taken 4/
$ 1,200	$ 21	$ 21	$ 21
1,500	79	79	79
1,800	144	151	165
2,000	188	201	226
2,500	297	326	378
3,000	405	449	529
4,000	647	726	869
5,000	894	1,013	1,231
6,000	1,173	1,341	1,648
8,000	1,780	2,067	2,589
10,000	2,467	2,898	3,681
15,000	4,533	5,435	7,076
20,000	7,100	8,627	11,406
25,000	10,035	12,310	16,450
50,000	27,075	33,873	46,244
100,000	68,584	86,152	118,125
500,000	440,747	555,878	765,417
1,000,000	899,000 5/ 4/	1,143,291	1,587,902
5,000,000	4,499,000 5/ 4/	5,806,615	8,186,473
	Effective rates		
$ 1,200	1.8%	1.8%	1.8%
1,500	5.3	5.3	5.3
1,800	8.0	8.4	9.2
2,000	9.4	10.1	11.3
2,500	11.9	13.0	15.1
3,000	13.5	15.0	17.6
4,000	16.2	18.2	21.7
5,000	17.9	20.3	24.6
6,000	19.6	22.4	27.5
8,000	22.3	25.8	32.4
10,000	24.7	29.0	36.8
15,000	30.2	36.2	47.2
20,000	35.5	43.1	57.0
25,000	40.1	49.2	65.8
50,000	54.2	67.7	92.5
100,000	68.6	86.2	118.1
500,000	88.1	111.2	153.1
1,000,000	89.9 5/ 4/	114.3	158.8
5,000,000	90.0 5/ 4/	116.1	163.7

Treasury Department, Division of Tax Research — May 5, 1943

(See next page for footnotes)

(2)

Amounts and percents

Exhibit 2

~~Percent~~ Amounts of 1942 tax cancelled under Ruml-Carlson Bill, House Bill and ~~Committee~~ Ways & Means
Bill for selected levels of net income

Married person - no dependents

Net income before personal exemption 1/	1942 income tax	Amount of 1942 tax cancelled: Ruml-Carlson Bill	House Bill	Committee Bill (Ways & Means)	Percent of 1942 tax cancelled: Ruml-Carlson Bill	House Bill	Committee Bill (Ways & Means)
$ 1,200	$ -	$ -	$ -	$ -	-	-	-
1,500	48	48	48	48	100.0%	100.0%	100.0%
1,800	103	103	103	81	100.0	100.0	78.6
2,000	140	140	140	100	100.0	100.0	71.4
2,500	232	232	232	146	100.0	100.0	62.9
3,000	324	324	324	192	100.0	100.0	59.3
4,000	532	532	507	296	100.0	95.3	55.6
5,000	746	746	691	388	100.0	92.6	52.0
6,000	992	992	875	487	100.0	88.2	49.1
8,000	1,532	1,532	1,243	671	100.0	81.1	43.8
10,000	2,152	2,152	1,614	860	100.0	75.0	40.0
15,000	4,052	4,052	2,539	1,347	100.0	62.7	33.2
20,000	6,452	6,452	3,489	1,871	100.0	54.1	29.0
25,000	9,220	9,220	4,437	2,396	100.0	48.1	26.0
50,000	25,328	25,328	9,185	4,935	100.0	36.3	19.5
100,000	64,060	64,060	18,690	11,357	100.0	29.2	17.7
500,000	414,000	414,000	94,710	68,606	100.0	22.9	16.6
1,000,000	854,000	854,000	189,750	121,126	100.0	22.2	14.2
5,000,000	4,374,000	4,374,000	950,070	451,156	100.0	21.7	10.3

Treasury Department, Division of Tax Research

May 5, 1943

1/ Maximum earned net income assumed.
~~2/ Excludes Victory tax.~~

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MA:mw 5/5/43

Exhibit 1

Amounts of individual net income ~~tax~~ and effective rates of tax for 1942 under (1) present law, (2) Carlson-Ruml Bill, (3) House Bill, and (4) Ways and Means Committee Bill for selected levels of net income)

Married person - no dependents

Net income before personal exemption 1/	Tax on 1942 income: Present law	Carlson-Ruml Bill	House Bill	Committee Bill (Ways + Means)	Effective rates: Present law	Carlson-Ruml Bill	House Bill	Committee Bill (Ways and Means)
$ 1,200	$ -	-	$ -	$ -	-	-	-	-
1,500	48	-	-	-	3.2%	-	-	-
1,800	103	-	-	22	5.7	-	-	1.2%
2,000	140	-	-	40	7.0	-	-	2.0
2,500	232	-	-	86	9.3	-	-	3.4
3,000	324	-	-	132	10.8	-	-	4.4
4,000	532	-	25	236	13.3	-	.6%	5.9
5,000	746	-	55	358	14.9	-	1.1	7.2
6,000	992	-	117	505	16.5	-	2.0	8.4
8,000	1,532	-	289	861	19.2	-	3.6	10.8
10,000	2,152	-	538	1,292	21.5	-	5.4	12.9
15,000	4,052	-	1,513	2,705	27.0	-	10.1	18.0
20,000	6,452	-	2,963	4,581	32.3	-	14.8	22.9
25,000	9,220	-	4,783	6,824	36.9	-	19.1	27.3
50,000	25,328	-	16,143	20,393	50.7	-	32.3	40.8
100,000	64,060	-	45,370	52,703	64.1	-	45.4	52.7
500,000	414,000	-	319,290	345,394	82.8	-	63.9	69.1
1,000,000	854,000	-	664,250	732,874	85.4	-	66.4	73.3
5,000,000	4,374,000	-	3,423,930	3,922,844	87.5	-	68.5	78.5

Treasury Department, Division of Tax Research

May 5, 1943

~~1/ Excludes Victory tax.~~

1/ Maximum earned net income assumed.

Proofed

MA:mw 5/5/43

Committee Bill and the House Bill.

Finally, I should like to emphasize an aspect of which your Committee is fully aware, as indicated by the promptness with which these ~~H~~hearings have been commenced. This is the importance of prompt action in order to permit current collection to start ~~by~~ July 1 of this year. The Bureau of Internal Revenue has already taken preliminary steps to prepare for speedy inauguration of the current collection system should the Congress complete its action by May 15. I think it is vitally important both from the standpoint of the taxpayer and the standpoint of the Government to have collection at source under way by July 1. I therefore hope that the Committee will take action on this ~~B~~bill in time to permit accomplishment ~~as soon as is practicably possible.~~ of this objective.

9. <u>Summary</u>

With respect to the collection at the source and the current tax payment provisions, the Treasury believes there is little room for choice between the three major bills. All three provide for the fundamental change in tax payment methods which is necessary in our tax law. While the House Bill does not place the higher surtax bracket incomes on a fully current basis, it must be recognized that the taxpayers in these brackets are best able to provide in advance for taxes.

Any choice between the three bills must, therefore, be based primarily upon the treatment provided with respect to the 1942 tax liability. Insofar as the distribution of forgiveness is concerned, the Treasury Department believes that both the Ways and Means Committee Bill and the House Bill distribute the cancellation of the 1942 tax on a reasonably equitable and fair basis. However, the smaller amount of cancellation under the Ways and Means Committee Bill results in a substantial increase in the revenue collections in the next few years at a time when such an increase is vitally necessary. The Treasury therefore believes that the Ways and Means Committee Bill possesses a definite advantage over the House Bill. With respect to the Ruml-Carlson Bill, as has already been indicated, the distribution of forgiveness is thoroughly inequitable and unfair. While this bill would produce some additional revenue in the fiscal year 1944, this aspect is more than offset by the factor of inequitable treatment of the 1942 tax. The Treasury therefore believes that the Ruml-Carlson Bill is definitely inferior to both the Ways and Means

With respect to the possibility of reimposing the cancelled taxes on the same income levels, the following table shows the effective rates of tax increase which would have to be applied to selected net incomes under each plan to recoup over a 3-year period the tax forgiven on those amounts of income:

Net income before personal exemption	Effective rates of income and net Victory tax liability present law	Effective tax rate increase necessary to recoup cancelled taxes at same income levels over a three-year period		
		Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	9.4%	2.3%	2.3%	1.7%
3,000	13.5	3.6	3.6	2.1
5,000	17.9	5.0	4.6	2.6
10,000	24.7	7.2	5.4	2.9
100,000	68.6	21.4	6.2	3.8
1,000,000	89.9	28.5	6.3	4.0

From the above table, it is apparent that the effective rates necessary under the Ruml-Carlson Bill necessary to offset the forgiven taxes by rate increases applied over three years would exceed 100 percent for the higher income brackets. The bracket rates of tax would have to be even higher.

In the light of these facts, whatever other objections may be brought against the House Bill and the Ways and Means Committee Bill, these bills cannot properly be criticized as distributing 1942 tax forgiveness less uniformly and less fairly among taxpayers than the Ruml-Carlson Bill. On the contrary they are much more equitable in their distribution of forgiveness than the Ruml-Carlson Bill, which would result in a substantial redistribution of income in the direction of the higher income levels.

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From the above table, it is seen that in terms of taxes imposed for the war effort, as of January 1, 1943, the Ruml-Carlson Bill would wipe out the whole increase for taxpayers with incomes of over $100,000, and at the ~~million-dollar~~ $1,000,000 level would confer additional benefits amounting to nearly $600,000. The other two bills, while they do not distribute the forgiveness uniformly in ~~terms of~~ proportion to the ~~defense and war~~ tax increases for the defense and war programs come much nearer doing so than does the Ruml-Carlson Bill.

A fourth measure of the fairness of distributing forgiveness relates to the problem of increased taxes to finance the war. In the January 1943 Budget Message, the President asked for "not less than $16 billion of additional funds by taxation, savings or both." In whatever form additional taxes are imposed, it is inevitable by and large that the increases will fall proportionately most heavily on the lower and middle incomes since it is not feasible to raise the rates on the higher incomes proportionally. The increased taxes will apply to periods subsequent to 1942. If 1942 taxes are to be forgiven for the purpose of getting the great mass of our taxpayers on a pay-as-you-go basis, it would seem obvious justice that insofar as possible those who benefit by the forgiveness should be subject at least to an equal amount of additional burdens. It would be grossly inequitable to forgive taxes to income groups on whom future tax increases can not be imposed and then to impose heavy tax increases on other income groups.

4

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Net income before personal exemption	Tax increases under Acts of 1940, 1941, and 1942 for married person, no dependents	Amount forgiven as percent of tax increases under		
		Ruml plan	House Bill	Ways and Means Committee Bill
$ 2,000	$ 182	76.9	76.9	55.0
3,000	469	69.1	69.1	40.9
5,000	991	75.3	69.7	39.2
10,000	2,740	78.5	58.9	31.4
25,000	12,460	74.0	35.6	19.2
100,000	62,833	102.0	29.7	18.1
1,000,000	267,006	319.8	71.1	45.4

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The person with $50,000 income before taxes whose actual income after taxes is $24,6~~4~~72 would have $25,328 added or a little more than 1 year's actual income.

The person with $100,000 income before taxes whose actual income after taxes is $35,9~~6~~40 would have $64,060 added or about 20 months' actual income.

The person with $1 million before taxes whose actual income after taxes is $146,000 would have $854,000 added or about 6 years' actual income.

Thus, the Ruml-Carlson plan would add actual incomes ranging from 4 weeks for the $2,000 man to 6 years for the million-dollar man.

A third measure of the fairness of tax forgiveness is the comparison of the amounts of forgiveness with the amounts of tax increases which have been imposed to finance the defense and war efforts. These increases were contained in the Revenue Acts of 1940, 1941 and 1942. They were intended to impose fair and equitable wartime tax increases according to the judgment of Congress. What portion of these increases would be wiped out by tax forgiveness under the three Bills at various levels of income? The answer to this question is seen in the following table for a few income levels.

A person with $5,000 income before taxes whose actual income after taxes is $4,254 would have $746 added by the Ruml-Carlson Bill or slightly less than 9 weeks' actual income.

The person with $10,000 income before taxes whose actual income after taxes is $7,848 would have $2,152 added, or nearly 14 weeks' actual income.

~~This~~ The answer to this question may be seen in the following table showing for the three bills the relation of the amount of the forgiveness to the income after tax.

Net income before personal exemption	Income tax, present law (married person no dependents)	Income after tax	Amount forgiven under		
			Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	$ 140	$ 1,860	$ 140	$ 140	$ 100
3,000	324	2,676	324	324	192
5,000	746	4,254	746	691	388
10,000	2,152	7,848	2,152	1,614	860
25,000	9,220	15,780	9,220	4,437	2,396
100,000	64,060	35,940	64,060	18,690	11,357
1,000,000	854,000	146,000	854,000	189,750	121,126

Net income before personal exemption	Income after tax	Amount forgiven as percent of income after tax under		
		Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	$ 1,860	7.5%	7.5%	5.4%
3,000	2,676	12.1	12.1	7.2
5,000	4,254	17.5	16.2	9.1
10,000	7,848	27.4	20.6	11.0
25,000	15,780	58.4	28.1	15.2
100,000	35,940	178.2	52.0	31.6
1,000,000	146,000	584.9	130.0	83.0

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From the above table, it is clear that while all three bills are more generous to the higher income groups than to lower income groups, the Ruml-Carlson plan is much more extreme in this effect. This may be perhaps clearer from the following illustrations:

A person with an income before taxes of $2,000 whose actual income after taxes is $1,860, under the Ruml-Carlson Bill, would have $140 added to his $1,860 or slightly less than 4 weeks' actual income.

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A usual method of comparing the fairness of tax provisions is to measure the distribution of tax burdens imposed among the various income levels. On this basis of comparison, both the House Bill and the Ways and Means Committee Bill distribute the remaining 1942 tax burden in the form of progressive tax rate schedule although they differ as to exemptions and the pattern of the rate schedule. The Ruml-Carlson Bill, however, leaves no burden at all on 1942 income, except as to the anti-windfall provisions. This pattern of burden is obviously not equitable in a year of wartime income.

A second method of measuring the fairness of the distribution of tax forgiveness is based on the amount of income which a taxpayer has at his disposal to spend or to save, not income before taxes, but income after payment of taxes. The Federal income tax has been in operation for 30 years. During every year of that time the receipt by an individual of ~~every~~ a dollar of net income above exemptions has concurrently created a tax liability which ~~reduced~~ must be subtracted to reflect the actual income. It is this actual income after tax and not the income before tax which is ~~a~~ the proper standard for measuring the effects of tax forgiveness on persons in different income levels. Forgiveness adds wealth to the taxpayer, or reduces his liabilities, which is in effect the same thing. How do the amounts of the forgiveness under the three Bills ~~relate~~ compare with respect to income remaining after the taxes which are prescribed for 1942 by existing law?

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8. Distribution of forgiveness

The three plans differ not only with respect to the aggregate amount of tax forgiven but also with respect to the distribution of forgiveness among the various income brackets. Superficially each of the three bills distributes its forgiveness on a uniform pattern. The Ruml-Carlson Bill forgives the whole tax from the lowest income to the highest income. The House Bill forgives the normal tax and 13 percent of surtax net income uniformly from top to bottom, ~~just as any flat rate increase or decrease in tax would apply~~. The Ways and Means Committee Bill shifts the rates and exemptions from the 1942 levels ~~law~~ to the 1941 levels for all taxpayers. ~~law, which reflected the Congressional determination of the proper burden distribution for the year 1941.~~ Thus on its face each bill appears to apply its forgiveness on a uniform basis for all taxpayers.

This apparent uniformity, however, does not mean that in actual operation each of the three bills ~~plans~~ distributes the benefits of forgivness in an equitable manner. The relative distribution of forgiveness among different income brackets differs widely under ~~in~~ the three bills. ~~cases.~~ The assumption, which many people make, that uniform treatment is afforded when the same percentage of tax is forgiven to all taxpayers, fails to take account of several very important considerations.

In the fiscal years 1945 and 1946 the Ways and Means Committee Bill will continue to produce larger amounts of revenue than the other two bills to the extent that the 1942 tax is not fully paid in 1944. The revenue under the Ruml-Carlson Bill and the House Bill will be ~~identical~~ equal in fiscal year 1945 if 1944 and 1945 incomes are at the same level as 1943 incomes. If the trend of income continues upward the yield under the Ruml-Carlson Bill will be somewhat higher than under the House Bill since current collection applies to the whole tax instead of to the basic tax, which accounts for about three-fourths of the total. On the other hand, if income trends should turn downward the yield under the Ruml-Carlson Bill would, for the same reason, be less than the yield under the House Bill.

The estimated income tax liabilities remitted during 1943 and 1944 ~~and the amount of 1942 taxes cancelled~~ due under the Ruml-Carlson Bill are given in Exhibit 5. Corresponding estimates under the House Bill and the Ways & Means Committee Bill are given in Exhibits 6 and 7.

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amount being due to the special windfall provisions) and $4,780 million under the Ways and Means Committee Bill.

Under the House Bill the income tax liabilities due in the fiscal year 1944 would not be appreciably different from the income tax liabilities due under the present law. The liabilities due in each case would amount to approximately $13,000 million. The increase in liabilities due under the House Bill as a result of subjecting the higher levels of income in 1943 to current tax payment insofar as the basic liability is concerned is offset for the most part by the decrease in liabilities resulting from the relief for the armed forces.

Under the Ruml-Carlson Bill the liabilities due in the fiscal year 1944 would amount to $15,263 million and under the Ways and Means Committee Bill to $15,724 million if no discounts are taken, and $18,623 million if the maximum discounts are taken. The larger collections under the Ways and Means Committee Bill and the Ruml-Carlson Bill are due in part to a doubling up of certain liabilities with respect to 1942 taxes and in part to a more complete dependence of the liabilities due in the fiscal year 1944 upon the higher level of current income than under the House Bill, since under the House Bill the liabilities with respect to the upper surtax brackets are based upon the preceding year's income.

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Under another provision of the House Bill, members of the armed forces who die in active service are relieved from income taxes for the taxable year in which falls the date of death. In addition, there is abated all income taxes (including interest and additions to tax) which are ~~is~~ unpaid as of the date of death. If the amount of any such liability which was unpaid as of the date of death is collected subsequent to such date, provision is made that the amount so collected shall be credited or refunded as an overpayment. This amendment becomes effective with respect to members of the armed forces dying in active service on or after December 7, 1941.

7. Revenue effects under the three major bills

The 1942 tax liabilities under present law are estimated at $9,815 million before giving effect to the special provisions relating to the armed forces and at $9,451 million after giving effect to these special provisions. The House Bill would cancel $7,238 million. The Ruml-Carlson Bill would cancel the entire $9,451 million but would recoup through windfall provisions $1,133 million, resulting in a net cancellation of $8,319 million after giving effect to these special provisions. The Ways and Means Committee Bill would cancel $4,672 million. Thus, of the 1942 liabilities there would remain only $2,214 million under the House Bill, $1,133 million under the Ruml-Carlson Bill, (this entire under this provision is not to exceed $250 in the case of a single person and $300 in the case of a married person or head of a family and applies only to salary or compensation received for active service in the armed forces during the present war. These exclusions are in addition to the personal exemptions.

The House Bill proposes to amend this provision by increasing the exclusion from gross income in the case of military and naval personnel, without distinction as to rank, with respect to the compensation received during any taxable year for active service during the present war. The amount so excluded is not to exceed the excess of $3,500 over the personal exemption claimed by the member of the military or naval forces. If such member of the armed forces is married and living with his spouse on the last day of the taxable year and his spouse is not a member of the military or naval forces, the amount of the exclusion is not to exceed the excess of $3,500 over the personal exemption claimed by both the spouse and the member of the military or naval forces. Thus, under this provision, the amount of service pay which may be excluded from gross income in the case of a married person is the same regardless of whether joint or separate returns are filed and regardless of the property law of any State. The amendment would apply with respect to all compensation received after December 31, 1941 by a member of the armed forces of the United States for active service in such forces, and is thus retroactive to the year 1942.

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The ~~B~~ill reported by the House Ways and Means Committee recomputes the tax on 1942 income at 1941 rates and exemptions and the difference is cancelled. Under this ~~B~~ill, the unforgiven 1942 tax liabilities require special treatment. Provision is made for collecting them in three annual installments beginning March 15, 1944. To encourage advance payment of the later installments, provision is made for a disdount of 6 percent of the reduced 1942 tax if full payment is made by March 15, 1944, and a discount of 2 percent of such tax if the 1944 installment is paid and the balance is paid by March 15, 1945. The Commissioner is authorized to grant an extension of time up to three years in those cases where payment of any installment would result in undue hardship.

6. <u>Provisions relating to members of the armed forces</u>

The House Bill contains two provisions relating to members of the armed forces. One provision exempts from income tax the service pay of most members of the armed forces. The second provision abates outstanding income tax liability for members of the armed forces who die while on active service. The provisions in the House Bill are

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identical with those contained in the Ruml-Carlson Bill and in the Ways and Means Committee Bill.

Under present law, there is provided an exclusion from gross income in the case of personnel below the grade of commissioned officer in the military and naval forces of the United States. The amount excluded

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Net income before personal exemption	Tax increases under Acts of 1940, 1941, and 1942 for married person, no dependents	Amount forgiven as percent of tax increases under: Ruml plan	House Bill	Ways and Means Committee Bill
$ 2,000	$ 182	76.9	76.9	55.0
3,000	469	69.1	69.1	40.9
5,000	991	75.3	69.7	39.2
10,000	2,740	78.5	58.9	31.4
25,000	12,460	74.0	35.6	19.2
100,000	62,833	102.0	29.7	18.1
1,000,000	267,006	319.8	71.1	45.4

From the above table, it is seen that in terms of taxes imposed for the war effort, the Ruml-Carlson Bill would wipe out the whole increase as of January 1, 1943, for taxpayers with incomes of over $100,000, and at the $1,000,000 level would confer additional benefits amounting to nearly $600,000. The other two bills ~~while they do not distribute the forgiveness uniformly in proportion to the tax increases for the defense and war programs, come much nearer doing so than does the Ruml-Carlson Bill.~~ avoid cancelling a greater amount than the wartime tax increases, with respect to all taxpay

A fourth measure of the fairness of distributing forgiveness relates to the problem of increased taxes to finance the war. In the January 1943 Budget Message, the President asked for "not less than $16 billion of additional funds by taxation, savings or both." In whatever form additional taxes are imposed, it is inevitable that by and large the increases will fall proportionately most heavily on the lower and middle incomes since it is not feasible to raise the rates on the higher incomes proportionally. The increased taxes will apply to periods subsequent to 1942. If 1942 taxes are to be forgiven for the purpose of getting the great mass of our taxpayers on a pay-as-you-go basis, it would seem obvious justice that insofar as possible those who benefit by the forgiveness should be subject at least to an equal amount of additional burdens. It would be grossly inequitable to forgive taxes to income groups on whom future tax increases can not be imposed and then to impose heavy tax increases on other income groups.

5. Treatment of 1942 tax

Although all three bills before the House provided the same methods of collection at source and current payment, the amount of forgiveness of 1942 taxes and the distribution of the forgiveness were a major subject of controversy. The House Bill cancels the 6 percent normal tax and 13 percent of surtax net income on 1942 individual incomes. No problem arises on account of the unforgiven 1942 tax. Since only the basic liability for any year is payable currently and since this corresponds to the amount of 1942 tax forgiven, there can be no doubling-up of payment.

The Ruml-Carlson Bill cancels the entire tax on 1942 income except for certain offsets intended to prevent windfall gains to some taxpayers. One of these anti-windfall provisions applies where 1943 income is less than 1942 income while the other applies when both 1942 and 1943 incomes are greater than 1940 income, the year 1940 having been substituted for the year 1941 by Floor Amendment. Under the Ruml-Carlson Bill there would in general be no doubling-up since, while the whole tax is payable currently each year, the entire 1942 tax is correspondingly forgiven. An exception is presented in those cases where the second of the above anti-windfall provisions is applicable, since the amount of tax not forgiven under the anti-windfall provisions is payable in 1943, unless an extension of time is granted by the Commissioner in cases of hardship.

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.1 percent of all taxpayers would not be at least 75 percent current, and only about 700,000 taxpayers out of nearly 44 million will have a liability exceeding $90 carried over beyond the close of the current year. The House Bill achieves current collection for the taxpayers in the lower brackets to whom it is most essential and falls short of fully current collection for only the four million taxpayers who have surtax net incomes in excess of $2,000, that is, in excess of the first surtax bracket. In the case of higher-bracket taxpayers, a very substantial part of the tax is discharged currently because the bill applies current collection to the basic tax on the entire income regardless of the surtax bracket into which it falls.

(6) Under the Ruml-Carlson Bill all taxpayers would be fully current almost immediately. Under the Ways and Means Committee Bill, all taxpayers would be on a current basis with respect to their taxes on current income before the end of 1943. The 7 million taxpayers who had no liability on 1942 income at 1941 rates and exemptions would be current as to all liabilities, while the remaining taxpayers would be required to pay their reduced 1942 tax concurrently with their taxes on current income during 1944, 1945, and 1946.

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Additional penalties are provided to safeguard the current payment system. In the case of a failure to file a declaration of estimated tax within the time prescribed, the penalty is $10 or 10 percent of the tax, whichever is greater. In the case of a failure to pay an installment of the estimated tax within the time prescribed, the penalty is $2.50 or $2\frac{1}{2}$ percent of the tax, whichever is greater, for each installment with respect to which such failure occurs.

This system of current payment of tax not collected at source is to come into operation in the third quarter of 1943 to parallel the new collection-at-source system which begins July 1, 1943. The March and June installments of 1942 tax payable in 1943, insofar as an amount equal to the forgiven basic liability is concerned, will be treated as current payments of estimated basic tax for 1943. When the taxpayer files his return in March, 1944, adjustments will be made for overpayment or underpayment of the 1943 liability.

4. <u>Extent to which taxpayers are on a current basis under the three major bills</u>

The current payment features of the House Bill place 90 percent of taxpayers on a fully current basis except for minor year-end adjustments. The great majority of the remaining 10 percent of taxpayers are made substantially current. Less than

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returns at the end of the taxable year. Thus, persons whose entire income consists of wages subject to withholding and only a nominal amount of other income are not required to file declarations.

5 A special rule, common to all three ~~B~~bills, applies to farmers who fulfillthe requirements with respect to gross income. Farmers are defined as individuals whose estimated gross income from farming amounts to at least 80 percent of the total estimated gross income from all sources. In their case, the declaration of the estimated tax may be made at any time on or before the 15th of December. Farmers are not required to pay in installments but they may voluntarily elect to do so.

Under the House Bill, to prevent substantial underestimates of the estimated basic tax, a penalty is added to the tax. ~~in the amount of~~ The penalty is 6 percent of any amount by which ~~excess of~~ 16 percent of the actual net income less wages subject to withholding or the personal exemption, whichever is the greater, 2 exceeds the estimated basic tax paid during the year ~~over the estimated net income less such wages or personal exemption~~. In other words, this penalty applies only if the individual underestimates by more than 20 percent the net income on which the estimated basic tax is computed. A special rule applicable to farmers who elect the end of the year filing date provides a tolerance limit of 33-1/3 percent of actual net income over wages or personal exemption whichever is the greater.

are unpaid as of the date of death. If the amount of any such liability which was unpaid as of the date of death is collected subsequent to such date, provision is made that the amount so collected shall be credited or refunded as an overpayment. This amendment becomes effective with respect to members of the armed forces dying in active service on or after December 7, 1941.

7. Revenue effects under the three major bills

The 1942 tax liabilities under present law are estimated at $9,815 million before giving effect to the special provisions relating to the armed forces and at $9,451 million after giving effect to these special provisions. The House Bill would cancel $7,238 million. The Ruml-Carlson Bill would cancel the entire $9,451 million but would recoup through windfall provisions $1,133 million, resulting in a net cancellation of $8,319 million after giving effect to these special provisions. The Ways and Means Committee Bill would cancel $4,672 million. Thus, of the 1942 liabilities there would remain only $2,214 million under the House Bill, $1,133 million under the Ruml-Carlson Bill, (this entire amount being due to the special windfall provisions) and $4,780 million under the Ways and Means Committee Bill.

Under the House Bill the tentative estimates of income tax liabilities due in the fiscal year 1944 would not be appreciably different from the income tax liabilities due under the present law. The liabilities due in each case would amount to approximately $13,000 million. The increase in liabilities due under the House Bill as a result of subjecting the higher levels of income in 1943 to current tax payment insofar as the basic liability is concerned is offset for the most part by the decrease in liabilities resulting from the relief for the armed forces.

Under the Ruml-Carlson Bill the liabilities due in the fiscal year 1944 would amount to $15,263 million and under the Ways and Means Committee Bill to $15,724 million if no discounts are taken, and $18,623 million if the maximum discounts are taken. The larger collections under the Ways and Means Committee Bill and the Ruml-Carlson Bill are due in part to a doubling up of certain liabilities with respect to 1942 taxes and in part to a more complete dependence of the liabilities due in the fiscal year 1944 upon the higher level of current income than under the House Bill, since under the House Bill the liabilities with respect to the upper surtax brackets are based upon the preceding year's income.

In the fiscal years 1945 and 1946 the Ways and Means Committee Bill will continue to produce larger amounts of revenue than the other two bills to the extent that the 1942 tax is not fully paid in 1944. The revenue under the Ruml-Carlson Bill and the House Bill will be equal in fiscal year 1945 if 1944 and 1945 incomes are at the same level as 1943

and 1944

in that particular year

in the fiscal year 1944

of over a half billion dollars

where incomes ~~is~~ are not from wages and salaries. The other case is where incomes extend into brackets with rates higher than those covered by collection at source.

With respect to incomes not subject to collection at source the basic technique is the same for all three bills. This technique involves a declaration by the taxpayer of his estimated tax liability for the current year by March 15. This estimated tax is tobe paid at quarterly intervals thereafter, or earlier if the taxpayer chooses. The taxpayer may revise the declaration of the estimated tax each quarter and ratably increase or decrease remaining installments.

In the case of the Ruml-Carlson Bill and the Ways and Means Committee Bill this technique was also to be applied to the balance of the tax liability on incomes subject to source collection but falling in the higher surtax brackets, and to higher surtaxes on incomes not subject to collection at source. It would thus achieve current collection of the total tax liabilities of all taxpayers, except for necessary year-end adjustments. The House Bill, however, provides for current collection only of an estimated basic tax of 20 percent. Any balance of tax liability over this amount is payable in the year following the receipt of income in the same manner as under present law.

Declarations of estimated basic tax are required only of those individuals who have more than $100 of income not subject to withholding and whose total gross income would require them to file income tax

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such final liability and adjustments to such liability are made by additional payments or refunds. For the vast majority of wage earners these adjustments will be minor in amount.

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Collection at source applies only to compensation for personal services. However, certain types of employment are excluded from withholding under the Bill. The principal types excluded are domestic servants, members of the armed forces, and farm labor.

