

Treas.  
H 5  
10  
A1304  
V. 51

U.S. Treasury Dept.

Press Releases

'''

LIBRARY  
ROOM 5030

JUN 14 1972

TREASURY DEPARTMENT

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, December 21, 1943.

Press Service  
40-0

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated December 23, 1943, and to mature March 23, 1944, which were offered on December 17, were opened at the Federal Reserve Banks on December 20.

The details of this issue are as follows:

Total applied for - \$1,791,197,000  
 Total accepted - 1,005,249,000 (includes \$60,601,000 entered on a fixed-price basis at 99.905 and accepted in full)  
 Average price - 99.905/Equivalent rate of discount approx. 0.375% per annum  
 Range of accepted competitive bids:  
 High - 99.909 Equivalent rate of discount approx. 0.360% per annum  
 Low - 99.905 " " " " " " 0.376% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 49,014,000	\$ 31,464,000
New York	1,140,091,000	588,508,000
Philadelphia	37,231,000	22,231,000
Cleveland	35,122,000	26,472,000
Richmond	25,013,000	21,358,000
Atlanta	14,510,000	11,660,000
Chicago	269,975,000	149,475,000
St. Louis	31,943,000	18,988,000
Minneapolis	6,345,000	6,320,000
Kansas City	31,393,000	30,563,000
Dallas	28,850,000	23,250,000
San Francisco	121,710,000	74,960,000
TOTAL	\$1,791,197,000	\$1,005,249,000

*[Handwritten signatures]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, December 21, 1943.  
12-20-43

Press Service  
No. 40-0

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated December 23, 1943, and to mature March 23, 1944, which were offered on December 17, were opened at the Federal Reserve Banks on December 20.

The details of this issue are as follows:

Total applied for - \$1,791,197,000  
Total accepted - 1,005,249,000 (includes \$60,601,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.905/Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.909 Equivalent rate of discount approx. 0.360% per annum  
Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 49,014,000	\$ 31,464,000
New York	1,140,091,000	588,508,000
Philadelphia	37,231,000	22,231,000
Cleveland	35,122,000	26,472,000
Richmond	25,013,000	21,358,000
Atlanta	14,510,000	11,660,000
Chicago	269,975,000	149,475,000
St. Louis	31,943,000	18,988,000
Minneapolis	6,345,000	6,320,000
Kansas City	31,393,000	30,563,000
Dallas	28,850,000	23,250,000
San Francisco	121,710,000	74,960,000
TOTAL	\$1,791,197,000	\$1,005,249,000

STATEMENT OF SECRETARY MORGENTHAU

December 20, 1943

The revenue bill as it now stands after giving effect to the tentative decisions of the Senate Finance Committee appears to promise about \$2.1 billions of additional revenue on an annual basis under war conditions.

But this calculation leaves out of consideration the decision to freeze social security payroll taxes and the changes the House and Senate have proposed to make in the law governing contract re-negotiation.

The revenue yield of the bill in its present form is naturally extremely disappointing to the Treasury Department. We had hoped both that the unfairness to future taxpayers, including the returning soldiers, of passing on to them war costs that we are able to meet now and the need for protecting ourselves against inflation would have made an appeal to the members of the committees.

Other provisions of the bill as it now stands seem to me equally unfortunate.

I regret that the Senate committee has voted to freeze payroll taxes at the present rate of 1 per cent. This will mean reducing social security collections by \$1.4 billions in the next year. The effect will be to increase the amounts the government will have to raise in future years for that purpose. The increase ought to go into effect now when wages are high and employment conditions good, when both employers and employees can afford to put aside money for security purposes.

The changes in the re-negotiation provisions which have been proposed will make re-negotiation so complex as to be practically unworkable and also will certainly cost the government large amounts. It is impossible to make any exact calculation of their money cost, but we know that it will be substantial and in many cases will involve refunds of admittedly excessive profits already paid into the Treasury by agreement. This is not their worst feature, however. Their worst feature is that they open the way to truly extortionate profits. I predict that if they are enacted into law they will come back to plague not only the Congress but the war goods manufacturers who get temporary gain from them.

They hold the seed of a national scandal. I refer to provisions such as those eliminating from re-negotiation the makers of so-called standard articles and the retroactive exemption of sub-contractors whose goods do not enter into the final product. Other provisions of the bill would leave final settlements under re-negotiation open for years to come.

no.  
40-1

FOR IMMEDIATE RELEASE,  
December 31, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <sup>1/</sup>	Authorized for entry for consumption As of (Date)	(Pounds)
-----------------------	--	---	----------

Signatory Countries:

Brazil	1,353,183,480	Dec. 11, 1943	214,817,612
Colombia	458,336,340	"	108,219,959
Costa Rica	29,100,720	"	1,795,406
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	9,767,634
El Salvador	87,302,160	"	939,886
Guatemala	77,844,426	"	5,025,388
Haiti	40,013,490	"	2,462,924
Honduras	2,910,072	"	819,763
Mexico	69,114,210	"	10,451,109
Nicaragua	28,373,202	"	501,901
Peru	3,637,590	"	342,525
Venezuela	61,111,512	"	7,529,830

Non-signatory Countries:

	51,653,778		1,991,271
--	------------	--	-----------

<sup>1/</sup> Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, December 22, 1943.

Press Service  
No. 40-1

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <sup>1/</sup>	Authorized for entry for consumption As of (Date)	(Pounds)
-----------------------	--	---	----------

Signatory Countries:

Brazil	1,353,183,480	Dec. 11, 1943	214,817,612
Colombia	458,336,340	"	108,219,959
Costa Rica	29,100,720	"	1,795,406
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	9,767,634
El Salvador	87,302,160	"	939,886
Guatemala	77,844,426	"	5,025,388
Haiti	40,013,490	"	2,462,924
Honduras	2,910,072	"	819,763
Mexico	69,114,210	"	10,451,109
Nicaragua	28,373,202	"	501,901
Peru	3,637,590	"	342,525
Venezuela	61,111,512	"	7,529,830
 Non-signatory Countries:			
	51,653,778	"	1,991,271

<sup>1/</sup> Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

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.

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 December 30, 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



~~ALPHA~~

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, December 24, 1943.

~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 December 30, 1943, and will mature March 30, 1944, 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, December 27, 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

*Sum* 40-2

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, December 24, 1943.

---

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 December 30, 1943, and will mature March 30, 1944, 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, December 27, 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 December 30, 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.

-000-

50 copies to  
Arnold #407 Sloane  
Bldg

TREASURY DEPARTMENT  
Washington

FOR ~~IMMEDIATE RELEASE~~, *mon. papers.*  
*Mon Dec 27*

Press Service  
40-3

The American stake in the six Axis countries stands at \$1,070,398,668 in the latest tabulation of the Treasury Department's census of American-owned property abroad. This amount, though certain to increase greatly as further reports are totaled, already far exceeds the estimated ~~\$500,000,000~~ <sup>450,</sup> value of all known Axis assets in this country.

Total investment in all foreign countries revealed by the tabulation is \$9,210,510,816, with a market or estimated value of \$8,909,922,915. These figures are incomplete since all of the reports filed have not yet been reviewed. In addition, extensions have been granted to a number of corporations and other persons because of the complexity of their property interests. The final tabulations are expected to increase the totals by several billion dollars.

The Treasury pointed out that the census should not be regarded as closed merely because the specified date for filing reports has passed. Any person holding foreign securities or other foreign property who has not complied with the reporting requirements should immediately send his report, with a brief statement explaining the delay, to the nearest Federal Reserve Bank. The Department is interested in the early receipt of the information called for on the forms rather than the application of penalties. However, ~~extended tardiness, if willful,~~ <sup>willful failure to file will</sup> invite penalties.

*reported*

In the 121 countries and other areas covered by the reports, values <sup>now</sup> range from four dollars in Transjordan to \$3,112,184,625 in Canada, which represents 34 per cent of the total. Other major countries are Germany, in which the American stake is listed at \$769,912,474, or 8.3 per cent, and the United Kingdom, with \$622,892,213, or 6.7 per cent. The total for the 18 countries in which the amount reported exceeds one hundred million dollars is about seven and three quarters billion, or approximately 84 per cent.

American investments reported in Latin America are heavy. They reach \$2,494,000,000 in the present figures, which are certain to be increased. The amount in Cuba, \$614,406,638, nearly doubles that in the next country, Brazil, where the figure is \$337,242,028. The investment in the Argentine is also substantial, being \$310,596,391, whereas the amount reported so far in some South American countries, such as Bolivia, with \$32,429,539, is relatively small.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Monday, December 27, 1943.

Press Service  
No. 40-3

The American stake in the six Axis countries stands at \$1,070,398,668 in the latest tabulation of the Treasury Department's census of American-owned property abroad. This amount, though certain to increase greatly as further reports are totaled, already far exceeds the estimated \$450,000,000 value of all known Axis assets in this country.

Total investment in all foreign countries revealed by the tabulation is \$9,210,510,816, with a market or estimated value of \$8,909,922,915. These figures are incomplete since all of the reports filed have not yet been reviewed. In addition, extensions have been granted to a number of corporations and other persons because of the complexity of their property interests. The final tabulations are expected to increase the totals by several billion dollars.

The Treasury pointed out that the census should not be regarded as closed merely because the specified date for filing reports has passed. Any person holding foreign securities or other foreign property who has not complied with the reporting requirements should immediately send his report, with a brief statement explaining the delay, to the nearest Federal Reserve Bank. The Department is interested in the early receipt of the information called for on the forms rather than the application of penalties. However, wilful failure to file will invite penalties.

In the 121 countries and other areas covered by the reports, values now reported range from four dollars in Transjordan to \$3,112,184,625 in Canada, which represents 34 percent of the total. Other major countries are Germany, in which the American stake is listed at \$769,912,474, or 8.3 percent, and the United Kingdom, with \$622,892,213, or 6.7 percent. The total for the 18 countries in which the amount reported exceeds one hundred million dollars is about seven and three-quarters billion, or approximately 84 percent.

American investments reported in Latin America are heavy. They reach \$2,494,000,000 in the present figures, which are certain to be increased. The amount in Cuba, \$614,406,658, nearly doubles that in the next country, Brazil, where the figure is \$337,242,028. The investment in the Argentine is also substantial, being \$310,596,391, whereas the amount reported so far in some South American countries, such as Bolivia, with \$32,429,539, is relatively small.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, December 28, 1943.

Press Service  
40-4

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated December 30, 1943, and to mature March 30, 1944, which were offered on December 24, were opened at the Federal Reserve Banks on December 27.

The details of this issue are as follows:

Total applied for - \$1,771,559,000  
Total accepted - 1,010,783,000 (includes \$41,749,000 entered on a fixed-price basis at 99.905 and accepted in full)  
Average price - 99.905/ Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.910 Equivalent rate of discount approx. 0.356% per annum  
Low - 99.905 " " " " " " 0.376% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 66,115,000	\$ 38,419,000
New York	1,260,663,000	691,165,000
Philadelphia	46,550,000	31,982,000
Cleveland	24,595,000	23,827,000
Richmond	15,479,000	11,399,000
Atlanta	4,485,000	3,659,000
Chicago	217,230,000	118,242,000
St. Louis	33,145,000	20,425,000
Minneapolis	4,360,000	4,216,000
Kansas City	12,887,000	11,639,000
Dallas	9,920,000	8,768,000
San Francisco	76,130,000	47,042,000
<b>TOTAL</b>	<b>\$1,771,559,000</b>	<b>\$1,010,783,000</b>

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, December 28, 1943.

Press Service  
No. 40-4

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated December 30, 1943, and to mature March 30, 1944, which were offered on December 24, were opened at the Federal Reserve Banks on December 27.

The details of this issue are as follows:

Total applied for - \$1,771,559,000  
Total accepted - 1,010,783,000 (includes \$41,749,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.905 / Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.910 Equivalent rate of discount approx. 0.356% per annum  
Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 66,115,000	\$ 38,419,000
New York	1,260,663,000	691,165,000
Philadelphia	46,550,000	31,982,000
Cleveland	24,595,000	23,827,000
Richmond	15,479,000	11,399,000
Atlanta	4,485,000	3,659,000
Chicago	217,230,000	118,242,000
St. Louis	33,145,000	20,425,000
Minneapolis	4,360,000	4,216,000
Kansas City	12,887,000	11,639,000
Dallas	9,920,000	8,768,000
San Francisco	76,130,000	47,042,000
TOTAL	<u>\$1,771,559,000</u>	<u>\$1,010,783,000</u>

and radio advertisements and store and window displays. You have contributed the promotional skill and knowledge which are yours precisely because you are merchants. You have understood that the war loans are great merchandising enterprises, and your own organizations have been splendidly equipped to provide the three important essentials of a great merchandising campaign: Sales outlets, personal solicitation and advertising and display promotion.

As a result, we now have between 25,000 and 30,000 retail outlets for War Bonds. We have enjoyed in recent War Loans literally millions of dollars in advertising support sponsored by retailers. We have seen our product displayed in store windows with as much consideration and ingenuity as if it were the specialty of the house. And we have felt the impact of your direct selling.

Governing all of these activities has been a principle which we believe should be counted a dominant portion of your contribution. That is your belief in "Good selling". You have strictly interpreted the meaning of our product according to the highest purposes for which it is intended--to help finance the war, to combat inflation, and to provide a nest-egg for the future. You have learned from long selling experience the futility of exaggerated or misleading sales appeals, and have been scrupulously accurate in presenting to your customers the true story of War Bonds.

As we step forward into the next great campaign, it is reassuring to know that we will again be supported by your people, your promotion, and your understanding of the fact that we must sell our quotas of Bonds, exceed them and keep them sold.



TED GAMBLE'S SPEECH TO RETAILERS

DECEMBER 29, 1943

In the Fourth War Loan next month, we will face the unprecedented task of selling \$5.5 billion dollars worth of War Bonds to individuals. I say "we" advisedly, for the Retail Industry of America - and the Retailers' War Campaigns Committee - have acted in partnership with the Treasury Department in the sale of Bonds and Stamps since the first Defense Bonds were issued in May of 1941. Ever since that time you retailers have played a major role in the sale of almost \$17 billion worth of "E" Bonds, and have adjusted your sights upward as the increased necessity for this type of direct financing imposed steeper quotas upon us.

We saw what you could do in the Third War Loan, when each of your sales people accepted a quota of \$200 in "E" Bonds to be sold during the drive. More than 800,000 employees have been cited for meeting or beating that quota. Now in the Fourth War Loan we will count upon you to fulfill another great pledge--the promise that your five million workers will each strive to sell at least \$200 in "E" Bonds.

Should you succeed in that effort, you not only would carry more than your part of the job, you would again stand secure in the knowledge that you as merchants and citizens have done all within your immediate power to insure the orderly financing of the war, and the eventual attainment of victory.

In the past, you retailers have not been content with merely making War Bonds available to people in all walks of life. You have also taken it upon yourselves to merchandise those Bonds in newspaper

action in Italy. I talked to them and was inspired by their seriousness and determination. These millions of American fighting men -- and women too -- scattered the length and breadth of the globe, want assurance that we are behind them -- that we on the Home Front are fighting the war too.

The success of the Fourth War Loan will <sup>help to</sup> give them this assurance.

You retail people have always taken on a big part of the job of selling war bonds during past drives. This time I understand you are setting <sup>for yourselves</sup> a higher goal than ever. ~~for yourselves.~~

~~More power to you.~~

The ~~Government~~ <sup>Treasury</sup> congratulates you and thanks you.

*[Handwritten initials]*

Mr. Gambler's remarks follow:

*[A large vertical bracket or line drawn below the text]*

SECOND PART

We are addressing this broadcast to Retail people -- to the owners and managers of retail stores, and to the hundreds of thousands of clerks who are among the Treasury's best salesmen in our War Bond campaigns. We are asking you who have close, day-by-day contact with the public, to again help in January, when we launch the Fourth War Loan Drive. ~~We will ask~~ the American people <sup>will be asked</sup> to lend their Government <sup>\$14,000,000,000</sup> ~~fourteen billion dollars~~ with which to finance the war. Five and one-half billion of this is to be loaned by individuals -- by you and your neighbors.

[All of you know why we need this money at this time. You know that the leaders of <sup>the</sup> United Nations have drawn up plans for the all-out attack, ~~that will soon~~ ~~come~~. It will be the greatest attack in history, and it will require tremendous quantities of fighting equipment -- the kind of equipment that your War Bond money buys.

[I can assure you that when that attack comes, our troops -- our men on the front lines -- will give a mighty good account of themselves. I saw those men in

Treasury Department  
Washington

~~For Release 12:45 P.M., EWT,  
Wednesday, December 29, 1943~~

~~Miss Lewis  
No. 40-5~~

(The following Fourth War Loan message by Secretary Morgenthau, addressed to the thousands of America's retailers and their five million employees, and broadcast by the National Broadcasting Company, is scheduled for delivery at 12:<sup>30</sup> P.M., EWT, on Wednesday, December 29, 1943, and is for release at that time.) Appearing also on the program was Ted R. Gamble, National Director of the Treasury's War Finance Division, and Delos Walker, Chairman of the Retailers' War Campaigns Committee.)

40-5

TREASURY DEPARTMENT  
Washington

(The following Fourth War Loan message by Secretary Morgenthau, addressed to the thousands of America's retailers and their five million employees, and broadcast by the National Broadcasting Company, is scheduled for delivery at 12:30 P.M., EWT, on Wednesday, December 29, 1943, and is for release at that time. Appearing also on the program was Ted R. Gamble, National Director of the Treasury's War Finance Division, and Delos Walker, Chairman of the Retailers' War Campaigns Committee.)

We are addressing this broadcast to Retail people -- to the owners and managers of retail stores, and to the hundreds of thousands of clerks who are among the Treasury's best salesmen in our War Bond campaigns. We are asking you who have close, day-by-day contact with the public, to help again in January, when we launch the Fourth War Loan Drive. The American people will be asked to lend their Government \$14,000,000,000 with which to finance the war. Five and one-half billion of this is to be loaned by individuals -- by you and your neighbors.

All of you know why we need this money at this time. You know that the leaders of the United Nations have drawn up plans for the all-out attack. It will be the greatest attack in history, and it will require tremendous quantities of fighting equipment -- the kind of equipment that your War Bond money buys.