The House Bill will discharge by collection at source substantially the full tax liability for persons whose income consists of wages not exceeding $2,700 if single and $3,500 if married, and correspondingly higher amounts if the employee has dependents. Seventy percent of all taxpayers will have their entire tax liability withheld at source and an additional 10 percent will have part of their liability withheld at source.

Since the provisions of the House Bill with respect to withholding were drafted, conferences with representatives of employers have produced several suggestions ~~which tend~~ tending to simplify the burden on employers which are involved in the mechanics of applying the system of collection at the source. Suggested changes of this nature will be described in a separate statement.

3. Current payment of tax liabilities not collected at source

Collection at source will discharge the tax liabilities for most taxpayers. There are two types of cases where collection at source does not discharge the total tax liability. One is the case

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a rate of 17 percent to the balance; the sum of the two resulting amounts ~~computations~~ is the amount to be withheld. If the employer uses the tables which the House Bill provides for the standard payroll periods, he determines the amount to be withheld by reading it from the tables. Knowing the person's marital status and number of dependents, the employer needs only to locate the bracket in which the given wage falls and to read off the corresponding amount to be withheld.

Under the House Bill the employer is required to make quarterly returns and pay over the tax withheld from his employees in each quarter on or before the last day of the month following the close of the quarter. He is also required to furnish each employee a written receipt showing the wages paid during the year and the amount withheld. If the employee's services are terminated before the close of the calendar year, the receipt must be furnished on the day on which the last payment of wages is made, except that an extension of thirty days may be granted by the Commissioner. In lieu of the present information return with respect to wages, the employer is required to attach to the last quarterly return for the calendar year copies of the receipts which he gives to his employees so that they may be checked against the returns filed by the individual wage earners.

After the close of the year, wage earners are required to file returns showing their actual income and final liabilities for the year. The tax withheld at source is allowed as a credit against

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exemptions are prorated according to the length of the pay period, that is, weekly, semi-monthly, monthly, or other pay periods. For example, the weekly Victory tax allowance is $12, while the weekly income tax allowance is $11 for a single person, $26 for a married couple, and $8 for each dependent.

(3) To enable the employer to determine the proper amount of tax to be withheld, the employee is required to furnish a signed withholding exemption certificate showing whether he is single or married and the number of his dependents. If his marital and dependency status changes, the employee is required to file an amended certificate to take effect for future pay periods. The employer is entitled to rely on the exemption certificate furnished him by the employee in computing the amount to be withheld from the employee's wages, and if the employee fails to furnish the required certificate, no personal exemption, or dependency credit is to be allowed. Thus, the employer is not placed under a duty to ascertain the status of an employee, and the responsibility in this regard falls upon the employee.

The House Bill gives employers the option of either directly computing the amounts of tax to be withheld or using wage bracket tables. If the employer chooses the computation method, he subtracts the Victory tax withholding exemption from the wage payment and applies a rate of 3 percent to the balance, and subtracts the income tax withholding exemption from the wage payment and applies

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general, the withholding system now in effect for the Victory tax, modified to take account of personal exemptions, is utilized. The withholding rate is 17 percent on the amount of wages over the income tax withholding exemption and 3 percent on the wages over the Victory tax withholding exemption. Thus withholding is required not on a gross basis but only on the excess of the total wages over exemptions and an allowance for normal deductions.

The reduction of the Victory tax withholding rate from 5 to 3 percent is made to avoid over-collection of the Victory tax liability which, after taking account of credits, more nearly approximates 3 than 5 percent. The 17 percent rate for the income tax is designed to collect approximately the normal tax of 6 percent, plus the minimum surtax rate of 13 percent. The withholding rate is slightly lower than the sum of the normal tax and the first bracket surtax, in order to make partial allowance for deductions. The rates are thus designed to minimize as far as possible over-withholding and the consequent necessity for making refunds.

The amount of each wage or salary payment subject to withholding is determined by subtracting from the gross payment the withholding exemptions allowable. The withholding exemption for the Victory tax is $624. The withholding exemptions for the income tax are the regular personal exemptions of $500 for a single person, $1,200 for a married person, and an additional $350 for each dependent, each increased by 10 percent to allow for average deductions. These

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the lag in income tax payments. It is now universally recognized, I believe, that tax payment will be made easier, and that hardship will be avoided, if tax liabilities are discharged currently out of pay envelopes instead of waiting until the year following the receipt of income. At the same time, current collection will more adequately protect Treasury revenue, and will guarantee a more prompt and more certain flow of revenue to the Government, than does ~~under~~ the existing method of collection. By promptly withdrawing purchasing power from the income stream before it can exert an upward pressure upon prices, a pay-as-you-go system will strengthen the Government in its critical fight against inflation.

The advantages stated accrue both to taxpayers and Government. With overhanging income tax debt eliminated for the great majority of taxpayers, and with taxes budgeted more certainly and smoothly, taxpayers are better prepared to meet the demands that may be made on them by the necessities of war finance. An income tax payment system putting the great majority of taxpayers on a current basis will better prepare the income tax for its role in the enormous job of financing this total war. These points, I believe you will agree, settle beyond dispute the importance of the pending legislation.

2. Collection at the source

The withholding provisions of the three major bills considered by the House are identical. Withholding from wages and salaries at a rate sufficient to cover the Victory tax, the normal tax, and 13 percent of surtax net income is to begin on July 1, 1943. In

the current payment of the individual income tax
~~H.R. 2577~~,

Statement of Randolph E. Paul, General Counsel for the Treasury, before the Senate Finance Committee on ~~the House Ways and Means Committee Tax Bill~~, May 6, 1943

I. Introduction

~~(H.R. 2577)~~

The House of Representatives on May 4, 1943, passed a bill providing for current payment of the individual income tax. While some features of the bill were the subject of extensive controversy, large areas of agreement prevailed throughout the deliberations in the Ways and Means Committee and in the House. The provisions of the three leading bills - the Ways and Means Committee Bill, the Ruml-Carlson Bill, and the ~~House~~ bill (adopted by the House) reflect essential agreement on the major issue of current payment. All three bills provided for collection at source from wages and salaries starting July 1 at a rate of 20 percent above exemptions. All three bills adopted the same techniques for collection of other liabilities payable currently, but not collected at source. Only with respect to the transition to the new system was there controversy and this was principally with respect to the amount and distribution of tax cancellation for 1942.

Before this Committee I need not dwell on the importance of placing taxpayers on a pay-as-you-go basis and eliminating (for the great mass of taxpayers) the ~~1~~ one-year lag which now exists in our present system of individual income tax payment. With rates at wartime levels, taxpayers, especially those in the lower income groups, find it difficult to accumulate in advance the funds needed for quarterly lump-sum payments. They may suffer actual hardship in the case of a drop or failure in income because of

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Statement of Randolph E. Paul, General Counsel for the Treasury, before the Senate Finance Committee on the current payment of the individual income tax.

May 6, 1943

I. Introduction

The House of Representatives on May 4, 1943, passed a bill providing for current payment of the individual income tax. While some features of the bill were the subject of extensive controversy, large areas of agreement prevailed throughout the deliberations in the Ways and Means Committee and in the House. The provisions of the three leading bills - the Ways and Means Committee Bill, the Ruml-Carlson Bill, and the bill adopted by the House - reflect essential agreement on the major issue of current payment. All three bills provide for collection at source from wages and salaries starting July 1 at a rate of 20 percent above exemptions. All three bills adopted the same techniques for collection of other liabilities payable currently, but not collected at source. Only with respect to the transition to the new system was there controversy and this was principally with respect to the amount and distribution of tax cancellation for 1942.

Before this Committee I need not dwell on the importance of placing taxpayers on a pay-as-you-go basis and eliminating for the great mass of taxpayers the one year lag which now exists in our present system of individual income tax payment. With rates at wartime levels, taxpayers, especially those in the lower income groups, find it difficult to accumulate in advance the funds needed for quarterly lump-sum payments. They may suffer actual hardship in the case of a drop or failure in income because of the lag in income tax payments. It is now universally recognized, I believe, that tax payment will be made easier, and that hardship will be avoided, if tax liabilities are discharged currently out of pay envelopes instead of waiting until the year following the receipt of income. At the same time, current collection will more adequately protect Treasury revenue, and will guarantee a more prompt and more certain flow of revenue to the Government, than does the existing method of collection. By promptly withdrawing purchasing power from the income stream before it can exert an upward pressure upon prices, a pay-as-you-go system will strengthen the Government in its critical fight against inflation.

The advantages stated accrue both to taxpayers and Government. With overhanging income tax debt eliminated for the great majority of taxpayers, and with taxes budgeted more certainly and smoothly, taxpayers are better prepared to meet the demands that may be made on them by the necessities of war finance. An income tax payment system putting the great majority of taxpayers on a current basis will better prepare the income tax for its role in the enormous job of financing this total war. These points, I believe you will agree, settle beyond dispute the importance of the pending legislation.

2. Collection at the source

The withholding provisions of the three major bills considered by the House are identical. Withholding from wages and salaries at a rate sufficient to cover the Victory tax, the normal tax, and 13 percent of surtax net income is to begin on July 1, 1943. In general, the withholding system now in effect for the Victory tax, modified to take account of personal exemptions, is utilized. The withholding rate is 17 percent on the amount of wages over the income tax withholding exemption and 3 percent on the wages over the Victory tax withholding exemption. Thus withholding is required not on a gross basis but only on the excess of the total wages over exemptions and an allowance for normal deductions.

The reduction of the Victory tax withholding rate from 5 to 3 percent is made to avoid over-collection of the Victory tax liability which, after taking account of credits, more nearly approximates 3 than 5 percent. The 17 percent rate for the income tax is designed to collect approximately the normal tax of 6 percent, plus the minimum surtax rate of 13 percent. The withholding rate is slightly lower than the sum of the normal tax and the first bracket surtax, in order to make partial allowance for deductions. The rates are thus designed to minimize as far as possible over-withholding and the consequent necessity for making refunds.

The amount of each wage or salary payment subject to withholding is determined by subtracting from the gross payment the withholding exemptions allowable. The withholding exemption for the Victory tax is $624. The withholding exemptions for the income tax are the regular personal exemptions of $500 for a single person, $1,200 for a married person, and an additional $350 for each dependent, each increased by 10 percent to allow for average deductions. These exemptions are prorated according to the length of the pay period, that is, weekly, semi-monthly, monthly, or other pay periods. For example, the weekly Victory tax allowance is $12, while the weekly income tax allowance is $11 for a single person, $26 for a married couple, and $8 for each dependent.

To enable the employer to determine the proper amount of tax to be withheld, the employee is required to furnish a signed withholding exemption certificate showing whether he is single or married and the number of his dependents. If his marital and dependency status changes, the employee is required to file an amended certificate to take effect for future pay periods. The employer is entitled to rely on the exemption certificate furnished him by the employee in computing the amount to be withheld from the employee's wages, and if the employee fails to furnish the required certificate, no personal exemption, or dependency credit is to be allowed. Thus, the employer is not placed under a duty to ascertain the status of an employee, and the responsibility in this regard falls upon the employee.

The House Bill gives employers the option of either directly computing the amounts of tax to be withheld or using wage bracket tables. If the employer chooses the computation method, he subtracts the Victory tax withholding exemption from the wage payment and applies a rate of 3 percent to the balance, and subtracts the income tax withholding exemption from the wage payment and applies a rate of 17 percent to the balance; the sum of the two resulting amounts is the amount to be withheld. If the employer uses the tables which the House Bill provides for the standard payroll periods, he determines the amount to be withheld by reading it from the tables. Knowing the person's marital status and number of dependents, the employer needs only to locate the bracket in which the given wage falls and to read off the corresponding amount to be withheld.

Under the House Bill the employer is required to make quarterly returns and pay over the tax withheld from his employees in each quarter on or before the last day of the month following the close of the quarter. He is also required to furnish each employee a written receipt showing the wages paid during the year and the amount withheld. If the employee's services are terminated before the close of the calendar year, the receipt must be furnished on the day on which the last payment of wages is made, except that an extension of thirty days may be granted by the Commissioner. In lieu of the present information return with respect to wages, the employer is required to attach to the last quarterly return for the calendar year copies of the receipts which he gives to his employees so that they may be checked against the returns filed by the individual wage earners.

After the close of the year, wage earners are required to file returns showing their actual income and final liabilities for the year. The tax withheld at source is allowed as a credit against such final liability and adjustments to such liability are made by additional payments or refunds. For the vast majority of wage earners these adjustments will be minor in amount.

Collection at source applies only to compensation for personal services. However, certain types of employment are excluded from withholding under the bill. The principal types excluded are domestic servants, members of the armed forces, and farm labor.

The House Bill will discharge by collection at source substantially the full tax liability for persons whose income consists of wages not exceeding \$2,700 if single and \$3,500 if married, and correspondingly higher amounts if the employee has dependents. Seventy percent of all taxpayers will have their entire tax liability withheld at source and an additional 10 percent will have part of their liability withheld at source.

Since the provisions of the House Bill with respect to withholding were drafted, conferences with representatives of employers have produced several suggestions, tending to simplify the burden on employers which is involved in the mechanics of applying the system of collection at the source. Suggested changes of this nature will be described in a separate statement.

3. Current payment of tax liabilities not collected at source

Collection at source will discharge the tax liabilities for most taxpayers. There are two types of cases where collection at source does not discharge the total tax liability. One is the case where incomes are not from wages and salaries. The other case is where incomes extend into brackets with rates higher than those covered by collection at source.

With respect to incomes not subject to collection at source the basic technique is the same for all three bills. This technique involves a declaration by the taxpayer of his estimated tax liability for the current year by March 15. This estimated tax is to be paid at quarterly intervals thereafter, or earlier if the taxpayer chooses. The taxpayer may revise the declaration of the estimated tax each quarter and ratably increase or decrease remaining installments.

In the case of the Ruml-Carlson Bill and the Ways and Means Committee Bill this technique was also to be applied to the balance of the tax liability on incomes subject to source collection but falling in the higher surtax brackets, and to higher surtaxes on incomes not subject to collection at source. It would thus achieve current collection of the total tax liabilities of all taxpayers, except for necessary year-end adjustments. The House Bill, however, provides for current collection only of an estimated basic tax of 20 percent. Any balance of tax liability over this amount is payable in the year following the receipt of income in the same manner as under present law.

Declarations of estimated basic tax are required only of those individuals who have more than \$100 of income not subject to withholding and whose total gross income would require them to file income tax returns at the end of the taxable year. Thus, persons whose entire income consists of wages subject to withholding and only a nominal amount of other income are not required to file declarations.

A special rule, common to all three bills, applies to farmers who fulfill the requirements with respect to gross income. Farmers are defined as individuals whose estimated gross income from farming amounts to at least 80 percent of the total estimated gross income from all sources. In their case, the declaration of the estimated tax may be made at any time on or before the 15th of December. Farmers are not required to pay in installments but they may voluntarily elect to do so.

Under the House Bill, to prevent substantial underestimates of the estimated basic tax, a penalty is added to the tax. The penalty is 6 percent of any amount by which 16 percent of the actual net income less wages subject to withholding or the personal exemption, whichever is the greater, exceeds the estimated basic tax paid during the year. In other words, this penalty applies only if the individual underestimates by more than 20 percent the net income on which the estimated basic tax is computed. A special rule applicable to farmers who elect the end of the year filing date provides a tolerance limit of 33-1/3 percent of actual net income over wages or personal exemption, whichever is the greater.

Additional penalties are provided to safeguard the current payment system. In the case of a failure to file a declaration of estimated tax within the time prescribed, the penalty is $10 or 10 percent of the tax, whichever is greater. In the case of a failure to pay an installment of the estimated tax within the time prescribed, the penalty is $2.50 or 2½ percent of the tax, whichever is greater, for each installment with respect to which such failure occurs.

This sytem of current payment of tax not collected at source is to come into operation in the third quarter of 1943 to parallel the new collection-at-source system which begins July 1, 1943. The March and June installments of 1942 tax payable in 1943, insofar as an amount equal to the forgiven basic liability is concerned, will be treated as current payments of estimated basic tax for 1943. When the taxpayer files his return in March, 1944, adjustments will be made for overpayment or underpayment of the 1943 liability.

4. Extent to which taxpayers are on a current basis under the three major bills

The current payment features of the House Bill place 90 percent of taxpyaers on a fully current basis except for minor-year-end adjustments. The great majority of the remaining 10 percent of taxpayers are made substantially current. Less than 1 percent of all taxpayers would not be at least 75 percent current, and only about 700,000 taxpayers out of nearly 44 million will have a liability exceeding $90 carried over beyond the close of the current year. The House Bill achieves current collection for the taxpayers in the lower brackets to whom it is most essential and falls short of fully current collection for only the four million taxpayers who have surtax net incomes in excess of $2,000, that is, in excess of the first surtax bracket. In the case of higher-bracket taxpayers, a very substantial part of the tax is discharged currently because the bill applies current collection to the basic tax on the entire income regardless of the surtax bracket into which it falls.

Under the Ruml-Carlson Bill all taxpayers would be fully current almost immediately. Under the Ways and Means Committee Bill, all taxpayers would be on a current basis with respect to their taxes on current income before the end of 1943. The 7 million taxpayers who had no liability on 1942 income at 1941 rates and exemptions would be current as to all liabilities, while the remaining taxpayers would be required to pay their reduced 1942 tax concurrently with their taxes on current income during 1944, 1945, and 1946.

5. Treatment of 1942 tax

Although all three bills before the House provided the same methods of collection at source and current payment, the amount of forgiveness of 1942 taxes and the distribution of the forgiveness were a major subject of controversy. The House Bill cancels the 6 percent normal tax and 13 percent of surtax net income on 1942 individual incomes. No problem arises on account of the unforgiven 1942 tax. Since only the basic liability for any year is payable currently and since this corresponds to the amount of 1942 tax forgiven, there can be no doubling-up of payment.

The Ruml-Carlson Bill cancels the entire tax on 1942 income except for certain offsets intended to prevent windfall gains to some taxpayers. One of these anti-windfall provisions applies where 1943 income is less than 1942 income while the other applies when both 1942 and 1943 incomes are greater than 1940 income, the year 1940 having been substituted for the year 1941 by Floor Amendment. Under the Ruml-Carlson Bill there would in general be no doubling-up since, while the whole tax is payable currently each year, the entire 1942 tax is correspondingly forgiven. An exception is presented in those cases where the second of the above anti-windfall provisions is applicable, since the amount of tax not forgiven under the anti-windfall provisions is payable in 1943, unless an extension of time is granted by the Commissioner in cases of hardship.

The bill reported by the House Ways and Means Committee recomputes the tax on 1942 income at 1941 rates and exemptions and the difference is cancelled. Under this bill, the unforgiven 1942 tax liabilities require special treatment. Provision is made for collecting them in three annual installments beginning March 15, 1944. To encourage advance payment of the later installments, provision is made for a discount of

6 percent of the reduced 1942 tax if full payment is made by March 15, 1944, and a discount of 2 percent of such tax if the 1944 installment is paid and the balance is paid by March 15, 1945. The Commissioner is authorized to grant an extension of time up to three years in those cases where payment of any installment would result in undue hardship.

6. Provisions relating to members of the armed forces

The House Bill contains two provisions relating to members of the armed forces. One provision exempts from income tax the service pay of most members of the armed forces. The second provision abates outstanding income tax liability for members of the armed forces who die while on active service. The provisions in the House Bill are identical with those contained in the Ruml-Carlson Bill and in the Ways and Means Committee Bill.

Under present law, there is provided an exclusion from gross income in the case of personnel below the grade of commissioned officer in the military and naval forces of the United States. The amount excluded under this provision is not to exceed $250 in the case of a single person and $300 in the case of a married person or head of a family and applies only to salary or compensation received for active service in the armed forces during the present war. These exclusions are in addition to the personal exemptions.

The House Bill proposes to amend this provision by increasing the exclusion from gross income in the case of military and naval personnel, without distinction as to rank, with respect to the compensation received during any taxable year for active service during the present war. The amount so excluded is not to exceed the excess of $3,500 over the personal exemption claimed by the member of the military or naval forces. If such member of the armed forces is married and living with his spouse on the last day of the taxable year and his spouse is not a member of the military or naval forces, the amount of the exclusion is not to exceed the excess of $3,500 over the personal exemption claimed by both the spouse and the member of the military or naval forces. Thus, under this provision, the amount of service pay which may be excluded from gross income in the case of a married person is the same regardless of whether joint or separate returns are filed and regardless of the property law of any State. The amendment would apply with respect to all compensation received after December 31, 1941 by a member of the armed forces of the United States for active service in such forces, and is thus retroactive to the year 1942.

Under another provision of the House Bill, members of the armed forces who die in active service are relieved from income taxes for the taxable year in which falls the date of death. In addition, there is abated all income taxes (including interest and additions to tax) which are unpaid as of the date of death. If the amount of any such liability which was unpaid as of the date of death is collected subsequent to such date, provision is made that the amount so collected shall be credited or refunded as an overpayment. This amendment becomes effective with respect to members of the armed forces dying in active service on or after December 7, 1941.

7. Revenue effects under the three major bills

The 1942 tax liabilities under present law are estimated at $9,815 million before giving effect to the special provisions relating to the armed forces and at $9,451 million after giving effect to these special provisions. The House Bill would cancel $7,238 million. The Ruml-Carlson Bill would cancel the entire $9,451 million but would recoup through windfall provisions $1,133 million, resulting in a net cancellation of $8,319 million after giving effect to these special provisions. The Ways and Means Committee Bill would cancel $4,672 million. Thus, of the 1942 liabilities there would remain only $2,214 million under the House Bill, $1,133 million under the Ruml-Carlson Bill, (this entire amount being due to the special windfall provisions) and $4,780 million under the Ways and Means Committee Bill.

Under the House Bill the tentative estimates of income tax liabilities due in the fiscal year 1944 would not be appreciably different from the income tax liabilities due under the present law. The liabilities due in each case would amount to approximately $13,000 million. The increase of over a half billion dollars in liabilities due in the fiscal year 1944 under the House Bill as a result of subjecting the higher levels of income in 1943 and 1944 to current tax payment insofar as the basic liability is concerned is offset for the most part by the decrease in liabilities resulting from the relief for the armed forces.

Under the Ruml-Carlson Bill the liabilities due in the fiscal year 1944 would amount to $15,263 million and under the Ways and Means Committee Bill to $15,724 million if no discounts are taken, and $18,623 million if the maximum discounts are taken. The larger collections under the Ways and Means Committee Bill and the Ruml-Carlson Bill in that particular year are due in part to a doubling up of certain liabilities with respect to 1942 taxes and in part to a more complete dependence of the liabilities due in the fiscal year 1944 upon the higher level of current income than under the House Bill, since under the House Bill the liabilities with respect to the upper surtax brackets are based upon the preceding year's income.

In the fiscal years 1945 and 1946 the Ways and Means Committee Bill will continue to produce larger amounts of revenue than the other two bills to the extent that the 1942 tax is not fully paid in 1944. The revenue under the Ruml-Carlson Bill and the House Bill will be equal in fiscal year 1945 if 1944 and 1945 incomes are at the same level as 1943 incomes. If the trend of income continues upward the yield under the Ruml-Carlson Bill will be somewhat higher than under the House Bill since current collection applies to the whole tax instead of to the basic tax, which accounts for about three-fourths of the total. On the other hand, if income trends should turn downward the yield under the Ruml-Carlson Bill would, for the same reason, be less than the yield under the House Bill.

The estimated income tax liabilities due during 1943 and 1944 and the amount of 1942 taxes cancelled under the Ruml-Carlson Bill are given in Exhibit 5. Corresponding estimates under the House Bill and the Ways and Means Committee Bill are given in Exhibits 6 and 7.

8. Distribution of forgiveness

The three plans differ not only with respect to the aggregate amount of tax forgiven but also with respect to the distribution of forgiveness among the various income brackets. Superficially each of the three bills distributes its forgiveness on a uniform pattern. The Ruml-Carlson Bill forgives the whole tax from the lowest income to the highest income. The House Bill forgives the normal tax and 13 percent of surtax net income uniformly from top to bottom. The Ways and Means Committee Bill shifts the rates and exemptions from the 1942 levels to the 1941 levels for all taxpayers. Thus on its face each bill appears to apply its forgiveness on a uniform basis for all taxpayers.

This apparent uniformity, however, does not mean that in actual operation each of the three bills distributes the benefits of forgiveness in an equitable manner. The relative distribution of forgiveness among different income brackets differs widely under the three bills. The assumption, which many people make, that uniform treatment is afforded when the same percentage of tax is forgiven to all taxpayers, fails to take account of several very important considerations.

A usual method of comparing the fairness of tax provisions is to measure the distribution of tax burdens imposed among the various income levels. On this basis of comparison, both the House Bill and the Ways and Means Committee Bill distribute the remaining 1942 tax burden in the form of progressive tax rate schedule although they differ as to exemptions and the pattern of the rate schedule. The Ruml-Carlson Bill, however, leaves no burden at all on 1942 income, except as to the anti-windfall provisions. This pattern of burden is obviously not equitable in a year of wartime income.

A second method of measuring the fairness of the distribution of tax forgiveness is based on the amount of income which a taxpayer has at his disposal to spend or to save -- not income before taxes, but income after payment of taxes. The Federal income tax has been in operation for 30 years. During every year of that time the receipt by an individual of a dollar of net income above exemptions has concurrently created a tax liability which must be subtracted to reflect the actual income. It is this actual income after tax and not the income before tax which is the proper standard for measuring the effects of tax forgiveness on persons in different income levels. Forgiveness adds wealth to the taxpayer, or reduces his liabilities, which is in effect the same thing. How do the amounts of the forgiveness under the three Bills compare with respect to income remaining after the taxes which are prescribed for 1942 by existing law?

The answer to this question may be seen in the following table showing for the three bills the relation of the amount of the forgiveness to the income after tax.

Net income before personal exemption	Income tax, present law (married person no dependents)	Income after tax	Amount forgiven under		
			Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	$ 140	$ 1,860	$ 140	$ 140	$ 100
3,000	324	2,676	324	324	192
5,000	746	4,254	746	691	388
10,000	2,152	7,848	2,152	1,614	860
25,000	9,220	15,780	9,220	4,437	2,396
100,000	64,060	35,940	64,060	18,690	11,357
1,000,000	854,000	146,000	854,000	189,750	121,126

Net income before personal exemption	Income after tax	Amount forgiven as percent of income after tax under		
		Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	$ 1,860	7.5%	7.5%	5.4%
3,000	2,676	12.1	12.1	7.2
5,000	4,254	17.5	16.2	9.1
10,000	7,848	27.4	20.6	11.0
25,000	15,780	58.4	28.1	15.2
100,000	35,940	178.2	52.0	31.6
1,000,000	146,000	584.9	130.0	83.0

From the above table, it is clear that while all three bills are more generous to the higher income groups than to lower income groups, the Ruml-Carlson plan is much more extreme in this effect. This may be perhaps clearer from the following illustrations:

A person with an income before taxes of $2,000 whose actual income after taxes is $1,860, under the Ruml-Carlson Bill, would have $140 added to his $1,860 or slightly less than 4 weeks' actual income.

A person with $5,000 income before taxes whose actual income after taxes is $4,254 would have $746 added by the Ruml-Carlson Bill or slightly less than 9 weeks' actual income.

The person with $10,000 income before taxes whose actual income after taxes is $7,848 would have $2,152 added, or nearly 14 weeks' actual income.

The person with $50,000 income before taxes whose actual income after taxes is $24,672 would have $25,328 added or a little more than 1 year's actual income.

The person with $100,000 income before taxes whose actual income after taxes is $35,940 would have $64,060 added or about 20 months' actual income.

The person with $1 million before taxes whose actual income after taxes is $146,000 would have $854,000 added or about 6 years' actual income.

Thus, the Ruml-Carlson plan would add actual incomes ranging from 4 weeks for the $2,000 man to 6 years for the million-dollar man.

A third measure of the fairness of tax forgiveness is the comparison of the amounts of forgiveness with the amounts of tax increases which have been imposed to finance the defense and war efforts. These increases were contained in the Revenue Acts of 1940, 1941 and 1942. They were intended to impose fair and equitable wartime tax increases according to the judgment of Congress. What portion of these increases would be wiped out by tax forgiveness under the three bills at various levels of income? The answer to this question is seen in the following table for a few income levels.

Net income before personal exemption	Tax increases under Acts of 1940, 1941, and 1942 for married person, no dependents	Amount forgiven as percent of tax increases under		
		Ruml Plan	House Bill	Ways and Means Committee Bill
$ 2,000	$ 182	76.9	76.9	55.0
3,000	469	69.1	69.1	40.9
5,000	991	75.3	69.7	39.2
10,000	2,740	78.5	58.9	31.4
25,000	12,460	74.0	35.6	19.2
100,000	62,833	102.0	29.7	18.1
1 ,000,000	267,006	319.8	71.1	45.4

From the above table, it is seen that in terms of taxes imposed for the war effort, the Ruml-Carlson Bill would wipe out the whole increase as of January 1, 1943, for taxpayers with incomes of over $100,000, and at the $1,000,000 level would confer additional benefits amounting to nearly $600,000. The other two bills avoid cancelling a greater amount than the wartime tax increases, with respect to all taxpayers.

A fourth measure of the fairness of distributing forgiveness relates to the problem of increased taxes to finance the war. In the January 1943 Budget Message, the President asked for "not less than $16 billion of additional funds by taxation, savings or both." In whatever form additional taxes are imposed, it is inevitable that by and large the increases will fall proportionately most heavily on the lower and middle incomes since it is not feasible to raise the rates on the higher incomes proportionally. The increased taxes will apply to periods subsequent to 1942. If 1942 taxes are to be forgiven for the purpose of getting the great mass of our taxpayers on a pay-as-you-go basis, it would seem obvious justice that insofar as possible those who benefit by the forgiveness should be subject at least to an equal amount of additional burdens. It would be grossly inequitable to forgive taxes to income groups on whom future tax increases can not be imposed and then to impose heavy tax increases on other income groups.

With respect to the possibility of reimposing the cancelled taxes on the same income levels, the following table shows the effective rates of tax increase which would have to be applied to selected net incomes under each plan to recoup over a 3-year period the tax forgiven on those amounts of income:

Net income before personal exemption	Effective rates of income and net Victory tax liability: present law	Effective tax rate increase necessary to recoup cancelled taxes at same income levels over a three-year period		
		Ruml-Carlson Bill	House Bill	Ways and Means Committee Bill
$ 2,000	9.4%	2.3%	2.3%	1.7%
3,000	13.5	3.6	3.6	2.1
5,000	17.9	5.0	4.6	2.6
10,000	24.7	7.2	5.4	2.9
100,000	68.6	21.4	6.2	3.8
1,000,000	89.9	28.5	6.3	4.0

From the above table, it is apparent that the effective rates necessary under the Ruml-Carlson Bill necessary to offset the forgiven taxes by rate increases applied over three years would exceed 100 percent for the higher income brackets. The bracket rates of tax would have to be even higher.