I can assure you that when that attack comes, our troops -- our men on the front lines -- will give a mighty good account of themselves. I saw those men in action in Italy. I talked to them and was inspired by their seriousness and determination. These millions of American fighting men -- and women too -- scattered the length and breadth of the globe, want assurance that we are behind them -- that we on the Home Front are fighting the war too.

The success of the Fourth War Loan will help to give them this assurance.

You retail people have always taken on a big part of the job of selling War Bonds during past drives. This time I understand you are setting for yourselves a higher goal than ever.

The Treasury congratulates you and thanks you.

Mr. Gamble's remarks follow:

In the Fourth War Loan next month, we will face the unprecedented task of selling \$5.5 billion worth of War Bonds to individuals. I say "we" advisedly, for the Retail Industry of America - and the Retailers' War Campaigns Committee - have acted in partnership with the Treasury Department in the sale of Bonds and Stamps since the first Defense Bonds were issued in May of 1941. Ever since that time you retailers have played a major role in the sale of almost \$17 billion worth of "E" Bonds, and have adjusted your sights upward as the increased necessity for this type of direct financing imposed steeper quotas upon us.

We saw what you could do in the Third War Loan, when each of your sales people accepted a quota of \$200 in "E" Bonds to be sold during the drive. More than 800,000 employees have been cited for meeting or beating that quota. Now in the Fourth War Loan we will count upon you to fulfill another great pledge -- the promise that your five million workers will each strive to sell at least \$200 in "E" Bonds.

Should you succeed in that effort, you not only would carry more than your part of the job, you would again stand secure in the knowledge that you as merchants and citizens have done all within your immediate power to insure the orderly financing of the war, and the eventual attainment of victory.

In the past, you retailers have not been content with merely making War Bonds available to people in all walks of life. You have also taken it upon yourselves to merchandise those Bonds in newspaper and radio advertisements and store and window displays. You have contributed the promotional skill and knowledge which are yours precisely because you are merchants. You have understood that the war loans are great merchandising enterprises, and your own organizations have been splendidly equipped to provide the three important essentials of a great merchandising campaign: Sales outlets, personal solicitation and advertising and display promotion.

As a result, we now have between 25,000 and 30,000 retail outlets for War Bonds. We have enjoyed in recent War Loans literally millions of dollars in advertising support sponsored by retailers. We have seen our product displayed in store windows with as much consideration and ingenuity as if it were the specialty of the house. And we have felt the impact of your direct selling.

Governing all of these activities has been a principle which we believe should be counted a dominant portion of your contribution. That is your belief in "Good selling". You have strictly interpreted the meaning of our product according to the highest purposes for which it is intended -- to help finance the war, to combat inflation, and to provide a nest-egg for the future. You have learned from long selling experience the futility of exaggerated or misleading sales appeals, and have been scrupulously accurate in presenting to your customers the true story of War Bonds.

As we step forward into the next great campaign, it is reassuring to know that we will again be supported by your people, your promotion, and your understanding of the fact that we must sell our quotas of Bonds, exceed them and keep them sold.

o o o

410 - 6 (?)

FOR IMMEDIATE RELEASE,  
December 28, 1943.

The Bureau of Customs announced today that provisions will be made at customs ports of entry to enable importers to present entries for consumption or withdrawals from warehouse for consumption covering Cuban filler tobacco, not specially provided for, other than cigarette leaf tobacco, unstemmed or stemmed, and scrap tobacco under the Cuban Trade Agreement on January 1, 1944, at 12 noon, eastern war time, 11 a. m., central war time, 10 a. m., mountain war time, and 9 a. m., Pacific war time.

JTS:mls



TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, December 29, 1943.

Press Service  
No. 40-6

The Bureau of Customs announced today that provision will be made at customs ports of entry to enable importers to present entries for consumption or withdrawals from warehouse for consumption covering Cuban filler tobacco, not specially provided for, other than cigarette leaf tobacco, unstemmed or stemmed, and scrap tobacco under the Cuban Trade Agreement on January 1, 1944, at 12 noon, Eastern War Time, 11 a. m., Central War Time, 10 a. m., Mountain War Time, and 9 a. m., Pacific War Time.

-oOo-

40-7

FOR IMMEDIATE RELEASE,  
December 28, 1943.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, 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	1,353,183,480	Dec. 18, 1943	222,325,994
Colombia	458,336,340	"	127,156,585
Costa Rica	29,100,720	"	2,089,886
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	11,014,988
El Salvador	87,302,160	"	939,893
Guatemala	77,844,426	"	5,715,076
Haiti	40,013,490	"	2,878,975
Honduras	2,910,072	"	835,776
Mexico	69,114,210	"	12,153,931
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	8,674,396

Non-signatory Countries:

51,653,778	"	1,991,301
------------	---	-----------

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, December 29, 1943.

Press Service  
No. 40-7

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <u>1/</u>	Authorized for entry for consumption As of (Date) : (Pounds)
-----------------------	--------------------------------------	--

Signatory Countries:

Brazil	1,353,183,480	Dec. 18, 1943	222,325,994
Colombia	458,336,340	"	127,156,585
Costa Rica	29,100,720	"	2,089,886
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	11,014,988
El Salvador	87,302,160	"	939,893
Guatemala	77,844,426	"	5,715,076
Haiti	40,013,490	"	2,878,975
Honduras	2,910,072	"	835,776
Mexico	69,114,210	"	12,153,931
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	8,674,396
Non-signatory Countries:	51,653,778	"	1,991,301

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

ALPHA

40-8

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, December 31, 1943

~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 6, 1944, and will mature April 6, 1944, 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, January 3, 1944. 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 January 6, 1944.

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

- 3 -

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.

000

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, December 31, 1943.  
12-30-43

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 6, 1944, and will mature April 6, 1944, 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, January 3, 1944. 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 January 6, 1944.

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.



wartime needs for coinage, and 25,000,000 ounces of silver were sold under allocations made by the War Production Board, for consumptive use in industries producing war goods.

Powers of the Alcohol Tax Unit of the Bureau of Internal Revenue recently were invoked to attack the evils of black marketing of alcoholic liquors. o o o

"A"  
"A"  
Tax-paying was made easier for millions of Americans, through inauguration during the year of the withholding of individual income taxes from wages and salaries, under provisions of the Current Tax Payment Act. Meantime, the Treasury has intensified a study of avenues of income tax simplification. Methods of simplification already have been recommended to Congress, and other suggestions will be submitted as the Treasury experts complete work on them. ~~the Secretary promised to continue.~~ o o o

*His report* <sup>-3-</sup> ~~presented details that it would con-~~  
~~tinue its efforts to simplify tax laws so that taxpayers might~~  
Wartime responsibilities and activities of the Treasury extend to  
many fields other than the negotiating of loans and the collection of  
taxes. ~~Mr. Morgenthau noted,~~

Looking ahead to post-war problems, the Treasury during the closing  
year made public tentative proposals prepared by its technical staffs  
and the experts of other interested departments and agencies for an  
International Stabilization Fund of the United and Associated Nations,  
and a United Nations Bank for Reconstruction and Development. The  
proposals, neither of which so far has any official status, have been  
communicated to Congress, to finance groups, and to the Foreign  
Ministers of nearly two-score other countries, for examination and  
discussion. Many of the Foreign Ministers have sent experts to  
Washington to consult with the Treasury staffs, and present their own  
views.

Through a census conducted by its Foreign Funds Control, the  
Treasury established detailed <sup>reports regarding</sup> ~~records~~ of billions of dollars' worth of  
American-owned property in foreign lands, including the Axis countries.

With the approval of the War Production Board, the Treasury in  
1943 released an additional <sup>225</sup> ~~200~~,000,000 ounces of silver for non-  
consumptive uses in war plants in this country. This use of silver  
released 7,500 tons of copper and other materials vitally needed for  
war purposes. In addition, <sup>46</sup> ~~40~~,000,000 ounces of silver were lend-  
leased to friendly foreign countries, to help them meet their increased

securities exclusively to non-banking investors. ~~Success of the effort was assured well before the end of the period assigned for the loan was reached.~~

*a total of almost \$14*

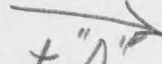
Fifty million persons in 1943 bought ~~\$13.6~~ billions worth of Series E, F and G War Bonds alone. Twenty-six million <sup>were buying</sup> War Bonds through the payroll savings plan. *at the end of the year*

*review noted*  
The Secretary recalled proudly that no Government ever before borrowed so much from so many. *6* "When the many lend to the Government in an emergency, ~~it is~~ it is evidence of national unity of which none of our enemies will fail to take note. And when the Government borrows from the many instead of from a few, the ends of economic soundness are served." *6*

Borrowing necessarily is the Government's first reliance in a wartime crisis. The second is to adjust the scheme of Federal taxation so that, as promptly as possible, taxes will shoulder their proper share of the Government's increased financial burden.

*Net receipts*  
~~\$13.6~~ <sup>*1*</sup> of approximately <sup>*13.4*</sup> billions ~~by the Treasury~~ during 1943 represented a contribution to war costs substantially less than the increase in the national income since war clouds first rolled up.

Believing that failure to pay currently as great a share of war costs as <sup>*our*</sup> circumstances permit not only invites inflation but is unfair to taxpayers of the future, including returning soldiers, the Treasury urged Congress to increase the present Federal levies by approximately \$10.5 billions per year. So far, the response of Congress has been disappointing. ~~6~~

*Insert "A" at* 

Press Service  
40-9

America's financial might, as well as her military might, took the offensive in 1943, a report of the Treasury's activities ~~by~~ ~~the~~ ~~department~~ disclosed tonight.

The department's records of participation by "fighting dollars" in the year's war effort show that giant blows were struck, while its home front activities were spurred to greater efforts, ~~compelling law and order.~~

*Borrowing by*  
~~the~~ the Government ~~exceeded~~ *aggregated \$57* billions during the twelve months, ~~Mr. Morgenthau~~ *the report* said. Of this amount, ~~\$10~~ *33* billions came from sources other than commercial banks, and ~~\$25~~ *almost half* of the ~~\$35~~ *\$33* billions came from individuals or from such investors as partnerships and personal trust accounts.

With a goal of \$13 billions, the Second War Loan of last April produced \$18.6 billions, ~~the observed~~. For the Third War Loan, in September, the goal was raised to \$15 billions, and the country's voluntary response was \$18.9 billions. As one result of the \$9.5 billions in oversubscriptions, the Treasury was able to postpone the Fourth War Loan until 1944.

~~Not a cent of the yield of the Third War Loan, came from commercial banks, the Treasury~~ *report* ~~had noted.~~ ~~It~~ was the first time in history that the American Government had sought to accomplish *such* a large-scale sale of

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Saturday, January 1, 1944.

Press Service  
No. 40-9

America's financial might, as well as her military might, took the offensive in 1943, a report of the Treasury's activities disclosed tonight.

The department's records of participation by "fighting dollars" in the year's war effort show that giant blows were struck, while its home front activities were spurred to greater efforts.

Borrowing by the Government aggregated \$57 billions during the twelve months, the report said. Of this amount, \$33 billions came from sources other than commercial banks, and almost half of the \$33 billions came from individuals or from such investors as partnerships and personal trust accounts.

With a goal of \$13 billions, the Second War Loan of last April produced \$18.6 billions. For the Third War Loan, in September, the goal was raised to \$15 billions, and the country's voluntary response was \$18.9 billions. As one result of the \$9.5 billions in oversubscriptions, the Treasury was able to postpone the Fourth War Loan until 1944.

The Third War Loan was the first time in history that the American Government had sought to accomplish such a large-scale sale of securities exclusively to non-banking investors.

Fifty million persons in 1943 bought a total of almost \$14 billions worth of Series E, F and G War Bonds alone. Twenty-six million were buying War Bonds through the payroll savings plan at the end of the year.

The review noted that no Government ever before borrowed so much from so many. When the many lend to the Government in an emergency, it is evidence of national unity of which none of our enemies will fail to take note. And when the Government borrows from the many instead of from a few, the ends of economic soundness are served.

Borrowing necessarily is the Government's first reliance in a wartime crisis. The second is to adjust the scheme of Federal taxation so that, as promptly as possible, taxes will shoulder their proper share of the Government's increased financial burden.

Net receipts of approximately \$34 billions during 1943 represented a contribution to war costs substantially less than the increase in the national income since war clouds first rolled up.

Believing that failure to pay currently as great a share of war costs as our circumstances permit not only invites inflation but is unfair to taxpayers of the future, including returning soldiers, the Treasury urged Congress to increase the present Federal levies by approximately \$10.5 billions per year. So far, the response of Congress has been disappointing.

Tax-paying was made easier for millions of Americans, through inauguration during the year of the withholding of individual income taxes from wages and salaries, under provisions of the Current Tax Payment Act. Meantime, the Treasury has intensified a study of avenues of income tax simplification. Methods of simplification already have been recommended to Congress, and other suggestions will be submitted as the Treasury experts complete work on them.

Wartime responsibilities and activities of the Treasury extend to many fields other than the negotiating of loans and the collection of taxes.

Looking ahead to postwar problems, the Treasury during the closing year made public tentative proposals prepared by its technical staffs and the experts of other interested departments and agencies for an International Stabilization Fund of the United and Associated Nations, and a United Nations Bank for Reconstruction and Development. The proposals, neither of which so far has any official status, have been communicated to Congress, to finance groups, and to the Foreign Ministers of nearly two-score other countries, for examination and discussion. Many of the Foreign Ministers have sent experts to Washington to consult with the Treasury staffs, and present their own views.

Through a census conducted by its Foreign Funds Control, the Treasury established detailed reports regarding billions of dollars' worth of American-owned property in foreign lands, including the Axis countries,

With the approval of the War Production Board, the Treasury in 1943 released an additional 225,000,000 ounces of silver for non-consumptive uses in war plants in this country. This use of silver released 7,500 tons of copper and other materials vitally needed for war purposes. In addition, 41,000,000 ounces of silver were lend-leased to friendly foreign

countries, to help them meet their increased wartime needs for coinage, and 25,000,000 ounces of silver were sold under allocations made by the War Production Board, for consumptive use in industries producing war goods.

Powers of the Alcohol Tax Unit of the Bureau of Internal Revenue recently were invoked to attack the evils of black marketing of alcoholic liquors.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 4, 1944.

Press Service  
40-10

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 6 and to mature April 6, 1944, which were offered on December 31, <sup>1943,</sup> were opened at the Federal Reserve Banks on January 3.

The details of this issue are as follows:

Total applied for - \$2,255,535,000  
Total accepted - 1,014,794,000 (includes \$48,047,000 entered on a fixed-price basis at 99.905 and accepted in full)  
Average price - 99.906 Equivalent rate of discount approx. 0.373% per annum

Range of accepted competitive bids:

High - 99.915 Equivalent rate of discount approx. 0.336% per annum  
Low - 99.905 " " " " " " 0.376% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 72,350,000	\$ 22,130,000
New York	1,082,845,000	236,773,000
Philadelphia	36,377,000	12,887,000
Cleveland	14,585,000	12,965,000
Richmond	16,054,000	12,571,000
Atlanta	29,123,000	14,889,000
Chicago	797,588,000	584,113,000
St. Louis	24,610,000	8,431,000
Minneapolis	9,095,000	5,005,000
Kansas City	36,778,000	28,516,000
Dallas	23,215,000	9,364,000
San Francisco	112,915,000	67,150,000
<b>TOTAL</b>	<b>\$2,255,535,000</b>	<b>\$1,014,794,000</b>

*Sum*



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 4, 1944.

Press Service  
No. 40-10

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 6 and to mature April 6, 1944, which were offered on December 31, 1943, were opened at the Federal Reserve Banks on January 3.

The details of this issue are as follows:

Total applied for - \$2,255,535,000  
Total accepted - 1,014,794,000 (includes \$48,047,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.906 Equivalent rate of discount approx 0.373% per annum

Range of accepted competitive bids:

High - 99.915 Equivalent rate of discount approx. 0.336% per annum  
Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 72,350,000	\$ 22,130,000
New York	1,082,845,000	236,773,000
Philadelphia	36,377,000	12,887,000
Cleveland	14,585,000	12,965,000
Richmond	16,054,000	12,571,000
Atlanta	29,123,000	14,889,000
Chicago	797,588,000	584,113,000
St. Louis	24,610,000	8,431,000
Minneapolis	9,095,000	5,005,000
Kansas City	36,778,000	28,516,000
Dallas	23,215,000	9,364,000
San Francisco	112,915,000	67,150,000
TOTAL	\$2,255,535,000	\$1,014,794,000

The choice lies before us on the tax front and renegotiation front. As the war moves on toward victory we shall have to make many choices between these alternatives. The immediate gain will be tempting. The lasting value will seem ephemeral.

"Present joys are more to flesh and blood  
Than a dull prospect of distant good."

My hope is that we will have the spirit, the imagination, and the courage, to resist the pressures of apparent present interests and to make our choices in terms of the enduring interests of the future.

I cannot believe that most business men really desire extortionate <sup>10</sup> war profits and a whirlwind of postwar scandal. Let me predict, with Secretary Morgenthau, that if these provisions are enacted into law, "they will come back to plague not only the Congress but the war goods manufacturers who get temporary gain from them." It is interesting to compare the Secretary's words with a recent statement made by Mr. Charles E. Wilson, executive vice-chairman of the War Production Board. Mr. Wilson said: "This above all is a time when the industrial leaders of America owe it to their country and to themselves.....to avoid the temptation of sacrificing enduring values for temporary gains...."

Conclusion

In closing, I should like to stress that distinction between transient gain and permanent value. The two are often in contrast.

In this connection, I should like to commend to you the minority report of the Senate Finance Committee. It elaborates on some of the points I have made and discusses in detail and with great force the major defects in the bill ~~as~~ recommended by the majority of the Committee.

Under the Committee amendments we should have renegotiation in name, but not in fact, -- an unworkable, discriminatory statute that makes many business men vulnerable to the charge of war profiteering and recaptures only a small amount of excessive war profits from one segment of industry.

I doubt if the business men who have urged these changes truly represent business. I am very sure that they are not doing industry any service.

This provision makes it impossible to conclude a renegotiation agreement within any reasonable time. I do not believe the business man wants to add this element of uncertainty to the many others that beset him in these chaotic times.

It is no exaggeration to say that these amendments emasculate the statute. Their adoption would make it worse than nothing; it would leave a facade of war profit control with no reality behind it. "Business Week," in its December 18, 1943, issue cited the Senate Finance Committee's "very scientific demolition job" on the renegotiation law. "The Committee," it said, "shrewdly avoided voting for outright repeal, knowing Congress would find that hard to take in an election year. Instead, it is trying to get the same result by trimming down the scope of the act and by curtailing the authority of the Price Adjustment Boards."

Still another provision requires the renegotiating agencies to take estimated taxes into account for the purpose of determining excessive profits. This is an anomaly in a measure that is concerned with the establishment of sound prices. It fundamentally changes the character of the renegotiation process from a re-pricing procedure to a super excess-profits tax. It shifts the war contractor's war tax burdens to the Government. More precisely, it transfers the war contractor's war tax load from his own shoulders to those of other taxpayers generally.

Finally, the Senate Finance Committee bill contains a provision requiring the renegotiating agencies to include as a cost in the determination of excess profits carry-backs of unused excess-profits credits and operating losses, as well as amortization recomputations.

the company realized a net profit after taxes for 1942 of \$3,840,000 as compared with its net income after taxes of \$432,000 in 1939, its best year up to that date. This represents 122 percent of its net worth at the beginning of 1942.

*not so small*

*End of material reading copy  
only*

.aa  
a  
nig

9  
 A mandatory exemption for "standard commercial articles" exempts the profits -- however excessive they may be -- from the sale of such articles from renegotiation. The record shows that exorbitant profits are being earned on a large scale by concerns that produce standard commercial articles. As a matter of fact, contractors making standard commercial articles hold a more advantageous position than other war contractors. Since they are making their peacetime products, they have had and they will have fewer conversion problems. Apart from the merits of this exemption, there will be interminable debate as to what contracts are subject to the Act.

READING COPY ONLY

This exemption will exclude from renegotiation a large part of war procurement on which enormous profits are being realized. In War Department procurement, for example, standard commercial articles comprise a large part of the medical supplies and personal equipment as well as components of communications equipment, tanks, motor vehicles, and aircraft. In many of these fields, the expanded volume of production has yielded extremely high profits, often ranging from 25 to 35 percent of the price.

To illustrate the danger of this amendment I want to tell you about one corporation which is continuing its peacetime production of self-locking nuts and which would seem to be largely exempted. With an average 1936-39 business of \$744,000 annually, the company had total sales of \$25 million for 1942, of which two-thirds were for war purposes and one-third was non-renegotiable commercial business. On this large volume of business the company has sharply increased its profit margin to 55 percent. With this expanded volume and higher margin

*Not for stencil*



To make matters worse, it is made retroactive, requiring the Government to refund millions already recovered from these companies.

A mandatory exemption for "standard commercial articles" exempts the profits -- however excessive they may be -- from the sale of such articles from renegotiation. The record shows that exorbitant profits are being earned on a large scale by concerns that produce standard commercial articles for the war program. As a matter of fact, contractors making standard commercial articles hold a more advantageous position than other war contractors. Since they are making their peacetime products, they have had and they will have fewer conversion problems. Apart from the merits of this exemption, there will be interminable debate as to what contracts are subject to the Act.

*Insert A P 29*

Another provision restricts the application of the Act by making it apply only to contracts or subcontracts for "components" of articles actually delivered to the Government under prime contracts<sup>s</sup>. It exempts from renegotiation a large group of subcontractors who have admittedly made excessive profits. To make matters worse, it is made retroactive, requiring the Government to refund millions already recovered from these companies.

READING COPY ONLY

This new definition will operate to exempt from renegotiation the sales of many articles whose costs enter into war production. It will be a windfall to the machine tool industry, makers of building and electrical equipment, factory machinery and many other supplies. Let me give you just one example of a <sup>corporation manufacturing</sup> ~~manufacturer~~ of cranes and excavators, electric arc welding machines, and electrodes, which apparently would escape renegotiation on most of its war business. In 1940, the best year in its history up to that time, the company had a net profit after taxes of \$561,000, as compared with a net profit after taxes in 1942 estimated to be \$2,795,000. This is more than five times the net earnings of the company in its best pre-war year.

*not for release*

*End of material reading copy only*

There can be no valid objection to a procedure which protects contractors in their right to a fair determination of the facts and to adequate judicial review of decisions of administrative agencies. However, this principle can have no application to those cases in which agreements have been reached. Attempts to make it applicable to them fall wide of the mark. The adoption of this provision will mean that over 8,000 cases, involving over \$5 billion of refunds and price reductions, may be reopened and interminably litigated.

*Insert*  
*A*

~~Another provision restricts the application of the Act by making it apply only to contracts or subcontracts for "components" of articles actually delivered to the Government under prime contracts. It exempts from renegotiation a large group of subcontractors who have admittedly made excessive profits.~~

The \$5 billion does not represent net savings. Without renegotiation, the greater part of this figure would have been collected in excess profits taxes. Renegotiation, however, has saved at least \$1-1/2 billion that would not have been touched by taxes. If the Price Adjustment Boards are not impeded in their work, they will probably save the Government as much again in the days to come.

I should like to tell you dramatically how the renegotiation provisions of the pending Revenue Act are but an invitation to repeat the mistakes of the First World War, are but a preface to bitter charges of war profiteering. But good drama, of necessity, distorts some of the facts. So I shall sacrifice histrionics on the altar of accuracy.

The bill contains a provision permitting contractors to reopen in the courts all "closed" renegotiation cases, that is, cases which have resulted in voluntary agreement between the Government and the war contractor.

The law directed the war procurement agencies, principally the War Department, Navy Department, and Maritime Commission, to require renegotiation of the contract price whenever a contract yielded excessive profits. It also directed them to eliminate inordinate profits by reductions in the contract price.

The assignment was known to be hard. In fact, the task of renegotiating with the tens of thousands of contractors and subcontractors engaged in war production was gargantuan. The departments organized for their work. They set up Price Adjustment Boards. They recruited personnel largely from business, law and accounting.

To date the total amount reclaimed from excessive prices on war contracts by renegotiation is well over \$5 billion.

Both declared that in event of a war in which citizens were drafted, all other resources should likewise be drafted. Yes, while public memory was still green, we were solidly against lush war profits.

The law on renegotiation of war contracts was passed in April, 1942. This new kind of war profit legislation was a response to the Government and business criticism of rigid profit limitations based on an allowable profit upon a low and arbitrary percentage of sales. The law was made flexible so that justice could be done in individual cases. Yet we hear <sup>§</sup> much criticism now that the renegotiation statute has no standards. It can be made plain and rigid by recourse to the old arbitrary limitation expedient. But the chief sufferers would be the business men who complain of its vagueness.

These are tax criticisms of the bill: they are deficiencies rather than positive faults. My ~~arguments~~<sup>fourth</sup> count against the bill, particularly the Senate Finance Committee version, is that it ~~makes a dead letter of the provisions of the~~<sup>will seriously curtail</sup> ~~su war contracts through renegotiation.~~<sup>reasonable</sup> "renegotiation" statute designed to prevent exorbitant ~~profits on war contracts.~~

*Sheet*

When the Government began making contracts for war supplies in 1940, the big question was how to hold down profits. Everyone remembered the profiteering and inflation of the last war. Then we had relied on the excess profits tax to curb profits. We relied in vain. War business built many fortunes. For twenty years after the 1918 Armistice the country talked about taking the profit out of war. Perhaps some of you recall the Republican and Democratic party platform pledges of 1924.

In other words, to collect less, perhaps much less, than \$300 million from the 9 million taxpayers at the bottom of the income scale, the 1943 Revenue Bill would complicate the collection of \$17 billion from 50 million taxpayers throughout the scale. I repeat what I stated to the Senate Finance Committee several weeks ago in analyzing the House bill: "It seems utterly unreasonable to erect a mountain of complexity for such a molehill of revenue."

#### Renegotiation

Believe it or not, I have yet to reach the worst feature of the 1943 Revenue Bill. I have protested that the bill does not raise sufficient revenue. I have declared that it almost completely ignores the threat of inflation. I have said that it refuses to millions of taxpayers the basic simplification that they deserve.



The alternative, represented by the Victory tax and substitutes devised by the Congressional tax committees, imposes distressing complexities on 50 million taxpayers without contributing substantially to income tax revenues. Even the pretty label "Victory tax" cannot conceal the unfortunate complexity of a dual income tax system. The label on the cover cannot change the nature of the contents -- it is a Pandora's box of troubles no matter what we call it.

Although the Treasury's proposals as a whole would not sacrifice revenue from the 9 million taxpayers, there would be a loss in income tax revenue from this group. At present, the 9 million taxpayers in question are paying about \$275 million in Victory taxes. Under the House bill, they would pay \$161 million and under the Senate Finance Committee version of the bill, they would pay slightly more than \$275 million.

It is important to identify the 9 million taxpayers who would be relieved of future Federal taxes on income. They are exclusively heads of families earning less than the exemptions proposed by the Treasury, that is, \$1,100 per year plus \$300 for each dependent. The only reason why they are now taxable is that their income exceeds the flat \$624 Victory tax exemption which applies to every income recipient regardless of his family obligations.

If the 9 million taxpayers who are the center of the controversy could be kept on the rolls without undue complexity and if the proportion of their contributions to total revenue were substantial, some justification could be found for their retention as income-tax payers. But these conditions simply cannot be met. To extend the regular income tax downward to encompass these 9 million taxpayers would subject them to crushing and inequitable burdens.

You may wonder why the House, with its minimum tax, and the Senate Finance Committee, with its modified Victory tax, are straining every legislative muscle to keep a separate income tax in existence. The crux of the matter is the 9 million taxpayers at the bottom of the tax scale who are now paying the Victory tax, but would be relieved from any tax on income under the Treasury proposal. To clear away the smoke screen with which this issue has been confused, I should like to explain briefly why the Treasury felt it desirable to relieve these taxpayers from Federal taxes on income.

The absorption of the Victory tax would not result in a reduction of the total tax burden of the 9 million taxpayers. As a consequence of the excise tax increases proposed by the Treasury, they would pay practically as much under the Treasury proposals as under present law.

The relationships between the minimum tax and the regular tax are so complex and elusive that many husbands and wives would be forced to go through a lengthy series of alternative computations to determine their lowest possible tax liability. All in all, the Treasury concluded that the minimum tax "cure" prescribed in the House bill is worse than the Victory tax "disease."

Fortunately, the defects of the minimum tax plan in the House bill were so patent that the Senate Finance Committee refused to accept it. Unfortunately, the Committee was unwilling to abandon the Victory tax, although it did effect some simplification by changing its rate to a flat 3 percent for every taxpayer regardless of marital or dependency status.

To that end the Treasury has proposed that the Victory tax be eliminated and that with a reduction of exemptions and dependency credits its burden be absorbed into the net income tax scale.

The tax bill, as passed by the House, would repeal the Victory tax, an essential step if we are to achieve simplification. However, instead of integrating it with the regular income tax, it sets up a separate minimum tax. In other words, it replaces an additional tax with an alternative tax. If this minimum tax were to become law, the taxpayer would be confronted with two alternative taxes, each with different rates and each with an entirely different set of exemptions.

I need only remind you, first, that the Victory tax has introduced a separate concept of taxable income; second, that it uses an exemption different from the regular income tax exemption; third, that it requires an entirely separate tax computation; and fourth, that it recognizes family status only through a complicated credit. This credit was labeled a postwar credit, but was made available currently on such easy terms that the word "postwar" became a misnomer.

Congress, recognizing this infirmity, eliminated the postwar aspects of the credit and made it simply a current credit.

The Treasury recommended this change and would go even further.

It would like to see the rest of this noble experiment given a decent burial. In contemplation of its death, the logical move would be to shift the burden of the Victory tax to the regular income tax structure.

They introduced a number of new features into the returns to be filed next March, and made some progress in modifying the traditional form of the income tax return in the interest of simplification.

I am frank to predict, however, that taxpayers will not call the results simple. Time and again the move for simplification has run against a stone wall. The primary obstructions this year were the Victory tax and the cancellation feature involved in the transition to a pay-as-you-go system. Fortunately, the hurdle of cancellation will be behind us when we draft the return forms for 1945.

In this group I need not elaborate upon the complications of the Victory tax.

Our immediate problem today is simplification for the masses of taxpayers. If the income tax - the bulwark of our tax system - is to succeed, we must find a way of making the tax understandable to 50 million taxpayers who cannot employ lawyers and accountants. We must tackle the job in full realization that these millions are not concerned with what the statute and the regulations and the court decisions say. To them the income tax return and the instructions on that return are the whole story. It is logical, then, that simplification should begin at that level.

It was at that level that the Treasury began its current campaign against income tax complexity. A group of legal and research experts, joined by several specialists in the layman's point of view, gathered around the conference table last summer to simplify individual income tax returns.



When I was in your position I was interested in the problems of the few clients I had. Their problems were in the field of estate and gift taxes, corporate reorganizations, valuation, trusts. I was intensely concerned with the complication of our tax laws in this territory. It seemed unjustifiable. I still believe it is intolerable, and I shall leave no stone unturned in my effort to make these provisions of the statute simpler and easier for the taxpayers who are most affected by them to understand. That is a long, uphill job if we would do it well. As Mr. Justice Jackson said in the recent Dobson case: "No other branch of the law touches human activities at so many points. It can never be made simple, but we can try to avoid making it needlessly complex."

But I must confess to a shift of interest since I have been with the Treasury Department.

In this, my third attempt, I am reminded of Fit the First in Lewis Carroll's "The Hunting of the Snark":

"...Just the place for a Snark! I have said it twice:  
That alone should encourage the crew.  
Just the place for a Snark! I have said it thrice:  
What I tell you three times is true."

I hope that what I shall say may be true of itself and not by virtue of reiteration. I hope it was true the first time I said it.

The desirability of simplifying our tax laws is so obvious that I shall not labor it here. One set of figures is enough. In 1932 exemptions and national income were at such levels that less than two million returns were filed with the Bureau of Internal Revenue. Time and the war will raise this figure to 44 million for 1944.

5  
In this distinguished group of Indiana attorneys I should like to draw one item from my personal experience in the tax field.

Neither the House nor the Senate bill attempts to cope with this dangerous situation. Any pretense that the bill will appreciably diminish inflationary pressure is what Justice Holmes called "little more than a fiction intended to beautify what is disagreeable to the sufferers".

A \$2 billion tax bill is hardly a gesture of inflation prevention. It <sup>indicates</sup> ~~is proof~~ that the Congress either does not <sup>see</sup> ~~recognize~~ the inflation clouds on the horizon, or that it <sup>does not choose</sup> ~~has not the courage~~ to batten down the hatches against them.

#### Simplification Test

Before examining the new tax bill in the light of its failure to meet the popular demand for simplification, I shall confess that I have made two speeches in favor of simplifying our tax laws.

More than ever they need the help of additional taxes which reduce spending power. If they do not get this help, and other help that is being asked, our soldiers and sailors and marines may return to 50 cent coffee and \$1 hamburgers.

The arithmetic of inflation is simple. In 1939 consumers had \$11 to spend upon every \$10 of goods. In 1940 they had \$11.10; in 1941, \$11.80; in 1942, \$13.30; in the first half of 1943, \$13.80. The rate promises to be *as compared with \$11 in 1939.* about \$14 for the fiscal year 1944. In total terms the Nation has \$126 billion of spending power this fiscal year -- after existing taxes -- against \$90 billion of available goods. The excess of \$36 billion, plus accumulated savings of \$55 billion, make a total of over \$90 billion nervous dollars, which threaten our price structure with collapse.

A returning soldier is sitting on a stool in front of the counter with his hand reaching into his pocket for money. His uplifted face is directed at a sign to which the waiter is pointing. The sign lists prices: coffee, 50 cents; coffee, with cream, 75 cents; hamburger, \$1; hamburger, with french fried potatoes, \$1.50. The title of the picture is a question: "Shall we let him come home to this?"

4  
He may very well come home to such prices -- and we at home may pay such prices -- unless we face the economic facts that meet every qualified eye. Without reduction, pressure of abundant income will be too much for our existing price structure. Price and wage ceilings, and rationing have held the line fairly well so far. No one knows the ultimate breaking point of these direct control devices, but we do know that they are now ~~cracking~~ *Threatened*.

We forget that it has stayed within bounds because of the steps we have taken to prevent rising prices. The danger is that we are emotionally weary of hearing the word "inflation" at the very time it is most threatening. You remember the fable of the shepherd boy who assuaged his loneliness by crying, "Wolf, Wolf," to the villagers. When the wolf actually came, he lost his flock because the people refused to believe him.

I cannot cover the subject of inflation in a short evening address. It comes from a sudden and enormous increase of money among a people without a corresponding increase of things to buy. It ends in prices that take away the buying power of savings as well as income. You may have seen the picture of "Joe's Diner" in Harry Scherman's pamphlet on inflation.

Inflation Test

One might understand a refusal to be taxed, if it meant more purchasing power in the pockets and bank accounts of taxpayers. Against the big loss of participation in the war effort there would be the small, immediate gain of increased wealth. From a narrow, selfish viewpoint such an attitude might make sense. But the grim fact is that as a people we gain nothing by refusing to pay taxes. On the contrary, we stand to lose a great deal. Inflation very well may take what we do not pay to the tax collector. And more.

I sometimes suspect that many of us are passive about inflation because we have heard so much about it. For two years the economists have been warning us that inflation would soon engulf us, yet so far we are only knee-deep in it.

Stet

If these amendments stand, it will be years before we know precise financial effects; but it is possible that they will put the bill in the red. In short, ~~what started out to be~~ <sup>the so-called Revenue</sup> ~~Bill of 1943 may in the end be more accurately~~ a revenue bill is now in large part a measure to appropriate ~~entitled "The Relief Bill of 1943."~~ public funds for "relief" of war profiteers and others.

Stet  
§

I wonder what returning soldiers and sailors and marines will think of this tax measure -- a statute passed by the people at home which says: We did not want to surrender to the Government a third of our war-made prosperity while you were fighting the enemy in mountain, jungle, desert and on the sea. We preferred to pass on the load to the future when you who fought would also be required to pay.