In the light of these facts, whatever other objections may be brought against the House Bill and the Ways and Means Committee Bill, these bills cannot properly be criticized as distributing 1942 tax forgiveness less uniformly and less fairly among taxpayers than the Ruml-Carlson Bill. On the contrary they are much more equitable in their distribution of forgiveness than the Ruml-Carlson Bill, which would result in a substantial redistribution of income in the direction of the higher income levels.

9. Summary

With respect to the collection at the source and the current tax payment provisions, the Treasury believes there is little room for choice between the three major bills. All three provide for the fundamental change in tax payment methods which is necessary in our tax law. While the House Bill does not place the higher surtax bracket incomes on a fully current basis, it must be recognized that the taxpayers in these brackets are best able to provide in advance for taxes.

Any choice between the three bills must, therefore, be based primarily upon the treatment provided with respect to the 1942 tax liability. Insofar as the distribution of forgiveness is concerned, the Treasury Department believes that both the Ways and Means Committee Bill and the House Bill distribute the cancellation of the 1942 tax on a reasonably equitable and fair basis. However, the smaller amount of cancellation under the Ways and Means Committee Bill results in a substantial increase in the revenue collections in the next few years at a time when such an increase is vitally necessary. The Treasury therefore believes that the Ways and Means Committee Bill possesses a definite advantage over the House Bill. With respect to the Ruml-Carlson Bill, as has already been indicated, the distribution of forgiveness is thoroughly inequitable and unfair. While this bill would produce some additional revenue in the fiscal year 1944, this aspect is more than offset by the factor of inequitable treatment of the 1942 tax. The Treasury therefore believes that the Ruml-Carlson Bill is definitely inferior to both the Ways and Means Committee Bill and the House Bill.

Finally, I should like to emphasize an aspect of which your Committee is fully aware, as indicated by the promptness with which these hearings have been commenced. This is the importance of prompt action in order to permit current collection to start by July 1 of this year. The Bureau of Internal Revenue has already taken preliminary steps to prepare for speedy inauguration of the current collection system should the Congress complete its action by May 15. I think it is vitally important both from the standpoint of the taxpayer and the standpoint of the Government to have collection at source under way by July 1. I therefore hope that the Committee will take action on this bill in time to permit accomplishment of this objective.

Exhibit 1

Amounts of individual net income tax and effective rates of tax for 1942 under (1) present law, (2) Ruml-Carlson Bill, (3) House Bill, and (4) Ways and Means Committee Bill, for selected levels of net income.

Married person - no dependents

Net income before personal exemption 1/	Tax on 1942 income: Present law	Tax on 1942 income: Ruml-Carlson Bill	Tax on 1942 income: House Bill	Tax on 1942 income: Ways & Means Committee Bill	Effective rates: Present law	Effective rates: Ruml-Carlson Bill	Effective rates: House Bill	Effective rates: Ways & Means Committee Bill
$ 1,200	$ -	-	$ -	$ -	-	-	-	-
1,500	48	-	-	-	3.2%	-	-	-
1,800	103	-	-	22	5.7	-	-	1.2%
2,000	140	-	-	40	7.0	-	-	2.0
2,500	232	-	-	86	9.3	-	-	3.4
3,000	324	-	-	132	10.8	-	-	4.4
4,000	532	-	25	236	13.3	-	.6%	5.9
5,000	746	-	55	358	14.9	-	1.1	7.2
6,000	992	-	117	505	16.5	-	2.0	8.4
8,000	1,532	-	289	861	19.2	-	3.6	10.8
10,000	2,152	-	538	1,292	21.5	-	5.4	12.9
15,000	4,052	-	1,513	2,705	27.0	-	10.1	18.0
20,000	6,452	-	2,963	4,581	32.3	-	14.8	22.9
25,000	9,220	-	4,783	6,824	36.9	-	19.1	27.3
50,000	25,328	-	16,143	20,393	50.7	-	32.3	40.8
100,000	64,060	-	45,370	52,703	64.1	-	45.4	52.7
500,000	414,000	-	319,290	345,394	82.8	-	63.9	69.1
1,000,000	854,000	-	664,250	732,874	85.4	-	66.4	73.3
5,000,000	4,374,000	-	3,423,930	3,922,844	87.5	-	68.5	78.5

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1/ Maximum earned net income assumed.

Exhibit 2

Amounts and percents of 1942 tax cancelled under Ruml-Carlson Bill, House Bill and Ways and Means Committee Bill for selected levels of net income

Married person - no dependents

Net income before personal exemption 1/	1942 income tax	Amount of 1942 tax cancelled: Ruml-Carlson Bill	House Bill	Ways & Means Committee Bill	Percent of 1942 tax cancelled: Ruml-Carlson Bill	House Bill	Way & Means Committee Bill
$ 1,200	$ -	$ -	$ -	$ -	-	-	-
1,500	48	48	48	48	100.0%	100.0%	100.0%
1,800	103	103	103	81	100.0	100.0	78.6
2,000	140	140	140	100	100.0	100.0	71.4
2,500	232	232	232	146	100.0	100.0	62.9
3,000	324	324	324	192	100.0	100.0	59.3
4,000	532	532	507	296	100.0	95.3	55.6
5,000	746	746	691	388	100.0	92.6	52.0
6,000	992	992	875	487	100.0	88.2	49.1
8,000	1,532	1,532	1,243	671	100.0	81.1	43.8
10,000	2,152	2,152	1,614	860	100.0	75.0	40.0
15,000	4,052	4,052	2,539	1,347	100.0	62.7	33.2
20,000	6,452	6,452	3,489	1,871	100.0	54.1	29.0
25,000	9,220	9,220	4,437	2,396	100.0	48.1	26.0
50,000	25,328	25,328	9,185	4,935	100.0	36.3	19.5
100,000	64,060	64,060	18,690	11,357	100.0	29.2	17.7
500,000	414,000	414,000	94,710	68,606	100.0	22.9	16.6
1,000,000	854,000	854,000	189,750	121,126	100.0	22.2	14.2
5,000,000	4,374,000	4,374,000	950,070	451,156	100.0	21.7	10.3

Treasury Department, Division of Tax Research

May 5, 1943

1/ Maximum earned net income assumed.

Exhibit 3

Income and net Victory tax payments due in calendar year 1944, and effective rates under the Ruml-Carlson Bill, House Bill, and Ways and Means Committee Bill at selected levels of net income 1/

Married person - no dependents

Tax payments due

Net income before personal exemption 2/	Under both the Ruml-Carlson Bill and the House Bill	Under the Ways & Means Committee Bill: If no discount is taken	Under the Ways & Means Committee Bill: If 6% discount is taken 3/
$ 1,200	$ 21	$ 21	$ 21
1,500	79	79	79
1,800	144	151	165
2,000	188	201	226
2,500	297	326	378
3,000	405	449	529
4,000	647	726	869
5,000	894	1,013	1,231
6,000	1,173	1,341	1,648
8,000	1,780	2,067	2,589
10,000	2,467	2,898	3,681
15,000	4,533	5,435	7,076
20,000	7,100	8,627	11,406
25,000	10,035	12,310	16,450
50,000	27,075	33,873	46,244
100,000	68,584	86,152	118,125
500,000	440,747	555,878	765,417
1,000,000	899,000 4/	1,143,291	1,587,902
5,000,000	4,499,000 4/	5,806,615	8,186,473

Effective rates

1,200	1.8%	1.8%	1.8%
1,500	5.3	5.3	5.3
1,800	8.0	8.4	9.2
2,000	9.4	10.1	11.3
2,500	11.9	13.0	15.1
3,000	13.5	15.0	17.6
4,000	16.2	18.2	21.7
5,000	17.9	20.3	24.6
6,000	19.6	22.4	27.5
8,000	22.3	25.8	32.4
10,000	24.7	29.0	36.8
15,000	30.2	36.2	47.2
20,000	35.5	43.1	57.0
25,000	40.1	49.2	65.8
50,000	54.2	67.7	92.5
100,000	68.6	86.2	118.1
500,000	88.1	111.2	153.1
1,000,000	89.9 4/	114.3	158.8
5,000,000	90.0 4/	116.1	163.7

Treasury Department, Division of Tax Research May 5, 1943

(See next page for footnotes)

1/ Net income for 1942, 1943 and 1944 assumed to be same. For Victory tax purposes, gross income assumed to be ten-ninths of net income. Net Victory tax is used on assumption that taxpayer receives current benefit of post-war credit.

2/ Maximum earned net income assumed.

3/ Under the Ways and Means Committee Bill a discount of 6 percent is allowed if the entire amount of the reduced tax for 1942 is paid on or before March 15, 1944.

4/ Taking into account maximum effective rate limitation of 90 percent on combined net income and Victory tax.

May 5, 1943

Exhibit 4

Approximate distribution of income recipients by percentage of total liabilities discharged currently under the House Bill

(Calendar year 1943)

Percentage of total liability discharged currently	Number of taxable income recipients (millions)	Percentage of all taxable income recipients	Cumulative percentage of all taxable income recipients	Maximum amount of tax not discharged currently
100	38.7	88.8	88.8	0
90 - 100	4.2	9.6	98.4	$ 90
75 - 90	.3	.7	99.1	550
50 - 75	.3	.7	99.8	4,200
25 - 50	.1	.2	100.0	115,000
Less than 25	.002	.005	100.0	-
Total	43.6	100.0		

Exhibit 5

Estimated income tax liabilities due under the Carlson amendment, as amended, to H. R. 2570 as voted on in the House of Representatives May 4, 1943, which would:

(1) Remit to all taxpayers the net income tax liabilities on calendar year 1942 income as modified in provision (2).

(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year, and such spouse is not entitled to the benefit of this allowance).

(3) By June 15, 1943, require payment of at least one-half of proposed net income tax liabilities on income of the calendar year 1942, to be treated as payments toward income tax liabilities on calendar year 1943 income.

(4) Withhold after June 30, 1943, from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.

(5) For those taxpayers whose calendar year 1942 and calendar year 1943 surtax net incomes exceed calendar year 1940 surtax net income by more than $5,000, compute an additional calendar year 1943 tax liability as follows: From the smaller of the surtax net income of the calendar years 1942 and 1943, deduct the sum of $5,000 plus the calendar year 1940 surtax net income. The additional tax is the sum of 6 percent of such difference plus the surtax computed on such difference at present law rates, and is due by December 15, 1943.

(6) For those taxpayers whose present law calendar year 1942 net income tax liability is both greater than $1,050 and greater than the calendar year 1943 tax liability, add to present law calendar year 1943 net income tax liabilities the smaller of the excesses of present law calendar year 1942 net income tax liabilities over (a) $1,050 or (b) present law calendar year 1943 net income tax liabilities. This additional tax is due by December 15, 1943.

(7) Require that total proposed tax liabilities (comprising the proposed net Victory tax and the proposed net income tax but excluding the two additional taxes described in provisions (5) and (6) on incomes of the calendar years 1943 and subsequent years be paid currently. Quarterly payments are required on September 15 and December 15, 1943, to discharge such part of the proposed tax liabilities on income of the calendar year 1943 required to be paid currently as is not withheld during the calendar year 1943 or discharged by payments prior to June 15, 1943. Quarterly payments are required in subsequent years in such amounts that, together with the amounts withheld, tax liabilities will be paid currently.

Exhibit 5 continued

	(Million dollars)
Estimated income tax liabilities due: 1/	
Last six months of fiscal year 1943	5,277.7
First six months of fiscal year 1944	8,383.3
Last six months of fiscal year 1944	6,879.8
Total, 18 months, January 1, 1943 - June 30, 1944	20,540.8
Calendar year 1943	13,661.0
Fiscal year 1944	15,263.1
Reconciliation of total proposed income tax liabilities, 18 months, January 1, 1943 - June 30, 1944, with total tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --	
Total income tax liabilities, 18 months period, January 1,1943 - June 30, 1944	20,540.8
Amount withheld but not received until after June 30, 1944 (3 months' withholding)	1,462.6
Proposed net income tax and Victory tax liabilities through December 31, 1944, not withheld or paid through June 30, 1944	6,957.0
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943, and 1944 2/	1,967.7
Proposed net income tax liabilities remitted in addition to the special exclusion allowed to the armed forces	9,451.3
Elimination of additions to 1943 net income tax liabilities -	
"Windfall provision"	- 455.9
"Excess profits tax"	- 676.9
Total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944	39,246.6
Total tax liabilities under Carlson proposal on income of the calendar years 1942, 1943, and 1944	28,960.4

Treasury Department, Division of Research and Statistics. May 5, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by \$363.9 millions and \$670.1 millions, respectively. Calendar year 1943 net Victory tax liabilities are reduced by \$131.8 millions.

NOTE: Figures are rounded and will not necessarily add to totals.

Exhibit 6

Estimated income tax liabilities 1/ due under H.R. 2577 as passed by the House of Representatives on May 4, 1943. The estimates assume that H.R. 2577 would:

(1) Remit the basic tax liabilities on income of the calendar year 1942 (normal tax plus 13 percent of entire surtax net income). 2/

(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year and such spouse is not entitled to the benefit of this allowance).

(3) By June 15, 1943 require payment of at least one-half of proposed net income tax liabilities (prior to remission of basic tax liabilities) on income of the calendar year 1942.

(4) Withhold after June 30, 1943 from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.

(5) In case gross income from sources other than salaries and wages can reasonably be expected to exceed $100 for the current calendar year, require certain current payments to be applied toward basic tax liabilities and net Victory tax liabilities not withheld at source 2/. Such current payments are equal to 20 percent of the excess of estimated net income over the larger of (a) estimated salaries and wages or (b) personal exemption plus dependent credit.

(6) Require that any basic tax liabilities or net Victory tax liabilities not paid currently be paid by March 15 of the following year 2/.

(7) Require payments of "balance tax liabilities" (the excess of total net income tax liabilities over liabilities for basic tax 2/ equal to normal tax plus 13 percent of entire surtax net income) to be collected as under present law; namely, in the year following the calendar year in which the taxable income is received.

Exhibit 6 continued

(In millions of dollars)

Estimated income tax liabilities due:	
Last six months of fiscal year 1943	5,277.7
First six months of fiscal year 1944	5,102.5
Last six months of fiscal year 1944	7,920.3
Total, 18 months, January 1, 1943 - June 30, 1944	18,300.5
Calendar year 1943	10,380.2
Fiscal year 1944	13,022.8

Reconciliation of total income tax liabilities, 18 months January 1, 1943 - June 30, 1944 with total income tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --

Total tax liabilities, 18 months period, January 1, 1943 - June 30, 1944................................		18,300.5
Amount withheld but not received until after June 30, 1944 (3 months' withholding)................................		1,462.6
Proposed tax liabilities through December 31, 1944 not withheld or paid through June 30, 1944:		
Calendar year 1943 liabilities	1,375.6	
Calendar year 1944 liabilities	8,902.3	
Total		10,277.9
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943 and 1944 3/.		1,967.7
Proposed calendar year 1942 basic tax liabilities remitted in addition to the special exclusion allowed to the armed forces		7,237.9
Total tax liabilities under present law on income of the 36 month period, January 1, 1942 - December 31, 1944 ...		39,246.6
Total tax liabilities under H.R. 2577 on income of the 36 month period, January 1, 1942 - December 31, 1944 ...		30,041.0

Treasury Department, Division of Research and Statistics. May 5, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

2/ The bill includes the net Victory tax liability of the calendar year 1943 and subsequent years as a part of basic tax liability. For convenience in estimating, net Victory tax liabilities are treated separately.

3/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by $363.9 millions and $670.1 millions, respectively. Calendar year 1943 net Victory tax liabilities are reduced by $131.8 millions.

NOTE: Figures are rounded and will not necessarily add to totals.

Exhibit 7

Estimated income tax liabilities 1/ due under H.R. 2570 as reported by the Committee on Ways and Means, April 24, 1943, which would:

(1) Remit to all taxpayers the difference between the net income tax liabilities on calendar year 1942 incomes as modified in provision (2) and such liabilities computed under a rate schedule applied to calendar year 1942 tax liabilities which approximates the yield derived by using the lower tax rates and the larger personal exemptions and dependent credit of the Revenue Act of 1941.

(2) Allow any member of the armed forces in active service an exclusion from base pay received after December 31, 1941, equal to the excess of $3,500 over the personal exemption claimed by such member (and by his spouse if such member is married and living with his spouse on the last day of the taxable year and such spouse is not entitled to the benefit of this allowance).

(3) By June 15, 1943, require payment of at least one-half of proposed net income tax liabilities on income of the calendar year 1942.

(4) Withhold after June 30, 1943, from salaries and wages in excess of the withholding allowance (110 percent of the personal exemption and dependent credit) at a rate of 17 percent; and in addition withhold from salaries and wages in excess of an annual rate of $624 at a rate of 3 percent, in lieu of the 5 percent Victory tax now withheld on salaries and wages.

(5) Require the unremitted 1942 tax liabilities to be paid over a period of three years, one-third being due by March 15 of each of the years 1944, 1945, and 1946.

(6) Allow a discount of 6 percent of the unremitted tax if paid in full by March 15, 1944 and a discount of 2 percent if paid in full by March 15, 1945.

(7) Require that total proposed tax liabilities (including the net Victory tax) on incomes of the calendar years 1943 and subsequent years be paid currently. Quarterly payments are required on September 15 and December 15, 1943 to discharge such part of the proposed tax liabilities on income of the calendar year 1943 as is not withheld during calendar year 1943 or discharged by payments prior to June 15, 1943. Quarterly payments are required in subsequent years in such amounts that, together with the amounts withheld, tax liabilities will be paid currently.

Exhibit 7 continued.

	Maximum discounts taken	No discounts taken
	(In millions of dollars)	
Estimated income tax liabilities:		
Last six months of fiscal year 1943	5,277.7	5,277.7
First six months of fiscal year 1944	7,250.5	7,250.5
Last six months of fiscal year 1944	11,372.8	8,473.1
Total, 18 months, January 1, 1943 - June 30, 1944	23,901.0	21,001.3
Calendar year 1943	12,528.2	12,528.2
Fiscal year 1944	18,623.3	15,723.6
Reconciliation of total tax liabilities, 18 months, January 1, 1943 - June 30, 1944, with total tax liabilities under present law on incomes of the calendar years 1942, 1943, and 1944 --		
Total tax liabilities, 18 months period, January 1, 1943-June 30, 1944	23,901.0	21,001.3
Amount withheld but not received until after June 30, 1944 (three months withholding)	1,462.6	1,462.6
Proposed tax liabilities through December 31, 1944, not withheld or paid through June 30, 1944	6,957.0	10,143.5
Reduction proposed in tax liabilities of the armed forces on incomes of the calendar years 1942, 1943, and 1944 2/	1,967.7	1,967.7
Proposed calendar year 1942 net income tax liabilities remitted	4,671.6	4,671.6
Discount allowed for prepayment of unremitted tax liabilities on calendar year 1942 income	286.8	--
Total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944	39,246.7	39,246.7
Total tax liabilities under H. R. 2570 on income of the calendar years 1942, 1943, and 1944	32,320.6	32,607.4

Treasury Department, Division of Research and Statistics. April 30, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943.

NOTE: Figures are rounded and will not necessarily add to totals.

Exhibit 8

Estimated receipts under present law 1/

(In millions of dollars)

			Last six months of fiscal 1943	First six months of fiscal 1944	Last six months of fiscal 1944	Total 18 mos. Jan. 1, 1943-June 30, 1944
Net income tax liability, calendar year 1942, in quarterly payments			4,907.6	4,907.6		9,815.2
Net income tax liability, calendar year 1943, in quarterly payments			--	--	5,994.6	5,994.6
Present law withholding..........................			552.0	1,104.0	1,104.0	2,760.0
March 1944 adjustment --						
Net Victory tax liability, calendar year 1943		2,726.5				
Total withholdings	2,208.0					
Withholdings in excess of net Victory tax liability	740.0					
Withholdings offset against net Victory tax liability.		-1,468.0				
Net Victory tax liability of calendar year 1943 not paid in calendar year 1943		1,258.5				
Payment in first six months of calendar year 1944 of one-half of net Victory tax liability of calendar year 1943 not paid in calendar year 1943................................					629.3	629.3
Refund to those having excess of Victory tax withholdings over sum of net income tax plus net Victory tax liability					- 175.0	- 175.0
Excess of withholdings over net Victory tax liability which is offset against net income tax liability on income of calendar year 1943					- 565.0	- 565.0
Total receipts			5,459.6	6,011.6	6,987.9	18,459.1

Exhibit 8, cont'd.

Estimated receipts under present law 1/

(In millions of dollars)

	Last six months of fiscal 1943	First six months of fiscal 1944	Last six months of fiscal 1944	Total 18 mos. Jan. 1, 1943-June 30, 1944
Reconciliation of total receipts, 18 months, January 1, 1943-June 30, 1944, with total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944--				
Victory tax withheld but not received in the first six months of calendar year 1944				552.0
Victory tax which will be withheld in last six months of calendar year 1944..........				1,104.0
Victory tax withholdings in excess of net Victory tax liability for calendar year 1944				- 740.0
Calendar year 1943 Victory tax liability not received before July 1, 1944				629.3
Calendar year 1944 Victory tax liability not due until 1945...........................				1,258.5
Net income tax liability on calendar year 1943 income not received before July 1, 1944.....				5,994.6
Net income tax liability on calendar year 1944 income not due until 1945..................				11,989.2
Total....................................				39,246.7

Treasury Department, Division of Research and Statistics. March 25, 1943.

1/ Total taxable income for a calendar year is assumed to be distributed equally among the four quarters of the year. Calendar year 1944 income has not been forecast, but has been assumed to be the same as forecast for calendar year 1943.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS A DAILY PAYROLL PERIOD OR A MISCELLANEOUS PAYROLL PERIOD

And the wages divided by the number of days in such period are --		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
At least	But less than			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period									
$0	$1	$0.10	-	-	-	-	-	-	-	-	-
1	2	.30	$0.15	-	-	-	-	-	-	-	-
2	3	.50	.35	$0.15	-	-	-	-	-	-	-
3	4	.70	.55	.35	$0.20	$0.05	$0.05	$0.05	$0.05	$0.05	$0.05
4	5	.90	.75	.55	.40	.20	.10	.10	.10	.10	.10
5	6	1.10	.95	.75	.60	.40	.25	.10	.10	.10	.10
6	7	1.30	1.15	.95	.80	.60	.45	.30	.15	.15	.15
7	8	1.50	1.35	1.15	1.00	.80	.65	.50	.30	.15	.15
8	9	1.70	1.55	1.35	1.20	1.00	.85	.70	.50	.35	.20
9	10	1.90	1.75	1.55	1.40	1.20	1.05	.90	.70	.55	.35
10	12	2.20	2.05	1.85	1.70	1.50	1.35	1.20	1.00	.85	.65
12	14	2.60	2.45	2.25	2.10	1.90	1.75	1.60	1.40	1.25	1.05
14	16	3.00	2.85	2.65	2.50	2.30	2.15	2.00	1.80	1.65	1.45
16	18	3.40	3.25	3.05	2.90	2.70	2.55	2.40	2.20	2.05	1.85
18	20	3.80	3.65	3.45	3.30	3.10	2.95	2.80	2.60	2.45	2.25
20	22	4.20	4.05	3.85	3.70	3.50	3.35	3.20	3.00	2.85	2.65
22	24	4.60	4.45	4.25	4.10	3.90	3.75	3.60	3.40	3.25	3.05
24	26	5.00	4.85	4.65	4.50	4.30	4.15	4.00	3.80	3.65	3.45
26	28	5.40	5.25	5.05	4.90	4.70	4.55	4.40	4.20	4.05	3.85
28	30	5.80	5.65	5.45	5.30	5.10	4.95	4.80	4.60	4.45	4.25
$30 or over		20% of the excess over $30 plus									
		$6.00	$5.85	$5.65	$5.50	$5.30	$5.15	$5.00	$4.80	$4.65	$4.45

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $0.15 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the product of the median wage in the bracket in which the wages fall and the number of days in the period (or if the wages paid are $30 or over, of the excess of the wages) over the product of $1.70 and the number of days in the period, computed, in case such amount is not a multiple of $0.05 to the nearest multiple of $0.05.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS MONTHLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$40	$4.00	-	-	-	-	-	-	-	-	-
40	50	9.00	$3.80	-	-	-	-	-	-	-	-
50	60	11.00	5.80	$0.60	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
60	70	13.00	7.80	2.60	.40	.40	.40	.40	.40	.40	.40
70	80	15.00	9.80	4.60	.70	.70	.70	.70	.70	.70	.70
80	100	18.00	12.80	7.60	2.40	1.10	1.10	1.10	1.10	1.10	1.10
100	120	22.00	16.80	11.60	6.40	1.70	1.70	1.70	1.70	1.70	1.70
120	140	26.00	20.80	15.60	10.40	5.20	2.30	2.30	2.30	2.30	2.30
140	160	30.00	24.80	19.60	14.40	9.20	4.00	2.90	2.90	2.90	2.90
160	200	36.00	30.80	25.60	20.40	15.20	10.00	4.80	3.80	3.80	3.80
200	240	44.00	38.80	33.60	28.40	23.20	18.00	12.80	7.60	5.00	5.00
240	280	52.00	46.80	41.60	36.40	31.20	26.00	20.80	15.60	10.40	6.20
280	320	60.00	54.80	49.60	44.40	39.20	34.00	28.80	23.60	18.40	13.20
320	360	68.00	62.80	57.60	52.40	47.20	42.00	36.80	31.60	26.40	21.20
360	400	76.00	70.80	65.60	60.40	55.20	50.00	44.80	39.60	34.40	29.20
400	440	84.00	78.80	73.60	68.40	63.20	58.00	52.80	47.60	42.40	37.20
440	480	92.00	86.80	81.60	76.40	71.20	66.00	60.80	55.60	50.40	45.20
480	520	100.00	94.80	89.60	84.40	79.20	74.00	68.80	63.60	58.40	53.20
520	560	108.00	102.80	97.60	92.40	87.20	82.00	76.80	71.60	66.40	61.20
560	600	116.00	110.80	105.60	100.40	95.20	90.00	84.80	79.60	74.40	69.20
600	640	124.00	118.80	113.60	108.40	103.20	98.00	92.80	87.60	82.40	77.20
640	680	132.00	126.80	121.60	116.40	111.20	106.00	100.80	95.60	90.40	85.20
680	720	140.00	134.80	129.60	124.40	119.20	114.00	108.80	103.60	98.40	93.20
720	760	148.00	142.80	137.60	132.40	127.20	122.00	116.80	111.60	106.40	101.20
760	800	156.00	150.80	145.60	140.40	135.20	130.00	124.80	119.60	114.40	109.20
$800 or over		20% of the excess over $800 plus									
		$160.00	$154.80	$149.60	$144.40	$139.20	$134.00	$128.80	$123.60	$118.40	$113.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $5.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages paid fall (or if the wages paid are $800 or over, of the excess of the wages) over $52, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS SEMIMONTHLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
At least	But less than			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$20	$2.00	-	-	-	-	-	-	-	-	-
20	30	5.00	$2.40	-	-	-	-	-	-	-	-
30	40	7.00	4.40	$1.80	$.30	$.30	$.30	$.30	$.30	$.30	$.30
40	50	9.00	6.40	3.80	1.20	.60	.60	.60	.60	.60	.60
50	60	11.00	8.40	5.80	3.20	.90	.90	.90	.90	.90	.90
60	80	14.00	11.40	8.80	6.20	3.60	1.30	1.30	1.30	1.30	1.30
80	100	18.00	15.40	12.80	10.20	7.60	5.00	2.40	1.90	1.90	1.90
100	120	22.00	19.40	16.80	14.20	11.60	9.00	6.40	3.80	2.50	2.50
120	140	26.00	23.40	20.80	18.20	15.60	13.00	10.40	7.80	5.20	3.10
140	160	30.00	27.40	24.80	22.20	19.60	17.00	14.40	11.80	9.20	6.60
160	180	34.00	31.40	28.80	26.20	23.60	21.00	18.40	15.80	13.20	10.60
180	200	38.00	35.40	32.80	30.20	27.60	25.00	22.40	19.80	17.20	14.60
200	220	42.00	39.40	36.80	34.20	31.60	29.00	26.40	23.80	21.20	18.60
220	240	46.00	43.40	40.80	38.20	35.60	33.00	30.40	27.80	25.20	22.60
240	260	50.00	47.40	44.80	42.20	39.60	37.00	34.40	31.80	29.20	26.60
260	280	54.00	51.40	48.80	46.20	43.60	41.00	38.40	35.80	33.20	30.60
280	300	58.00	55.40	52.80	50.20	47.60	45.00	42.40	39.80	37.20	34.60
300	320	62.00	59.40	56.80	54.20	51.60	49.00	46.40	43.80	41.20	38.60
320	340	66.00	63.40	60.80	58.20	55.60	53.00	50.40	47.80	45.20	42.60
340	360	70.00	67.40	64.80	62.20	59.60	57.00	54.40	51.80	49.20	46.60
360	380	74.00	71.40	68.80	66.20	63.60	61.00	58.40	55.80	53.20	50.60
380	400	78.00	75.40	72.80	70.20	67.60	65.00	62.40	59.80	57.20	54.60
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.40	$74.80	$72.20	$69.60	$67.00	$64.40	$61.80	$59.20	$56.60

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.60 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $26, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS BIWEEKLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$20	$2.00	-	-	-	-	-	-	-	-	-
20	30	5.00	$2.60	$.20	-	-	-	-	-	-	-
30	40	7.00	4.60	2.20	$.30	$.30	$.30	$.30	$.30	$.30	$.30
40	50	9.00	6.60	4.20	1.80	.60	.60	.60	.60	.60	.60
50	60	11.00	8.60	6.20	3.80	1.40	.90	.90	.90	.90	.90
60	80	14.00	11.60	9.20	6.80	4.40	2.00	1.40	1.40	1.40	1.40
80	100	18.00	15.60	13.20	10.80	8.40	6.00	3.60	2.00	2.00	2.00
100	120	22.00	19.60	17.20	14.80	12.40	10.00	7.60	5.20	2.80	2.60
120	140	26.00	23.60	21.20	18.80	16.40	14.00	11.60	9.20	6.80	4.40
140	160	30.00	27.60	25.20	22.80	20.40	18.00	15.60	13.20	10.80	8.40
160	180	34.00	31.60	29.20	26.80	24.40	22.00	19.60	17.20	14.80	12.40
180	200	38.00	35.60	33.20	30.80	28.40	26.00	23.60	21.20	18.80	16.40
200	220	42.00	39.60	37.20	34.80	32.40	30.00	27.60	25.20	22.80	20.40
220	240	46.00	43.60	41.20	38.80	36.40	34.00	31.60	29.20	26.80	24.40
240	260	50.00	47.60	45.20	42.80	40.40	38.00	35.60	33.20	30.80	28.40
260	280	54.00	51.60	49.20	46.80	44.40	42.00	39.60	37.20	34.80	32.40
280	300	58.00	55.60	53.20	50.80	48.40	46.00	43.60	41.20	38.80	36.40
300	320	62.00	59.60	57.20	54.80	52.40	50.00	47.60	45.20	42.80	40.40
320	340	66.00	63.60	61.20	58.80	56.40	54.00	51.60	49.20	46.80	44.40
340	360	70.00	67.60	65.20	62.80	60.40	58.00	55.60	53.20	50.80	48.40
360	380	74.00	71.60	69.20	66.80	64.40	62.00	59.60	57.20	54.80	52.40
380	400	78.00	75.60	73.20	70.80	68.40	66.00	63.60	61.20	58.80	56.40
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.60	$75.20	$72.80	$70.40	$68.00	$65.60	$63.20	$60.80	$58.40

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $24, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

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Exhibit a Proposed Revised Withholding Tables

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS WEEKLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$10	$1.00	-	-	-	-	-	-	-	-	-
10	15	2.50	$1.30	$.10	-	-	-	-	-	-	-
15	20	3.50	2.30	1.10	$.20	$.20	$.20	$.20	$.20	$.20	$.20
20	25	4.50	3.30	2.10	.90	.30	.30	.30	.30	.30	.30
25	30	5.50	4.30	3.10	1.90	.70	.50	.50	.50	.50	.50
30	40	7.00	5.80	4.60	3.40	2.20	1.00	.70	.70	.70	.70
40	50	9.00	7.80	6.60	5.40	4.20	3.00	1.80	1.00	1.00	1.00
50	60	11.00	9.80	8.60	7.40	6.20	5.00	3.80	2.60	1.40	1.30
60	70	13.00	11.80	10.60	9.40	8.20	7.00	5.80	4.60	3.40	2.20
70	80	15.00	13.80	12.60	11.40	10.20	9.00	7.80	6.60	5.40	4.20
80	90	17.00	15.80	14.60	13.40	12.20	11.00	9.80	8.60	7.40	6.20
90	100	19.00	17.80	16.60	15.40	14.20	13.00	11.80	10.60	9.40	8.20
100	110	21.00	19.80	18.60	17.40	16.20	15.00	13.80	12.60	11.40	10.20
110	120	23.00	21.80	20.60	19.40	18.20	17.00	15.80	14.60	13.40	12.20
120	130	25.00	23.80	22.60	21.40	20.20	19.00	17.80	16.60	15.40	14.20
130	140	27.00	25.80	24.60	23.40	22.20	21.00	19.80	18.60	17.40	16.20
140	150	29.00	27.80	26.60	25.40	24.20	23.00	21.80	20.60	19.40	18.20
150	160	31.00	29.80	28.60	27.40	26.20	25.00	23.80	22.60	21.40	20.20
160	170	33.00	31.80	30.60	29.40	28.20	27.00	25.80	24.60	23.40	22.20
170	180	35.00	33.80	32.60	31.40	30.20	29.00	27.80	26.60	25.40	24.20
180	190	37.00	35.80	34.60	33.40	32.20	31.00	29.80	28.60	27.40	26.20
190	200	39.00	37.80	36.60	35.40	34.20	33.00	31.80	30.60	29.40	28.20
$200 or over		20% of the excess over $200 plus									
		$40.00	$38.80	$37.60	$36.40	$35.20	$34.00	$32.80	$31.60	$30.40	$29.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $1.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $200 or over, of the excess of the wages) over $12, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

Exhibit ~~B~~ B Proposed Revised Withholding Exemptions for the income tax

SEC. 466 - COLLECTION AT SOURCE

"(a) Requirement for Withholding. - Every employer making payment of wages to any individual shall withhold and collect upon such wages a tax equal to 20 per centum of the excess of each payment over the withholding exemption allowable under subsection (b)(1) except that in no event shall the tax to be withheld be less than 3 per centum of the excess of each payment over the withholding exemption allowable under subsection (b)(2).