With all this spending the American people have saved more than ever before. They have accumulated in the last 3 1/2 years liquid savings of more than \$55 billion of which fully half is in increased currency and bank accounts. Is it not clear that they could afford to pay \$10.5 billion of additional taxes? I, for one, believe they would have been willing, if not glad, to do so.

If I am right, little need be said about the bill soon to be debated in the Senate. As it passed the House, it was expected to raise \$2.1 billion in a full year of operation. The cancellation of the automatic <sup>B</sup>rise in Social Security taxes will reduce prospective receipts by \$1.4 billion. That means that the Senate bill will raise only \$876 million. This is without allowance, however, for revenue losses and increases in expenditures resulting from the Finance Committee renegotiation amendments which ~~countenance~~ <sup>of the door to</sup> war profiteering.

It would have permitted us to save over 5 times as much as the \$5 billion we were able to save in liquid forms in 1940, the highest amount ever saved in any year in the prewar decade.

Our people are financially prosperous. In the period from January 1, 1940, to June 30, 1943, they accumulated \$55 billion of savings, after paying increased taxes. In 1943 they spent nearly twice as much for clothing as in 1939. They spent more than twice as much on restaurant meals and drinks. They spent nearly three times as much on jewelry. I do not mean to imply that every American is living in a paradise of silk shirts, juicy steaks, and corona-coronas, though I cannot help recalling the aphorism of your distinguished neighbor who said: "What this country needs is a good five-cent cigar".

It was plain to the Treasury on October 4, 1943, when the Secretary of the Treasury proposed to the House Ways and Means Committee <sup>an</sup> ~~the modest~~ additional tax program of \$10.5 billion which he described on November 29th as "needed to safeguard the financial and economic future of this country during and after the war."

This program might have been criticized as inadequate, but it could hardly be fairly condemned as too drastic. We faced a period in which consumer income after taxes, \$126 billion, exceeded by \$36 billion the amount required to buy the \$90 billion of available consumer goods and services at present prices. Our people would have \$36 billion which would not be spent. The \$10.5 billion program would have appropriated to government use in wartime -- in the most critical period in our history -- less than one-third of the excess.

There is no escape from these expenditures. They are war expenditures. They provide weapons for our fighting forces. If we could, we would spend more; if we had no increased revenue possibilities, we would still spend to win the war as completely and as quickly as possible.

~~No one has suggested any diminution of effort on the war spending front.~~  
*Must to sustain the necessary expenditure of war.*

But the very emergency which makes us spend provides the stuff of debt avoidance. In 1933 citizens had cash income after taxes of \$44 billion; in the glorious year 1929, they had \$80 billion. In the current fiscal year 1944 they will have \$126 billion, far above the prosperity we thought we had in the peak year of the Twenties. The way out of debt accumulation is plain to ~~all but the~~ *nearly every eye* ~~Congressional eye.~~

Third, it denies to more than 50 million taxpayers the simplification of tax law to which they are entitled. And, finally, it makes renegotiation unworkable and ineffective as a means of controlling profits on war contracts.

### The Revenue Test

We may as well face the facts at the outset. With war expenditures of \$92 billion in the current (1944) fiscal year, a total reduced budget of \$98 billion, and a revenue yield from existing taxes of \$41 billion, we are running a deficit of \$57 billion. In November, 1943, the Federal Government spent \$5.7 billion more than it collected in revenue. We were accumulating debt at the rate of nearly \$200 million a day. At the end of <sup>2</sup>the fiscal year, June 30, 1944, this means a debt of about \$200 billion, on which the interest charges will be close to \$4 billion a year.

Specialists have a way of speaking evasively in \$2 words and in long dreary paragraphs. The charge has been made, sometimes with justification, that they have a vested interest in keeping their subject mysterious so that their special skill will not lose its market value. I want to talk frankly and directly in 10-cent words. You Hoosiers have a reputation for being able to take straight talk. I am counting on you to live up to that reputation tonight.

To begin with, I want to say unequivocally that the Revenue Bill of 1943, as it is about to be debated on the Senate floor, is a tragic failure. It fails to meet the three principal tests of a wartime revenue measure. First, it does not raise enough revenue. Second, it fails as an instrument to reduce inflationary pressure.

## THE 1943 REVENUE BILL

I am more than glad to be in Indianapolis tonight.

Apart from the honor conferred in an invitation from the Indiana State Bar Association, the capital of this State brings special recollections to me. It was the scene of early labors on tax books published by the Bobbs-Merrill Company. Those were the happy days when two years elapsed between revenue acts, and tax law did not change before printer's ink was dry. We worked day and night here in the Claypool Hotel feeding manuscript to our insatiable publisher. Little did I think then that I should return to Indianapolis many years later to close the circle by appearing before this gathering as a specialist in tax matters.

I should like to talk to you tonight not just as a specialist, but also as a fellow-citizen.

*Trans*

TREASURY DEPARTMENT  
Washington

(The following address by Randolph E. Paul, General Counsel of the Treasury, before the Indiana State Bar Association, at the Claypool Hotel, Indianapolis, Indiana, is scheduled for delivery at 7:30 p. m., Central War Time, Friday, January 7, 1944. and is for release at that time.)

40-11.

~~NC~~



TREASURY DEPARTMENT  
Washington

(The following address by Randolph E. Paul, General Counsel of the Treasury, before the Indiana State Bar Association, at the Claypool Hotel, Indianapolis, Indiana, is scheduled for delivery at 7:30 p.m., Central War Time, Friday, January 7, 1944, and is for release at that time.)

THE 1943 REVENUE BILL

I am more than glad to be in Indianapolis tonight. Apart from the honor conferred in an invitation from the Indiana State Bar Association, the capital of this State brings special recollections to me. It was the scene of early labors on tax books published by the Bobbs-Merrill Company. Those were the happy days when two years elapsed between revenue acts, and tax law did not change before printer's ink was dry. We worked day and night here in the Claypool Hotel feeding manuscript to our insatiable publisher. Little did I think then that I should return to Indianapolis many years later to close the circle by appearing before this gathering as a specialist in tax matters.

I should like to talk to you tonight not just as a specialist, but also as a fellow-citizen. Specialists have a way of speaking evasively in \$2 words and in long dreary paragraphs. The charge has been made, sometimes with justification, that they have a vested interest in keeping their subject mysterious so that their special skill will not lose its market value. I want to talk frankly and directly in 10-cent words. You Hoosiers have a reputation for being able to take straight talk. I am counting on you to live up to that reputation tonight.

To begin with, I want to say unequivocally that the Revenue Bill of 1943, as it is about to be debated on the Senate floor, is a tragic failure. It fails to meet the three principal tests of a wartime revenue measure. First, it does not raise enough revenue. Second, it fails as an instrument to reduce inflationary pressure. Third, it denies to more than 50 million taxpayers the simplification of tax law to which they are entitled. And, finally, it makes renegotiation unworkable and ineffective as a means of controlling profits on war contracts.

The Revenue Test

We may as well face the facts at the outset. With war expenditures of \$92 billion in the current (1944) fiscal year, a total reduced budget of \$98 billion, and a revenue yield from existing taxes of \$41 billion, we are running a deficit of \$57 billion. In November, 1943, the Federal Government spent \$5.7 billion more than it collected in revenue. We were accumulating debt at the rate of nearly \$200 million a day. At the end of

the fiscal year, June 30, 1944, this means a debt of about \$200 billion, on which the interest charges will be close to \$4 billion a year.

There is no escape from these expenditures. They are war expenditures. They provide weapons for our fighting forces. If we could, we would spend more; if we had no increased revenue possibilities, we would still spend to win the war as completely and as quickly as possible.

But the very emergency which makes us spend provides the stuff of debt avoidance. In 1933 citizens had cash income after taxes of \$44 billion; in the glorious year 1929, they had \$80 billion. In the current fiscal year 1944 they will have \$126 billion, far above the prosperity we thought we had in the peak year of the Twenties. The way out of debt accumulation is plain to nearly every eye.

It was plain to the Treasury on October 4, 1943, when the Secretary of the Treasury proposed to the House Ways and Means Committee an additional tax program of \$10.5 billion which he described on November 29th as "needed to safeguard the financial and economic future of this country during and after the war."

This program might have been criticized as inadequate, but it could hardly be fairly condemned as too drastic. We faced a period in which consumer income after taxes, \$126 billion, exceeded by \$36 billion the amount required to buy the \$90 billion of available consumer goods and services at present prices. Our people would have \$36 billion which would not be spent. The \$10.5 billion program would have appropriated to government use in wartime -- in the most critical period in our history -- less than one-third of the excess. It would have permitted us to save over 5 times as much as the \$5 billion we were able to save in liquid forms in 1940, the highest amount ever saved in any year in the prewar decade.

Our people are financially prosperous. In the period from January 1, 1940, to June 30, 1943, they accumulated \$55 billion of savings, after paying increased taxes. In 1943 they spent nearly twice as much for clothing as in 1939. They spent more than twice as much on restaurant meals and drinks. They spent nearly three times as much on jewelry. I do not mean to imply that every American is living in a paradise of silk shirts, juicy steaks, and corona-coronas, though I cannot help recalling the aphorism of your distinguished neighbor who said: "What this country needs is a good five-cent cigar".

With all this spending the American people have saved more than ever before. They have accumulated in the last 3 1/2 years liquid savings of more than \$55 billion of which fully half is in increased currency and bank accounts. Is it not clear that they could afford to pay \$10.5 billion of additional taxes? I, for one, believe they would have been willing, if not glad, to do so.

If I am right, little need be said about the bill soon to be debated in the Senate. As it passed the House, it was expected to raise \$2.1 billion in a full year of operation. The cancellation of the automatic

rise in Social Security taxes will reduce prospective receipts by \$1.4 billion. That means that the Senate bill will raise only \$876 million. This is without allowance, however, for revenue losses and increases in expenditures resulting from the Finance Committee renegotiation amendments which open the door to war profiteering. If these amendments stand, it will be years before we know precise financial effects; but it is possible that they will put the bill in the red. In short, what started out to be a revenue bill is now in large part a measure to appropriate public funds for "relief" of war profiteers and others.

I wonder what returning soldiers and sailors and marines will think of this tax measure -- a statute passed by the people at home which says: We did not want to surrender to the Government a third of our war-made prosperity while you were fighting the enemy in mountain, jungle, desert and on the sea. We preferred to pass on the load to the future when you who fought would also be required to pay.

#### Inflation Test

One might understand a refusal to be taxed, if it meant more purchasing power in the pockets and bank accounts of taxpayers. Against the big loss of participation in the war effort there would be the small, immediate gain of increased wealth. From a narrow, selfish viewpoint such an attitude might make sense. But the grim fact is that as a people we gain nothing by refusing to pay taxes. On the contrary, we stand to lose a great deal. Inflation very well may take what we do not pay to the tax collector. And more.

I sometimes suspect that many of us are passive about inflation because we have heard so much about it. For two years the economists have been warning us that inflation would soon engulf us, yet so far we are only knee-deep in it. We forget that it has stayed within bounds because of the steps we have taken to prevent rising prices. The danger is that we are emotionally weary of hearing the word "inflation" at the very time it is most threatening. You remember the fable of the shepherd boy who assuaged his loneliness by crying, "Wolf, Wolf," to the villagers. When the wolf actually came, he lost his flock because the people refused to believe him.

I cannot cover the subject of inflation in a short evening address. It comes from a sudden and enormous increase of money among a people without a corresponding increase of things to buy. It ends in prices that take away the buying power of savings as well as income. You may have seen the picture of "Joe's Diner" in Harry Scherman's pamphlet on inflation. A returning soldier is sitting on a stool in front of the counter with his hand reaching into his pocket for money. His uplifted face is directed at a sign to which the waiter is pointing. The sign lists prices: coffee, 50 cents; coffee, with cream, 75 cents; hamburger, \$1; hamburger, with french fried potatoes, \$1.50. The title of the picture is a question: "Shall we let him come home to this?"

He may very well come home to such prices -- and we at home may pay such prices -- unless we face the economic facts that meet every qualified eye. Without reduction, pressure of abundant income will be too much for our existing price structure. Price and wage ceilings, and rationing have held the line fairly well so far. No one knows the ultimate breaking point of these direct control devices, but we do know that they are now threatened. More than ever they need the help of additional taxes which reduce spending power. If they do not get this help, and other help that is being asked, our soldiers and sailors and marines may return to 50 cent coffee and \$1 hamburgers.

The arithmetic of inflation is simple. In 1939 consumers had \$11 to spend upon every \$10 of goods. In 1940 they had \$11.10; in 1941, \$11.80; in 1942, \$13.30; in the first half of 1943, \$13.80. The rate promises to be about \$14 for the fiscal year 1944 as compared with \$11 in 1939. In total terms the Nation has \$126 billion of spending power this fiscal year -- after existing taxes -- against \$90 billion of available goods. The excess of \$36 billion, plus accumulated savings of \$55 billion, make a total of over \$90 billion nervous dollars, which threaten our price structure with collapse.

Neither the House nor the Senate bill attempts to cope with this dangerous situation. Any pretense that the bill will appreciably diminish inflationary pressure is what Justice Holmes called "little more than a fiction intended to beautify what is disagreeable to the sufferers". A \$2 billion tax bill is hardly a gesture of inflation prevention. It indicates that the Congress either does not see the inflation clouds on the horizon, or that it does not choose to batten down the hatches against them.

#### Simplification Test

Before examining the new tax bill in the light of its failure to meet the popular demand for simplification, I shall confess that I have made two speeches in favor of simplifying our tax laws. In this, my third attempt, I am reminded of Fit the First in Lewis Carroll's "The Hunting of the Snark":

"...Just the place for a Snark! I have said it twice:  
That alone should encourage the crew.  
Just the place for a Snark! I have said it thrice:  
What I tell you three times is true."

I hope that what I shall say may be true of itself and not by virtue of reiteration. I hope it was true the first time I said it.

The desirability of simplifying our tax laws is so obvious that I shall not labor it here. One set of figures is enough. In 1932 exemptions and national income were at such levels that less than two million returns were filed with the Bureau of Internal Revenue. Time and the war will raise this figure to 44 million for 1944.

In this distinguished group of Indiana attorneys I should like to draw one item from my personal experience in the tax field. When I was in your position I was interested in the problems of the few clients I had. Their problems were in the field of estate and gift taxes, corporate reorganizations, valuation, trusts. I was intensely concerned with the complication of our tax laws in this territory. It seemed unjustifiable. I still believe it is intolerable, and I shall leave no stone unturned in my effort to make these provisions of the statute simpler and easier for the taxpayers who are most affected by them to understand. That is a long, uphill job if we would do it well. As Mr. Justice Jackson said in the recent Dobson case: "No other branch of the law touches human activities at so many points. It can never be made simple, but we can try to avoid making it needlessly complex."

But I must confess to a shift of interest since I have been with the Treasury Department. Our immediate problem today is simplification for the masses of taxpayers. If the income tax - the bulwark of our tax system - is to succeed, we must find a way of making the tax understandable to 50 million taxpayers who cannot employ lawyers and accountants. We must tackle the job in full realization that these millions are not concerned with what the statute and the regulations and the court decisions say. To them the income tax return and the instructions on that return are the whole story. It is logical, then, that simplification should begin at that level.

It was at that level that the Treasury began its current campaign against income tax complexity. A group of legal and research experts, joined by several specialists in the layman's point of view, gathered around the conference table last summer to simplify individual income tax returns. They introduced a number of new features into the returns to be filed next March, and made some progress in modifying the traditional form of the income tax return in the interest of simplification.

I am frank to predict, however, that taxpayers will not call the results simple. Time and again the move for simplification has run against a stone wall. The primary obstructions this year were the Victory tax and the cancellation feature involved in the transition to a pay-as-you-go system. Fortunately, the hurdle of cancellation will be behind us when we draft the return forms for 1945.

In this group I need not elaborate upon the complications of the Victory tax. I need only remind you, first, that the Victory tax has introduced a separate concept of taxable income; second, that it uses an exemption different from the regular income tax exemption; third, that it requires an entirely separate tax computation; and fourth, that it recognizes family status only through a complicated credit. This credit was labeled a postwar credit, but was made available currently on such easy terms that the word "postwar" became a misnomer. Congress, recognizing this infirmity, eliminated the postwar aspects of the credit and made it simply a current credit. The Treasury recommended this change and would

go even further. It would like to see the rest of this noble experiment given a decent burial. In contemplation of its death, the logical move would be to shift the burden of the Victory tax to the regular income tax structure. To that end the Treasury has proposed that the Victory tax be eliminated and that with a reduction of exemptions and dependency credits its burden be absorbed into the net income tax scale.

The tax bill, as passed by the House, would repeal the Victory tax, an essential step if we are to achieve simplification. However, instead of integrating it with the regular income tax, it sets up a separate minimum tax. In other words, it replaces an additional tax with an alternative tax. If this minimum tax were to become law, the taxpayer would be confronted with two alternative taxes, each with different rates and each with an entirely different set of exemptions. The relationships between the minimum tax and the regular tax are so complex and elusive that many husbands and wives would be forced to go through a lengthy series of alternative computations to determine their lowest possible tax liability. All in all, the Treasury concluded that the minimum tax "cure" prescribed in the House bill is worse than the Victory tax "disease."

Fortunately, the defects of the minimum tax plan in the House bill were so patent that the Senate Finance Committee refused to accept it. Unfortunately, the Committee was unwilling to abandon the Victory tax, although it did effect some simplification by changing its rate to a flat 3 percent for every taxpayer regardless of marital or dependency status.

You may wonder why the House, with its minimum tax, and the Senate Finance Committee, with its modified Victory tax, are straining every legislative muscle to keep a separate income tax in existence. The crux of the matter is the 9 million taxpayers at the bottom of the tax scale who are now paying the Victory tax, but would be relieved from any tax on income under the Treasury proposal. To clear away the smoke screen with which this issue has been confused, I should like to explain briefly why the Treasury felt it desirable to relieve these taxpayers from Federal taxes on income.

The absorption of the Victory tax would not result in a reduction of the total tax burden of the 9 million taxpayers. As a consequence of the excise tax increases proposed by the Treasury, they would pay practically as much under the Treasury proposals as under present law.

It is important to identify the 9 million taxpayers who would be relieved of future Federal taxes on income. They are exclusively heads of families earning less than the exemptions proposed by the Treasury, that is, \$1,100 per year plus \$300 for each dependent. The only reason why they are now taxable is that their income exceeds the flat \$624 Victory tax exemption which applies to every income recipient regardless of his family obligations.

If the 9 million taxpayers who are the center of the controversy could be kept on the rolls without undue complexity and if the proportion of their contributions to total revenue were substantial, some justification could be

found for their retention as income-tax payers. But these conditions simply cannot be met. To extend the regular income tax downward to encompass these 9 million taxpayers would subject them to crushing and inequitable burdens. The alternative, represented by the Victory tax and substitutes devised by the Congressional tax committees, imposes distressing complexities on 50 million taxpayers without contributing substantially to income tax revenues. Even the pretty label "Victory tax" cannot conceal the unfortunate complexity of a dual income tax system. The label on the cover cannot change the nature of the contents -- it is a Pandora's box of troubles no matter what we call it.

Although the Treasury's proposals as a whole would not sacrifice revenue from the 9 million taxpayers, there would be a loss in income tax revenue from this group. At present, the 9 million taxpayers in question are paying about \$275 million in Victory taxes. Under the House bill, they would pay \$161 million and under the Senate Finance Committee version of the bill, they would pay slightly more than \$275 million. In other words, to collect less, perhaps much less, than \$300 million from the 9 million taxpayers at the bottom of the income scale, the 1943 Revenue Bill would complicate the collection of \$17 billion from 50 million taxpayers throughout the scale. I repeat what I stated to the Senate Finance Committee several weeks ago in analyzing the House bill: "It seems utterly unreasonable to erect a mountain of complexity for such a molehill of revenue."

#### Renegotiation

Believe it or not, I have yet to reach the worst feature of the 1943 Revenue Bill. I have protested that the bill does not raise sufficient revenue. I have declared that it almost completely ignores the threat of inflation. I have said that it refuses to millions of taxpayers the basic simplification that they deserve. These are tax criticisms of the bill: they are deficiencies rather than positive faults. My fourth count against the bill, particularly the Senate Finance Committee version, is that it makes a dead letter of the provisions of the "renegotiation" statute designed to prevent exorbitant profits on war contracts.

When the Government began making contracts for war supplies in 1940, the big question was how to hold down profits. Everyone remembered the profiteering and inflation of the last war. Then we had relied on the excess profits tax to curb profits. We relied in vain. War business built many fortunes. For twenty years after the 1918 Armistice the country talked about taking the profit out of war. Perhaps some of you recall the Republican and Democratic party platform pledges of 1924. Both declared that in event of a war in which citizens were drafted, all other resources should likewise be drafted. Yes, while public memory was still green, we were solidly against lush war profits.

The law on renegotiation of war contracts was passed in April, 1942. This new kind of war profit legislation was a response to the Government and business criticism of rigid profit limitations based on an allowable profit upon a low and arbitrary percentage of sales. The law was made flexible so that justice could be done in individual cases. Yet we hear

much criticism now that the renegotiation statute has no standards. It can be made plain and rigid by recourse to the old arbitrary limitation expedient. But the chief sufferers would be the business men who complain of its vagueness.

The law directed the war procurement agencies, principally the War Department, Navy Department, and Maritime Commission, to require renegotiation of the contract price whenever a contract yielded excessive profits. It also directed them to eliminate inordinate profits by reductions in the contract price.

The assignment was known to be hard. In fact, the task of renegotiating with the tens of thousands of contractors and subcontractors engaged in war production was gargantuan. The departments organized for their work. They set up Price Adjustment Boards. They recruited personnel largely from business, law and accounting.

To date the total amount reclaimed from excessive prices on war contracts by renegotiation is well over \$5 billion. The \$5 billion does not represent net savings. Without renegotiation, the greater part of this figure would have been collected in excess profits taxes. Renegotiation, however, has saved at least \$1-1/2 billion that would not have been touched by taxes. If the Price Adjustment Boards are not impeded in their work, they will probably save the Government as much again in the days to come.

I should like to tell you dramatically how the renegotiation provisions of the pending Revenue Act are but an invitation to repeat the mistakes of the First World War, are but a preface to bitter charges of war profiteering. But good drama, of necessity, distorts some of the facts. So I shall sacrifice histrionics on the altar of accuracy.

The bill contains a provision permitting contractors to reopen in the courts all "closed" renegotiation cases, that is, cases which have resulted in voluntary agreement between the Government and the war contractor. There can be no valid objection to a procedure which protects contractors in their right to a fair determination of the facts and to adequate judicial review of decisions of administrative agencies. However, this principle can have no application to those cases in which agreements have been reached. Attempts to make it applicable to them fall wide of the mark. The adoption of this provision will mean that over 8,000 cases, involving over \$5 billion of refunds and price reductions, may be reopened and interminably litigated.

Another provision restricts the application of the Act by making it apply only to contracts or subcontracts for "components" of articles actually delivered to the Government under prime contracts. It exempts from renegotiation a large group of subcontractors who have admittedly made excessive profits. To make matters worse, it is made retroactive, requiring the Government to refund millions already recovered from these companies.



A mandatory exemption for "standard commercial articles" exempts the profits -- however excessive they may be -- from the sale of such articles from renegotiation. The record shows that exorbitant profits are being earned on a large scale by concerns that produce standard commercial articles. As a matter of fact, contractors making standard commercial articles hold a more advantageous position than other war contractors. Since they are making their peacetime products, they have had and they will have fewer conversion problems. Apart from the merits of this exemption, there will be interminable debate as to what contracts are subject to the Act.

Still another provision requires the renegotiating agencies to take estimated taxes into account for the purpose of determining excessive profits. This is an anomaly in a measure that is concerned with the establishment of sound prices. It fundamentally changes the character of the renegotiation process from a re-pricing procedure to a super excess-profits tax. It shifts the war contractor's war tax burdens to the Government. More precisely, it transfers the war contractor's war tax load from his own shoulders to those of other taxpayers generally.

Finally, the Senate Finance Committee bill contains a provision requiring the renegotiating agencies to include as a cost in the determination of excess profits carry-backs of unused excess-profits credits and operating losses, as well as amortization recomputations. This provision makes it impossible to conclude a renegotiation agreement within any reasonable time. I do not believe the business man wants to add this element of uncertainty to the many others that beset him in these chaotic times.

It is no exaggeration to say that these amendments emasculate the statute. Their adoption would make it worse than nothing; it would leave a facade of war profit control with no reality behind it. "Business Week," in its December 18, 1943, issue cited the Senate Finance Committee's "very scientific demolition job" on the renegotiation law. "The Committee," it said, "shrewdly avoided voting for outright repeal, knowing Congress would find that hard to take in an election year. Instead, it is trying to get the same result by trimming down the scope of the act and by curtailing the authority of the Price Adjustment Boards."

In this connection, I should like to commend to you the minority report of the Senate Finance Committee. It elaborates on some of the points I have made and discusses in detail and with great force the major defects in the bill recommended by the majority of the Committee.

Under the Committee amendments we should have renegotiation in name, but not in fact, -- an unworkable, discriminatory statute that makes many business men vulnerable to the charge of war profiteering and recaptures only a small amount of excessive war profits from one segment of industry.

I doubt if the business men who have urged these changes truly represent business. I am very sure that they are not doing industry any service. I cannot believe that most business men really desire extortionate

war profits and a whirlind of postwar scandal. Let me predict, with Secretary Morgenthau, that if these provisions are enacted into law, "they will come back to plague not only the Congress but the war goods manufacturers who get temporary gain from them." It is interesting to compare the Secretary's words with a recent statement made by Mr. Charles E. Wilson, executive vice-chairman of the War Production Board. Mr. Wilson said: "This above all is a time when the industrial leaders of America owe it to their country and to themselves.....to avoid the temptation of sacrificing enduring values for temporary gains....."

#### Conclusion

In closing, I should like to stress that distinction between transient gain and permanent value. The two are often in contrast. The choice lies before us on the tax front and renegotiation front. As the war moves on toward victory we shall have to make many choices between these alternatives. The immediate gain will be tempting. The lasting value will seem ephemeral.

"Present joys are more to flesh and blood  
Than a dull prospect of distant good."

My hope is that we will have the spirit, the imagination, and the courage, to resist the pressures of apparent present interests and to make our choices in terms of the enduring interests of the future.

40-12

FOR IMMEDIATE RELEASE,  
January 4, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, 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	1,353,183,480	Dec. 25, 1943	227,489,812
Colombia	458,336,340	"	129,112,880
Costa Rica	29,100,720	"	2,089,886
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	11,113,864
El Salvador	87,302,160	"	940,653
Guatemala	77,844,426	"	6,300,739
Haiti	40,013,490	"	3,184,358
Honduras	2,910,072	"	1,069,714
Mexico	69,114,210	"	12,575,410
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	8,776,906

Non-signatory Countries:

	51,653,778	"	1,991,309
--	------------	---	-----------

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE  
Wednesday, January 5, 1944.

Press Service  
No. 40-12

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of production	Quota Quantity (Pounds) <u>1/</u>	Authorized for entry for consumption As of (Date)	(Pounds)
-----------------------	--------------------------------------	---	----------

Signatory Countries:

Brazil	1,353,183,480	Dec. 25, 1943	227,489,812
Colombia	458,336,340	"	129,112,880
Costa Rica	29,100,720	"	2,089,886
Cuba	11,640,288	"	2,197,675
Dominican Republic	17,460,432	"	2,680,802
Ecuador	21,825,540	"	11,113,864
El Salvador	87,302,160	"	940,653
Guatemala	77,844,426	"	6,300,739
Haiti	40,013,490	"	3,184,358
Honduras	2,910,072	"	1,069,714
Mexico	69,114,210	"	12,575,410
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	8,776,906
Non-signatory Countries:	51,653,778	"	1,991,309

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

TREASURY DEPARTMENT

TO ~~Mr. Bell~~ WB

(2) Mr. Schaeffer

This is the usual  
data released to  
the press.

WJ  
1/5

MR. HEFFELFINGER

37	37
89	89
54	630
<u>430</u>	<u>54</u>
610	810
	<u>430</u>
	1240

January 4, 1944

STATUTORY DEBT LIMITATION  
AS OF DECEMBER 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 December 31, 1943:			
Interest-bearing:			
Bonds -			
Treasury	\$67,944,415,000		
Savings (Maturity value)*	33,856,250,325		
Depository	406,157,250		
Adjusted Service	<u>719,305,107</u>	\$102,926,127,682	
Treasury notes	26,960,936,225		
Certificates of Indebtedness	27,845,870,000		
Treasury Bills (Maturity value)	<u>13,072,182,000</u>	<u>67,878,988,225</u>	
			<u>\$170,805,115,907</u>
Matured obligations on which interest has ceased		194,115,325	
Bearing no interest			
U.S. Savings stamps	203,064,261		
Excess profits tax refund bonds	<u>11,400</u>	<u>203,075,661</u>	<u>171,202,306,893</u>
Face amount of obligations issuable under above authority			<u>\$ 38,797,693,107</u>

Reconciliation with Daily Statement of the United States Treasury  
December 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act.		\$171,202,306,893
Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)		<u>6,493,469,301</u>
Add other public debt obligations outstanding but not subject to the statutory limitation:		164,708,837,592
Interest-bearing (Pre-War, etc)	\$195,942,720	
Matured obligations on which interest has ceased	7,930,645	
Bearing no interest	<u>964,568,036</u>	<u>1,168,441,401</u>
Total gross debt outstanding as of December 31, 1943		<u>\$165,877,278,993</u>

\*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement \$27,362,781,024

BMT/rs

46-13

January 5, 1944

STATUTORY DEBT LIMITATION  
AS OF DECEMBER 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 December 31, 1943;				
Interest-bearing:				
Bonds -				
Treasury	\$67,944,415,000			
Savings (Maturity value)*	33,856,250,325			
Depository	406,157,250			
Adjusted Service	<u>719,305,107</u>	\$102,926,127,682		
Treasury notes	26,960,936,225			
Certificates of Indebtedness	27,845,870,000			
Treasury Bills (Maturity value)	<u>13,072,182,000</u>	<u>67,878,988,225</u>		
				<u>\$170,805,115,907</u>
Matured obligations on which interest has ceased		194,115,325		
Bearing no interest				
U. S. Savings stamps	203,064,261			
Excess profits tax refund bonds	<u>11,400</u>	<u>203,075,661</u>	171,202,306,893	
Face amount of obligations issuable under above authority				<u>\$ 38,797,693,107</u>

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

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act.				\$171,202,306,893
Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)				<u>6,493,469,301</u>
				164,708,837,592
Add other public debt obligations outstanding but not subject to the statutory limitation:				
Interest-bearing (Pre-War, etc)		\$195,942,720		
Matured obligations on which interest has ceased		7,930,645		
Bearing no interest		<u>964,568,036</u>	1,168,441,401	
Total gross debt outstanding as of December 31, 1943				<u>\$165,877,278,993</u>
* Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement \$27,362,781,024				



40-14

FOR IMMEDIATE RELEASE,  
January 5, 1944.

The Bureau of Customs announced today that preliminary reports from the collectors of customs showed that approximately 84 percent of the tariff rate quota of 22,000,000 pounds of Cuban filler tobacco, not specially provided for, unstemmed or stemmed (other than cigarette leaf), and scrap tobacco was filled by entries and warehouse withdrawals presented on January 1, 1944. In order to maintain control of this tariff rate quota, the collectors of customs have been instructed to require the deposit of estimated duties on such imports on and after January 3, 1944, at the rates in effect on August 24, 1934, pending fulfillment of the quota.

Upon receipt by the Bureau of Customs of complete reports from customs officers for the period in which the quota may be filled, the collectors of customs will be advised as to the particular entry or withdrawal, or portions thereof, coming within the quota in order that any excessive duties may be refunded.

7

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Thursday, January 6, 1944.

Press Service  
No. 40-14

The Bureau of Customs announced today that preliminary reports from the collectors of customs showed that approximately 84 percent of the tariff rate quota of 22,000,000 pounds of Cuban filler tobacco, not specially provided for, unstemmed or stemmed (other than cigarette leaf), and scrap tobacco was filled by entries and warehouse withdrawals presented on January 1, 1944.

In order to maintain control of this tariff rate quota, the collectors of customs have been instructed to require the deposit of estimated duties on such imports on and after January 3, 1944, at the rates in effect on August 24, 1934, pending fulfillment of the quota.

Upon receipt by the Bureau of Customs of complete reports from customs officers for the period in which the quota may be filled, the collectors of customs will be advised as to the particular entry or withdrawal, or portions thereof, coming within the quota in order that any excessive duties may be refunded.

~~ALPHA~~

- 3 -

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 January 13, 1944.

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,  
Friday, January 7, 1944

~~(b)~~

40-15

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 13, 1944, and will mature April 13, 1944, 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, January 10, 1944. 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, January 7, 1944  
1-6-44

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 13, 1944, and will mature April 13, 1944, 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, January 10, 1944. 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 January 13, 1944.

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.

-2-

*Certain types of imports*

~~Imports from Cuba and Mexico~~, particularly, are being checked. Many samples are too bad, in the opinion of Treasury chemists, even to be given the designation of "Imitation Whisky". The description "Colored Distilled Spirits" has been devised for some such beverages whose chief claim to resemblance to whisky is the presence of a little burnt wood or other flavoring.

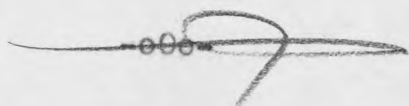
Labelling changes also have been forced in some instances on domestic bottlers of blended liquors, and close supervision is being maintained in this field.

Criminal or civil actions have been instituted against alleged Black Market operators in a number of major cities throughout the country in recent weeks as the Treasury attacked the problem through regulations governing fair trade practices and other

Internal Revenue laws, as well as under provisions of the *Emergency Price Control act* \*

~~Evidence has been turned over to local liquor authorities or Office of Price Administration investigators where rationing or price ceiling violations did not involve Internal Revenue laws.~~

-000-





Secretary Morgenthau announced today that the Treasury henceforth <sup>will</sup> ~~may~~ require daily reports of ~~all~~ wholesale transactions in distilled spirits as a means of intensifying the Treasury's drive against Black Market conditions in the liquor industry.

The daily reports, to be filed with District Supervisors of the Alcohol Tax Unit of the Bureau of Internal Revenue, will enable field officers to make immediate investigations as to the source and disposition of liquor moving into consumption. Names and addresses of all parties involved in such transactions must be reported, with amounts and kinds of spirits transferred.

By enabling the Treasury to put tracers promptly upon every consignment of liquor where circumstances appear unusual or suspicious, the new regulations should contribute substantially to drying up sources of tax-paid spirits now entering the Black Market, Mr. Morgenthau said.

Reports previously have been made to the Unit monthly.

Stewart Berkshire, head of the Alcohol Tax Unit, said that the forms which importers, wholesalers, bottlers and rectifiers must file daily are known to the trade as the Records 52 series. The amendments to existing regulations are set forth in Treasury Decisions 5314 through 5323.

District Supervisors may waive the requirements for daily filing in specific cases.

Mr. Berkshire said that in addition to scrutinizing closely all transactions in the wholesale liquor field, the Unit is taking precautions to see that increasing quantities of inferior spirits coming on the market are released to the public only under labels that adequately describe them.

liquors, and close supervision is being maintained in this field.

Criminal or civil actions have been instituted against alleged Black Market operators in a number of major cities throughout the country in recent weeks as the Treasury attacked the problem through regulations governing fair trade practices and other Internal Revenue laws, as well as under provisions of the Emergency Price Control Act.

bottlers and rectifiers must file daily are known to the trade as the Records 52 series. The amendments to existing regulations are set forth in Treasury Decisions 5314 through 5323.

District Supervisors may waive the requirements for daily filing in specific cases.

Mr. <sup>Hannegan</sup>~~Berkshire~~ said that in addition to scrutinizing closely all transactions in the wholesale liquor field, the Unit is taking precautions to see that increasing quantities of inferior spirits coming on the market are released to the public only under labels that adequately describe them.