"(b) Withholding Exemption. -

"(1) In computing the tax under subsection (a) there shall be allowed as an exemption with respect to the wages paid for each payroll period an amount determined in accordance with the following schedule:

Payroll period	Single person	Married person claiming whole of personal exemption for withholding or head of family	Married person claiming half of personal exemption for withholding	Married person claiming none of personal exemption for withholding	Each dependent, other than the first dependent in the case of the head of a family
Weekly........	$12	$24	$12	0	$6
Biweekly......	$24	$48	$24	0	$12
Semimonthly...	$26	$52	$26	0	$13
Monthly.......	$52	$104	$52	0	$26
Quarterly.....	$156	$312	$156	0	$78
Semiannual....	$312	$624	$312	0	$156
Annual........	$624	$1,248	$624	0	$312
Daily or miscellaneous (per day of such period)	$1.70	$3.40	$1.70	0	$.85

"(2) In no event shall the tax to be withheld under subsection (a) be less than 3 per centum of the excess of each wage payment over an exemption determined in accordance with the following schedule:

Payroll Period	Withholding exemption
Weekly..	$12.00
Biweekly..	24.00
Semimonthly...	26.00
Monthly...	52.00
Quarterly...	156.00
Semiannual..	312.00
Annual..	624.00
Daily or Miscellaneous (per day of such period)..........	1.70

Fifth. ~~As a result of conferences with employers~~ Changes in several of the minor details of the withholding procedure appear desirable to facilitate the work of the employers. In brief these changes are as follows: The Commissioner should be authorized in meritorious cases to extend the time for the filing of withholding returns by the employer. A like authority should be given to the Commissioner to extend the time by which the employer must furnish year-end receipts showing the amount of wages paid and the amount of tax withheld on those wages; also, a limitation should be placed upon the number of times during each year that the employer would have to give effect to a change in the status of any one employee for the purpose of determining his withholding exemption. It is believed that this could be accomplished by requiring that a change in status during any one quarter need be given effect only at the commencement of the next quarter (beginning 30 days after the notification of the change) rather than at the expiration of a 30-day period as under the present bill.

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have requested that a method be devised by which they could pay over these moneys more often than quarterly. The employers point out that the moneys are not their own funds and that they should be relieved of the responsibility of holding them for a period of four months. In addition, it would obviously to the advantage of the Government to secure the funds more currently than quarterly. A study is now being made of the methods by which a more current remittance of these moneys could be accomplished. The development of any plan accomplishing this objective will necessitate consideration of the accounting problems involved in the Bureau of Internal Revenue and other parts of the Treasury together with the practical problems involved in arranging for the current deposit of these funds with designated depositories. As the details will probably not be fully worked out in time, it would be desirable to insert in this bill a provision, similar to that contained in the Social Security Tax, requiring payment of the withheld taxes in such manner as the Commissioner, with the approval of the Secretary, may prescribe. The exact method could then be prescribed by regulations after thorough discussion with the employers and all others concerned, so that a mutually satisfactory arrangement may be arrived at without any difficulty.

assist the Commissioner in making prompt refunds. The first is a provision which would allow interest on refunds resulting from overwithholding or from overestimating the basic tax, even though the taxpayer had no tax liability for the taxable year. Under the present state of the law the allowance of interest in such a case is involved in some uncertainty, and refunds would be expedited if such a definite rule were adopted. The second provision would allow the Commissioner, under regulations approved by the Secretary, to delegate to the collectors authority to make refunds up to a designated amount, say $500. This would eliminate certain steps in the refund process, such as the transmittal of the necessary refund documents from the collectors' offices to Washington and then back to the collectors' offices.

Fourth. ~~Third~~. Withholding at source involves a very considerable amount of tax moneys. Under the present procedure, employers would remit these moneys to the collectors on a quarterly basis. ~~It would obviously be to the advantage of the Government to secure these funds more currently than quarterly. In addition,~~ Many employers

Second. The bill is so drawn that estates, trusts, and certain nonresident alien individuals are not included within the system of current payment of the estimated ~~baxic~~ basic tax. Upon analysis of certain technical problems which we felt should be explored in connection with the application of that system to these groups of taxpayers, we have concluded that the current payment system could readily be made applicable to them.

Third. An appreciable number of refunds will result from the requirements of withholding and of payment of estimated basic tax. It is essential that these refunds be made as expeditiously as possible. Our study has shown that the adoption of two provisions would considerably

The provision that the tax to be withheld shall in no event be less than 3 percent of the amount in excess of the $624 Victory tax exemption is necessary in order to insure withholding for Victory tax purposes in the case of married persons with incomes between $624 and ~~$1248~~ the applicable exemption under the 20% withholding, which ranges upward from $1248 depending on the number of dependents. The specific wage levels at which only the 3 percent rate is applicable ~~is~~ are readily ascertainable, and the regulations can furnish a list of those levels so that employers will not need to make computations in order to determine whether the 3 percent or full 20 percent rate is applicable. For example, a married person with one dependent who claims all of the personal exemption for withholding and who receives less than $33.18 a week, will be subject only to a withholding tax of 3 percent on the amount received in excess of the $624 Victory tax exemption. For all such persons receiving a weekly wage of $33.18 or over, the rate of withholding will be 20 percent on the amount in excess of the applicable exemption.

The second suggested change would consolidate into one withholding table the five wage bracket tables which the House Bill provides for each payroll period. An illustrative table appears in Exhibit C. By aligning the exemptions in accordance with the first recommendation the proper amount of tax to be withheld in each wage bracket for each employee could be shown on one table regardless of his marital and dependency status. Redesigning the tables as suggested will substantially simplify the employer's task and the amounts withheld will very closely approximate the amounts which would be withheld under the more numerous tables of the House Bill.

will be almost the same as under the House Bill and will, of course, be credited against tax liability in the same manner. By replacing the dual exemptions and rates of the House Bill with a single rate and exemption for each employee, the proposal would greatly simplify the computations made by employers not using the wage bracket tables and would permit the reduction in the number of those tables from 25 to 5. For employers computing taxes with the aid of machines, the proposed schedule of withholding exemptions and rates is particularly advantageous since it reduces the number of variables which must be taken into account.

The advantages of this change may be illustrated in this manner: Under the House Bill an employer who does not find it advantageous to use the table method must first subtract from the amount of the wage the exemption applicable to the Victory tax and compute 3 percent on the remainder. He must then subtract from the wage the exemption applicable to the income tax and compute 17 percent on that remainder. These two amounts must then be added in order to arrive at the amount of tax to be withheld. Under the suggested change the employer would subtract one amount of withholding exemption from the wage and compute 20 percent on the remainder. This single amount would represent the tax to be withheld. Thus, only one subtraction and the application of a single flat percentage rate would be required rather than two subractions, the application of two separate percentage rates, and the subsequent addition of the amounts thus obtained, all of which is required under the House Bill.

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to the House for its consideration. I believe that some of these are of sufficient importance to justify their presentation to you at the present time. These suggestions would be applicable to the provisions of all of the three major bills considered by the House

First. In order to simplify the work of employers in computing the amounts to be withheld and to adapt the method of computation more closely to their accounting and payroll systems, it is recommended that the method for computing the tax to be withheld be modified in two respects.

The first suggestion is that the present withholding exemption of $552 for single persons be changed to $624; the present withholding exemption of $1,320 for married persons be changed to $1,248; and the present withholding exemption for dependents be changed from $408 to $312. Withholding would then be applied at the single rate of 20 percent on all amounts paid in excess of these exemptions, but in no case would the tax to be withheld be less than 3 percent of the amount paid in excess of $624. It should be noted that these changes in the amounts of the exemptions would be applicable only for withholding purposes, and not for the purpose of computing the final tax liability of the individual taxpayer.

The second suggestion, which is contingent upon the first, is that five comprehensive withholding tables be substituted for the 25 tables now contained in the bill.

The first of these two suggested changes is embodied in Exhibit B. If this recommendation is adopted, the amounts withheld in all cases

Supplemental

Statement of Randolph E. Paul Before the Senate Finance Committee on

SUGGESTED REVISIONS TO FACILITATE THE OPERATION OF a Current Tax Payment Procedure ~~THE BILL~~

1. Administrative handling of remission of 1942 tax liabilities under the House Bill

The effect of section 5(b) of the House ~~Bill~~ is to require an exact computation of the amount of 1942 tax which is to be cancelled. In order to facilitate the determination of this amount, it is recommended that it be computed in accordance with a schedule designed to achieve a close approximation at all tax levels of the result which would be reached under the precise computation method. This schedule is contained in Exhibit A. ~~Under the method~~ By using this schedule ~~If this recommendation is adopted~~, the collectors of internal revenue will be able to compute the forgiven amounts directly from the tax liabilities entered on the 1942 assessment lists. It will not be necessary for them to reexamine the income tax return of each 1942 taxpayer. This will not only greatly ease the burden on the collectors but will permit the taxpayers to be notified of the amounts to be abated. ~~prior to the filing of their 1943 returns on March 15, 1944. This notification is essential in order to permit the taxpayers to take credit on those returns for the taxes paid during 1943 which have been abated.~~ In the event that this or some similar method of computing the cancelled tax is not adopted, it will be physically impossible to complete in time a recomputation based on each taxpayer's 1942 return. ~~in time to permit the taxpayers to take advantage of the credit on the returns to be filed next March.~~

a similar method of relating the forgiveness of 1942 tax ~~under the~~ ~~Ways~~ was utilized in the Ways & Means Committee Bill

2. Changes in the ~~current payment~~ withholding + current payment procedure

We have been continuously analyzing the provisions and requirements which would be common to any system of current collection of individual income tax. Because of the need for further study, certain matters which we have been analyzing could not be presented

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Supplemental Statement of Randolph E. Paul before the Senate Finance Committee on Suggested Revisions to Facilitate the Operation of a Current Tax Payment Procedure.

May 6, 1943

1. Administrative handling of remission of 1942 tax liabilities under the House Bill.

The effect of section 5 (b) of the House Bill is to require an exact computation of the amount of 1942 tax which is to be cancelled. In order to facilitate the determination of this amount, it is recommended that it be computed in accordance with a schedule designed to achieve a close approximation at all tax levels of the result which would be reached under the precise computation method. This schedule is contained in Exhibit A. A similar method of treating the forgiveness of 1942 tax was utilized in the Ways and Means Committee Bill. By using this schedule, the collectors of internal revenue will be able to compute the forgiven amounts directly from the tax liabilities entered on the 1942 assessment lists. It will not be necessary for them to reexamine the income tax return of each 1942 taxpayer. This will not only greatly ease the burden on the collectors but will permit the taxpayers to be notified of the amounts to be abated. In the event that this or some similar method of computing the cancelled tax is not adopted, it will be physically impossible to complete in time a recomputation based on each taxpayer's 1942 return.

2. Changes in the withholding and current payment procedure.

We have been continuously analyzing the provisions and requirements which would be common to any system of current collection of individual income tax. Because of the need for further study, certain matters which we have been analyzing could not be presented to the House for its consideration. I believe that some of these are of sufficient importance to justify their presentation to you at the present time. These suggestions would be applicable to the provisions of all of the three major bills considered by the House.

First. In order to simplify the work of employers in computing the amounts to be withheld and to adapt the method of computation more closely to their accounting and payroll systems, it is recommended that the method for computing the tax to be withheld be modified in two respects.

The first suggestion is that the present withholding exemption of $552 for single persons be changed to $624; the present withholding exemption of $1,320 for married persons be changed to $1,248; and the present withholding exemption for dependents be changed from $408 to $312. Withholding would then be applied at the single rate of 20 percent on all amounts paid in excess of these exemptions, but in no case would the tax to be withheld be less than 3 percent of the amount paid in excess of $624. It should be noted that these changes in the amounts of the exemptions would be applicable only for withholding purposes, and not for the purpose of computing the final tax liability of the individual taxpayer.

The second suggestion, which is contingent upon the first, is that five comprehensive withholding tables be substituted for the 25 tables now contained in the bill.

The first of these two suggested changes is embodied in Exhibit B. If this recommendation is adopted, the amounts withheld in all cases will be almost the same as under the House Bill and will, of course, be credited against tax liability in the same manner. By replacing the dual exemptions and rates of the House Bill with a single rate and exemption for each employee, the proposal would greatly simplify the computations made by employers not using the wage bracket tables and would permit the reduction in the number of those tables from 25 to 5. For employers computing taxes with the aid of machines, the proposed schedule of withholding exemptions and rates is particularly advantageous since it reduces the number of variables which must be taken into account.

The advantages of this change may be illustrated in this manner: Under the House Bill an employer who does not find it advantageous to use the table method must first subtract from the amount of the wage the exemption applicable to the Victory tax and compute 3 percent on the remainder. He must then subtract from the wage the exemption applicable to the income tax and compute 17 percent on that remainder. These two amounts must then be added in order to arrive at the amount of tax to be withheld. Under the suggested change the employer would subtract one amount of withholding exemption from the wage and compute 20 percent on the remainder. This single amount would represent the tax to be withheld. Thus, only one subtraction and the application of a single flat percentage rate would be required rather than two subtractions, the application of two separate percentage rates, and the subsequent addition of the amounts thus obtained, all of which is required under the House Bill.

The provision that the tax to be withheld shall in no event be less than 3 percent of the amount in excess of the $624 Victory tax exemption is necessary in order to insure withholding for Victory tax purposes in the case of married persons with incomes between $624 and the applicable exemption under the 20% withholding, which ranges upward from $1,248 depending on the number of dependents. The specific wage levels at which only the 3 percent rate is applicable are readily ascertainable, and the regulations can furnish a list of those levels so that employers will not need to make computations in order to determine whether the 3 percent or full 20 percent rate is applicable. For example, a married person with one dependent who claims all of the personal exemption for withholding and who receives less than $33.18 a week, will be subject only to a withholding tax of 3 percent on the amount received in excess of the $624 Victory tax exemption. For all such persons receiving a weekly wage of $33.18 or over, the rate of withholding will be 20 percent on the amount in excess of the applicable exemption.

The second suggested change would consolidate into one withholding table the five wage bracket tables which the House Bill provides for each payroll period. An illustrative table appears in Exhibit C. By aligning the exemptions in accordance with the first recommendation the proper amount of tax to be withheld in each wage bracket for each employee could be shown on one table regardless of his marital and dependency status. Redesigning the tables as suggested will substantially simplify the employer's task and the amounts withheld will very closely approximate the amounts which would be withheld under the more numerous tables of the House Bill.

Second. The bill is so drawn that estates, trusts, and certain nonresident alien individuals are not included within the system of current payment of the estimated basic tax. Upon analysis of certain technical problems which we felt should be explored in connection with the application of that system to these groups of taxpayers, we have concluded that the current payment system could readily be made applicable to them.

Third. An appreciable number of refunds will result from the requirements of withholding and of payment of estimated basic tax. It is essential that these refunds be made as expeditiously as possible. Our study has shown that the adoption of two provisions would considerably assist the Commissioner in making prompt refunds. The first is a provision which would allow interest on refunds resulting from over-withholding or from over-estimating the basic tax, even though the taxpayer had no tax liability for the taxable year. Under the present state of the law the allowance of interest in such a case is involved in some uncertainty, and refunds would be expedited if such a definite rule were adopted. The second provision would allow the Commissioner, under regulations approved by the Secretary, to delegate to the collectors authority to make refunds up to a designated amount, say $500. This would eliminate certain steps in the refund process, such as the transmittal of the necessary refund documents from the collectors' offices to Washington and then back to the collectors' offices.

Fourth. Withholding at source involves a very considerable amount of tax moneys. Under the present procedure, employers would remit these moneys to the collectors on a quarterly basis. Many employers have requested that a method be devised by which they could pay over these moneys more often than quarterly. The employers point out that the moneys are not their own funds and that they should be relieved of the responsibility of holding them for a period of four months. In addition, it would obviously be to the advantage of the Government to secure these funds more currently than quarterly. A study is now being made of the methods by which a more current remittance of these moneys could be accomplished. The development of any plan accomplishing this objective will necessitate consideration of the accounting problems involved in the Bureau of Internal Revenue and other parts of the Treasury together with the practical problems involved in arranging for the current deposit of these funds with designated depositories. As the details will probably not be fully worked out in time, it would be desirable to insert in this bill a provision, similar to that contained in the Social Security Tax, requiring payment of the withheld taxes in such manner as the Commissioner, with the approval of the Secretary, may prescribe. The exact method could then be prescribed by regulations after thorough discussion with the employers and all others concerned, so that a mutually satisfactory arrangement may be arrived at without any difficulty.

Fifth. Changes in several of the minor details of the withholding procedure appear desirable to facilitate the work of the employers. In brief these changes are as follows: The Commissioner should be authorized in meritorious cases to extend the time for the filing of withholding returns by the employer. A like authority should be given to the Commissioner to extend the time by which the employer must furnish year-end receipts showing the amount of wages paid and the amount of tax withheld on those wages. Also, a limitation should be placed upon the number of times during each year that the employer would have to give effect to a change in the status of any one employee for the purpose of determining his withholding exemption. It is believed that this could be accomplished by requiring that a change in status during any one quarter need be given effect only at the commencement of the next quarter (beginning 30 days after the notification of the change) rather than at the expiration of a 30-day period as under the present bill.

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Exhibit A

Formula for computing reduced 1942 tax under the House Bill

If the 1942 tax is : more than	: but not :more than :	The tax shall be					
$ 0	$ 350	$ 0					
350	800	14% of excess over $350					
800	1,300	$ 63	plus	28%	of excess	over	$ 800
1,300	1,900	203	"	37% "	"	"	1,300
1,900	2,500	425	"	45% "	"	"	1,900
2,500	3,400	695	"	51% "	"	"	2,500
3,400	4,100	1,154	"	55% "	"	"	3,400
4,100	5,100	1,539	"	59% "	"	"	4,100
5,100	6,000	2,129	"	61% "	"	"	5,100
6,000	7,000	2,678	"	63% "	"	"	6,000
7,000	8,200	3,308	"	66% "	"	"	7,000
8,200	10,500	4,100	"	67% "	"	"	8,200
10,500	14,200	5,641	"	69% "	"	"	10,500
14,200	18,000	8,194	"	70% "	"	"	14,200
18,000	24,000	10,854	"	72% "	"	"	18,000
24,000	29,000	15,174	"	73% "	"	"	24,000
29,000	36,000	18,824	"	74% "	"	"	29,000
36,000	43,000	24,004	"	75% "	"	"	36,000
43,000	53,000	29,254	"	76% "	"	"	43,000
53,000	73,000	36,854	"	77% "	"	"	53,000
73,000	150,000	52,254	"	78% "	"	"	73,000
Over	150,000	112,314	"	78.4%"	"	"	150,000

Treasury Department, Division of Tax Research May 5, 1943

Exhibit B Proposed Revised Withholding Exemptions for the Income Tax

Payroll period	Single person	Married person claiming whole of personal exemption for withholding or head of family	Married person claiming half of personal exemption for withholding	Married person claiming none of personal exemption for withholding	Each dependent, other than the first dependent in the case of the head of a family
Weekly	$12	$24	$12	0	$6
Biweekly	$24	$48	$24	0	$12
Semimonthly	$26	$52	$26	0	$13
Monthly	$52	$104	$52	0	$26
Quarterly	$156	$312	$156	0	$78
Semiannual	$312	$624	$312	0	$156
Annual	$624	$1,248	$624	0	$312
Daily or miscellaneous (per day of such period)	$1.70	$3.40	$1.70	0	$.85

Exhibit ____ Proposed Revised Withholding Tables

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS WEEKLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$10	$1.00	-	-	-	-	-	-	-	-	-
10	15	2.50	$1.30	$.10	-	-	-	-	-	-	-
15	20	3.50	2.30	1.10	$.20	$.20	$.20	$.20	$.20	$.20	$.20
20	25	4.50	3.30	2.10	.90	.30	.30	.30	.30	.30	.30
25	30	5.50	4.30	3.10	1.90	.70	.50	.50	.50	.50	.50
30	40	7.00	5.80	4.60	3.40	2.20	1.00	.70	.70	.70	.70
40	50	9.00	7.80	6.60	5.40	4.20	3.00	1.80	1.00	1.00	1.00
50	60	11.00	9.80	8.60	7.40	6.20	5.00	3.80	2.60	1.40	1.30
60	70	13.00	11.80	10.60	9.40	8.20	7.00	5.80	4.60	3.40	2.20
70	80	15.00	13.80	12.60	11.40	10.20	9.00	7.80	6.60	5.40	4.20
80	90	17.00	15.80	14.60	13.40	12.20	11.00	9.80	8.60	7.40	6.20
90	100	19.00	17.80	16.60	15.40	14.20	13.00	11.80	10.60	9.40	8.20
100	110	21.00	19.80	18.60	17.40	16.20	15.00	13.80	12.60	11.40	10.20
110	120	23.00	21.80	20.60	19.40	18.20	17.00	15.80	14.60	13.40	12.20
120	130	25.00	23.80	22.60	21.40.	20.20	19.00	17.80	16.60	15.40	14.20
130	140	27.00	25.80	24.60	23.40	22.20	21.00	19.80	18.60	17.40	16.20
140	150	29.00	27.80	26.60	25.40	24.20	23.00	21.80	20.60	19.40	18.20
150	160	31.00	29.80	28.60	27.40	26.20	25.00	23.80	22.60	21.40	20.20
160	170	33.00	31.80	30.60	29.40	28.20	27.00	25.80	24.60	23.40	22.20
170	180	35.00	33.80	32.60	31.40	30.20	29.00	27.80	26.60	25.40	24.20
180	190	37.00	35.80	34.60	33.40	32.20	31.00	29.80	28.60	27.40	26.20
190	200	39.00	37.80	36.60	35.40	34.20	33.00	31.80	30.60	29.40	28.20
$200 or over		20% of the excess over $200 plus									
		$40.00	$38.80	$37.60	$36.40	$35.20	$34.00	$32.80	$31.60	$30.40	$29.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $1.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $200 or over, of the excess of the wages) over $12, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS BIWEEKLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
At least	But less than			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$20	$2.00	-	-	-	-	-	-	-	-	-
20	30	5.00	$2.60	$.20	-	-	-	-	-	-	-
30	40	7.00	4.60	2.20	$.30	$.30	$.30	$.30	$.30	$.30	$.30
40	50	9.00	6.60	4.20	1.80	.60	.60	.60	.60	.60	.60
50	60	11.00	8.60	6.20	3.80	1.40	.90	.90	.90	.90	.90
60	80	14.00	11.60	9.20	6.80	4.40	2.00	1.40	1.40	1.40	1.40
80	100	18.00	15.60	13.20	10.80	8.40	6.00	3.60	2.00	2.00	2.00
100	120	22.00	19.60	17.20	14.80	12.40	10.00	7.60	5.20	2.80	2.60
120	140	26.00	23.60	21.20	18.80	16.40	14.00	11.60	9.20	6.80	4.40
140	160	30.00	27.60	25.20	22.80	20.40	18.00	15.60	13.20	10.80	8.40
160	180	34.00	31.60	29.20	26.80	24.40	22.00	19.60	17.20	14.80	12.40
180	200	38.00	35.60	33.20	30.80	28.40	26.00	23.60	21.20	18.80	16.40
200	220	42.00	39.60	37.20	34.80	32.40	30.00	27.60	25.20	22.80	20.40
220	240	46.00	43.60	41.20	38.80	36.40	34.00	31.60	29.20	26.80	24.40
240	260	50.00	47.60	45.20	42.80	40.40	38.00	35.60	33.20	30.80	28.40
260	280	54.00	51.60	49.20	46.80	44.40	42.00	39.60	37.20	34.80	32.40
280	300	58.00	55.60	53.20	50.80	48.40	46.00	43.60	41.20	38.80	36.40
300	320	62.00	59.60	57.20	54.80	52.40	50.00	47.60	45.20	42.80	40.40
320	340	66.00	63.60	61.20	58.80	56.40	54.00	51.60	49.20	46.80	44.40
340	360	70.00	67.60	65.20	62.80	60.40	58.00	55.60	53.20	50.80	48.40
360	380	74.00	71.60	69.20	66.80	64.40	62.00	59.60	57.20	54.80	52.40
380	400	78.00	75.60	73.20	70.80	68.40	66.00	63.60	61.20	58.80	56.40
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.60	$75.20	$72.80	$70.40	$68.00	$65.60	$63.20	$60.80	$58.40

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $24, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS SEMIMONTHLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$20	$2.00	-	-	-	-	-	-	-	-	-
20	30	5.00	$2.40	-	-	-	-	-	-	-	-
30	40	7.00	4.40	$1.80	$.30	$.30	$.30	$.30	$.30	$.30	$.30
40	50	9.00	6.40	3.80	1.20	.60	.60	.60	.60	.60	.60
50	60	11.00	8.40	5.80	3.20	.90	.90	.90	.90	.90	.90
60	80	14.00	11.40	8.80	6.20	3.60	1.30	1.30	1.30	1.30	1.30
80	100	18.00	15.40	12.80	10.20	7.60	5.00	2.40	1.90	1.90	1.90
100	120	22.00	19.40	16.80	14.20	11.60	9.00	6.40	3.80	2.50	2.50
120	140	26.00	23.40	20.80	18.20	15.60	13.00	10.40	7.80	5.20	3.10
140	160	30.00	27.40	24.80	22.20	19.60	17.00	14.40	11.80	9.20	6.60
160	180	34.00	31.40	28.80	26.20	23.60	21.00	18.40	15.80	13.20	10.60
180	200	38.00	35.40	32.80	30.20	27.60	25.00	22.40	19.80	17.20	14.60
200	220	42.00	39.40	36.80	34.20	31.60	29.00	26.40	23.80	21.20	18.60
220	240	46.00	43.40	40.80	38.20	35.60	33.00	30.40	27.80	25.20	22.60
240	260	50.00	47.40	44.80	42.20	39.60	37.00	34.40	31.80	29.20	26.60
260	280	54.00	51.40	48.80	46.20	43.60	41.00	38.40	35.80	33.20	30.60
280	300	58.00	55.40	52.80	50.20	47.60	45.00	42.40	39.80	37.20	34.60
300	320	62.00	59.40	56.80	54.20	51.60	49.00	46.40	43.80	41.20	38.60
320	340	66.00	63.40	60.80	58.20	55.60	53.00	50.40	47.80	45.20	42.60
340	360	70.00	67.40	64.80	62.20	59.60	57.00	54.40	51.80	49.20	46.60
360	380	74.00	71.40	68.80	66.20	63.60	61.00	58.40	55.80	53.20	50.60
380	400	78.00	75.40	72.80	70.20	67.60	65.00	62.40	59.80	57.20	54.60
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.40	$74.80	$72.20	$69.60	$67.00	$64.40	$61.80	$59.20	$56.60

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.60 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $26, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS MONTHLY

And the wages are		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
At least	But less than					No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be -									
$0	$40	$4.00	-	-	-	-	-	-	-	-	-
40	50	9.00	$3.80	-	-	-	-	-	-	-	-
50	60	11.00	5.80	$0.60	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
60	70	13.00	7.80	2.60	.40	.40	.40	.40	.40	.40	.40
70	80	15.00	9.80	4.60	.70	.70	.70	.70	.70	.70	.70
80	100	18.00	12.80	7.60	2.40	1.10	1.10	1.10	1.10	1.10	1.10
100	120	22.00	16.80	11.60	6.40	1.70	1.70	1.70	1.70	1.70	1.70
120	140	26.00	20.80	15.60	10.40	5.20	2.30	2.30	2.30	2.30	2.30
140	160	30.00	24.80	19.60	14.40	9.20	4.00	2.90	2.90	2.90	2.90
160	200	36.00	30.80	25.60	20.40	15.20	10.00	4.80	3.80	3.80	3.80
200	240	44.00	38.80	33.60	28.40	23.20	18.00	12.80	7.60	5.00	5.00
240	280	52.00	46.80	41.60	36.40	31.20	26.00	20.80	15.60	10.40	6.20
280	320	60.00	54.80	49.60	44.40	39.20	34.00	28.80	23.60	18.40	13.20
320	360	68.00	62.80	57.60	52.40	47.20	42.00	36.80	31.60	26.40	21.20
360	400	76.00	70.80	65.60	60.40	55.20	50.00	44.80	39.60	34.40	29.20
400	440	84.00	78.80	73.60	68.40	63.20	58.00	52.80	47.60	42.40	37.20
440	480	92.00	86.80	81.60	76.40	71.20	66.00	60.80	55.60	50.40	45.20
480	520	100.00	94.80	89.60	84.40	79.20	74.00	68.80	63.60	58.40	53.20
520	560	108.00	102.80	97.60	92.40	87.20	82.00	76.80	71.60	66.40	61.20
560	600	116.00	110.80	105.60	100.40	95.20	90.00	84.80	79.60	74.40	69.20
600	640	124.00	118.80	113.60	108.40	103.20	98.00	92.80	87.60	82.40	77.20
640	680	132.00	126.80	121.60	116.40	111.20	106.00	100.80	95.60	90.40	85.20
680	720	140.00	134.80	129.60	124.40	119.20	114.00	108.80	103.60	98.40	93.20
720	760	148.00	142.80	137.60	132.40	127.20	122.00	116.80	111.60	106.40	101.20
760	800	156.00	150.80	145.60	140.40	135.20	130.00	124.80	119.60	114.40	109.20
$800 or over		20% of the excess over $800 plus									
		$160.00	$154.80	$149.60	$144.40	$139.20	$134.00	$128.80	$123.60	$118.40	$113.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $5.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages paid fall (or if the wages paid are $800 or over, of the excess of the wages) over $52, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

IF THE PAYROLL PERIOD WITH RESPECT TO AN EMPLOYEE IS A DAILY PAYROLL PERIOD OR A MISCELLANEOUS PAYROLL PERIOD

And the wages divided by the number of days in such period are --		AND, (1) SUCH PERSON IS A MARRIED PERSON CLAIMING NONE OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				OR, (2) SUCH PERSON IS A MARRIED PERSON CLAIMING HALF OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				OR, (3) SUCH PERSON IS A SINGLE PERSON AND HAS -							
At least	But less than			No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						OR, (4) SUCH PERSON IS A MARRIED PERSON CLAIMING ALL OF PERSONAL EXEMPTION FOR WITHHOLDING AND HAS -					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						OR, (5) SUCH PERSON IS HEAD OF A FAMILY AND HAS -					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
		The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period									
$0	$1	$0.10	-	-	-	-	-	-	-	-	-
1	2	.30	$0.15	-	-	-	-	-	-	-	-
2	3	.50	.35	$0.15	-	-	-	-	-	-	-
3	4	.70	.55	.35	$0.20	$0.05	$0.05	$0.05	$0.05	$0.05	$0.05
4	5	.90	.75	.55	.40	.20	.10	.10	.10	.10	.10
5	6	1.10	.95	.75	.60	.40	.25	.10	.10	.10	.10
6	7	1.30	1.15	.95	.80	.60	.45	.30	.15	.15	.15
7	8	1.50	1.35	1.15	1.00	.80	.65	.50	.30	.15	.15
8	9	1.70	1.55	1.35	1.20	1.00	.85	.70	.50	.35	.20
9	10	1.90	1.75	1.55	1.40	1.20	1.05	.90	.70	.55	.35
10	12	2.20	2.05	1.85	1.70	1.50	1.35	1.20	1.00	.85	.65
12	14	2.60	2.45	2.25	2.10	1.90	1.75	1.60	1.40	1.25	1.05
14	16	3.00	2.85	2.65	2.50	2.30	2.15	2.00	1.80	1.65	1.45
16	18	3.40	3.25	3.05	2.90	2.70	2.55	2.40	2.20	2.05	1.85
18	20	3.80	3.65	3.45	3.30	3.10	2.95	2.80	2.60	2.45	2.25
20	22	4.20	4.05	3.85	3.70	3.50	3.35	3.20	3.00	2.85	2.65
22	24	4.60	4.45	4.25	4.10	3.90	3.75	3.60	3.40	3.25	3.05
24	26	5.00	4.85	4.65	4.50	4.30	4.15	4.00	3.80	3.65	3.45
26	28	5.40	5.25	5.05	4.90	4.70	4.55	4.40	4.20	4.05	3.85
28	30	5.80	5.65	5.45	5.30	5.10	4.95	4.80	4.60	4.45	4.25
$30 or over		20% of the excess over $30 plus									
		$6.00	$5.85	$5.65	$5.50	$5.30	$5.15	$5.00	$4.80	$4.65	$4.45

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $0.15 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the product of the median wage in the bracket in which the wages fall and the number of days in the period (or if the wages paid are $30 or over, of the excess of the wages) over the product of $1.70 and the number of days in the period, computed, in case such amount is not a multiple of $0.05 to the nearest multiple of $0.05.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 6, 1943.

Press Service
36-68

Secretary ~~of the Treasury~~ Morgenthau today announced a change in procedure with respect to bidding for the weekly issues of Treasury bills, in the interest of wider distribution of these securities. The offering of Treasury bills to be dated May 12, and future weekly offerings until further notice, will include a provision for the receipt of tenders for $100,000 or less from any one bidder at a fixed price of 99.905, in addition to the conventional bidding on a competitive basis. The decision to accept bids on a fixed-price basis was made in recognition of the fact that many of the smaller banks and other investors who have not been interested in competitive bidding for Treasury bills will submit tenders at a fixed price which assures them a return of about three-eighths of one percent on an annual basis. Subject to the usual reservation with respect to the acceptance or rejection of tenders, the Secretary plans to accept in full all tenders entered on a fixed-price basis.

For a number of years the Treasury has ordinarily opened bids on Treasury bills on Monday of each week, with payment the following Wednesday. It has been found that with the increasing congestion in communication facilities the two-day period is hardly sufficient in which to notify successful bidders and obtain payment. To meet this difficulty, the Secretary announced that for thirteen weeks 92-day Treasury bills will be offered. At the end of this cycle, Treasury bills will be maturing on Thursdays, and an additional day will have been provided between the opening of tenders and the payment date.

These changes will be embodied in the press statements announcing the weekly offerings.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 6, 1943.

Press Service
No. 36-68

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These changes will be embodied in the press statements announcing the weekly offerings.

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issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 12, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original

~~XXRRXX~~

no. 36-69

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 7, 1943.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000 ~~(2)~~, or thereabouts, of 92 ~~(3)~~ -day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 12, 1943 ~~(4)~~, and will mature August 12, 1943 ~~(5)~~, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern ~~Standard~~ War time, Monday, May 10, 1943 ~~(6)~~. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 7, 1943.

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 12, 1943, and will mature August 12, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, May 10, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be

36-69

(Over)

accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 12, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

May 11, 1943.

Dear Henry:

Your letter expressing appreciation of the aid and cooperation which the Board and the Reserve System were able to render in the Second War Loan Drive is most gratifying and I am taking the liberty of circulating it among the members of the Board.

I, of course, concur heartily in what you say about the importance of broadening distribution among individuals who are benefiting from the increase in war activities and the necessity for organizing future campaigns so that the proportion of public subscriptions will be much greater and that from the commercial banks much less. We are wholly in agreement as to the objectives toward which we must strive, recognizing the responsibilities we all share in connection with the financing operations of the Government.

You may be sure that you will continue to have the wholehearted support and cooperation of the Board of Governors and of the entire Federal Reserve System.

Sincerely yours,

Marriner

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

MAY 8 1943

Dear Marriner:

All of us here in the Treasury are delighted with the results of the Second War Loan Drive. Much of the success of the Drive was due to your counsel and guidance and I want to thank you personally, the Board, and the entire Federal Reserve System, for your cooperation.

I am sure you will agree, however, that there is much yet to be done in broadening distribution among individuals who are benefiting from the increase in war activities. Future campaigns will require all the energy and ingenuity that we can muster in order to reach the objectives you and I know are important.

I know I can count on your continued cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Marriner S. Eccles
Chairman, Board of Governors
of the Federal Reserve System
Washington, D. C.

GBuffington:dwb
5/7/43

Copy in Diary

36-70

For Immediate Release

The Treasury today made public the following exchange of letters between Secretary Morgenthau and Chairman Eccles of the Board of Governors of the Federal Reserve System:

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 13, 1943.

Press Service
No. 36-70

The Treasury today made public the following exchange of letters between Secretary Morgenthau and Chairman Eccles of the Board of Governors of the Federal Reserve System:

May 8, 1943

Dear Marriner:

All of us here in the Treasury are delighted with the results of the Second War Loan Drive. Much of the success of the Drive was due to your counsel and guidance and I want to thank you personally, the Board, and the entire Federal Reserve System, for your cooperation.

I am sure you will agree, however, that there is much yet to be done in broadening distribution among individuals who are benefiting from the increase in war activities. Future campaigns will require all the energy and ingenuity that we can muster in order to reach the objectives you and I know are important.

I know I can count on your continued cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Marriner S. Eccles
Chairman, Board of Governors
of the Federal Reserve System
Washington, D. C.

May 11, 1943.

Dear Henry:

Your letter expressing appreciation of the aid and cooperation which the Board and the Reserve System were able to render in the Second War Loan Drive is most gratifying and I am taking the liberty of circulating it among the members of the Board.

I, of course, concur heartily in what you say about the importance of broadening distribution among individuals who are benefiting from the increase in war activities and the necessity for organizing future campaigns so that the proportion of public subscriptions will be much greater and that from the commercial banks much less. We are wholly in agreement as to the objectives toward which we must strive, recognizing the responsibilities we all share in connection with the financing operations of the Government.

You may be sure that you will continue to have the wholehearted support and cooperation of the Board of Governors and of the entire Federal Reserve System.

Sincerely yours,

(Signed) Marriner

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

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EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEARS ENDED DECEMBER 31, 1941 AND 1942

(Amounts in thousands of dollars)

	1942	1941	Change since 1941
Capital stock, par value: 1/			
Preferred	146,047	168,530	-22,483
Common	1,358,794	1,348,834	+ 9,960
TOTAL CAPITAL STOCK	1,504,841	1,517,364	-12,523
Capital funds 1/	3,738,355	3,649,099	+89,256
Earnings from current operations:			
Interest and dividends on securities	354,306	291,984	+62,322
Interest and discount on loans	432,388	457,466	-25,078
Service charges on deposit accounts	46,429	44,211	+ 2,218
Other service charges, commissions, fees, and collection and exchange charges	30,042	26,345	+ 3,697
Trust department	32,981	33,322	-341
Other current earnings	66,691	72,335	-5,644
TOTAL EARNINGS FROM CURRENT OPERATIONS	962,837	925,663	+37,174
Current operating expenses:			
Salaries and wages--			
Officers	111,937	108,744	+ 3,193
Employees other than officers	179,532	163,313	+16,219
Interest on time deposits (including savings deposits)	89,867	99,199	-9,332
Taxes	99,944	85,134	+14,810
Other current operating expenses	189,474	185,258	+ 4,216
TOTAL CURRENT OPERATING EXPENSES	670,754	641,648	+29,106
NET EARNINGS FROM CURRENT OPERATIONS	292,083	284,015	+ 8,068
Recoveries:			
On securities	36,170	48,157	-11,987
On loans	40,659	43,658	-2,999
All other	14,283	14,964	-681
TOTAL RECOVERIES	91,112	106,779	-15,667
Profits on securities sold or redeemed	30,474	79,983	-49,509
TOTAL RECOVERIES AND PROFITS ON SECURITIES SOLD OR REDEEMED	121,586	186,762	-65,176
Losses and charge-offs:			
On securities	73,253	92,134	-18,881
On loans	43,134	51,989	-8,855
All other, including depreciation on banking house, furniture and fixtures	53,939	57,359	-3,420
TOTAL LOSSES AND CHARGE-OFFS	170,326	201,482	-31,156
NET PROFITS BEFORE DIVIDENDS	243,343	269,295	-25,952
Dividends declared:			
On preferred stock	6,683	8,200	-1,517
On common stock	130,121	139,770	-9,649
TOTAL DIVIDENDS DECLARED	136,804	147,970	-11,166
NET PROFITS AFTER DIVIDENDS	106,539	121,325	-14,786
Number of banks 1/	5,087	5,123	-36
Rate of net profits:	Percent	Percent	Percent
To common and preferred stock 1/	16.17	17.75	-1.58
To capital funds 1/	6.51	7.38	-.87
Rate of dividends:			
On common and preferred stock 1/	9.09	9.75	-.66
On capital funds 1/	3.66	4.05	-.39

1/ At end of period.

~~NOTE. - Minus sign denotes decrease.~~

w.a.k.
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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, May 17, 1943.

Press Service
No. 36-71

Comptroller of the Currency Preston Delano announced today that the 5,087 active national banks in the United States and possessions on December 31, 1942, reported gross earnings of $962,837,000 for the calendar year 1942. This represents an increase of $37,174,000 over the gross earnings for 1941 of the 5,123 national banks that were in active operation on December 31 of that year.

Operating expenses for the year 1942 were $670,754,000 as against $641,648,000 for the year 1941. Net operating earnings for 1942 were $292,083,000, which was $8,068,000 more than the amount reported for the preceding year. Adding to the net operating earnings profits on securities sold of $30,474,000 and recoveries on loans and investments, etc., previously charged off of $91,112,000, and deducting losses and depreciation of $170,326,000, the net profits before dividends for the year 1942 amounted to $243,343,000, which was 16.17 percent of the par value of common and preferred stock and 6.51 percent of capital funds. This figure of net profits before dividends for 1942 was $25,952,000 less than the amount reported for 1941.

The principal items of current gross operating earnings for 1942 were $432,388,000 from interest and discount on loans, a decrease of $25,078,000; and $354,306,000 from interest and dividends on securities, an increase of $62,322,000 in the year. The principal operating expenses were $291,469,000 for salaries and wages of officers and employees, an increase of $19,412,000 over 1941; $89,867,000 expended in the form of interest on time and savings deposits, a decrease of $9,332,000, and $99,944,000 paid in taxes, an increase of $14,810,000.

Profits on securities sold during 1942 aggregating $30,474,000 were $49,509,000 less than in the preceding year, and losses and depreciation on securities for 1942 totaling $73,253,000 were $18,881,000 less than in the year before.

Dividends declared on common and preferred stock in 1942 totaled $136,804,000, in comparison with $147,970,000 in 1941, and were 9.09 percent of common and preferred capital and 3.66 percent of capital funds. The dividends to stockholders in 1942 were 56.22 percent of net profits available. The remaining 43.78 percent of net profits, or $106,539,000, was retained by the banks in their capital accounts.

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The principal items of current gross operating earnings for 1942 were $432,388,000 from interest and discount on loans, a decrease of $25,078,000; and $354,306,000 from interest and dividends on securities, an increase of $62,322,000 in the year. The principal operating expenses were $291,469,000 for salaries and wages of officers and employees, an increase of $19,412,000 over 1941; $89,867,000 expended in the form of interest on time and savings deposits, a decrease of $9,332,000 and $99,944,000 paid in taxes, an increase of $14,810,000.

Profits on securities sold during 1942 aggregating $30,474,000 were $49,509,000 less than in the preceding year, and losses and depreciation on securities for 1942 totaling $73,253,000 were $18,881,000 less than in the year before.

Dividends declared on common and preferred stock in 1942 totaled $136,804,000, in comparison with $147,970,000 in 1941, and were 9.09 percent of common and preferred capital and 3.66 percent of capital funds. The dividends to stockholders in 1942 were 56.22 percent of net profits available. The remaining 43.78 percent of net profits, or $106,539,000, was retained by the banks in their capital accounts.

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEARS ENDED DECEMBER 31, 1941 AND 1942

(Amounts in thousands of dollars)

	1942	1941	Change since 1941
Capital stock, par value: 1/			
Preferred	146,047	168,530	-22,483
Common	1,358,794	1,348,834	+ 9,960
TOTAL CAPITAL STOCK	1,504,841	1,517,364	-12,523
Capital funds 1/	3,738,355	3,649,099	+89,256
Earnings from current operations:			
Interest and dividends on securities	354,306	291,984	+62,322
Interest and discount on loans	432,388	457,466	-25,078
Service charges on deposit accounts	46,429	44,211	+2,218
Other service charges, commissions, fees, and collection and exchange charges	30,042	26,345	+3,697
Trust department	32,981	33,322	-341
Other current earnings	66,691	72,335	-5,644
TOTAL EARNINGS FROM CURRENT OPERATIONS	962,837	925,663	+37,174
Current operating expenses:			
Salaries and wages --			
Officers	111,937	108,744	+3,193
Employees other than officers	179,532	163,313	+16,219
Interest on time deposits (including savings deposits)	89,867	99,199	- 9,332
Taxes	99,944	85,134	+14,810
Other current operating expenses	189,474	185,258	+ 4,216
TOTAL CURRENT OPERATING EXPENSES	670,754	641,648	+29,106
NET EARNINGS FROM CURRENT OPERATIONS	292,083	284,015	+ 8,068
Recoveries:			
On securities	36,170	48,157	-11,987
On loans	40,659	43,658	- 2,999
All other	14,283	14,964	-681
TOTAL RECOVERIES	91,112	106,779	-15,667
Profits on securities sold or redeemed	30,474	79,983	-49,509
TOTAL RECOVERIES AND PROFITS ON SECURITIES SOLD OR REDEEMED	121,586	186,762	-65,176
Losses and charge-offs:			
On securities	73,253	92,134	-18,881
On loans	43,134	51,989	-8,855
All other, including depreciation on banking house, furniture and fixtures	53,939	57,359	-3,420
TOTAL LOSSES AND CHARGE-OFFS	170,326	201,482	-31,156
NET PROFITS BEFORE DIVIDENDS	243,343	269,295	-25,952
Dividends declared:			
On preferred stock	6,683	8,200	-1,517
On common stock	130,121	139,770	-9,649
TOTAL DIVIDENDS DECLARED	136,804	147,970	-11,166
NET PROFITS AFTER DIVIDENDS	106,539	121,325	-14,786
Number of banks 1/	5,087	5,123	-36
Rate of net profits:	Percent	Percent	Percent
To common and preferred stock 1/	16.17	17.75	-1.58
To capital funds 1/	6.51	7.38	-.87
Rate of dividends:			
On common and preferred stock 1/	9.09	9.75	-.66
On capital funds 1/	3.66	4.05	-.39

1/ At end of period.

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TREASURY DEPARTMENT

FISCAL SERVICE

WASHINGTON

No. 36-12

BUREAU OF ACCOUNTS
OFFICE OF THE COMMISSIONER

Miss Simpson

May 7, 1943.

TO MR. D. W. ~~BELL~~: Schwarz

During the month of April, the following market transactions took place in direct and guaranteed securities of the Government:

Purchases	$900,000
Sales	500,000
Net Purchases	$400,000

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R.P.B.

TREASURY DEPARTMENT
Washington

36-72

FOR IMMEDIATE RELEASE,
~~Monday, February 15~~, 1943.
Saturday, May 15 1943.

Press Service
No. ~~35-38~~

During the month of ~~January~~, April 1943, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net ~~sales of $14,500,000~~ purchases of $400,000, Secretary Morgenthau announced today.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Saturday, May 15, 1943.

Press Service
No. 36-72

During the month of April, 1943, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $400,000, Secretary Morgenthau announced today.

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"I want to express my thanks and the appreciation of the Treasury Department for the very effective work done by these two men in the Second War Loan drive," the Secretary said. "They contributed greatly to the success of the campaign, and we are glad that they will return to advise with us in future drives."

~~May 17, 1943~~

Secretary Morgenthau announced today that Mr. William M. Robbins and Mr. Stuart Peabody, who have been serving, respectively, as National Director of Sales and Head Advertising Specialist, for the Second War Loan, are returning to private business on May 19, 1943.

At Secretary Morgenthau's request, Mr. Robbins and Mr. Peabody will continue to serve the Treasury as Consultants in its bond-selling activities.

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"I want to express my thanks and the appreciation of the Treasury Department for the very fine and effective work done both by Mr. Robbins and by Mr. Peabody in the Second War Loan drive," the Secretary said. "They contributed greatly to the success of the campaign, and I am happy that they have consented to give us the benefit of their experience in connection with future drives."

Mr. Robbins has been on leave as Vice President of the General Foods Corporation and Mr. Peabody will return to his post as Director of Advertising for the Borden Company.

Secretary Morgenthau announced today with regret that William M. Robbins and Stuart Peabody, who have been serving, respectively, as National Director of Sales and Head Advertising Specialist, for the Second War Loan, are returning to private business on May 19, 1943.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, May 17, 1943.

Press Service
No. 36-73

Secretary Morgenthau announced today with regret that William M. Robbins and Stuart Peabody, who have been serving, respectively, as National Director of Sales and Head Advertising Specialist, for the Second War Loan, are returning to private business on May 19, 1943.

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Miss Simpson

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 18, 1943.

Press Service
No. 36-74

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 92-day Treasury bills to be dated May 19 and to mature August 19, 1943, which were offered on May 14, 1943, were opened at the Federal Reserve Banks on May 17.

The details of this issue are as follows:

Total applied for - $1,565,710,000
Total accepted - 906,813,000 (includes $93,495,000 entered on a fixed-price basis at 99.905 and accepted in full)

Range of accepted bids:

High	- 99.910	Equivalent rate of discount approx. 0.352% per annum
Low	- 99.904	" " " " " 0.376% " "
Average price	- 99.905	" " " " " 0.373% " "

(36 percent of the amount bid for at the low price was accepted.)

Federal Reserve District	Total Applied For	Total Accepted
Boston	$ 39,336,000	$ 28,648,000
New York	946,463,000	429,363,000
Philadelphia	43,102,000	26,680,000
Cleveland	53,453,000	44,362,000
Richmond	23,195,000	22,939,000
Atlanta	28,385,000	27,521,000
Chicago	193,456,000	129,431,000
St. Louis	73,882,000	37,146,000
Minneapolis	13,623,000	13,610,000
Kansas City	35,539,000	33,725,000
Dallas	22,121,000	21,641,000
San Francisco	93,155,000	91,747,000
TOTAL	$1,565,710,000	$906,813,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 18, 1943.
5-17-43

Press Service
No. 36-74

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Minneapolis	13,623,000	13,610,000
Kansas City	35,539,000	33,725,000
Dallas	22,121,000	21,641,000
San Francisco	93,155,000	91,747,000
TOTAL	$1,565,710,000	$906,813,000

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36-75

FOR IMMEDIATE RELEASE,
Tuesday, May 18, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 8, 1943	395,595,845
Columbia	735,840,277	"	349,116,778
Costa Rica	46,718,031	"	20,182,481
Cuba	18,692,451	"	9,605,254
Dominican Republic	25,752,947	"	16,987,016
Equador	35,041,235	"	15,034,827
El Salvador	140,776,585	"	75,195,605
Guatemala	124,978,598	"	50,819,415
Haiti	64,236,136	"	46,053,954
Honduras	4,278,467	"	2,217,576
Mexico	111,292,661	"	42,835,580
Nicaragua	45,818,819	"	10,451,420
Peru	5,839,588	"	162
Venezuela	90,021,490	"	44,562,007
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	29,032,101

1/ Quotas revised as of March 5, 1943.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, May 19, 1943.

Press Service
No. 36-75

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

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Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	29,032,101

1/ Quotas revised as of March 5, 1943.

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for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 26, 1943.

(7)

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid

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36-76

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 21, 1943 .
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 (2), or thereabouts, of 92 (3) -day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 26, 1943 (4), and will mature August 26, 1943 (5), when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, May 24, 1943 (6). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 21, 1943.
5-20-43

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated May 26, 1943, and will mature August 26, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 26, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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contemplated expenditures of $100,000,000,000. Of the remainder, already $25,000,000,000 has been raised through the sale of War Bonds, leaving $45,000,000,000 to be raised through new taxes and through the sale of War Bonds.

"Part of this $45,000,000,000 will come as a result of the regular purchases of War Bonds, month by month, through payroll savings. Part of it will come from people who realize that we must not wait for drives to buy extra bonds. The rest of it we will need to secure through special drives.

"I am confident," the report concluded, "that the American people will continue to oversubscribe our war loans and make the voluntary way work. That will be one of the best ways we have of showing the Axis how wrong they were when they said that the American people could not stand up in a crisis, that our democratic ways would collapse when the going got tough."

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H.E.G.
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has happened thus far, and what is yet to be done. For instance, the report pointed out, seven eighths of current income after taxes is in the hands of the average worker - the shipyard worker, the machinist, the woman war worker, the white collar employee - earning less than $5,000 net. To this group, the report said, a special appeal must be made for the purchase of war bonds with idle funds remaining after payment ~~of life~~ for the necessities of life, insurance premiums, old debts, and ~~for~~ other ~~necessities of life.~~ obligations.

That such appeals thus far have been successful is attested by the following extract: "We aimed to get 55 per cent of this money (Earnings not needed for necessities or obligations) accumulating in the first 4 months of this year in place of the 47 per cent which was so invested in the last half of 1942, but because of the success of the Second War Loan, we actually secured 60 per cent."

The Treasury's tentative program calls for aiming at 65 per cent of this idle money in the present four months, and at 75 per cent in the last four months of the year.

Mr. Morgenthau reported that under present tax laws, the Treasury will get at least $30,000,000,000 from tax collections this year ~~as against.~~ to apply to it

36-77

FOR RELEASE, MORNING NEWSPAPERS,
Monday, May 24, 1943.

In a report telling "the story of America's greatest war loan," Secretary Morgenthau today thanked the Nation for its record-breaking participation in the recent bond-selling campaign and warned that "the real battle is still ahead of us."

The Treasury head declared the American people invested $18,500,000,000 "in the future of their free country" during the Second War Loan drive which had as its goal only $13,000,000,000.

"We exceeded by more than five billion the goal we set for ourselves," Mr. Morgenthau said. "This is a measure of our enthusiasm and patriotism. The result proves many things. It proves that the American people stand solidly behind their Commander in Chief, that they recognize this as their war, and they are willing and eager to finance it.

"It proves, also, that the American people are not going to sit back and wait for any forced savings plan in order to finance this most expensive war in all history."

The report highlighted the results of the Second War Loan drive, and, through the profuse employment of charts, depicted what

TREASURY DEPARTMENT
Washington

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5/21/43

Press Service
No. 36-77

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The report highlighted the results of the Second War Loan drive, and, through the profuse employment of charts, depicted what has happened thus far, and what is yet to be done. For instance, the report pointed out, seven-eights of current income after taxes is in the hands of the average worker - the shipyard worker, the machinist, the woman war worker, the white collar employee - earning less than $5,000 net. To this group, the report said, a special appeal must be made for the purchase of war bonds with idle funds remaining after payment for the necessities of life, insurance premiums, old debts, and other obligations.

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"I am confident," the report concluded, "that the American people will continue to oversubscribe our war loans and make the voluntary way work. That will be one of the best ways we have of showing the Axis how wrong they were when they said that the American people could not stand up in a crisis, that our democratic ways would collapse when the going got tough."

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The Government will receive in the fiscal year 1944 under the Conference agreement $2,983 millions more than under the House Bill. The Conference agreement collects taxes currently on incomes for the period considered, whereas the House Bill does so only with respect to something less than the basic tax liability, which includes the normal tax and 13 percent of surtax net income, and follows present law procedure with reference to the balance tax liability. ~~The House Bill had no "windfall" provision or special 25 percent tax, which, under~~ For the fiscal year 1944 the Conference agreement estimates ~~are estimated to yield~~ include $900 millions and $1,093.7 millions respectively ~~in the fiscal year 1944.~~ from the provisions applying the remission to the lower of 1942 or 1943 taxes and from one-half of the unremitted 25 percent portion of the tax.

As compared with the present law, the Government will under the Conference agreement receive in fiscal year 1944 not only one-half of the unremitted ~~special~~ 25 percent portion of the tax but also the entire $900 millions from applying the remission to the lower of 1942 or 1943 tax ~~the first windfall provision~~ and will collect taxes at the calendar year 1943 levels of income rather than at the 1942 levels of income. The full effect of collecting at the higher levels of income is not fully reflected in the receipts for fiscal year 1944 under the Conference agreement as compared with the present law, as an additional $911 millions is estimated to be in the hands of the withholding agents at the end of the fiscal year as compared with what would be in their hands under the present law, with a much lower withholding rate.

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Treasury Department

Division of Research and Statistics

May 27, 1943

Of the estimated $9,815 million liability for individual income tax with respect to calendar year 1942 incomes, the House Bill remitted $7,602 millions or 77.5 percent, of which remission $364 millions was attributable to the special exclusion to the armed forces.

The Senate Bill remitted the entire calendar year 1942 liability but recovered $1,300 millions through special taxes: $900 millions from ~~the~~ applying the remission to the ~~tax for the~~ lower of 1942 or 1943 taxes ~~so-called "windfall" tax~~, and $400 millions from ~~an excess profits tax~~ ~~the increased tax in 1943 because of~~ the special treatment of increased incomes. Thus, the net remission under the Senate Bill was $8,515 millions or 86.8 percent of the calendar year 1942 individual income tax liabilities.