Certain types of imports, particularly, are being checked. Many samples are too bad, in the opinion of Treasury chemists, even to be given the designation of "Imitation Whiskey." The description "Colored Distilled Spirits" has been devised for some such beverages whose chief claim to resemblance to whiskey is the presence of a little burnt wood or other flavoring.

Labelling changes also have been forced in some instances on domestic bottlers of blended

Secretary Morgenthau announced today that the Treasury henceforth will require daily reports of wholesale transactions in distilled spirits as a means of intensifying the Treasury's drive against Black Market conditions in the liquor industry.

The daily reports, to be filed with District Supervisors of the Alcohol Tax Unit of the Bureau of Internal Revenue, will enable field officers to make immediate investigations as to the source and disposition of liquor moving into consumption. Names and addresses of all parties involved in such transactions must be reported, with amounts and kinds of spirits transferred.

By enabling the Treasury to put tracers promptly upon every consignment of liquor where circumstances appear unusual or suspicious, the new regulations should contribute substantially to drying up sources of tax-paid spirits now entering the Black Market, Mr. Morgenthau said.

Reports previously have been made to the Unit monthly.

*Robert E. Hannegan, Commissioner of Internal Revenue*  
~~Stewart Berkshire, head of the Alcohol Tax Unit,~~

said that the forms which importers, wholesalers,

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Friday, January 7, 1944.

Press Service  
No. 40-16

Secretary Morgenthau announced today that the Treasury henceforth will require daily reports of wholesale transactions in distilled spirits as a means of intensifying the Treasury's drive against Black Market conditions in the liquor industry.

The daily reports, to be filed with District Supervisors of the Alcohol Tax Unit of the Bureau of Internal Revenue, will enable field officers to make immediate investigations as to the source and disposition of liquor moving into consumption. Names and addresses of all parties involved in such transactions must be reported, with amounts and kinds of spirits transferred.

By enabling the Treasury to put tracers promptly upon every consignment of liquor where circumstances appear unusual or suspicious, the new regulations should contribute substantially to drying up sources of tax-paid spirits now entering the Black Market, Mr. Morgenthau said.

Reports previously have been made to the Unit monthly.

Robert E. Hannegan, Commissioner of Internal Revenue, said that the forms which importers, wholesalers, bottlers and rectifiers must file daily are known to the trade as the Records 52 series. The amendments to existing regulations are set forth in Treasury Decisions 5314 through 5323.

District Supervisors may waive the requirements for daily filing in specific cases.

Mr. Hannegan said that in addition to scrutinizing closely all transactions in the wholesale liquor field, the Unit is taking precautions to see that increasing quantities of inferior spirits coming on the market are released to the public only under labels that adequately describe them.

Certain types of imports, particularly, are being checked. Many samples are too bad, in the opinion of Treasury chemists, even to be given the designation of "Imitation Whiskey." The description "Colored Distilled Spirits" has been devised for some such beverages whose chief claim to resemblance to whiskey is the presence of a little burnt wood or other flavoring.

Labelling changes also have been forced in some instances on domestic bottlers of blended liquors, and close supervision is being maintained in this field.

Criminal or civil actions have been instituted against alleged Black Market operators in a number of major cities throughout the country in recent weeks as the Treasury attacked the problem through regulations governing fair trade practices and other Internal Revenue laws, as well as under provisions of the Emergency Price Control Act.

front bear a heavy burden of responsibility. Let's all Back  
the Attack is no mere slogan today. It's the rallying cry of  
an aroused and determined people; the measure of our patriot-  
ism and the seal of our faith.

in Indiana that can possibly do so, will soon be displaying -- and displaying proudly -- the 4th War Loan Shield, which reads "we Bought Extra Bonds in the 4th War Loan". Yes, even where it may mean <sup>a</sup> ~~the~~ temporary sacrifice to show this badge of honor.

And we are confident the same will be true in every State, town, and community of America. Not only will Americans invest at least \$100 in extra War Bonds during the coming 4th War Loan, and in many cases \$200, \$300, \$400 and more -- but they will treasure their War Bonds and hold onto them unless compelled to do otherwise by unforeseen personal misfortune beyond their control. This, too, is as it should be.

There is no mistaking the temper of the American people today. There isn't an American who isn't conscious of the fact that great, history-making, and, yes, tragedy-making events are just around the corner; that there's a feeling of electric urgency in the air; that something we've been wanting a long time to happen is about to come off. All of us on the home-



and in peace; but the hopes and dreams of every American for the ~~security~~<sup>safety</sup> of our loved ones at the fighting fronts, for our children here at home, for our own security today and tomorrow.

Purchasing War Bonds does not represent merely an investment of a few dollars; it represents all that we have been as a nation, all that we are, and all that we hope to be. Let's use our money more intelligently, therefore, by investing in victory and planning for a better day.

In the financing of the war Payroll Savings has played a leading role. In the 4th War Loan Drive <sup>its</sup> it's role will be even more important than before. Here in Indiana plant quotas are being set for every kind of store, office, shop, garage, hotel as well as for the great industrial plants -- whether engaged in war work or not. This is as it should be. For winning this war and paying the costs of winning this war is everybody's job and everybody's responsibility.

We are confident that every place of business, every home

Victory in this war will take everything we've got. It will not come from doing just one task, however important, and doing it well. Victory will depend on our ability to do many things, and do them all at once. Yes, we have the task of producing for victory -- and that you are already doing. The record of American productive achievement in this war is legendary and nothing I ~~can~~<sup>might</sup> say can add or detract from it.

But there is another job all Americans have, and it's a job they cannot evade. It's the job of providing the financial sinews to meet the staggering costs of the war. If we are to win this war, and the peace as well, then every income earner in America must supply his Government in greater measure with the funds it needs to prosecute the war to a successful conclusion. This is a responsibility no American citizen can evade; it is a responsibility no patriotic citizen would dream of evading.

What is at stake is not only our nation's welfare in war

Individuals invested 118 million dollars in War Bonds - exactly 100% of Indiana's quota for individuals.

Not only that, but Indiana is one of the outstanding leaders in the entire Nation in Payroll Savings participation, with over 814 thousand workers buying bonds regularly every payday out of their earnings.

Payroll Savings is the backbone of the entire War Financing program, and at the present time throughout America nearly 27 million workers each month are taking 430 million dollars out of their pay and putting it into War Bonds.

America is proud of its workers. Labor has never done a bigger job. Our progress in the war is marked by your handiwork. You've built the ships and the tanks and the planes. You've made the bombs and the shells and the guns. You've made them well and in tremendous quantity. And it's because of your efforts in factory, forge, and field that our fighting men have been equipped with fighting tools.

Ted Gamble's Indianapolis Speech

January 10, 1944

Once more Indiana - and the entire Nation - prepares to face the gigantic task of raising billions of fighting dollars in a short period of time. On this the eve of the 4th War Loan, I am glad to have the opportunity of thanking the people of Indiana for their splendid cooperation in the past, and of voicing my confidence that Indiana's quotas both for individuals and nonbanking sources will be met - and surpassed.

I particularly want to thank my fellow speakers who are with me here today - Governor Schrieker, Honorary Chairman of the Indiana War Finance Committee; Eugene Pulliam, State War Finance Chairman; William Green, of the American Federation of Labor; James Carey, of the Congress of Industrial Organization; and Tom Cashen, of the Railway Brotherhood. All have labored tirelessly in the War Finance effort.

In the September drive, Indiana went over the top by making 118% of her over-all quota.

(The following address by Ted R. Gamble, National Director of the War Finance Division of the Treasury Department before combined labor groups of Indiana at the Claypool Hotel, Indianapolis, Indiana, is scheduled for delivery at 12:30 p. m., Eastern War Time, Monday, January 10, and is for release at that time.)

1944

-----  
in 2nd para, 5th line, 1st wd pls make ~~it~~ it read: Organizations

also, can you take out underlinings, mostly on pg 2

thank you

GW

TREASURY DEPARTMENT  
Washington

(The following address by Ted R. Gamble, National Director of the War Finance Division of the Treasury Department, before combined labor groups of Indiana at the Claypool Hotel, Indianapolis, Indiana, is scheduled for delivery at 12:30 p. m., Eastern War Time, Monday, January 10, 1944, and is for release at that time.)

Once more Indiana - and the entire Nation - prepares to face the gigantic task of raising billions of fighting dollars in a short period of time. On this, the eve of the 4th War Loan, I am glad to have the opportunity of thanking the people of Indiana for their splendid cooperation in the past, and of voicing my confidence that Indiana's quotas both for individuals and nonbanking sources will be met - and surpassed.

I particularly want to thank my fellow speakers who are with me here today - Governor Schricker, Honorary Chairman of the Indiana War Finance Committee; Eugene Pulliam, State War Finance Chairman; William Green, of the American Federation of Labor; James Carey, of the Congress of Industrial Organizations; and Tom Cashen, of the Railway Brotherhood. All have labored tirelessly in the War Finance effort.

In the September drive, Indiana went over the top by making 118% of her over-all quota.

Individuals invested 118 million dollars in War Bonds - exactly 100% of Indiana's quota for individuals.

Not only that, but Indiana is one of the outstanding leaders in the entire Nation in Payroll Savings participation, with over 814 thousand workers buying bonds regularly every payday out of their earnings.

Payroll Savings is the backbone of the entire War Financing program, and at the present time throughout America nearly 27 million workers each month are taking 430 million dollars out of their pay and putting it into War Bonds.

America is proud of its workers. Labor has never done a bigger job. Our progress in the war is marked by your handiwork. You've built the ships and the tanks and the planes. You've made the bombs and the shells and the guns. You've made them well and in tremendous quantity. And it's because of your efforts in factory, forge, and field that our fighting men have been equipped with fighting tools.

Victory in this war will take everything we've got. It will not come from doing just one task, however important, and doing it well. Victory will depend on our ability to do **many** things, and do them all at once. Yes, we have the task of producing for victory -- and that you are already doing. The record of American productive achievement in this war is legendary and nothing I might say can add or detract from it.

But there is another job all Americans have, and it's a job they cannot evade. It's the job of providing the financial sinews to meet the staggering costs of the war. If we are to win this war, and the peace as well, then every income earner in America must supply his Government in greater measure with the funds it needs to prosecute the war to a successful conclusion. This is a responsibility no American citizen can evade; it is a responsibility no patriotic citizen would dream of evading.

What is at stake is not only our nation's welfare in war and in peace; but the hopes and dreams of every American for the safety of our loved ones at the fighting fronts, for our children here at home, for our own security today and tomorrow. Purchasing War Bonds does not represent merely an investment of a few dollars; it represents all that we have been as a nation, all that we are, and all that we hope to be. Let's use our money more intelligently, therefore, by investing in victory and planning for a better day.

In the financing of the war Payroll Savings has played a leading role. In the 4th War Loan Drive its role will be even more important than before. Here in Indiana plant quotas are being set for every kind of store, office, shop, garage, hotel as well as for the great industrial plants -- whether engaged in war work or not. This is as it should be. For winning this war and paying the costs of winning this war is everybody's job and everybody's responsibility.

We are confident that every place of business, every home in Indiana that can possibly do so, will soon be displaying -- and displaying proudly -- the 4th War Loan Shield, which reads "We Bought Extra Bonds in the 4th War Loan". Yes, even where it may mean a temporary sacrifice to show this badge of honor.

And we are confident the same will be true in every State, town, and community of America. Not only will Americans invest at least \$100 in extra War Bonds during the coming 4th War Loan, and in many cases \$200, \$300, \$400 and more -- but they will treasure their War Bonds and hold onto them unless compelled to do otherwise by unforeseen personal misfortune beyond their control. This, too, is as it should be.

There is no mistaking the temper of the American people today. There isn't an American who isn't conscious of the fact that great, history-making, and, yes, tragedy-making events are just around the corner; that there's

a feeling of electric urgency in the air; that something we've been wanting a long time to happen is about to come off. All of us on the home-front bear a heavy burden of responsibility. Let's all Back the Attack is no mere slogan today. It's the rallying cry of an aroused and determined people; the measure of our patriotism and the seal of our faith.



40-18

FOR IMMEDIATE RELEASE,  
January 6, 1943.

The Bureau of Customs announced today final figures for the imports of coffee entered for consumption during the quota year beginning October 1, 1942, and ending September 30, 1943.

(In Pounds)

Country of Production	:	Revised Quotas	:	Imports for Consumption
-----------------------	---	----------------	---	-------------------------

Signatory Countries:

Brazil	2,172,359,753	898,190,672
Colombia	735,840,277	635,008,488
Costa Rica	46,718,031	40,646,788
Cuba	18,692,451	13,738,619
Dominican Republic	25,752,947	25,795,221
Ecuador	35,041,235	21,501,790
El Salvador	140,776,585	120,338,784
Guatemala	124,978,598	107,194,018
Haiti	64,236,136	56,720,592
Honduras	4,278,467	4,278,817
Mexico	111,292,661	65,078,793
Nicaragua	45,818,819	25,736,937
Peru	5,839,588	358,878
Venezuela	90,021,490	67,501,486

Non-signatory Countries:

	75,969,017	35,335,085
--	------------	------------

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Saturday, January 8, 1944.

Press Service  
No. 40-18

The Bureau of Customs announced today final figures for the imports of coffee entered for consumption during the quota year beginning October 1, 1942, and ending September 30, 1943.

( In Pounds )

---

Country of Production	: Revised Quotas	: Imports for Consumption
-----------------------	------------------	---------------------------

---

Signatory Countries:

Brazil	2,172,359,753	898,190,672
Colombia	735,840,277	635,008,488
Costa Rica	46,718,031	40,646,788
Cuba	18,692,451	13,738,619
Dominican Republic	25,752,947	25,795,221
Ecuador	35,041,235	21,501,790
El Salvador	140,776,585	120,338,784
Guatemala	124,978,598	107,194,018
Haiti	64,236,136	56,720,592
Honduras	4,278,467	4,278,817
Mexico	111,292,661	65,078,793
Nicaragua	45,818,819	25,736,937
Peru	5,839,588	358,878
Venezuela	90,021,490	67,501,486

Non-signatory Countries:

75,969,017                      35,335,085

Series E bonds than in the higher denominations. This, the Treasury said, is accounted for by two factors: *Persons of limited means* ~~the poorer~~ persons who buy bonds generally acquire only the \$25 denomination, and these persons are the ones first hit by emergencies that make it necessary for them to cash the bonds they have acquired; further, many persons who make substantial purchases of E bonds specify delivery in small denominations, so that if a redemption necessity arises, they will not have to cash in a bond for a larger sum than they require.

~~Commenting on the redemption report, Secretary Morgenthau~~ *J*  
said:

~~"War Bond redemptions are not following any particular~~ *J*  
~~trend.~~ *The Treasury reported that* redemptions naturally increase with increases in bonds outstanding, *the Treasury said,* but the occasional peaks such as ~~we~~ have ~~been~~ *reached* recently come as a result, in a vast majority of cases, of bond holders having no other liquid reserves to meet extraordinary or seasonal expenditures. This is why redemptions have been highest during tax-payment months, at Christmas time, and coincidental with the flu epidemic. In this connection, it is significant that redemptions follow the same pattern as savings bank withdrawals, *the Treasury report added.*

TO:

MR. BELL

---

We'd like to get this out for Sunday papers thereby jumping the gun on the OWI which has a redemption figure for Monday issues. Smith has approved.

The figures I understand are Tickton's.

*OK if figures are correct.  
SWB 1-8-44*

Mr. Shaeffer

Treasury Department  
Washington

For Release, Morning Newspapers  
Sunday, January 9, 1943  
I-8-44

Press Service  
No. 40-19

Redemptions of Series E, F and G War Bonds up to December 31, 1943, amounted to only 7 percent of sales since these issues were first offered to the American public, it was disclosed at the Treasury Department today. Sales, which began May 1, 1941, ~~exceeded~~ <sup>exceeded</sup> ~~totalled~~ \$25,000,000,000 and redemptions, inclusive of both cost and accrued interest, <sup>were</sup> ~~to~~ \$1,763,000,000.

A slightly higher redemption rate -- 9.2 percent of sales -- was reported for the Series E bonds alone. Sales of this "people's bond" between May 1, 1941, and December 31, 1943, were \$17,500,000,000 and redemptions (cost plus accrued interest) totaled \$1,600,000,000.

About 91 percent of the proceeds of the Series E sales and 93 percent of the proceeds of the three series combined remained <sup>invested,</sup> ~~in the Treasury~~, therefore, at the start of the new year/ for continued war duty as "fighting dollars."

Sales and redemption figures were reported on a cumulated basis, the Treasury explained, because bonds turned in for redemption in any one month consist of bonds sold in every one of the previous months since the war securities were first offered.

Redemptions are heavier in the lower denominations of

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS  
Sunday, January 9, 1944.  
1-8-44

Press Service  
No. 40-19

Redemptions of Series E, F and G War Bonds up to December 31, 1943, amounted to only 7 percent of sales since these issues were first offered to the American public, it was disclosed at the Treasury Department today. Sales, which began May 1, 1941, exceeded \$25,000,000,000 and redemptions, inclusive of both cost and accrued interest, were \$1,763,000,000.

A slightly higher redemption rate -- 9.2 percent of sales -- was reported for the Series E bonds alone. Sales of this "people's bond" between May 1, 1941, and December 31, 1943, were \$17,500,000,000 and redemptions (cost plus accrued interest) totaled \$1,600,000,000.

About 91 percent of the proceeds of the Series E sales and 93 percent of the proceeds of the three series combined remained invested, therefore, at the start of the new year for continued war duty as "fighting dollars."

Sales and redemption figures were reported on a cumulated basis, the Treasury explained, because bonds turned in for redemption in any one month consist of bonds sold in every one of the previous months since the war securities were first offered.

Redemptions are heavier in the lower denominations of Series E bonds than in the higher denominations. This, the Treasury said, is accounted for by two factors: Persons of limited means who buy bonds generally acquire only the \$25 denomination, and these persons are the ones first hit by emergencies that make it necessary for them to cash the bonds they have acquired; further, many persons who make substantial purchases of E bonds specify delivery in small denominations, so that if a redemption necessity arises, they will not have to cash in a bond for a larger sum than they require.

Redemptions naturally increase with increases in bonds outstanding, the Treasury said, but the occasional peaks such as have been reached recently come as a result, in a vast majority of cases, of bond holders having no other liquid reserves to meet extraordinary or seasonal expenditures. This is why redemptions have been highest during tax-payment months, at Christmas time, and coincidental with the flu epidemic. In this connection, it is significant that redemptions follow the same pattern as savings bank withdrawals, the Treasury report added.

It is often a search for a meaning that would have been intended if an unanticipated situation had been presented when a bill was drafted. The courts may not say to the legislator: "We see what you are driving at, but you have not said it; therefore we shall go on as before." They must try to find the major premise of the conclusion expressed in the statute, and then obey the policy they see written in the law.

o o

One struggles in vain for any verbal formula that will supply a ready touchstone. The standard set up by the statute is not a rule of law; it is rather a way of life. Life in all its fullness must supply the answer to the riddle."

In our search for simplicity we meet again the perennial problem of degree which permeates all legal activity. Tax statutes must be drawn so that they may be as easily understood as possible. But in the rush for simplicity they must preserve their contact with the complexity of modern life; they must be firmly rooted in our fast-moving underlying experience. It is not enough that they be sufficiently comprehensive to reach the old; they must also be sufficiently flexible to reach out to the new. For statutory interpretation is more than the discovery of a pre-existing meaning in the mind of the legislator.



Words at best are "inexact tools" and are often confronted by the unexpected. A recognition of the delusive exactness of words is good reason for making a statutory scheme as sturdy as possible; there must be agreement on fundamentals and an assurance of consistency.

We need to recognize these truths, but we need also to remember that some measure of interpretation and uncertainty must always remain, for human ingenuity is unlimited in its power of conception. Mr. Justice Jackson has expressed doubt whether our tax laws can be much simplified, for, to use his own words, "the truth is that complexity is in our lives more indelibly than in our laws." In *Welch v. Helvering* Mr. Justice Cardozo voiced much the same doubt: "Here, indeed, as so often in other branches of the law, the decisive distinctions are those of degree and not of kind.

I have proposed several specific measures designed to achieve simplification for the masses of taxpayers. Indeed, it is hardly an exaggeration to say that this type of simplification is necessary if our income tax is to survive. I have also advocated simplification of the provisions affecting the smaller number of taxpayers represented by members of this group. There are many more of these provisions than I have been able to discuss this evening.

But I cannot end without a word of warning. We may go so far along the road to simplification, but no further. Tax statutes cannot be completely immunized from the ravages of interpretation and uncertainty. There is a growing awareness among lawyers and others that legislative intention needs to be a dynamic concept and that administrative discretion has a legitimate interest in clarifying areas of uncertainty where interpretation may easily incline either way.

Although a frontal attack on the corporate tax may have little chance of success, there remains a method of blunting <sup>its edge.</sup> ~~the~~ ~~edge of the corporation tax.~~ In 1942 the public utility industry succeeded in reducing the effective burden of the tax not by working on the rate, but rather by attaining an adjustment in the base. The deduction of preferred dividends from surtax net income of the utility companies is more than a straw in the wind. Where preferred dividends have led, common dividends may follow.

I leave it to you whether businessmen will be inclined to push further along this path, bearing in mind, as they should, that it leads directly back to the undistributed profits tax of 1936.

#### Conclusion

I believe it is evident that I am in favor of simplification of our tax laws.

Thus we entered the Second World War with the corporation income tax still firmly established in the federal tax system. With the increasing demands for revenue in 1941 and 1942, it was inevitable that we should turn to this tax, as well as to the individual income tax. Combined normal tax and surtax rates were raised to 31 percent in 1941 and to 40 percent in 1942. In addition, Congress imposed an excess profits tax in 1940, with rates now at the all time peak of 90 percent, and presently, perhaps, to be 95 percent.

That, in brief, is the life history of the corporation income tax. For the duration, business can expect little relief from this tax. Business might well temper its postwar optimism with a recollection that attempts to eliminate corporate income taxation have in the past been singularly unsuccessful.

In 1936 an attempt was made to de-emphasize the taxation of corporations as such; this attempt recognized the problem of undistributed corporate profits as a tax-avoiding device. Under the plan proposed by the President in that year the undistributed profits tax, designed to replace all other corporation taxes, would have been an adjunct of the individual income tax. Corporate income would have been taxed only once, either as individual income or as undistributed profits. As you know, the House followed the recommendations of the President, but the Senate was reluctant to relinquish the corporation tax, and the 1936 Act contained both a tax on corporate income and one on undistributed profits. Few were satisfied with this compromise, and the undistributed profits tax after a short period of invalidism died. There are many in business today who wish it had been a healthier child.

With the cessation of hostilities, when individual income taxes were promptly lowered, no attempt was made to restore the pre-war relationship between the individual and the corporation income tax. Corporation income tax rates were not reduced. In fact, the repeal of the excess-profits tax was made the occasion for a compensatory 2-1/2 percent increase in the corporation income tax from 10 percent to 12-1/2 percent.

Little consideration appears to have been given at the time to the rationale of the corporation income tax or to the possible effects of giving this tax a permanent place in the federal tax system. The belief that corporations as such possessed taxpaying ability had by this time undoubtedly taken root in the minds of many, but we embarked upon the taxation of corporate enterprise not so much because we believed the corporation tax to be a good tax as because we had found it to be a productive one.

However, since this rate was the same as the normal tax rate on individual incomes, and since dividends were not subjected to the normal tax on individual incomes, the new corporation income tax was not so much a tax on corporate enterprise as a collection-at-source tax on individuals.

Had it remained so, the problem which is now confronting us might never have arisen. But, as you all know, the corporation income tax did not long remain a mere adjunct of the individual income tax. Events abroad were bringing us to the threshold of the First World War and to a series of wartime tax bills in which the corporation income tax would be given an independent status.

The Revenue Acts of 1917 and 1918 not only raised the normal tax rate on corporations above the level of the normal rate on individual incomes, but subjected corporations to an excess-profits and war-profits tax at rates ranging from 30 to 80 percent.

The first chapter in the history of the corporation income tax was written in 1909, largely as the outcome of a threatened split in the Republican party on the issue of the individual income tax. The incipient revolt of the western Republicans on this issue was ultimately quieted by the promise of President Taft to place an income tax amendment before the states for ratification, and his offer of a 1 percent excise tax on corporations measured by net income. This compromise legislation went on the premise that corporations were proper subjects of taxation. In the forest of taxation great oaks from little acorns grow.

With the ratification of the 16th amendment, and the passage of the 1913 income tax law, the 1 percent excise tax on corporations became in name what it had been in fact -- a 1 percent income tax.



It is a tax that without much prodding can be depended upon to bear a substantial part of our revenue burden. Besides, opinions conflict and the corporation tax is not universally regarded as bad. In fact, it has many friends, especially among persons who regard corporations not as organizations of individual stockholders, but as entities possessing individuality and taxpaying ability. What should be done about this tax will not be an easy question to resolve.

If the corporation income tax is truly a black sheep, you may ask how it has been permitted to assume such an important place in our Federal tax system. Why was it enacted in the first place, and why has it been increasingly relied upon with each passing decade? To answer these questions we must glance back at the circumstances which surrounded the enactment and subsequent development of the tax on corporate income.

4  
The complexities of business make it doubtful that the corporation tax could ever be a simple tax, although the averaging of income through the operation of carryforward and carryback provisions would make a substantial contribution towards simplification by reducing the importance of depreciation rates and other annual adjustments in arriving at taxable income. Real simplification of our tax laws from the point of view of the business man might well require the repeal of the corporation income tax, which, of course, would be a major tax change involving many important considerations besides simplification.

Even if we wanted to banish this particular member of our tax family, it would not be easy to do so. ~~At least~~ in the metaphorical sense, sheep are hardly ever altogether black. The productivity of the corporation income tax offers at least partial compensation for its faults.

Even before the present war this tax was believed to be rough on equity owners; it has frequently been blamed for frightening potential venture capital into "safer" investment outlets.

For the moment we need not be greatly concerned since normal investment outlets are closed for the duration. But with the opening up of investment opportunities after the war the effect of high corporation tax rates on the ability of corporations to raise equity capital will pose a more serious problem. In addition to its effect on levels of investment the corporation tax makes its contribution to the complexity of our tax law.

One of the most perplexing questions of the postwar period will be what should be done about the corporation income tax.

More than a century ago, Nicholas Francois Canard said: "Every old tax is good, every new tax is bad, but the new becomes good in time." Most countries have at one time or another found themselves saddled with taxes which do not conform to the currently accepted pattern of a "good" tax. Yet the bad tax may be more easily ejected than the traditional black sheep. A tax may not be good because it is old, but age and habit enable us to tolerate in an old tax features to which we should violently object in a new tax. The path of tax reform is not one along which movement can be swift. It must be a slow, uphill climb.

Although there are blacker sheep in our tax fold -- the declared-value excess-profits tax could easily qualify for this distinction--, the tax which promises to give us the most trouble after the war is the corporation income tax.

All these difficulties derive from a failure to focus upon objectives and to draw the appropriate lines of incidence. The time has passed when we could afford the luxury of sitting by and watching our revenue system grow like Topsy. Any tinkering within our present framework can only lead to further tinkering and to more baffling judicial niceties and refinements.

#### Corporate Taxation

The simplification road is so long that we can traverse it only a little farther this evening. We have paused for a brief glance at the estate and gift taxes. Before closing we can do no more than pay passing respects to the corporate tax problem.

Our federal tax system, like the traditional American family, has its black sheep.

Our courts have for years been struggling with a grossly inadequate and antiquated estate tax base. By an adroit use of trusts, <sup>the impact of the</sup> estate tax can be suspended over several generations. Faced with the constant specter of avoidance, it is small wonder that the courts have heroically attempted to fashion a transfer concept prepared to meet a variety of exigencies. And judicial attempts to import clarity into legislation often yield fine distinctions which lie beyond the discernment of average mortal man.

Simultaneously the courts have sought to adapt the gift tax to the needs of the estate tax, although this is frequently impossible unless one is willing to sacrifice the interests of the income tax. On the other hand, the desire to assist the income tax may seriously impair the estate tax.

Moreover, every transfer during life, up to a certain point, tumbles out of the highest applicable estate tax brackets into the lower gift tax brackets, and the earliest gifts may produce the greatest income tax savings in yielding the lowest gift tax. The gift tax has necessarily been caught in a whirlpool of conflicting purposes and is therefore comparatively impotent to fulfill its original function as a protective device. It certainly does not attain the objective of imposing "a tax which measurably approaches the estate tax which would have been payable on the donor's death had the gifts not been made and the property given had constituted his estate at death." As a "policeman tax" the gift tax has been a conspicuous failure.

Our present irrational framework is by no means confined to the evils of rates and exemptions.

The gift tax was ostensibly designed to prevent the avoidance of the estate tax in addition to the income tax. From this point of view the most successful gift tax would be a tax which so discouraged gifts that it yielded little revenue.

However, the drafters, it would seem, promptly made certain that this objective would not be realized. The gift tax rates were so arranged that transfers during life to circumvent estate and income taxes would actually be encouraged, with the Government procuring its revenues at an earlier date. While avoidance no longer was tax-free, the price in gift tax was sufficiently small to make avoidance profitable.

The disparity in rate was apparently intended to stimulate the transfer of wealth during life rather than at death. This fundamental break-down in tax theory is reflected not only by the deliberate disparity in rates, but by double exemptions and an annual gift tax exclusion.



~~9~~

Estate and Gift Taxes

We may profit most this evening if I concentrate on one or two phases of this part of the vast simplification problem. We might first choose the estate and gift taxes for the purpose. In considering these taxes I want to reiterate that this is a narrow segment of our subject. Very few people die with enough wealth to bring estate tax problems to the Treasury. In 1942, 19,884 estate tax returns were filed and total estate tax collections for the calendar year amounted to only a little over \$370 million. Very few people have sufficient surplus of property to create gift tax problems.

This is not to say, however, that these are not important taxes. They may affect only a relatively few people, but they affect them at a sensitive point. They bring to the Congress, the Bureau, and the courts a host of difficult questions.

It can never be made simple, but we can try to avoid making it needlessly complex."

In this territory there is so much unfinished business that I can do little more than mention a few items. Tax law relating to trusts is in confusion. Reorganization tax law is a morass of such transcendental metaphysics that exact meanings can be discovered only by the hair-splitting theoreticians of Von Jhering's "heaven of legal concepts." The whole corporate tax structure needs overhauling; we need better integration between the personal and the corporate tax. The bankruptcy act has to be coordinated with the tax law. Mr. John Maguire, who is well known to all of you, is working for the Treasury on all these problems. We need all the help we can get from him and from all of you.

Other Suggestions for Simplification

So far I have discussed simplification for the masses of taxpayers. That is the immediate job. Moreover, it is our most important job to make the income tax understandable to the great mass of the 50 million taxpayers who cannot employ lawyers and accountants. Simplification should begin at that level.

But simplification need not end there. The business man is entitled to as much certainty as is feasible. Corporations and trusts need not be harassed with complexities. Individual taxpayers employing lawyers and accountants deserve all the clarity we can achieve. Some newspaper comment to the contrary, there is plenty of work for tax lawyers and accountants for many years to come without benefit of needless complexity. As Mr. Justice Jackson said in the recent ~~but celebrated~~ Dobson case: "No other branch of the law touches human activities at so many points."

A good deal of additional simplification in tax returns is possible if changes are made in the law to simplify the concept of income. With such changes, returns might be reduced to very simple statements for persons subject to withholding of the full tax on wages and salaries and having no other income. This would make compliance easier and would reduce taxpayer irritation. The changes in the law necessary for extreme simplification of returns would reduce the fairness of the tax. However, it may well be that the simplicity gained would offset the equity lost. It is doubtful whether it would be desirable ~~to~~ completely to eliminate a statement or simple return by the taxpayer to the Government. Returns have a certain value both to the Government and to the taxpayer. They serve as a basis for adjusting the over-collections and under-collections which are inevitable in any withholding system. They ~~also~~ provide a cross-check against employer's reports, thus eliminating a possible source of tax evasion. They also serve as a direct contact between the taxpayer and his Government, which has wholesome civic value.

The relationships between the minimum tax and the regular tax are so complex and elusive that many husbands and wives would be forced to go through a lengthy series of alternative computations to determine their lowest possible tax liability.

All in all, the Treasury concluded that the minimum tax "cure" prescribed in the House bill was worse than the Victory tax "disease."

Fortunately, the defects of the minimum tax plan in the House bill were so patent that the Senate Finance Committee refused to accept it. Unfortunately, the Committee was unwilling to abandon the Victory tax, although it did effect some simplification by changing its present differential rate to a flat 3 percent for every taxpayer regardless of marital<sup>or</sup> dependency status. However, the Committee's plan fails to eliminate the double tax computation, the double income base, and the separate exemption of the Victory tax.

The logical move in the direction of simplification would have been to shift the burden of the Victory tax to the regular income tax structure. To that end the Treasury proposed that the Victory tax be eliminated and that with a reduction of exemptions and dependency credits, its burden be absorbed into the net income tax scale.

The tax bill, as passed by the House, would repeal the Victory tax. However, instead of integrating it with the regular income tax, it sets up a separate minimum tax. In other words, it replaces an additional tax with an alternative tax. For the simplification riddle this is an inept solution.

If the minimum tax were to become law, the taxpayer would be confronted with two alternative taxes, each with different rates and each with an entirely different set of exemptions.

A greater number of declarations would have been eliminated if, in addition, we could have raised the present requirement relating to outside income, other than salaries, from \$100 to a somewhat higher figure.

I have not exhausted the list of Treasury defeats on the simplification front. Its major reverse was the retention of the Victory tax. This tax is a stalwart barrier to simplification. I want to explain in some detail exactly why this is true. First, the Victory tax introduces a separate concept of taxable income; second, it uses an exemption different from the regular income tax exemption; third, it requires an entirely separate tax computation; and fourth, it recognizes family status only through a complicated credit.

Investigation of this proposal reveals further interesting data. At present the first \$2,000 bracket covers about 34,000,000 taxpayers. The remaining 23 brackets cover less than 7,000,000 taxpayers. The lesson of these figures is that our rate structure lacks refinement for the great majority of taxpayers. Thirty ~~three~~<sup>four</sup> million taxpayers have the same rate of tax on their income without any progression. The progression in our tax rates is limited to the remaining seven million taxpayers. However, the moment we try to provide better progression, we have to face the necessity for graduated withholding. As I have said, this could have been accomplished. The by-product of graduated withholding -- which would have enabled us to achieve the desirable objective of refining the rate structure for the great majority of taxpayers -- would have been the elimination of many quarterly declarations for persons receiving salaries above the present first bracket of surtax.



You may even be astonished when I tell you that employers responded enthusiastically to the suggestion. Employer groups with whom the Treasury discussed withholding problems signified the desirability of graduated withholding from the standpoint of their relationships with employees. At the time for filing the first quarterly declarations last September, several large employers reported that requests from employees for information as to total amounts of wage and of withholding over the year, as well as for assistance in the computations and the preparation of the form, resulted in significant additional burdens for their tax and accounting staffs.

The question arose whether graduated withholding would unduly complicate the preparation of payrolls. Careful study, as well as discussions with employer groups, indicates that little or no extra burden upon employers would result.

The method for accomplishing this result would have been to set up a series of withholding rates applicable to gross wages, as a substitute for the present precise rates. This series of withholding rates could have been expressed in tables based on the status of the taxpayer. There could also have been tables calculating the amounts to be withheld, as at present.

Any objections to the inaccuracies resulting from the wide brackets in the present-law tables could have been minimized by providing substantially narrower brackets over the ranges of wage within which most employees fall.

You may be surprised that the suggestion for graduated withholding was made largely in the interest of simplification.

It could have been done without any windfall to the owners of partially exempt Federal securities by allowing, in lieu of the present credit against net income, a credit against the tax of 6 percent of partially exempt tax interest, or of net income after the exemption, whichever was lower. This would have given partially tax-exempt bondholders the exact benefit they possess today and would have limited extra computations to the few taxpayers who own tax exempt bonds.