Under the Conference agreement, there is recovered the same $900 millions as is recovered by comparable provisions of the Senate Bill. The ~~excess profits tax~~ special treatment of increased incomes provision yield is reduced to $225 millions. The ~~special~~ unremitted 25 percent portion of the tax adds $2,187 millions; thus, the net effect of the Conference agreement is to remit the $6,503 millions or 66.3 percent of the calendar year 1942 liabilities.

All estimates of yield under the respective Bills assume that each taxpayer correctly estimates and pays currently 100 percent of his current tax liabilities in excess of the amount currently withheld from wages and salaries. Under the Conference agreement the Federal Government will receive in the fiscal year 1944 $3,006 millions more than it would receive under the present law; $2,983 millions more than it would have received under the House Bill; and $1,094 millions more than it would have received under the Senate Bill.

The increase in the yield of the Conference agreement over the yield of the Senate Bill in fiscal year 1944 is entirely attributable to receipt of one-half of the ~~special~~ unremitted 25 percent portion of the tax which is contained in the Conference agreement. Nothing is received in fiscal year 1944 from the special ~~excess profits tax~~ treatment of increased incomes under either the Senate Bill or the Conference agreement.

Estimated revenue yield of H.R. 2570 as reported by the Conferees on May 27, 1943 as compared with the yield of the present law, with the yield of H.R. 2570 as passed by the House of Representatives on May 4, 1943, and with the yield of H.R. 2570 as passed by the Senate on May 14, 1943

(In millions of dollars)

	Increase or decrease (-), yield of Conference agreement: Over yield of present law	Over yield of House Bill	Over yield of Senate Bill
Estimated individual income tax liabilities payable into the Treasury during: 1/			
Last six months of fiscal year 1943	--	181.9	--
First six months of fiscal year 1944	1,999.5	2,908.6	--
Last six months of fiscal year 1944	1,006.9	74.5	1,093.7
Total, 18 months, January 1, 1943 - June 30, 1944	3,006.4	3,165.0	1,093.7
Calendar year 1943	1,999.5	3,090.5	--
Fiscal year 1944	3,006.4	2,983.1	1,093.7
Reconciliation of the increase or decrease (-) of total proposed individual income tax liabilities on income of the calendar years 1942, 1943, and 1944 --			
Total individual income tax liabilities payable into the Treasury during the 18 months' period January 1, 1943 - June 30, 1944	3,006.4	3,165.0	1,093.7
Amount withheld but not received until after June 30, 1944 (3 months' withholding)	910.6	--	--
Individual income tax liabilities through December 31, 1944, not withheld or payable through June 30, 1944:			
Portion of calendar year 1943 liabilities	- 6,623.9	- 1,375.6	--
Portion of calendar year 1944 liabilities	- 6,633.4	- 1,924.0	--
One-half of 25 percent of the lower of 1942 and 1943 taxes	1,093.5	1,093.5	1,093.5
Special treatment of increased income	195.0	195.0	- 205.0
Total not withheld or payable through June 30, 1944	-11,968.8	- 2,011.1	888.5
Increase or decrease (-) of proposed individual income tax liabilities on income of the calendar years 1942, 1943, and 1944	- 8,051.8	1,153.9	1,982.2
Reduction proposed in individual income tax liabilities of the armed forces 2/	- 1,518.6	449.1	--
Individual income tax liabilities remitted on calendar year 1942 income	- 9,815.3	- 9,815.3	--
Proposed calendar year 1942 basic tax liabilities remitted in addition to the special exclusion allowed the armed forces	--	7,237.9	--
Offsets against the remitted 1942 individual income tax liabilities:			
Provision reducing remittance to the lower of 1942 and 1943 taxes	900.0	900.0	--
Special treatment of increased income	195.0	195.0	- 205.0
Twenty-five percent of the lower of 1942 and 1943 taxes	2,187.1	2,187.1	2,187.1
Increase or decrease (-) of proposed individual income tax liabilities on income of the calendar years 1942, 1943, and 1944	- 8,051.8	1,153.8	1,982.1

Treasury Department, Division of Research and Statistics. May 28, 1943.

Note: Figures are rounded and will not necessarily add to totals.

1/ For the purpose of comparability of the estimates under the respective Bills, calendar year 1944 income, which has not been forecast, has been assumed to be the same as that forecast for 1943. In order to make the yields of the different laws comparable, liabilities have been assumed to be distributed equally among the four quarters of the year, and this same assumption has been followed with reference to the distribution of the present law liability. It is assumed that each taxpayer correctly estimates and pays currently 100 percent of his current tax liabilities as defined under each of the different laws, in excess of the amount currently withheld from salaries and wages, although the laws provide that no penalty will attach provided payments of tax liabilities as estimated by the taxpayer, together with amounts withheld, amount to certain stated minimum percentages of his defined current tax liabilities.

2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1943 net income tax liabilities are reduced by $634.9 millions and calendar year 1943 net Victory tax liabilities are reduced by $124.4 millions by both the Senate and the Conference Bills. Under the House Bill, calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by $363.9 millions and $670.1 millions, respectively, and calendar year 1943 net Victory tax liabilities are reduced by $131.8 millions.

Estimated individual income tax liabilities due under H.R. 2570 as passed by the House of Representatives on May 4, 1943, as passed by the Senate on May 14, 1943, and as reported by the Conferees on May 27, 1943, compared with present law liabilities

(In millions of dollars)

	House Bill	Senate Bill	Conference Bill	Present Law
Estimated individual income tax liabilities payable into the Treasury during: 1/				
Last six months of fiscal year 1943	5,277.7	5,459.6	5,459.6	5,459.6
First six months of fiscal year 1944	5,102.5	8,011.1	8,011.1	6,011.6
Last six months of fiscal year 1944	7,920.3	6,901.1	7,994.8	6,987.9
Total, 18 months, January 1, 1943 - June 30, 1944	18,300.5	20,371.8	21,465.5	18,459.1
Calendar year 1943	10,380.2	13,470.7	13,470.7	11,471.2
Fiscal year 1944	13,022.8	14,912.2	16,005.9	12,999.5
Reconciliation of total proposed individual income tax liabilities, 18 months, January 1, 1943 - June 30, 1944, with total tax liabilities under present law on income of the calendar years 1942, 1943, and 1944 --				
Total proposed individual income tax liabilities payable into the Treasury during 18 months, January 1, 1943 - June 30, 1944	18,300.5	20,371.8	21,465.5	18,459.1
Amount withheld but not received until after June 30, 1944 (3 months' withholding)	1,462.6	1,462.6	1,462.6	552.0
Proposed individual income tax liabilities through December 31, 1944, not withheld or payable through June 30, 1944:				
Portion of calendar year 1943 tax liabilities	1,375.6	--	--	6,623.9
Portion of calendar year 1944 tax liabilities	8,902.3	6,978.3	6,978.3	13,611.7
One-half of 25 percent of the lower of 1942 and 1943 taxes	--	--	1,093.5	--
Special treatment of increased income	--	400.0	195.0	--
Total not withheld or payable through June 30, 1944	10,277.9	7,378.3	8,266.8	20,235.6
Reduction proposed in individual income tax liabilities of the armed forces: 2/				
On incomes for the calendar years 1942, 1943, and 1944	1,967.7	--	--	--
On incomes for the calendar years 1943 and 1944	--	1,518.6	1,518.6	--
Individual income tax liabilities remitted on calendar year 1942 income	--	9,815.3	9,815.3	--
Proposed calendar year 1942 basic tax liabilities remitted in addition to the special exclusion allowed the armed forces	7,237.9	--	--	--
Offsets against the remitted 1942 individual income tax liabilities:				
Provision reducing remittance to the lower of 1942 and 1943 taxes	--	- 900.0	- 900.0	--
Special treatment of increased income	--	- 400.0	- 195.0	--
Twenty-five percent of the lower of 1942 and 1943 taxes	--	--	-2,187.1	--
Total individual income tax liabilities under present law on income of the calendar years 1942, 1943, and 1944	39,246.6	39,246.6	39,246.7	39,246.7
Total proposed individual income tax liabilities on income of the calendar years 1942, 1943, and 1944	30,041.0	29,212.7	31,194.9	39,246.7

Treasury Department, Division of Research and Statistics. May 28, 1943

Note: Figures are rounded and will not necessarily add to totals.

1/ For the purpose of comparability of the estimates under the respective Bills, calendar year 1944 income, which has not been forecast, has been assumed to be the same as that forecast for 1943. In order to make the yields of the different laws comparable, liabilities have been assumed to be distributed equally among the four quarters of the year, and this same assumption has been followed with reference to the distribution of the present law liability. It is assumed that each taxpayer correctly estimates and pays currently 100 percent of his current tax liabilities as defined under each of the different laws, in excess of the amount currently withheld from salaries and wages, although the laws provide that no penalty will attach provided payments of tax liabilities as estimated by the taxpayer, together with amounts withheld, amount to certain stated minimum percentages of his defined current tax liabilities.

2/ The loss with respect to tax liabilities on income of the calendar year 1944 should be somewhat greater, but has been assumed to be the same as on income of the calendar year 1943. Calendar year 1943 net income tax liabilities are reduced by $634.9 millions and calendar year 1943 net Victory tax liabilities are reduced by $124.4 millions by both the Senate and Conference Bills. Under the House Bill, calendar year 1942 and calendar year 1943 net income tax liabilities are reduced by $363.9 millions and $670.1 millions, respectively, and calendar year 1943 net Victory tax liabilities are reduced by $131.8 millions.

During fiscal year 1945 the Federal Government will receive the balance ($1,094 millions) of the unremitted 25 percent portion of the tax on the lower of calendar year 1942 or calendar year 1943 taxes, and will also receive one-fourth ($49 millions) of the yield of the provision which affords special treatment to increased incomes. This same provision will add $49 millions to the receipts of each of the three ensuing fiscal years.

Under the Conference agreement, after the transition period, the Government will in each fiscal year collect the entire individual income tax at current levels of income. Under present law, with the exception of the withholding tax, collections of individual income taxes in any given fiscal year are based upon incomes of each of the two preceding calendar years. It therefore follows that when incomes are declining, individual income tax collections in a given fiscal year will be greater under present law than under the Conference agreement. Conversely, the Federal Government will receive more individual income tax collections currently under the Conference agreement, as compared with present law, whenever incomes are rising.

Treasury Department
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May 28, 1943

of one-half of the offset of 25 percent of the lower of the 1942 or 1943 taxes which is contained in the Conference agreement. Nothing is received in fiscal year 1944 from the special treatment of increased incomes under either the Senate Bill or the Conference agreement.

The Government will receive in the fiscal year 1944 under the Conference agreement $2,983 millions more than under the House Bill. The Conference agreement collects taxes currently on incomes for the period considered, whereas the House Bill does so only with respect to something less than the net Victory tax, the normal tax and 13 percent of surtax net income, and follows present law procedure with reference to the balance tax liability. For the fiscal year 1944 the Conference agreement estimates include $900 millions and $1,094 millions respectively from the provisions applying the remission to the lower of 1942 or 1943 taxes and from one-half of the offset of 25 percent of the lower of 1942 or 1943 taxes.

As compared with the present law, the Government will under the Conference agreement receive in fiscal year 1944 not only one-half of the offset of 25 percent of the lower of the 1942 or 1943 taxes but also the entire $900 millions from applying the remission to the lower of 1942 or 1943 taxes and will collect taxes on incomes at higher levels. The full effect of collecting at higher levels of income is not fully reflected in the receipts for fiscal year 1944 under the Conference agreement as compared with the present law, as an additional $911 millions is estimated to be in the hands of the withholding agents at the end of the fiscal year as compared with what would be in their hands under the present law, with a much lower withholding rate.

Of the estimated $9,815 million liability for individual income tax with respect to calendar year 1942 incomes, the House Bill remitted $7,602 millions or 77.5 percent, of which remission $364 millions was attributable to the special exclusion to the armed forces.

The Senate Bill remitted the entire calendar year 1942 liability but recovered $1,300 millions through offsets: $900 millions from applying the remission to the lower of 1942 or 1943 taxes, and $400 millions from the special treatment of increased incomes. Thus, the net remission under the Senate Bill was $8,515 millions or 86.8 percent of the calendar year 1942 individual income tax liabilities.

Under the Conference agreement, there is recovered the same $900 millions as is recovered by comparable provisions of the Senate Bill. The special treatment of increased incomes provision yield is reduced to $195 millions. The offset of 25 percent of the lower of the 1942 and 1943 taxes adds $2,187 millions; thus, the net effect of the Conference agreement is to remit $6,533 millions or 66.6 percent of the calendar year 1942 liabilities.

All estimates of yield under the respective Bills assume that each taxpayer correctly estimates and pays currently 100 percent of his current tax liabilities in excess of the amount currently withheld from wages and salaries. Under the Conference agreement the Federal Government will receive in the fiscal year 1944 $3,006 millions more than it would receive under the present law; $2,983 millions more than it would have received under the House Bill; and $1,094 millions more than it would have received under the Senate Bill.

The increase in the yield of the Conference agreement over the yield of the Senate Bill in fiscal year 1944 is entirely attributable to receipt

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IN CLOSING THE LUNCHEON MEETING, WHICH WAS ATTENDED BY NEARLY FORTY [redacted] PROMINENT STATE FIGURES WHO HAVE HELPED NEW JERSEY ESTABLISH ONE OF THE BEST SALES RECORDS AT THE SMALLEST EXPENSE OF ANY STATE-WIDE OPERATION, MR. [redacted] MORGENTHAU SAID: ¶"I WANT TO [redacted] COMMEND YOU ALL ON THE PROMPTNESS WITH WHICH YOU HAVE GATHERED YOUR FORCES TOGETHER TO CARRY [redacted] ON THIS VITALLY IMPORTANT PHASE OF THE WAR. WITHIN A WEEK OF MY REQUEST TO STATE GROUPS THAT THEY STREAMLINE AND AMPLIFY [redacted] THEIR BOND-SELLING OPERATIONS, YOU HAVE PROVED the SOUNDNESS OF OUR DECISION TO MOVE AHEAD ALONG THE LINES OF A SINGLE COMMITTEE WITH A SINGLE STATE AUTHORITY AND [redacted] CONCENTRATION ON INDIVIDUAL BOND SALES. I CONFIDENTLY BELIEVE YOU HAVE SET A [redacted] PATTERN THAT CAN AND WILL BE FOLLOWED IN GENERAL BY ALL THE OTHER STATES. IT IS exactly ~~EXACTING~~ WHAT I HAD IN MIND IN ISSUING THE STATEMENT FROM WASHINGTON - IT IS exactly ~~EXACTING~~ WHAT WILL BE NEEDED TO [redacted] ACCOMPLISH OUR FORMIDABLE MISSION. ¶"I WANT TO THANK YOU IN THE NAME OF THE UNITED STATES TREASURY AND IN THE NAME OF OUR COMMANDER-IN-CHIEF." ~~UNQUOTE~~

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~~END OR GA~~

~~WE HAVE AN~~ [redacted] ~~AMPLE FORCE OF~~ PATRIOTIC, [redacted] CONSCIENTIOUS HARD-WORKING PEOPLE, AS I AM SURE EVERY STATE HAS. OUR NEW PLANT WILL GIVE THEM A GREATER OPPORTUNITY THAN [redacted] EVER BEFORE AND ~~T~~

[redacted]

OPPORTUNITY IS ALL THEY WANT."

COL. DOLIER EXPLAINED THAT A STATE-WIDE STEERING COMMITTEE WAS IN [redacted] THE PROCESS OF FORMATION AND WOULD INCLUDE ACTIVE REPRESENTATIVES OF

LABOR, INDUSTRY, BANKING AND INVESTMENT BUSINESS GROUPS, WOMEN'S GROUPS, EDUCATIONAL GROUPS, AGRICULTURAL GROUPS, INTERRACIAL GROUPS AND OTHERS "WITHOUT WHOSE HELP THE NEW ARANGEMENT CANNOT [redacted] COMPLETELY SUCCEEd."

~~CAPTION CORBIN EXPLAINS DUTIES~~

~~OF NEW BANKING GROUP~~

MR. CORBIN POINTED OUT THAT THE JOB OF THE BANKING AND INVESTIMENT COMMITTEE WILL BE [redacted] ESPECIALLLY IMPORTANT DURING DRIVES BUT WILL CONTINUE ON A SKELETON BASIS FIFTY-TWO [redacted] WEEKS of the year. [redacted] HE SAID THAT THE BANKS AND INVESTMENT HOUSES DEMONSTRATED WHAT THEY CAN DO DURING THE SECOND WAR LOAN DRIVE. "THEY ESTABLISHED OUTSTANDING SALES RECORDS THROUGH SALES TO THEIR CUSTOMERS AND THEY WERE THEN ONLY LEARNING HOW TO DO IT," ("Mr. Corbin said,) "WITH THE EXPERIENCE WE HAVE GAINED I AM SURE WE CAN MAKE a TRULY REMARKABLE SHOWING. I HAVE BEEN ASSURED BY THE BANKS OF NEW JERSEY THAT THEY WILL COOPERATE COMPLETELY AND ENTHUSIASTICALLY

"WHILE THE INDUSTRIAL AND COMMUNITY OPERATIONS ARE VITAL BECAUSE THROUGH THEM WE WILL GET THE WIDEST BOND DISTRIBUTION," Col. D'Olier said, "th ~~THE~~ APPEALS TO CUSTOMERS OF BANKS AND OTHER FINANCIAL INSTITUTIONS WILL IN THE END PRODUCE 65 PERCENT ON THE ~~XXX~~ OF THE MONEY."

TO GET THIS MONEY, MR. CORBIN, AS HEAD OF THE NEW BANKING AND INVESTMENT COMMITTEE, WILL WORK WITH FORMER MEMBERS OF THE MERGED VICTORY FUND COMMITTEEE WHICH ACCOMPLISHED SO much ~~MUST~~ IN THE SECOND WAR ~~LOAD XXX~~ LOAN DRIVE.

THEY WILL TAKE COMPLETE CHARGE OF BANK COOPERATION, BOTH ~~AND~~ DURING AND BETWEEN THE DRIVES.

"IN THE INDUSTRIAL FIELD WE MUST DEPEND FOR SUCCESS ~~X XX~~ UPON LABOR-MANAGEMENT COOPERATION~~S~~ IN NEW JERSEYS INDUSTRIES. LABOR AND MANAGEMENT WORKING TOGETHER CAN INCREASE THE NUMBER OF PARTICIPANTS IN THE PAYROLL DEDUCTION PLAN AND THE THE PERCENTAGE OF PAY DEDUCTED. WE CAN SUPPLEMENT THE EFFORTS OF LABOR AND MANAGMENT WITH GOOD LEADERSHIP IN OUR STATE COMMITTEE BUT ANY HELP WE GIVE IS ONLY SUPPLEMENTARY. NEW JERSEY FIRMS AND THE UNIONS TO WHOM OUR WORKING MEN AND WOMEN BELONG ARE ~~FACT XXX~~ FACED WITH A HUGE RESPONSIBILITY BECAUSE WHETHER OR NOT WE ARE ABLE TO REACH INTO THE PLACES WHERE, AS MR. MORGENTHAU HAS POINTED OUT, SEVEN-EIGHTHS OF ALL CURRENTLY AVAILABLE MONEY IN THE HANDS OF INDIVIDUALS LIES, DEPENDS SQUARELY UPON THEM.

OUR COMMUNITY ACTIVITIES. encourage ~~ENCOURAGE~~ THE STEADY PURCHASE OF WAR BONDS AND ~~HANDLINXXX~~ HANDLING SPECIAL PROMOTIONS TO ATTRACT THE WIDEST POSSIBLE ATTENTION TO THE NEED FOR MORE AND MORE INDIVIDUAL SALES WILL BE UNDER ~~COMPE XX~~ COMPETENT LEADERSHIP, NOT ONLY AT THE STATE LEVEL BUT ALSO AT THE COUNTY AND LOCAL LEVELS. WE HAVE AN AMPLE FORCE OF

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WE ARE UNDERTAKING. IN THIS THE NEW JERSEY GROUP IS SETTING AN ADMIRABLE EXAMPLE. ~~QUOTE~~

~~NEW JERSEY WAR SAVINGS STAFF AND WAR FINANCE COMMITTE MERGED~~

IN THE NEW JERSEY PLAN, [redacted] ANNOUNCED AT THE LUNCHEON, THE WAR FINANCE [redacted] LEADERS OF THE STATE HAVE COMPLETELY MERGED THE WAR SAVINGS STAFF, WHICH HAS BEEN IN OPERATION HERE FOR TWO YEARS, AND THE VICTORY FUND COMMITTEE, WHICH WAS SET UP PRIOR TO the FIRST WAR LOAN DRIVE. IN BRINGING THE [redacted] TWO COMMITTEES INTO A SINGLE GROUP, SECRETARY MORGENTHAU ANNOUNCED THE APPOINTMENT AS CHAIRMAN OF [redacted] COL. FRANKLIN DOLIER, ~~D OLIER~~ PRESIDENT OF THE PRUDENTIAL LIFE INSURANCE Company ~~CO~~ AND FORMERLY STATE CHAIRMAN OF THE ~~AR~~ WAR SAVINGS STAFF. WORKING [redacted] CLOSELY WITH COL. D'OLIER AS VICE CHAIRMAN IN CHARGE OF BOND SALES TO CUSTOMERS OF BANKS AND INVESTMENT DEALERS IS HORACE K. CORBIN, PRESIDENT OF the FIDELITY UNION TRUST Company ~~CO~~, NEW JERSEY'S LARGEST BANKING INSTITUTION, AND FORMERLY HEAD OF NEW JERSEY VICTORY FUND COMMITEE.

"WE HAVE SET UP THIS NEW OPERATION AS YOU OUTLINED IT," COL. D'OLIER TOLD ~~SE~~ SECRETARY MORGENTHAU, [redacted] "AND WE CAN GUARANTEE AHEAD OF TIME

[redacted] THAT IT IS GOING TO PRODUCE FAR BETTER THAN ANY PREVIOUS ARRANGEMENT."

POINTING OUT THAT THE NEW JERSEY LEADERS SAW THE PROBLEM OF WAR FINANCE AS A WAR ON THREE BATTLE FRONTS, HE EXPLAINED THAT THE NEW ARRANGEMENT WOULD INCLUDE THREE DIVISIONS — ONE TO FUNCTION THROUGH BANKING AND INVESTMENT GROUPS, ONE IN THE INDUSTRIAL FIELD AND ONE TO HANDLE GENERAL [redacted] COMMUNITY ACTIVITIES. ~~XXXXXX~~

[redacted]

PLEASE RELEASE FOLLOWING AT 2 PM THIS AFTENOON

QUOTE UNITED STATES TREASURY DEPARTMENT ~~FOR IMMEDIATE RELEASE~~

~~JUNE 1 1943~~ ¶ NEWARK NJ, JUNE 2,-BY THE END OF 1943 THE AVERAGE AMERICAN FAMILY SHOULD BE ~~I-~~NVESTING APPROXIMATE ly 25 CENTS OF EVERY DOLLAR of INCOME IN WAR BONDS, SECRETARY OF THE TREASURY HENRY MORGENTHAU, JR., TOLD NEW JERSEY'S WAR FINANCE LEADERS HERE TODAY DURING A LUNCHEON AT WHICH PLANS WERE LAID FOR NEW JERSEY'S NEW SIMPLIFIED BOND SELLING ORGANIZATIO

¶ THE NEW JERSEY GROUP IS THE FIRST IN THE UNITED STATES TO REORGANIZE SINCE MR. MORGENTHAU'S ANNOUNCEMENT LAST WEEK THAT STATE BOND ORGANIZATIONS WERE TO BE ~~QUOTE S[illegible]~~ " STREAMLINED AND AMPLIFIED IN ORDER TO CONCENTRATE ON INDIVIDUALS AND TO SELL BONDS TO A STILL GREATER NUMBER OF PEOPLE." ~~UNQUOTE~~

¶ " ~~QUOTE~~ OF THE FORTY-FIVE BILLION dollars STILL NECESSARY TO COMPLETE ~~OUT~~ our WAR FINANCING NEEDS FOR 1943," ~~QUOTE~~ MR. MORGENTHAU ~~STOLL~~ told THE NEW JERSEY GRO " ~~QUOTE THAT~~ AT LEAST EIGHTEEN BILLIONS, OR ALMOST 25 PER CENT, OF THE NAT NATIONAL INCOME FOR THE REMAINDER OF THE YEAR SHOULD COME FROM PURCHASE OF BONDS BY INDIVIDUALS.

" ~~QUOTE~~ FROM THOSE WORKERS EARNING FROM ONE THOUSAND TO FIVE THOUSAND NET WHO WILL HAVE SEVEN EIGHTS OF ALL THE CURRENT AVAILABLE INDIVIDUAL SAV- INGS, 25 CENTS OF EACH DOLLAR IS NOT TOO MUCH TO EXPECT. IN FACT THEY SHOULD AND ~~MUT XX~~ MUST INVEST MORE IF OUR GOAL IS TO BE MET. But gett

~~[illegible]~~ THIS MONEY IS A ~~G[illegible]~~ BIG ORDER.
~~WILL REQUIRE~~

~~BUSTED UP GA MONEY IS A BIG ORDER XXX~~

TO DO THE JOB WILL REQUIRE HARD WORK ON THE PART OF EVERY ONE. OUR VOLUNTEERS WILL EVEN HAVE TO WORK HARDER THAN THEY DID IN THE SUCCESSFUL SECOND WAR LOAN DRIVE. AND WE CAN GET THIS JOB DONE ONLY IF EVERY STATE SETS UP ITS CONTINUING ORGANIZATION PROMPTLY AND GOES TO WORK ENTHUSIASTICALLY WITH A REALIZATION OF THE IMPORTANCE ~~OX~~ of THE TA

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, June 2, 1943.

Press Service
No. 36-78

Newark, N. J., June 2. -- By the end of 1943 the average American family should be investing approximately 25 cents of every dollar of income in War Bonds, Secretary of the Treasury Henry Morgenthau, Jr., told New Jersey's war finance leaders here today during a luncheon at which plans were laid for New Jersey's new simplified bond selling organization.

The New Jersey group is the first in the United States to reorganize since Mr. Morgenthau's announcement last week that state bond organizations were to be "streamlined and amplified in order to concentrate on individuals and to sell bonds to a still greater number of people."

"Of the forty-five billion dollars still necessary to complete our war financing needs for 1943," Mr. Morgenthau told the New Jersey group, "at least eighteen billions, or almost 25 percent, of the national income for the remainder of the year should come from purchases of bonds by individuals.

"From those workers earning from one thousand to five thousand net who will have seven-eighths of all the current available individual savings, 25 cents of each dollar is not too much to expect. In fact they should and must invest more if our goal is to be met. But getting this money is a big order. To do the job will require hard work on the part of everyone. Our volunteers will even have to work harder than they did in the successful Second War Loan Drive. And we can get this job done only if every state sets up its continuing organization promptly and goes to work enthusiastically with a realization of the importance of the task we are undertaking. In this the New Jersey group is setting an admirable example."

In the New Jersey plan, announced at the luncheon, the war finance leaders of the state have completely merged the War Savings Staff, which has been in operation here for two years, and the Victory Fund Committee, which was set up prior to the First War Loan Drive. In bringing the two committees into a single group, Secretary Morgenthau announced the appointment as chairman of Col. Franklin D'Olier, President of the Prudential Life Insurance Company and formerly state chairman of the War Savings Staff. Working closely with Col. D'Olier as vice chairman in charge of Bond sales to customers of banks and investment dealers is Horace K. Corbin, President of the Fidelity Union Trust Company, New Jersey's largest banking institution, and formerly head of New Jersey Victory Fund Committee.

"We have set up this new operation as you outlined it," Col. D'Olier told Secretary Morgenthau, "and we can guarantee ahead of time that it is going to produce far better than any previous arrangement."

Pointing out that the New Jersey leaders saw the problem of war finance as a war on three battle fronts, he explained that the new arrangement would include three divisions -- one to function through banking and investment groups, one in the industrial field and one to handle general community activities.

"While the industrial and community operations are vital because through them we will get the widest Bond distribution," Col. D'Olier said, "the appeals to customers of banks and other financial institutions will in the end produce 65 percent of the money. To get this money, Mr. Corbin, as head of the new banking and investment committee, will work with former members of the merged Victory Fund Committee which accomplished so much in the Second War Loan Drive. They will take complete charge of bank cooperation, both during and between the drives.

"In the industrial field we must depend for success upon labor-management cooperation in New Jersey's industries. Labor and management working together can increase the number of participants in the payroll deduction plan and the percentage of pay deducted. We can supplement the efforts of labor and management with good leadership in our state committee but any help we give is only supplementary. New Jersey firms and the unions to whom our working men and women belong are faced with a huge responsibility because whether or not we are able to reach into the places where, as Mr. Morgenthau has pointed out, seven-eighths of all currently available money in the hands of individuals lies, depends squarely upon them. Our community activities encourage the steady purchase of War Bonds and handling special promotions to attract the widest possible attention to the need for more and more individual sales will be under competent leadership, not only at the state level but also at the county and local levels. We have an ample force of patriotic, conscientious hard-working people, as I am sure every state has. Our new plan will give them a greater opportunity than ever before and opportunity is all they want."

Col. D'Olier explained that a state-wide steering committee was in the process of formation and would include active representatives of labor, industry, banking and investment business groups, women's groups, educational groups, agricultural groups, interracial groups and others "without whose help the new arrangement cannot completely succeed."

Mr. Corbin pointed out that the job of the banking and investment committee will be especially important during drives but will continue on a skeleton basis fifty-two weeks of the year. He said that the banks and investment houses demonstrated what they can do during the Second War Loan Drive. "They established outstanding sales records through sales to their customers and they were then only learning how to do it," Mr. Corbin said. "With the experience we have gained I am sure we can make a truly remarkable showing. I have been assured by the banks of New Jersey that they will cooperate completely and enthusiastically, under this new arrangement."

In closing the luncheon meeting, which was attended by nearly forty prominent state figures who have helped New Jersey establish one of the best sales records at the smallest expense of any state-wide operation, Mr. Morgenthau said:

"I want to commend you all on the promptness with which you have gathered your forces together to carry on this vitally important phase of the war. Within a week of my request to state groups that they streamline and amplify their Bond-selling operations, you have proved the soundness of our decision to move ahead along the lines of a single committee with a single state authority and concentration on individual Bond sales. I confidently believe you have set a pattern that can and will be followed in general by all the other states. It is exactly what I had in mind in issuing the statement from Washington - it is exactly what will be needed to accomplish our formidable mission.

"I want to thank you in the name of the United States Treasury and in the name of our Commander-in-Chief."

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 25, 1943.

Press Service
36-79

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 92-day Treasury bills to be dated May 26 and to mature August 26, 1943 which were offered on May 21, 1943, were opened at the Federal Reserve Banks on May 24.

The details of this issue are as follows:

Total applied for - $1,378,597,000
Total accepted 905,310,000 (includes $82,364,000 entered on a fixed-price basis at 99.905 and accepted in full)

Range of accepted bids:

High	- 99.910	Equivalent rate of discount approx.	0.352% per annum
Low	- 99.904	" " " " "	0.376% " "
Average price	- 99.905	" " " " "	0.373% " "

(47 percent of the amount bid for at the low price was accepted.)

Federal Reserve Bank	Total Applied For	Total Accepted
Boston	$ 22,502,000	$ 16,354,000
New York	898,826,000	517,722,000
Philadelphia	35,663,000	23,092,000
Cleveland	57,425,000	47,726,000
Richmond	24,516,000	24,437,000
Atlanta	17,520,000	14,461,000
Chicago	168,916,000	125,383,000
St. Louis	38,082,000	24,064,000
Minneapolis	8,306,000	8,291,000
Kansas City	26,133,000	25,232,000
Dallas	20,543,000	19,469,000
San Francisco	60,165,000	59,079,000
TOTAL	$1,378,597,000	$905,310,000

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TOTAL	$1,378,597,000	$905,310,000

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for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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~~ALPHA~~

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on ____June 2, 1943____. ~~(7)~~

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, May 26, 1943.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000 (2), or thereabouts, of 92 (3) -day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated June 2, 1943 (4), and will mature September 2, 1943 (5), when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Friday, May 28, 1943 (6). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

36-80

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Washington

FOR RELEASE, MORNING NEWSPAPERS,
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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 2, 1943.

36-80

(Over)

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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TREASURY DEPARTMENT
Washington

36-81

FOR IMMEDIATE RELEASE
May 25, 1943

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption As of (Date)	Authorized for entry for consumption (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 15, 1943	414,122,328
Colombia	735,840,277	"	359,565,521
Costa Rica	46,718,031	"	20,182,505
Cuba	18,692,451	"	9,666,155
Dominican Republic	25,752,947	"	17,197,334
Ecuador	35,041,235	"	15,232,712
El Salvador	140,776,585	"	76,180,022
Guatemala	124,978,598	"	52,959,773
Haiti	64,236,136	"	46,507,248
Honduras	4,278,467	"	2,382,482
Mexico	111,292,661	"	44,375,000
Nicaragua	45,818,819	"	14,336,965
Peru	5,839,588	"	162
Venezuela	90,021,490	"	44,668,734
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	29,054,657

1/ Quotas revised as of March 5, 1943.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, May 26, 1943.

Press Service
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securities to commercial banks, mutual savings banks, insurance companies and government bond dealers, Mr. Morgenthau has authorized the Federal Reserve Banks as fiscal agents of the Treasury to handle sales to these financial institutions separately.

"We arrived at this plan," ~~Mr. Morgenthau~~ the Secretary said, "after consultation with the Board of Governors of the Federal Reserve System, and with the presidents of the 12 Federal Reserve Banks. I believe that this new arrangement makes the best possible use of what we learned in the first two War Loan Drives.

"One of the chief considerations in setting up this improved plan was to make it possible for everyone to concentrate on the sale of bonds to individuals. We are already making great progress, having sold twice as many bonds to individuals in the Second Drive as in the first, and having exceeded the quota we set for individuals in the Second War Loan Drive by nearly a billion dollars."

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SPECIAL—RUSH

Defense Savings Staff
Newspaper release

Approved ____ VINCENT F. CALLAHAN Time ____ Date ____

6 50

____ EUGENE W. SLOAN

____ FERDINAND KUHN, JR.

____ HAROLD N. GRAVES Time ____ Date ____

Attached ____

For release to: ____

No. 36-82

~~RELEASE NO. 336~~

FOR IMMEDIATE RELEASE
Thursday ~~Afternoon Papers~~, May 27, 1943

WASHINGTON, D. C. -- As a result of the highly successful Second War Loan Drive which brought 18½ billion dollars into the Treasury in three weeks, Secretary of the Treasury Henry Morgenthau, Jr., announced today that the method of selling bonds through volunteer salesmen would be "streamlined and amplified." As the first step, according to Mr. Morgenthau, the existing Victory Fund Committees and War Savings Staffs in the various states will be combined into a single organization.

This consolidated organization will function under the direction of state chairmen who will report directly to the Secretary of the Treasury and will be responsible for the continuing sale of War Savings Bonds through the voluntary payroll allotment and other regular purchase plans. These state organizations will also be in charge of War Loan drives and will concentrate on the sale of increasing amounts of bonds to individuals and to corporations.

In order to facilitate the sale of issues of Government

TREASURY DEPARTMENT
Washington

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Thursday, May 27, 1943.

Press Service
No. 36-82

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In order to facilitate the sale of issues of Government securities to commercial banks, mutual savings banks, insurance companies and government bond dealers, Mr. Morgenthau has authorized the Federal Reserve Banks as fiscal agents of the Treasury to handle sales to these financial institutions separately.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Saturday, May 29, 1943.

Press Service
36-83

The Secretary of the Treasury announced last evening that the tenders for $900,000,000 or thereabouts, of 92-day Treasury bills to be dated June 2 and to mature September 2, 1943, which were offered on May 26, 1943, were opened at the Federal Reserve Banks on May 28.

The details of this issue are as follows:

Total applied for - $1,320,577,000
Total accepted - 904,992,000 (includes $61,797,000 entered on a fixed-price basis at 99.905 and accepted in full)

Range of accepted bids:

High	- 99.910	Equivalent rate of discount approx.	0.352% per annum
Low	- 99.904	" " " " "	0.376% " "
Average price	- 99.905	" " " " "	0.374% " "

(55 percent of the amount bid for at the low price was accepted.)

Federal Reserve Bank	Total Applied For	Total Accepted
Boston	$ 35,283,000	$ 25,788,000
New York	903,200,000	568,170,000
Philadelphia	43,287,000	32,647,000
Cleveland	40,717,000	34,327,000
Richmond	18,805,000	18,760,000
Atlanta	12,330,000	11,167,000
Chicago	125,382,000	96,114,000
St. Louis	53,678,000	33,576,000
Minneapolis	4,871,000	4,858,000
Kansas City	22,774,000	21,762,000
Dallas	13,485,000	12,948,000
San Francisco	46,765,000	44,875,000
TOTAL	$1,320,577,000	$904,992,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Saturday, May 29, 1943.
5-28-43

Press Service
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TOTAL	$1,320,577,000	$904,992,000

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The Treasury has heretofore exercised a measure of supervision over handling of narcotics in the legal trade through control over imports, and in giving effect to the manufacturing limitation convention of 1931, which requires the contracting nations to keep aggregate production within the world's medical and scientific needs.

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Specific quotas, above those chargeable to civilian requirements, will be granted for meeting Army, Navy and Lend-lease orders. The bureau will establish proper priorities for meeting civilian and military demands.

Enforcement of the quota regulation is contained in provisions for punishment of offenders by fine or imprisonment, or through withholding of supplies from violators. The Bureau also may deny quotas to any handler failing to cooperate in measures confining its products to legitimate channels. No manufacturing quotas will be assigned applicants not heretofore engaged in manufacturing derivatives unless the Bureau of Narcotics finds that existing facilities are inadequate.

Exempt from quota requirements are qualified practitioners purchasing narcotics for direct administration or dispensing to a patient; and pharmacists purchasing for direct sale on lawfully issued prescriptions.

To When European sources were threatened by the imminence of war,

Secretary Morgenthau ~~, the Bureau, during the period when war clouds were gathering in Europe, arranged~~ asked the Bureau to arrange for a reserve supply of crude drugs estimated sufficient to last several years. Even since the outbreak of ~~war~~ hostilities, supplies of opium have been augmented from middle eastern sources that have been kept open to shipping; while coca leaves, from which cocaine, and similar preparations are made, have been obtained from South America.

However, the Commissioner said that increased needs of the military services of the United States and of our allies make necessary control over allocation and distribution of supplies of manufactured drugs.

~~The object of the new regulation is to insure adequate supplies for both civilian and military needs at all times and at the places needed.~~

Quotas will be assigned primary extractors, manufacturers of narcotic preparations, and wholesalers in line with their past and prospective requirements, consideration being given to their existing stocks.

36-84

For Release Morning Newspapers,
~~For Monday am's~~ Monday, May 31, 1943

The Treasury Department's Bureau of Narcotics has adopted strict measures to conserve supplies of war-essential narcotic drugs by setting up manufacturing and distributing quota systems under authority of a War Production Board directive.

The Bureau's Narcotics Conservation Order No. 1, effective May 31, was issued to conserve the stockpiles and supplies of crude drugs which Secretary Morgenthau ordered accumulated when war clouds were first gathering in Europe. Commissioner of Narcotics Harry J. Anslinger stressed the fact that there is no impending shortage, but said the object of the new regulation is to insure adequate supplies for both military and civilian needs at all times and at the places needed.

Order No. 1 outlines procedure to be followed by legitimate handlers of opium and coca leaf preparations in obtaining allocations from existing stockpiles of the vital, pain-easing drugs. It was issued after several months of study by the Bureau of Narcotics, in consultation with other Government agencies and with representatives of the trade.

TREASURY DEPARTMENT
Washington

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Monday, May 31, 1943

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the war effort in giving the Government accurate and reliable information as to ~~the~~ foreign-owned property ~~of~~ in the United States, so the information to be obtained on Form TFR-500 on American property abroad will enable this country to act with greater knowledge in all international, economic, and financial affairs.

The agencies of the United States Government particularly interested in the information to be obtained by the census were extensively consulted concerning the project. Technical aspects of the requirements were also discussed with representative persons within various groups most vitally interested, with a view of adapting the requirements to the convenience of the reporters as far as possible.

It should be noted that the reporting requirements apply not only to tangible property situated in foreign countries but also to all intangible property issued or created by foreign countries or by persons within such countries as, for example, bonds issued by a foreign government whether or not payable in dollars. Currency or coin, financial securities, and negotiable instruments issued or created by the United States or any agency or person in the United States also come within the scope of the census whenever such property was situated in a foreign country on the reporting date.

Failure of any person to file a report required of him will subject him to criminal penalties.

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than $50,000 of foreign assets, a special abridged circular of instructions is provided.

Citizens of the United States in enemy-occupied territory, and persons in the armed forces of the United States serving in foreign countries are exempted from filing Form TFR-500. So too is any person whose property in all foreign countries had an aggregate value less than $10,000. In cases, however, of bonds payable by their terms in United States dollars, interests in allied foreign organizations, and certain agreements and contracts, a report must be filed even though the aggregate value of property interests is less than $10,000. Notwithstanding the exemptions, any person may, if he so desires, report all of his property in foreign countries.

The method of determining values for the purpose of the report is set forth in the circular of instructions, and must be followed in all cases.

While the information obtained in this census will be of great importance in the formulation of policies respecting post-war financial and industrial relationships between this country and foreign nations, the census is not intended to constitute a registry of claims against enemy countries. Just as the information gained from the census taken in 1941 on Form TFR-300 is of the highest value to

Every person subject to the jurisdiction of the United States, including American citizens in foreign countries, having an interest in any property in a foreign country on May 31, 1943, must file a report on Form TFR-500. Form TFR-500 and circulars of instruction for preparing reports are now being forwarded to the Federal Reserve Banks, where they will be available to the public. In foreign countries, where forms and instructions will be distributed to American citizens through United States Consuls, they will be issued somewhat later. Completed forms must be filed with the Federal Reserve Banks not later than August 31, 1943, or with Consuls not later than September 30.

The form is issued in three series, each adapted to a particular purpose. Two of the series are also divided into sub-series for further facility in reporting. Each person obliged to report will therefore be supplied with forms specially adapted to his circumstances for ease in reporting. For example, individuals will ordinarily be concerned only with Series A-I, a summary report of holdings in all foreign countries, and Series B, for detailed reports concerning property in each country. To assist persons reporting, and to assure accuracy and uniformity of the reports received, Public Circular No. 22, containing complete instructions, has been prepared. For the convenience of individuals with less

TREASURY DEPARTMENT
Washington

FOR RELEASE MORNING NEWSPAPERS,
Thursday, June 3, 1943.

Press Service
No. 36-85

XXXXXXXXXXXXX

To give the Government complete and accurate information on American assets in foreign countries, a census will be conducted on Form TFR-500 with respect to all property in foreign countries in which any person subject to the jurisdiction of the United States had an interest on May 31, 1943, the Treasury Department announced today.

The information obtained from the census will be of assistance in the activities of the Foreign Funds Control Division of the Treasury Department and in the work of other divisions involving economic, financial, and commercial relationships with foreign countries and their nationals. It will also be of aid to other departments and agencies in the performance of their wartime duties, protecting American interests abroad, and combating the economic strategy of the Axis.

The Government's need for detailed knowledge of American interests and relationships abroad has constantly increased since the war began. By means of this census of American property abroad, our armed forces occupying hitherto dominated Axis territory, and the civil authorities following in their wake, will be supplied with accurate information both for facilitating the occupation and for protecting American interests within the area.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 3, 1943.
5-31-43

Press Service
No. 36-85

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The form is issued in three series, each adapted to a particular purpose. Two of the series are also divided into subseries for further facility in reporting. Each person obliged to report will therefore be supplied with forms specially adapted to his circumstances for ease in reporting. For example, individuals will ordinarily be concerned only with Series A-I, a summary report of holdings in all foreign countries, and Series B, for detailed reports concerning property in each country. To assist persons reporting, and to assure accuracy and uniformity of the reports received, Public Circular No, 22, containing complete instructions, has been prepared. For the convenience of individuals with less than $50,000 of foreign assets, a special abridged circular of instructions is provided.

Citizens of the United States in enemy-occupied territory, and persons in the armed forces of the United States serving in foreign countries are exempted from filing Form TFR-500. So too is any person whose property in all foreign countries had an aggregate value less than $10,000. In cases, however, of bonds payable by their terms in United States dollars, interests in allied foreign organizations, and certain agreements and contracts, a report must be filed even though the aggregate value of property interests is less than $10,000. Notwithstanding the exemptions, any person may, if he so desires, report all of his property in foreign countries.

The method of determining values for the purpose of the report is set forth in the circular of instructions, and must be followed in all cases.

While the information obtained in this census will be of great importance in the formulation of policies respecting post-war financial and industrial relationships between this country and foreign nations, the census is not intended to constitute a registry of claims against enemy countries. Just as the information gained from the census taken in 1941 on Form TFR-300 is of the highest value to the war effort in giving the Government accurate and reliable information as to foreign-owned property in the United States, so the information to be obtained on Form TFR-500 on American property abroad will enable this country to act with greater knowledge in all international, economic, and financial affairs.

The agencies of the United States Government particularly interested in the information to be obtained by the census were extensively consulted concerning the project. Technical aspects of the requirements were also discussed with representative persons within various groups most vitally interested, with a view of adapting the requirements to the convenience of the reporters as far as possible.

It should be noted that the reporting requirements apply not only to tangible property situated in foreign countries but also to all intangible property issued or created by foreign countries or by persons within such countries as, for example, bonds issued by a foreign government whether or not payable in dollars. Currency or coin, financial securities, and negotiable instruments issued or created by the United States or any agency or person in the United States also come within the scope of the census whenever such property was situated in a foreign country on the reporting date.

Failure of any person to file a report required of him will subject him to criminal penalties.

-oOo-

IN REPLY REFER TO

OFFICE OF THE COMMISSIONER

ADDRESS REPLY TO
COMMISSIONER OF CUSTOMS

TREASURY DEPARTMENT

BUREAU OF CUSTOMS

WASHINGTON

36-86

FOR IMMEDIATE RELEASE,
June 3, 1943.

The Bureau of Customs announced today that the quota of 795,000 bushels of wheat (other than wheat unfit for human consumption), the produce of Canada, which may be entered for consumption or withdrawn from warehouse for consumption during the 12 months' period beginning May 29, 1943, established by the President's proclamation of May 28, 1941, as modified by the proclamation of April 13, 1942, and further modified by the proclamation of April 29, 1943, has been filled.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 3, 1943.

Press Service
No. 36-86

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-oOo-

Miss Simpson
36-87

FOR IMMEDIATE RELEASE,
June 1, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption As of (Date)	Authorized for entry for consumption (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 22, 1943	428,442,485
Colombia	735,840,277	"	365,050,234
Costa Rica	46,718,031	"	21,975,767
Cuba	18,692,451	"	9,726,855
Dominican Republic	25,752,947	"	17,203,298
Ecuador	35,041,235	"	15,440,937
El Salvador	140,776,585	"	79,611,159
Guatemala	124,978,598	"	53,292,306
Haiti	64,236,136	"	49,632,744
Honduras	4,278,467	"	2,483,955
Mexico	111,292,661	"	46,419,717
Nicaragua	45,818,819	"	14,872,565
Peru	5,839,588	"	162
Venezuela	90,021,490	"	51,562,034
Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	30,985,443

1/ Quotas revised as of March 5, 1943.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 3, 1943.

Press Service
No. 36-87

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1/ Quotas revised as of March 5, 1943.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 3, 1943.

Press Service
No. 36-88

The following joint statement is made by Secretary Morgenthau and by Antonio Espinosa de los Monteros, representing the Secretary of the Treasury of Mexico:

> The Stabilization Agreement of 1941 between the United States and Mexico, under which the United States Stabilization Fund undertakes to purchase Mexican pesos to the amount of $40 million for the purpose of stabilizing the U. S. dollar-Mexican peso rate, has been extended today for a period of two years beyond June 30, 1943. The Agreement also provides for periodic conferences among representatives of the two Treasuries and the Bank of Mexico.
>
> The extension of the 1941 Agreement is in accord with the policy of the Mexican and the United States Treasuries of maintaining the stability of the rate of exchange between the currencies of the two countries. In so doing, the foundation for stable economic and financial relations between Mexico and the United States is maintained. It is a concrete demonstration of what is meant by the Good-Neighbor Policy and of the ability of the United States and Mexico to cooperate effectively as allies in war.
>
> The extension of this Agreement was signed for Mexico by Mr. Antonio Espinosa de los Monteros, the representative of the Secretary of the Treasury of Mexico, and Mr. Rodrigo Gomez, the representative of the Bank of Mexico.

-oOo-

for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

oOo

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 9, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid

36-89

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 4, 1943.

The Secretary of the Treasury, by this public notice, invites tenders for $**900,000,000**, or thereabouts, of **92**-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated **June 9, 1943**, and will mature **September 9, 1943**, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, **Monday, June 7, 1943**. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 4, 1943.
6-2-43

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 9, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

-oOo-

Miss Simpson

June 3, 1943

STATUTORY DEBT LIMITATION
AS OF MAY 31, 1943

Section 21 of the Second Liberty Bond Act, as amended, provided that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $210,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$210,000,000,000
Outstanding as of May 31, 1943:			
Interest-bearing:			
Bonds -			
Treasury	$57,974,801,600		
Savings (Maturity value)*	25,259,702,375		
Depositary	201,646,250		
Adjusted Service	722,826,706	$ 84,158,976,931	
Treasury notes	23,464,891,500		
Certificates of Indebtedness	20,754,588,000		
Treasury Bills (Maturity value)	10,852,931,000	55,072,410,500	
		$139,231,387,431	
Matured obligations, on which interest has ceased		58,440,400	
Bearing no interest (U.S. Savings stamps)		224,771,084	139,514,598,915
Face amount of obligations issuable under above authority			$ 70,485,401,085

Reconcilement with Daily Statement of the United States Treasury
May 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act,		$139,514,598,915
Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)		4,752,319,083
		134,762,279,832
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	$195,960,420	
Matured obligations on which interest has ceased	8,122,490	
Bearing no interest	946,217,889	1,150,300,799
Total gross debt outstanding as of May 31, 1943		$135,912,580,631

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $20,507,383,292.

36-90

June 4, 1943

STATUTORY DEBT LIMITATION
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*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $20,507,383,292.

36-90

KNOW ALL MEN BY THESE PRESENTS, that, the LONDON, MIDLAND and SCOTTISH RAILWAY COMPANY acting by and through R. B. WHITE, President of the Baltimore & Ohio Railroad Company, as authorized agent for this purpose, hereby gives, transfers, assigns and delivers to the UNITED STATES of AMERICA, acting by and through THE SECRETARY OF THE TREASURY, and his successors in office, pursuant to the provisions of Title XI of the Second War Powers Act, 1942, for the use of EDMUND B. GREGORY, as The Quartermaster General, and his successors in office, for the purpose of providing temporary quarters for officers of the Quartermaster Corps of the United States Army, a train known as the "CORONATION SCOT", consisting of:

2 Coaches - Articulated

Coach lounge)
1st Class diner) Articulated

Kitchen)
3rd Class diner) Articulated

Sleeper - 12 berths
Club car

A total of eight (8) cars,

including the furnishings, equipment and spare parts therefor, but excluding the locomotive and tender, in fee simple absolute, free and clear of all encumbrances whatsoever.

IN WITNESS WHEREOF, the LONDON, MIDLAND and SCOTTISH RAILWAY COMPANY has caused this deed of gift to be executed in its name and behalf by R. B. WHITE, President of the Baltimore & Ohio Railroad Company, and the UNITED STATES of AMERICA, in token of its acceptance of this gift, has caused this deed to be signed in its name and behalf by THE SECRETARY OF THE TREASURY, as of the 4 day of June, 1943.

cme

LONDON, MIDLAND and SCOTTISH RAILWAY COMPANY.

By (L.S.)
R. B. WHITE, President of the
Baltimore & Ohio Railroad Company,
Authorized Agent for the London,
Midland and Scottish Railway Company
for this purpose.

STATE OF MARYLAND) SS:
COUNTY OF BALTIMORE)

On the ____ day of , 1943, before me came R. B. WHITE, to me known to be the individual described in and who executed the foregoing instrument and acknowledged that he executed the same.

Notary Public

Accepted:

D W Bell
Acting Secretary of the Treasury

JUN 4 - 1943

JUN 4 - 1943

Dear Sirs:

Through the good offices of R. B. White, President of the Baltimore & Ohio Railroad Company, I am in receipt on behalf of the United States of America of a deed of gift executed by your company conveying the train known as the "Coronation Scot" for the use of The Quartermaster General of the Army of the United States.

Pursuant to the provisions of the Second War Powers Act, 1942, your generous gift has been accepted. You are assured that the "Coronation Scot" will be used to good advantage by the Quartermaster Corps.

Your action is deeply and sincerely appreciated, evidencing as it does the spirit of mutual helpfulness and good will which exists between our countries.

Very truly yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury.

London, Midland and Scottish Railway Company
c/o R. B. White, President
Baltimore & Ohio Railroad Company
Baltimore, Maryland

HOT:t
6-4-43

JUN 4 - 1943

My dear Mr. White:

There is enclosed herewith a letter addressed to the London, Midland and Scottish Railway Company acknowledging the deed of gift conveying the "Coronation Scot" to the United States of America.

Will you please forward the enclosure to the proper officers of the London, Midland and Scottish Railway Company.

At the same time, I want to thank you on behalf of the United States of America for your good offices in making possible the gift of the "Coronation Scot". I understand that the train will be used by The Quartermaster Corps to provide temporary quarters for officers at its Branch Depot at Jeffersonville, Indiana, and I am sure that the train will be used to good advantage.

Very truly yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury.

Mr. R. B. White
President
Baltimore & Ohio Railroad Company
Baltimore, Maryland

Enclosure

NOT:t
6-4-43

JUN 4 - 1943

My dear General Gregory:

This will acknowledge receipt of your letter with which was enclosed a deed of gift of the "Coronation Scot" to the United States of America executed by R. B. White, President of the Baltimore & Ohio Railroad Company on behalf of the London, Midland and Scottish Railway Company. I note that the gift of the train is conditioned upon its use for providing housing for officers of the Quartermaster Corps, and that you recommend acceptance pursuant to the terms of Title XI of the Second War Powers Act, 1942.

I am very glad to accept the gift of the "Coronation Scot" on the terms offered and I have executed the deed of gift accordingly.

Appropriate acknowledgment will be made to the London, Midland and Scottish Railway Company, the owner of the train, and to Mr. R. B. White, President of the Baltimore & Ohio Railroad Company, through whose good offices this gift was made possible.

Very truly yours,

(SIGNED) D. W. BELL

Acting Secretary of the Treasury.

Major General E. B. Gregory
The Quartermaster General
Department of War
Washington, D. C.

NOT:t
6-4-43

Company. I note that the gift of the train is conditional upon its use for providing housing for officers of the Quartermaster Corps, and that you recommend acceptance pursuant to the terms of Title XI of the Second War Powers Act, 1942.

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"Appropriate acknowledgment will be made to the London, Midland and Scottish Railway Company, the owner of the train, and to Mr. R.B. White, President of the Baltimore & Ohio Railroad Company, through whose good offices this gift was made possible."

full lines no indentation

To Mr. White, the Acting Secretary sent the following letter to be forwarded to the London, Midland and Scottish Railway Company:

"Dear Sirs: Through the good offices of R.B. White, President of the Baltimore & Ohio Railroad Company, I am in receipt on behalf of the United States of America of a deed of gift executed by your company conveying the train known as the 'Coronation Scot' for the use of the Quartermaster General of the Army of the United States.

"Pursuant to the provisions of the Second War Powers Act, 1942, your generous gift has been accepted. You are assured that the 'Coronation Scot' will be used to good advantage by the Quartermaster Corps.

"Your action is deeply and sincerely appreciated, evidencing as it does the spirit of mutual helpfulness and good will which exists between our countries."

-o-

C.P.

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The "Coronation Scot" remained in the United States after its service as a World's Fair exhibit had ended. War had broken out in Europe, and shipping space to return the train to England was not available.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Friday, June 4, 1943.

Press Service
No. 36-91

A de luxe British passenger train today was added to the long list of war-inspired gifts made to the United States Government since Pearl Harbor.

The train is the "Coronation Scot", which millions of persons saw at the New York World's Fair as an exhibit of the London, Midland and Scottish Railway Company. A deed transferring the train to the United States of America was executed today by R.B. White, President of the Baltimore & Ohio Railroad Company, acting as authorized agent for the London, Midland and Scottish Railway Company, and the gift was accepted simultaneously by Acting Secretary of the Treasury D.W. Bell, for the United States.

The deed stipulated that the train should be turned over to Major General Edmund B. Gregory, Quartermaster General of the Army, to be used for providing temporary living quarters for Quartermaster Corps officers. Major General Gregory's office informed the Treasury that the train would be stationed at Jeffersonville, Indiana, for the use of officers serving in the Quartermaster Corps branch depot there.

Acceptance of the unique donation by the Treasury was under authority of the Second War Powers Act of March, 1942.

The lavishly furnished and equipped "Coronation Scot" is a match for the world's finest streamliners. It consists of eight cars: Two coaches, a coach lounge, a first class diner, a third class diner, a kitchen, a sleeper with 12 berths, and a club car.

The deed executed by President White of the B. & O. was forwarded to Acting Secretary of the Treasury Bell through Major General Gregory. The Acting Secretary wrote in reply:

> "Dear General Gregory: This will acknowledge receipt of your letter with which was enclosed a deed of gift of the 'Coronation Scot' to the United States of America executed by R.B. White, President of the Baltimore & Ohio Railroad Company, on behalf of the London, Midland and Scottish Railway

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Friday, June 4, 1943.

Press Service
No. 36-91

A de luxe British passenger train today was added to the long list of war-inspired gifts made to the United States Government since Pearl Harbor.

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The deed executed by President White of the B. & O. was forwarded to Acting Secretary of the Treasury Bell through Major General Gregory. The Acting Secretary wrote in reply:

"Dear General Gregory: This will acknowledge receipt of your letter with which was enclosed a deed of gift of the 'Coronation Scot' to the United States of America executed by R. B. White, President of the Baltimore & Ohio Railroad Company, on behalf of the London, Midland and Scottish Railway Company. I note that the gift of the train is conditional upon its use for providing housing for officers of the Quartermaster Corps, and that you recommend acceptance pursuant to the terms of Title XI of the Second War Powers Act, 1942.

"I am very glad to accept the gift of the 'Coronation Scot' on the terms offered and I have executed the deed of gift accordingly.

"Appropriate acknowledgment will be made to the London, Midland and Scottish Railway Company, the owner of the train, and to Mr. R. B. White, President of the Baltimore & Ohio Railroad Company, through whose good offices this gift was made possible."

To Mr. White, the Acting Secretary sent the following letter to be forwarded to the London, Midland and Scottish Railway Company:

"Dear Sirs: Through the good offices of R. B. White, President of the Baltimore & Ohio Railroad Company, I am in receipt on behalf of the United States of America of a deed of gift executed by your company conveying the train known as the 'Coronation Scot' for the use of the Quartermaster General of the Army of the United States.

"Pursuant to the provisions of the Second War Powers Act, 1942, your generous gift has been accepted. You are assured that the 'Coronation Scot' will be used to good advantage by the Quartermaster Corps.

"Your action is deeply and sincerely appreciated, evidencing as it does the spirit of mutual helpfulness and good will which exists between our countries."

The "Coronation Scot" remained in the United States after its service as a World's Fair exhibit had ended. War had broken out in Europe, and shipping space to return the train to England was not available.

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THREE AND ONE-QUARTER PERCENT TREASURY BONDS OF 1943-45

NOTICE OF CALL FOR REDEMPTION

To Holders of 3-1/4 percent Treasury Bonds of 1943-45, and Others Concerned:

1. Public notice is hereby given that all outstanding 3-1/4 percent Treasury Bonds of 1943-45, dated October 15, 1933, are hereby called for redemption on October 15, 1943, on which date interest on such bonds will cease.

2. Full information regarding the presentation and surrender of the bonds for redemption under this call will be found in Department Circular No. 666, dated July 21, 1941.

3. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given.

/S/ HENRY MORGENTHAU, JR.

Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, June 7, 1943.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, June 7, 1943.

Press Service

36-9

Secretary of the Treasury Morgenthau announced today that all outstanding 3-1/4 percent Treasury Bonds of 1943-45 are called for redemption on October 15, 1943. Approximately $1,401,000,000 of these bonds are now outstanding.

The Secretary ~~indicated~~ said that ~~it is probable that prior to the redemption date,~~ holders of these bonds may be offered in advance of the redemption date, the privilege of exchanging them for other interest-bearing obligations of the United States.

The text of the formal notice of call is as follows:

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Monday, June 7, 1943.
6-5-43

Press Service
No. 36-92

Secretary of the Treasury Morgenthau announced today that all outstanding 3-1/4 percent Treasury Bonds of 1943-45 are called for redemption on October 15, 1943. Approximately $1,401,000,000 of these bonds are now outstanding.

The Secretary said holders of these bonds may be offered, in advance of the redemption date, the privilege of exchanging them for other interest-bearing obligations of the United States.

The text of the formal notice of call is as follows:

THREE AND ONE-QUARTER PERCENT TREASURY BONDS OF 1943-45

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3. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given.

/s/ D. W. Bell
Acting Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, June 7, 1943.

FOLLOWING THE GENERAL PLAN SET BY NATIONAL WAR FINANCE LEADERS, THE NEWYORK STATE COMMITTEE WILL OPERATE UNDER THREE BROAD DIVISIONS. THE BANKING AND INVESTMENT DIVISION WILL BE IN CHARGE OF THE SAME OF BONDS TO CUSTOMERS OF BANKS AND FINANCIAL INSTITUTIONS, AND WILL FUNCTION WITH THE HELP OF A BANKING AND INVESTMENT ADVISORY COMMITTEE UNDER THE CHAIRMAN SHIP OF W. C. POTTER, CHAIRMAN OF THE EXECUTIVE COMMITTEE OF THE GUARANTY TRUST COMPANY.

THE INDUSTRIAL DIVISION, WHICH WILL HAVE CHARGE OF PAYROLL SAVINGS, WILL BE DIRECTED BY JACK STEVENS, PRESIDENT OF J. P. STEVENS COMPANY WHO HAS BEEN IN CHARGE OF THIS WORK IN NEWYORK FOR THE PAST YEAR. A THIRD DIVISION WIL BE SET UP to HANDLE GENERAL COMMUNITY ACTIVITIES, AND THE DIRECTOR OF THIS DIVISION WIL

BE ANNOUNCED SHORTLY.

IN ANNOUNCING THE NEW ORGANIZATION, THE ~~[illegible]~~ SECRETARY EXPRESSED HIS APPRECIATION FOR THE WORK DONE IN THE SECOND WAR LOAN DRIVE BY ALLAN SPROUL, PRESIDENT OF THE FEDERAL RESERVE BANK OF NEWYORK, WHO HEADED THE SECOND FEDERAL RESERVE DISTRICT VICTORY FUND COMMITTEE, AND THE SUCCESSFUL SECOND WAR LOAN, AND TO RICHARD C. PATTERSON, JR. WHO FOR TWO YEARS HAS HEADED THE WAR SAVINGS STAFF.

"MR. SPRUL" THE SECRETARY SAID, "WILL WORK CLOSELY WITH THE NEW COMMITTEE AND AS PRESIDENT OF THE FEDERAL RESERVE BANK OF NEWYORK, THE TREASURY'S FISCAL AGENT, HE WILL BE IN ~~[illegible]~~ CHARGE OF SECURITY SALES TO GOVERNMENT BOND DEALERS, COMMERCIAL BANKS, MUTUAL SAVINGS BANKS AND INSURANCE COMPANIES

TREASURY TELEGRAPH TREASURY

~~XVWU47 7/106/105~~

"MR. PATTERSON, WHO HAS SERVED HIS COUNTRY WELL SINCE THE VERY BEGINNING OF NEW YORK'S BOND SELLING GROUP IS RETURNING TO HIS BUSINESS. HE ORGANIZED THE NEW YORK WAR SAVINGS STAFF AND AS ITS EXECUTIVE AND ADMINISTRATIVE HEAD MADE IT OUTSTANDING AMONG THE FORTY-EIGHT STATE ORGANIZATIONS. I AM HAPPY TO SAY THAT HE HAS AGREED TO CONTINUE TO GIVE US THE BENEFIT OF HIS ADVICE AND EXPERIENCE.

"THE NEW ORGANIZATION WILL CARRY ON THE WORK OF THE MERGED GROUPS WITHOUT INTERRUPTION, AND WILL START IMMEDIATELY TO MAKE PLANS FOR THE CONTINUING SALE OF WAR BONDS AND FOR THE THIRD WAR LOAN, SCHEDULED TO START IN SEPTEMBER. WE

~~XVWU47 8/50~~

BELIEVE THAT WE CAN EXPECT GREATER SUCCESS THAN EVER BEFORE, BECAUSE WE ARE NOW PUTTING INTO PRACTICE WHAT WE HAVE LEARNED FROM THE TWO PREVIOUS WAR LOAN DRIVES".

MR. BURGESS WILL ASSUME HIS NEW DUTIES TOMORROW, ~~(TUESDAY)~~, AND HE HAS SAID THAT HE WILL ANNOUNCE FURTHER DETAILS OF THE ORGANIZATION IN A FEW DAYS.

~~VINCENT F CALLAHAN DIRECTOR PRESS RADIO AND ADVERTISING~~
~~US TREASURY DEPT.~~

408P.

RY TELEGRAPH

(2)

~~XVWU47 3/88~~

A "WORKING COMMITTEE", BEING SET UP BY THE SECRETARY OF THE TREASURY AND THE OFFICERS OF THE NEW WAR FINANCE COMMITTEE, WILL CONSIST OF APPROXIMATELY FORTY PEOPLE REPRESENTING BUSINESS, LABOR, BANKING, WOMEN'S INTERESTS AND OTHER GROUPS. TELEGRAMS TO THESE REPRESENTATIVES IN ALL SECTIONS OF THE STATE WERE SENT TODAY BY SECRETARY MORGENTHAU, WHO SAID THE COMPLETE COMMITTEE WOULD BE ANNOUNCED IN A FEW DAYS.

NEW YORK IS ONE OF THE FIRST STATES TO BE SET UP UNDER THE NEW PLAN WHICH CALLS FOR MERGING THE ~~XX~~ VICTORY FUND COMMITTEES AND WAR SAVINGS STAFF UNDER THE LEADERSHIP OF A SINGLE STATE CHAIRMAN

~~XVWU47 4/117/1~~16

"WE DECIDED UPON THIS PLAN", SECRETARY MORGENTHAU SAID, "AFTER LONG CONSIDERATION AND CONSULTATION WITH STATE AND DISTRICT LEADERS OF THE WAR SAVINGS STAFFS AND VICTORY ~~XXX~~ FUND COMMITTEES. ONE OBJECTIVE OF THIS NEW ARRANGEMENT IS TO ENABLE US TO REACH INTO THE MASS MARKET AND GET MORE BONDS INTO THE HANDS OF MORE AND MORE PEOPLE. WE BELIEVE THAT UNDER THIS ARRANGEMENT WE WILL BE ABLE TO INCREASE THE NUMBER OF VOLUNTEER WORKERS UPON WHOSE SHOULDERS SQUARELY REST THE RESULTS OF OUR BOND DRIVES. WE BELIEVE ALSO THAT THE STATE SET-UP WILL FACILITATE OUR WORK WITH LABOR GROUPS, WHO ARE PLAYING A MOST VITAL PART IN BOND PROMOTIONS, NOT ONLY IN PAYROLL SAVINGS BUT IN CONTINUOUS ~~XXX~~ SELLING AND SPECIAL DRIVES."

TELEGRAPH

TREASURY TELEGRAPH

No. 36-93

1943 JUN 7 PM 4 10

For Immediate Release

~~XVWU47 816/~~814 GOVT 5 EXTRA 1/83

WUC D NEWYORK NY JUN 7 1943 308P

RAPID CHARLES SCHWARZ,DIRECTOR OF PUBLIC RELATIONS

US TREASURY DEPT

~~FOR RELEASE AT 4:30 P.M. MONDAY, JUNE 7TH~~

N. New York, June 7. —

SECRETARY OF THE TREASURY HENRY MORGENTHAU, JR., ANNOUNCED TODAY THAT THE "UNIFICATION" OF NEW YORK'S BOND SALES ORGANIZATION IS NEARLY COMPLETE. THE STATE WAR SAVINGS STAFF, WHICH HAS BEEN IN OPERATION HERE SINCE MAY, 1941, HAS BEEN MERGED, ALONG WITH THE STATE'S MEMBERSHIP OF THE SECOND FEDERAL RESERVE DISTRICT VICTORY FUND COMMITTEE, INTO THE WAR FINANCE COMMITTEE FOR THE STATE OF NEW YORK, WHICH WILL GUIDE THE WORK OF VOLUNTEER WORKERS PREVIOUSLY AFFILIATED WITH BOTH MERGED GROUPS.

~~WU47 2/114~~

MR. MORGENTHAU ANNOUNCED THAT HE HAS APPOINTED W. RANDOLPH BURGESS, VICE CHAIRMAN OF THE BOARD OF THE NATIONAL CITY BANK AND FORMERLY VICE PRESIDENT OF THE FEDERAL RESERVE BANK OF NEW YORK, AS CHAIRMAN OF NEW YORK'S NEW WAR FINANCE COMMITTEE.

OTHER OFFICERS OF THE NEW COMMITTEE WILL INCLUDE BAYARD POPE AS VICE-CHAIRMAN AND NEVIL FORD AS EXECUTIVE MANAGER. MR. POPE IS CHAIRMAN OF THE MARINE MIDLAND CORPORATION AND FOR THE PAST YEAR HAS BEEN CHAIRMAN OF THE WAR SAVINGS STAFF EXECUTIVE COMMITTEE, WHILE MR. FORD HAS BEEN ON LEAVE OF ABSENCE FROM THE FIRST BOSTON CORPORATION, WHERE HE IS A VICE PRESIDENT AND DIRECTOR, TO ACT AS ADMINISTRATOR OF THE NEW YORK WAR SAVINGS STAFF.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Monday, June 7, 1943.

Press Release
No. 36-93

New York, June 7 -- Secretary of the Treasury Henry Morgenthau, Jr., announced today that the "unification" of New York's bond sales organization is nearly complete. The State War Savings Staff, which has been in operation here since May, 1941, has been merged, along with the state's membership of the Second Federal Reserve District Victory Fund Committee, into the War Finance Committee for the state of New York, which will guide the work of volunteer workers previously affiliated with both merged groups.

Mr. Morgenthau announced that he has appointed W. Randolph Burgess, Vice Chairman of the Board of the National City Bank and formerly Vice President of the Federal Reserve Bank of New York, as Chairman of New York's new War Finance Committee.

Other officers of the new committee will include Bayard Pope as Vice-chairman and Nevil Ford as Executive Manager. Mr. Pope is Chairman of the Marine Midland Corporation and for the past year has been chairman of the War Savings Staff Executive Committee, while Mr. Ford has been on leave of absence from the First Boston Corporation, where he is a Vice President and Director, to act as Administrator of the New York War Savings Staff.

A "working committee," being set up by the Secretary of the Treasury and the officers of the new War Finance Committee, will consist of approximately forty people representing business, labor, banking, women's interests and other groups. Telegrams to these representatives in all sections of the state were sent today by Secretary Morgenthau, who said the complete committee would be announced in a few days.

New York is one of the first states to be set up under the new plan which calls for merging the Victory Fund Committees and War Savings Staff under the leadership of a single state chairman.

"We decided upon this plan," Secretary Morgenthau said, "after long consideration and consultation with state and district leaders of the War Savings Staffs and Victory Fund Committees. One objective of this new arrangement is to enable us to reach into the mass market and get more bonds into the hands of more and more people. We believe that under this arrangement we will be able to increase the number of volunteer workers upon whose shoulders squarely rest the results of our bond drives. We believe also that the state set-up will facilitate our work with labor groups, who are playing a most vital part in bond promotions, not only in payroll savings but in continuous selling and special drives."

Following the general plan set by national war finance leaders, the New York State Committee will operate under three broad divisions. The Banking and Investment Division will be in charge of the sale of bonds to customers of banks and financial institutions, and will function with the help of a Banking and Investment Advisory Committee under the Chairmanship of W. C. Potter, Chairman of the Executive Committee of the Guaranty Trust Company. The Industrial Division, which will have charge of payroll savings, will be directed by Jack Stevens, President of J. P. Stevens Company, who has been in charge of this work in New York for the past year, A third division will be set up to handle general community activities, and the director of this division will be announced shortly.

In announcing the new organization, the Secretary expressed his appreciation for the work done in the Second War Loan drive by Allan Sproul, President of the Federal Reserve Bank of New York, who headed the Second Federal Reserve District Victory Fund Committee, and the successful Second War Loan, and to Richard C. Patterson, Jr., who for two years has headed the War Savings Staff.

"Mr. Sproul," the Secretary said, "will work closely with the new committee and, as President of the Federal Reserve Bank of New York, the Treasury's fiscal agent, he will be in charge of security sales to Government bond dealers, commercial banks, mutual savings banks and insurance companies.

"Mr. Patterson, who has served his country well since the very beginning of New York's bond selling group is returning to his business. He organized the New York War Savings Staff and as its executive and administrative head made it outstanding among the forty-eight state organizations. I am happy to say that he has agreed to continue to give us the benefit of his advice and experience.

"The new organization will carry on the work of the merged groups without interruption, and will start immediately to make plans for the continuing sale of War Bonds and for the third war loan, scheduled to start in September. We believe that we can expect greater success than ever before, because we are now putting into practice what we have learned from the two previous war loan drives."

Mr. Burgess will assume his new duties tomorrow, and he has said that he will announce further details of the organization in a few days.

-oOo-

Miss Simpson

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 8, 1943.

Press Service
36-94

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 92-day Treasury bills to be dated June 9 and to mature September 9, 1943, which were offered on June 4, 1943, were opened at the Federal Reserve Banks on June 7.

The details of this issue are as follows:

Total applied for - $1,437,153,000
Total accepted - 909,267,000 (includes $88,245,000 entered on a fixed-price basis at 99.905 and accepted in full)

Range of accepted bids:

High	- 99.913	Equivalent rate of discount approx.	0.340%	per annum
Low	- 99.904	" " " " "	0.376%	" "
Average price	- 99.904+	" " " " "	0.374%	" "

(52 percent of the amount bid for at the low price was accepted.)

Federal Reserve Bank	Total Applied For	Total Accepted
Boston	$ 32,509,000	$ 24,205,000
New York	907,903,000	497,542,000
Philadelphia	32,425,000	22,895,000
Cleveland	54,950,000	48,518,000
Richmond	28,708,000	26,956,000
Atlanta	29,729,000	25,435,000
Chicago	176,950,000	118,597,000
St. Louis	67,820,000	44,514,000
Minneapolis	18,214,000	18,126,000
Kansas City	22,168,000	20,138,000
Dallas	11,802,000	11,390,000
San Francisco	53,975,000	50,951,000
TOTAL	$1,437,153,000	$909,267,000

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 8, 1943.

Press Service
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Kansas City	22,168,000	20,138,000
Dallas	11,802,000	11,390,000
San Francisco	53,975,000	50,951,000
TOTAL	$1,437,153,000	$909,267,000

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COTTON CARD STRIPS,[2] COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent[2] of the quotas shall be filled by cotton wastes other than card strips/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 May 29, 1943	ESTABLISHED 33-1/3% of Total Quota	Imports Sept. 21, 1942, to May 29, 1943 1/
United Kingdom......	4,323,457	-	1,441,152	-
Canada..............	239,690	86,495	-	-
France..............	227,420	-	75,807	-
British India.......	69,627	61,823	-	-
Netherlands.........	68,240	-	22,747	-
Switzerland.........	44,388	-	14,796	-
Belguim.............	38,559	-	12,853	-
Japan...............	341,535	-	-	-
China...............	17,322	-	-	-
Egypt...............	8,135	-	-	-
Cuba................	6,544	-	-	-
Germany.............	76,329	-	25,443	-
Italy...............	21,263	-	7,088	-
TOTALS	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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FOR IMMEDIATE RELEASE
June 8, 1943

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to **May 29, 1943.**

COTTON HAVING A STAPLE OF LESS THAN 1-11/16 INCHES (OTHER THAN HARSH OR ROUGH COTTON OF LESS THAN 3/4 INCH IN STAPLE LENGTH AND CHIEFLY USED IN THE MANUFACTURE OF BLANKETS AND BLANKETING, AND OTHER THAN LINTERS). Annual quotas commencing September 20, by Countries of Origin:

(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to May 29, 1943	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to May 29, 1943
Egypt and the Anglo-Egyptian Sudan	783,816	-		43,531,178
Peru	247,952	247,952		432,917
British India	2,003,483	-		-
China	1,370,791	-		-
Mexico	8,883,259	8,883,259		-
Brazil	618,723	618,723		-
Union of Soviet Socialist Republics	475,124	-		-
Argentina	5,203	-		-
Haiti	237	237		-
Ecuador	9,333	9,263		-
Honduras	752	-		-
Paraguay	871	-		-
Colombia	124	-		-
Iraq	195	-		-
British East Africa	2,240	-		-
Netherlands East Indies	71,388	-		-
Barbados	-	-		-
Other British West Indies 1/	21,321	-		-
Nigeria	5,377	-		-
Other British West Africa 2/	16,004	-		-
Other French Africa 3/	689	-		-
Algeria and Tunisia	-			
	14,516,882	9,759,434	45,656,420	43,964,095

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, June 9, 1943.

Press Service
No. 36-95

The Bureau of Customs announced today that preliminary reports from the collectors of customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, and December 19, 1940, as follows, during the period September 21, 1942, to May 29, 1943.

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(In Pounds)

Country of Origin	Staple length less than 1-1/8": Established Quota	Staple length less than 1-1/8": Imports Sept. 21, 1942, to May 29, 1943	Staple length 1-1/8" or more but less than 1-11/16": Established Quota 45,656,420	Staple length 1-1/8" or more but less than 1-11/16": Imports Sept. 21, 1942, to May 29, 1943
Egypt and the Anglo-Egyptian Sudan.......	783,816	-		43,531,178
Peru..................	247,952	247,952		432,917
British India.........	2,003,483	-		-
China.................	1,370,791	-		-
Mexico................	8,883,259	8,883,259		-
Brazil................	618,723	618,723		-
Union of Soviet Socialist Republics..	475,124	-		-
Argentina.............	5,203	-		-
Haiti.................	237	237		-
Ecuador...............	9,333	9,263		-
Honduras..............	752	-		-
Paraguay..............	871	-		-
Colombia..............	124	-		-
Iraq..................	195	-		-
British East Africa...	2,240	-		-
Netherlands East Indies	71,388	-		-
Barbados..............	-	-		-
Other British West Indies 1/........	21,321	-		-
Nigeria...............	5,377	-		-
Other British West Africa 2/.........	16,004	-		-
Other French Africa 3/	689	-		-
Algeria and Tunisia...	-			
	14,516,882	9,759,434	45,656,420	43,964,095

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

COTTON CARD STRIPS, 2/ COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE. Annual quotas commencing September 20, by Countries of Origin:

Total quota, provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than card strips 2/ and comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany and Italy:

(In Pounds)

Country of Origin	Established TOTAL QUOTA	TOTAL IMPORTS Sept. 21, 1942 May 29, 1943	ESTABLISHED: 33-1/3% of Total Quota	Imports Sept. 21, 1942, to May 29, 1943 1/
United Kingdom......	4,323,457	-	1,441,152	-
Canada..............	239,690	86,495	-	-
France..............	227,420	-	75,807	-
British India.......	69,627	61,823	-	-
Netherlands.........	68,240	-	22,747	-
Switzerland.........	44,388	-	14,796	-
Belgium.............	38,559	-	12,853	-
Japan...............	341,535	-	-	-
China...............	17,322	-	-	-
Egypt...............	8,135	-	-	-
Cuba................	6,544	-	-	-
Germany.............	76,329	-	25,443	-
Italy...............	21,263	-	7,088	-
TOTALS	5,482,509	148,318	1,599,886	-

1/ Included in total imports, column 2.

2/ The President's proclamation, signed March 31, 1942, exempts from import quota restrictions card strips made from cottons having a staple 1-3/16 inches or more in length.

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Commodity	Established Quota: Period and Country	Established Quota: Quantity	Unit of Quantity	Imports as of May 29, 1943
Silver or black foxes, furs, and articles:				
Foxes valued under $250 ea. and whole furs and skins	Period - May - Nov. 1943 All countries	33,229	Number	14,835
Tails	12 months from Dec. 1, 1942	5,000	Piece	462
Paws, heads, or other separated parts	12 months from Dec. 1, 1942	500	Pounds	(Quota filled)
Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	41

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FOR IMMEDIATE RELEASE,
June 8, 1943

The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to May 29, 1943, inclusive, as follows:

Commodity	Established Quota		Unit of Quantity	Imports as of May 29, 1943
	Period and Country	Quantity		
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	3,194
Cream, fresh or sour	Calendar year	1,500,000	Gallon	366
Fish, fresh or frozen filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	5,018,783
White or Irish potatoes:	12 months from Sept. 15, 1942			
Certified seed		90,000,000	Pound	65,564,699
Other		60,000,000	Pound	1,087,311
Red cedar shingles	Calendar year	2,506,072	Square	616,901
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	(Quota filled)
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	52,025

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, June 9, 1943.

Press Service
No. 36-96

The Bureau of Customs announced preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to May 29, 1943, inclusive, as follows:

Commodity	Established Quota		Unit of Quantity	Imports as of May 29, 1943
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Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	(Quota filled)
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Piece plates	"	550	Pounds	None
Articles, other than piece plates	"	500	Unit	41

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Miss Simpson 36-97

FOR IMMEDIATE RELEASE,
June 8, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamations of April 13, 1942, and April 29, 1943, for the twelve months commencing May 29, 1943, as follows:

Country of Origin	WHEAT		Wheat flour, semolina, crushed or cracked wheat and similar wheat products.	
	Established Quota	Imports May 29, 1943	Established Quota	Imports May 29, 1943
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	-
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	-

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 10, 1943.

Press Service
No. 36-97

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Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	-

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36-98

FOR IMMEDIATE RELEASE,
June 8, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the twelve months commencing October 1, 1942, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) 1/	Authorized for entry for consumption: As of (Date)	Authorized for entry for consumption: (Pounds)
Signatory Countries:			
Brazil	2,172,359,753	May 29, 1943	445,181,026
Colombia	735,840,277	"	389,836,210
Costa Rica	46,718,031	"	23,364,307
Cuba	18,692,451	"	9,726,863
Dominican Republic	25,752,947	"	17,231,310
Ecuador	35,041,235	"	15,701,915
El Salvador	140,776,585	"	82,635,903
Guatemala	124,978,598	"	56,412,089
Haiti	64,236,136	"	49,632,744
Honduras	4,278,467	"	2,576,705
Mexico	111,292,661	"	47,350,650
Nicaragua	45,818,819	"	14,972,785
Peru	5,839,588	"	162
Venezuela	90,021,490	"	57,498,941
Non-signatory Countries: British Empire, except Aden and Canada Kingdom of the Netherlands and its possessions Aden, Yemen, and Saudi Arabia Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	31,087,585

1/ Quotas revised as of March 5, 1943.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, June 10, 1943.

Press Service
No. 36-98

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Non-signatory Countries: British Empire, except Aden and Canada; Kingdom of the Netherlands and its possessions; Aden, Yemen, and Saudi Arabia; Other countries not signatories of the Inter-American Coffee Agreement	75,969,017	"	31,087,585

1/ Quotas revised as of March 5, 1943.

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THE SECRETARY OF THE TREASURY
WASHINGTON

June 10. 1943

To the Editor of the Publication Addressed:

On July 1, the entirely new "Pay-as-You-Go" method of collecting the Victory and Federal Income Tax goes into effect. This is of the greatest interest to all the people of our Nation, especially wage earners.

Consequently, we are sending you herewith an article explaining in brief the workings of this new Withholding Tax, its advantages to taxpayers, and also the requirements it puts upon them.

It is important that we all do everything possible to emphasize these two major points:

1. The necessity of each employee's filing with his employer, as early as possible, a Withholding Exemption Certificate.

2. The new law does not "forgive" or cancel the obligation of any person to pay his or her second income tax installment on June 15, 1943.

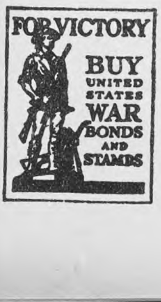
I hope this will reach you in time to be of use in explaining the process of withholding to your readers by the time they get their first pay from which the tax has been withheld.

Any help you can give the wage earners of America to understand this new law will be deeply appreciated.

Sincerely yours,

Henry Morgenthau Jr

Secretary of the Treasury.



tax burden. It has, however, lightened this burden by distributing it over an entire year.

It can be repeated that "It Takes Both -- Taxes and War Bonds" to fight and win the war. Enlightened self-interest and the call of patriotism require the investment of the largest possible percentage of income in War Bonds through payroll savings or other systematic savings plans.

President Green of the American Federation of Labor and President Murray of the CIO have recently issued earnest appeals for a continuation of Payroll Savings Plans.

oOo

by your employer, both before and after July 1, 1943, the income tax installments you paid March 15 and June 15, and any tax you may have already paid in addition to the above-mentioned payments will be shown on the return as credits. In other words, you will add up the tax payments you made on March 15 and June 15, 1943, plus the total amount that has been already withheld for Victory Tax purposes, as well as the amounts withheld from your pay since July 1 by the Withholding Tax, plus any other amounts you may have paid on September 15 and December 15. If the total comes to more than your liability, the Government will credit you with the difference against the next year's tax payments. If it comes to less, you will pay the difference.

WHY WE HAVE THE WITHHOLDING TAX

There is no doubt that the country as a whole ~~[illegible]~~ welcomes this method of Income Tax payment, which lets people pay their taxes in small frequent installments corresponding to their regular pay periods, and which lets people pay this year's taxes "as-they-go" out of this year's wages. It is easier to pay this way than to have to save up part of each pay for delayed quarterly or annual payment. ~~[illegible]~~

Withholding brings tax money into the Federal Treasury faster, now when it is needed to pay for the war. It ~~[illegible]~~ should help us in our fight against inflation.

Members of Organized Labor and wage-earners in general should realize that the new method of collecting taxes has not increased the

Insert A for page 3
at point marked

A word of warning here. It is quite possible that the amount withheld from your pay will not be exactly, to the penny, 20% of your pay above your withholding exemption. You may find that the tax withheld will be a trifle more, or a trifle less.

Employees should understand that this is because the law allows employers to withhold the tax in accordance with "Wage Bracket Tables." These tables set definite amounts to be withheld from each pay. For example, in the case of married employees with three dependents, whose weekly wage is anywhere between fifty and sixty dollars, the employer is authorized to withhold a flat amount of $2.60 per week, instead of requiring him to figure the exact amount for each individual employee.

The law grants the employer this "short-cut" method in order to simplify his job of computing the amount to be withheld for each individual worker. In any case, where "Wage Bracket Tables" are used, the amount of tax withheld will be only slightly different from an exact computation at 20%.

George Jones is married, has three children, is earning $50 a week. His exemptions are $24 for himself and wife, $6 for each of the three children, a total of $42. Only $8 of his weekly pay is subject to withholding, so Jones' employer will deduct only $1.60 a week.

James and Sarah Brown are both working. They have 4 dependents at home. They elect to divide the married couple exemption of $24 equally between them so that each has $12 a week free of withholding. Since James furnishes the chief support for the dependents, he may take $24 a week for dependents, making his total exemption $36 a week before the 20% is withheld. If James alone were working, he would claim the entire exemption of $24 and $24 more for the 4 dependents, or a total of $48 a week exempt from withholding.

← Insert A.

7/ WHAT HAPPENS TO MONEY WITHHELD

Tax money withheld from wages is paid by the employer to the United States Treasury. The amount withheld from you stands to your credit at the Treasury against the amount you owe on Income and Victory Tax. At the end of the year, or at termination of employment during the year, your employer will give you a certificate stating the amount of wages he has paid you during the year and the amount of tax he has withheld. Keep this. It is your tax receipt.

On or before March 15, 1944, you will be required to file, in the usual manner, your income tax return showing your actual income for 1943, and figuring in the usual deductions and credits. The tax withheld

The law specifically puts upon employees the responsibility for filing these EXEMPTION CERTIFICATES. If you do not file one with your employer, he will not be able to give you any exemption, but will be required by law to deduct 20% from all your pay.

It is of utmost importance that every ~~worker~~ employee fill out, sign and give to his or her employer a copy of the Withholding Exemption Certificate -- right away! Employers will supply blank forms.

If your marital status or the number of your dependents changes, you must notify your employer within 10 days.

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PAY EXEMPT FROM WITHHOLDING

From your Exemption Certificate, the employer determines the amount of tax to be withheld from your pay. For single persons the amount exempt from tax is $12 a week, or $624 a year. For married couples, the exemption is $24 a week, or $1248 a year. This exemption can be divided between husband and wife if both are working, or the whole thing taken by either one, in which case the other spouse cannot claim any of it. For each dependent there is an additional exemption of $6 a week, or $312 a year.

Do not confuse ~~T~~these exemptions ~~do not change~~ with your basic income tax exemption. They are used only to calculate the amount to be withheld.

Here are ~~a couple of~~ three examples of how it works out. John Smith, a single man, is making $37 a week. Of that, $12 is exempt. The other $25 is subject to withholding at 20%. Thus the amount withheld from each week's pay is $5.

George Jones is married, has three children, is earning $45 a week. His exemptions are $24 for himself and wife, $6 for each of the three children, a

Treasury Department (Copy)
Washington

"PAY-AS-YOU-GO" INCOME TAX BECOMES LAW

TAXPAYERS PUT ON CURRENT BASIS THROUGH NEW COLLECTION SYSTEM. TAX WITHHELD FROM WAGES AFTER JULY 1. WORKERS MUST FILE EXEMPTION CERTIFICATES WITH EMPLOYERS.

WHAT IT IS

On July 1, 1943, a withholding tax on individual incomes goes into operation. From then on you will, for the most part, pay your Federal Income Tax bit by bit as you earn, instead of in a lump sum or four installments. You will pay it through regular deductions from your pay envelope. This is the same method that has been used to collect your Victory Tax and Social Security Tax. It is NOT a new tax, NOT an extra tax--but a new~~, more painless~~ method of collecting the Federal Individual Income Tax. It includes the Victory Tax, the withholding rate for which has been reduced from 5% to 3%.

This new Withholding Tax is at the rate of 20% on wages over and above exemptions. After exemptions it will actually amount to (no tax at all for some persons, up to not more than 10 or 12) ~~from 5 to 10~~ per cent of most people's pay. It is NOT a gross tax on wages.

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HOW IT WORKS

double spc

The very first thing for any ~~worker~~ employee to do is to fill out, sign and hand in to his employer a WITHHOLDING EXEMPTION CERTIFICATE. This tells your family status, whether married or single, how many dependents you have. The greater your responsibility, the more of your pay is exempt from the 20% withholding.

TREASURY DEPARTMENT

Washington

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~~ALPHA~~

for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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~~ALPHA~~

Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 16, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid

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TREASURY DEPARTMENT
Washington

36-99

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 11, 1943.

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000, or thereabouts of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated June 16, 1943, and will mature September 16, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, June 14, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 11, 1943.
6-10-43

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated June 16, 1943, and will mature September 16, 1943, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p. m., Eastern War time, Monday, June 14, 1943. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for $100,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on June 16, 1943.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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.

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