Another unaccepted Treasury recommendation was graduated withholding. The Treasury proposed that collection at the source be made to apply to the taxpayer's full liability rather than merely to his partial liability under the normal tax and the first bracket of surtax.

This would have reduced computation work. You are well aware of the defects of the present system. The earned income credit and the issuance prior to 1941 of partially exempt federal bonds are the only remaining excuses for two concepts of net income -- one for normal tax purposes and the other for surtax purposes. With the earned income credit removed, only one reason remains for submitting to the difficulty involved in expressing the rates of tax.

The obvious solution was to integrate rates into one schedule and limit ourselves to one concept of net income. Our rate for the first \$2,000 of net income could then have been 19 percent -- 6 percent present normal tax plus 13 percent, the first surtax bracket. For the second \$2,000, the rate could have been 22 percent -- 6 percent plus 16 percent. This simplification could have been extended throughout the rate structure.

This disallowance was recommended by the Treasury because at present the allowance of deductions is haphazard and depends entirely on legal liability for the tax rather than upon the incidence of the tax. The average taxpayer finds it difficult to determine which excises he can deduct; he also finds it too burdensome to keep accurate records of the taxes he pays. Consequently, in many instances the deduction is little better than guess work. From the administrative point of view, the disallowance of this deduction will reduce the amount of work involved in checking individual income tax returns.

~~Other~~ Treasury Suggestions for Income Tax Simplification

But other Treasury suggestions looking toward simplification have not been adopted. The Treasury recommended the consolidation of the normal tax and the surtax.

The first gives effect to the President's recommendation of August 1, 1943, by removing numerous excise tax exemptions conferred by existing law with respect to articles sold to the Federal Government. The President proposed this step "for the purpose of saving the manpower utilized both inside and outside the Government for the administration of these operations." The termination of this exemption will not operate to the disadvantage of the Government inasmuch as the expenditure incurred by the Government in the payment of taxes will be recovered in the collection of the taxes.

The second measure repeals the provision in the existing law which allows the deduction of Federal excises in computing net income for income tax purposes.

This step was recommended by the Treasury as early as 1942 on the grounds that failure to distinguish between different sources of income below \$3,000 deprived the credit of its chief significance. As you well know, the credit has complicated both the return and the computation of the tax.

The Senate version of the bill repeals the so-called second windfall provision of the Current Tax Payment Act of 1943. This provision, designed to cut down tax forgiveness when an individual's income was very substantially increased in the war years 1942 and 1943 over what it was in pre-war years, would apply in comparatively few cases.

Two simplification measures relating to excises are included in both the House and Senate Bills.

Return<sup>forms</sup> must be prepared by the Bureau of Internal Revenue. But the Bureau is not a free agent; it works under a statute which it did not pass. This year the statute is necessarily complicated because we are changing over to a system of paying-as-we-go. No statute could entirely eliminate complexity during this shift from one payment method to another. But I cannot claim that the transition process accounts for all complexities. Simplicity has other statutory impediments which must be recognized if they are to be overcome.

Simplification in the 1943 Revenue Bill

Let me give credit where credit is due by saying that the pending Revenue Bill accomplishes some simplification. It eliminates the earned income credit.



(1) March and June, 1943, installments based upon their 1942 returns;

(2) Victory tax withholding in the first half of 1943;

(3) Income tax withholding in the second half of 1943;

and

(4) September and December, 1943, installments based upon estimated 1943 income.

At the same time they will have to compute and pay one half of the uncanceled fraction of the 1942 tax. They will also have to file a declaration of estimated tax on 1944 income, and make the first quarterly tax payment for 1944. There should be a bull market in aspirin.

In the dark days of March, 1944, I hope you will remember that income tax returns are but the outward and visible sign of the legislation which makes them what they are.

One newspaper expressed its reaction in no uncertain terms:

"It must be seen to be believed. The form and its junior sister Form 1040A, are so complicated as to defy description in a newspaper during a paper shortage." I am afraid this statement is but a preface to a long series of bitter complaints.

The returns due next March will have a new understructure.

For the first time taxpayers will have paid some or all of their tax liability in advance. They will have made payments under four different headings:

Paying taxes gives citizens a very real sense of participation in government. But they must participate with the feeling of partners, not arithmetical slaves. They cannot derive satisfaction from contact with their government when they are befuddled by a maze of complexities.

#### Income Tax Return Forms

In less than two months millions of taxpayers will face the prospect of filing their returns for 1943. About 12 million taxpayers will face the necessity of declaring their 1944 income. The old jokes about the Ides of March will have a grim flavor then. Last month the Bureau of Internal Revenue released the 1944 versions of Form 1040 and the short form 1040A.

It is unfair for the Government to demand from them the extra time and energy required to master unnecessary complexities.

Taxpayer Attitude

I want to repeat directly what I have said by implication -- that taxpayer attitude is a most important consideration. The American people have shown a remarkable capacity to pay high taxes. This may be due to a developing civic sense which tends to make higher taxes have less and less the aspect of "hurt." But they have also shown a streak of independence, a capacity for protest against taxes they did not want to pay. You cannot impose an unwelcome tax by forcibly feeding it to 50 million taxpayers. You may persuade, but you cannot coerce. Taxpayers are, after all, to some degree in control of their destinies.

Most lawyers and accountants have lost touch with the homely thoughts of Joe Doaks who frowns over his record keeping, who cannot multiply by decimals, who finds mere words unbelievably tricky -- which they are --, and who would like a tax law which reads like a pill advertisement. To reduce tax laws to the limits of Joe Doaks' mental processes is unreasonable, you say. It is reaching for the moon. That may be true. But Joe deserves every consideration, since he is the man who files and pays.

Simplicity is a part of fairness. Regardless of whether we should have a government of laws or of men, laws are made for men. Men must live by them. They must understand them. For understanding is the first step toward orderly compliance. In paying taxes men and women are giving part of their time and energy to the government.

Levels of Simplification

Just as simplification itself is not a thing apart, so none of the levels of simplification is separate from any other. The statute conditions the return. What may be put on a small piece of return paper conditions the statute. The regulations cannot go beyond the statute. And, of course, rulings of a less formal character than regulations are, to use Judge Frank's metaphor, merely reflectors, serving as administrative moons.

I wonder if there is any group as little qualified to pass upon questions of tax simplification as a group of tax lawyers and accountants. True, they know taxes. They are steeped in them. They have an enormous vested interest in that knowledge. They have progressed miles ahead of ~~the~~<sup>the</sup> many taxpayers who do not know the simplest things, such as how to add or subtract a blank item on the return.

But initial assumptions have long been overrun by a continuing flood of litigation as the courts and the Treasury Department have struggled valiantly with the seemingly crystal-clear phrase, "taken out by the decedent." In the 1942 Act Congress has wisely overhauled this provision, and while it is no longer confined to five lines, it succeeds in conveying its underlying message.

If we pursued the Socratic line, the next question might be: What difference does the language of the statute and regulations make? Nobody reads it but tax lawyers and accountants. Fortunately they are still a small minority of our 50 million taxpayers, though as complications are piled like Pelion on Ossa, the tax lawyers and accountants may very well become bigger and better taxpayers.

But shouldn't we get to the real point? It is the return form and the instructions which must guide the man in the street. Shouldn't we tackle the problem at that level?

A short "simple" phrase in the statute may leave much confusion, misunderstanding and litigation, whereas a long, complicated section of the statute may accurately and meticulously cover most of the cases apt to arise.

The Socratic method would soon develop a challenge to the simplicity of simple language: Is there such a thing as perfectly plain language? Some of our worst tax troubles have centered about the few uses in the statute of layman's language. You are all familiar with the famous insurance section of the estate tax statute, first enacted in 1919, which subjected to estate tax the proceeds of life insurance "taken out by the decedent." This provision consisted of merely five lines and undoubtedly the drafters thought they had done a fine job.



Some people would direct us back to statutory structure and its underlying concepts. A statute, of course, is always merely the beginning -- a point of departure. In time, it is enriched by the live content of concrete factual patterns as administrative interpretations and judicial decisions add their commentary on legislative intention. It may be compared to a diminutive charter of government awaiting the impact of specific events. But beginnings are important, for while one does not end with the words of the statute, "one certainly begins there."

Other people say the language of the statute should be less legal: We should abolish verbosity and make the statute read as chastely as the Ten Commandments. This is easier to promise than to deliver. While I hold no brief for verbosity, it is safe to say that legislative reticence on a subject may often do more harm than good.

Kinds of Simplification

To begin with, there is more than one kind of simplification. There is simplification of concept. There is simplification of language. There is simplification of what the taxpayer must do. Then, too, simplification may exist at many different levels. The very word means different things to different people.

An obvious level of simplification is the language of the statute. Then there are the regulations, and the less formal administrative rulings of the Commissioner of Internal Revenue. The next level is the return and the instructions accompanying the return. We might even go back of the return to the initial operations of the taxpayer, to the books and records he must keep in order to file his return.

These considerations are pointers which indicate the complexity of the subject of simplification.

One does well to take with him as he starts out on the long journey toward simplification the message given to Everyman, in the old play, by Knowledge, the sister of Good Deeds:

"I will go with thee, and be thy guide,

In thy most need to go by thy side."

Our difficulties with simplification begin with its place in the pattern of taxation. It is not a thing in vacuo. It does not stand alone like a pyramid on the desert. To mix metaphors, it is but one strand of a thread which is woven into an intricate design. We must have revenue. We must get it as fairly as possible from many millions of people. We must apply uniform rules. Simplicity must be weighed against all of these competing considerations. We cannot have it without a price. The question always is: Are we willing to pay the price in revenue, equity and uniformity?

PROBLEMS INVOLVED IN AN APPROACH TO SIMPLIFICATION  
OF FEDERAL TAX LAWS

The title of my talk this evening bespeaks the wise modesty of your chairman. It is stated in terms of "an approach" to simplification. There is a hint here of the difficulty of the objective. We do not attain, we approach. I am ready to settle for the word "approach". But I sometimes wonder if we haven't confused our directions, -- if we do not get farther away from, instead of nearer to, our goal each year that goes by.

A spirit of humility is not amiss in dealing with the problem of simplification. The subject is vast. Many have tried and no one has conquered. The job is interminable. It spreads octopus-like in all directions.

TREASURY DEPARTMENT  
Washington

6.

(The following address by Randolph E. Paul, General Counsel of the Treasury, before the Second Annual Institute on Federal Taxation, at the Rhode Island College of Education Building, Providence, Rhode Island, is scheduled for delivery at 8 p. m., Eastern War Time, Friday, January 14, 1944, and is for release at that time.)

40-21

TREASURY DEPARTMENT  
Washington

(The following address by Randolph E. Paul, General Counsel of the Treasury, before the Second Annual Institute on Federal Taxation, at the Rhode Island College of Education Building, Providence, Rhode Island, is scheduled for delivery at 8 p. m., Eastern War Time, Friday, January 14, 1944, and is for release at that time.)

PROBLEMS INVOLVED IN AN APPROACH TO SIMPLIFICATION  
OF FEDERAL TAX LAWS

The title of my talk this evening bespeaks the wise modesty of your chairman. It is stated in terms of "an approach" to simplification. There is a hint here of the difficulty of the objective. We do not attain, we approach. I am ready to settle for the word "approach". But I sometimes wonder if we haven't confused our directions, -- if we do not get farther away from, instead of nearer to, our goal each year that goes by.

A spirit of humility is not amiss in dealing with the problem of simplification. The subject is vast. Many have tried and no one has conquered. The job is interminable. It spreads octopus-like in all directions. One does well to take with him as he starts out on the long journey toward simplification the message given to Everyman, in the old play, by Knowledge, the sister of Good Deeds:

"I will go with thee, and be thy guide,  
In thy most need to go by thy side."

Our difficulties with simplification begin with its place in the pattern of taxation. It is not a thing in vacuo. It does not stand alone like a pyramid on the desert. To mix metaphors, it is but one strand of a thread which is woven into an intricate design. We must have revenue. We must get it as fairly as possible from many millions of people. We must apply uniform rules. Simplicity must be weighed against all of these competing considerations. We cannot have it without a price. The question always is: Are we willing to pay the price in revenue, equity and uniformity?

Kinds of Simplification

To begin with, there is more than one kind of simplification. There is simplification of concept. There is simplification of language. There

is simplification of what the taxpayer must do. Then, too, simplification may exist at many different levels. The very word means different things to different people.

An obvious level of simplification is the language of the statute. Then there are the regulations, and the less formal administrative rulings of the Commissioner of Internal Revenue. The next level is the return and the instructions accompanying the return. We might even go back of the return to the initial operations of the taxpayer, to the books and records he must keep in order to file his return.

These considerations are pointers which indicate the complexity of the subject of simplification. Some people would direct us back to statutory structure and its underlying concepts. A statute, of course, is always merely the beginning -- a point of departure. In time, it is enriched by the live content of concrete factual patterns as administrative interpretations and judicial decisions add their commentary on legislative intention. It may be compared to a diminutive charter of government awaiting the impact of specific events. But beginnings are important, for while one does not end with the words of the statute, "one certainly begins there."

Other people say the language of the statute should be less legal: We should abolish verbosity and make the statute read as chastely as the Ten Commandments. This is easier to promise than to deliver. While I hold no brief for verbosity, it is safe to say that legislative reticence on a subject may often do more harm than good. A short "simple" phrase in the statute may leave much confusion, misunderstanding and litigation, whereas a long, complicated section of the statute may accurately and meticulously cover most of the cases apt to arise.

The Socratic method would soon develop a challenge to the simplicity of simple language: Is there such a thing as perfectly plain language? Some of our worst tax troubles have centered about the few uses in the statute of layman's language. You are all familiar with the famous insurance section of the estate tax statute, first enacted in 1919, which subjected to estate tax the proceeds of life insurance "taken out by the decedent." This provision consisted of merely five lines and undoubtedly the drafters thought they had done a fine job. But initial assumptions have long been overrun by a continuing flood of litigation as the courts and the Treasury Department have struggled valiantly with the seemingly crystal-clear phrase, "taken out by the decedent." In the 1942 Act Congress has wisely overhauled this provision, and while it is no longer confined to five lines, it succeeds in conveying its underlying message.

If we pursued the Socratic line, the next question might be: What difference does the language of the statute and regulations make? Nobody reads it but tax lawyers and accountants. Fortunately they are still

a small minority of our 50 million taxpayers, though as complications are piled like Pelion on Ossa, the tax lawyers and accountants may very well become bigger and better taxpayers.

But shouldn't we get to the real point? It is the return form and the instructions which must guide the man in the street. Shouldn't we tackle the problem at that level?

#### Levels of Simplification

Just as simplification itself is not a thing apart, so none of the levels of simplification is separate from any other. The statute conditions the return. What may be put on a small piece of return paper conditions the statute. The regulations cannot go beyond the statute. And, of course, rulings of a less formal character than regulations are, to use Judge Frank's metaphor, merely reflectors, serving as administrative moons.

I wonder if there is any group as little qualified to pass upon questions of tax simplification as a group of tax lawyers and accountants. True, they know taxes. They are steeped in them. They have an enormous vested interest in that knowledge. They have progressed miles ahead of the many taxpayers who do not know the simplest things, such as how to add or subtract a blank item on the return. Most lawyers and accountants have lost touch with the homely thoughts of Joe Doaks who frowns over his record keeping, who cannot multiply by decimals, who finds mere words unbelievably tricky -- which they are --, and who would like a tax law which reads like a pill advertisement. To reduce tax laws to the limits of Joe Doaks' mental processes is unreasonable, you say. It is reaching for the moon. That may be true. But Joe deserves every consideration, since he is the man who files and pays.

Simplicity is a part of fairness. Regardless of whether we should have a government of laws or of men, laws are made for men. Men must live by them. They must understand them. For understanding is the first step toward orderly compliance. In paying taxes men and women are giving part of their time and energy to the Government. It is unfair for the Government to demand from them the extra time and energy required to master unnecessary complexities.

#### Taxpayer Attitude

I want to repeat directly what I have said by implication -- that taxpayer attitude is a most important consideration. The American people have shown a remarkable capacity to pay high taxes. This may be due to a developing civic sense which tends to make higher taxes have less and less the aspect of "hurt." But they have also shown a streak of independence, a capacity for protest against taxes they did not want to pay. You cannot impose



an unwelcome tax by forcibly feeding it to 50 million taxpayers. You may persuade, but you cannot coerce. Taxpayers are, after all, to some degree in control of their destinies. Paying taxes gives citizens a very real sense of participation in government. But they must participate with the feeling of partners, not arithmetical slaves. They cannot derive satisfaction from contact with their government when they are befuddled by a maze of complexities.

#### Income Tax Return Forms

In less than two months millions of taxpayers will face the prospect of filing their returns for 1943. About 12 million taxpayers will face the necessity of declaring their 1944 incomes. The old jokes about the Ides of March will have a grim flavor then. Last month the Bureau of Internal Revenue released the 1944 versions of Form 1040 and the short form 1040A. One newspaper expressed its reaction in no uncertain terms: "It must be seen to be believed. The form and its junior sister Form 1040A, are so complicated as to defy description in a newspaper during a paper shortage." I am afraid this statement is but a preface to a long series of bitter complaints.

The returns due next March will have a new understructure. For the first time taxpayers will have paid some or all of their tax liability in advance. They will have made payments under four different headings:

- (1) March and June, 1943, installments based upon their 1942 returns;
- (2) Victory tax withholding in the first half of 1943;
- (3) Income tax withholding in the second half of 1943; and
- (4) September and December, 1943, installments based upon estimated 1943 income.

At the same time they will have to compute and pay one half of the uncanceled fraction of the 1942 tax. They will also have to file a declaration of estimated tax on 1944 income, and make the first quarterly tax payment for 1944. There should be a bull market in aspirin.

In the dark days of March, 1944, I hope you will remember that income tax returns are but the outward and visible sign of the legislation which makes them what they are. Return forms must be prepared by the Bureau of Internal Revenue. But the Bureau is not a free agent; it works under a statute which it did not pass. This year the statute is necessarily complicated because we are changing over to a system of paying-as-we-go. No statute could entirely eliminate complexity during this shift from one payment method to another. But I cannot claim that the transition process accounts for all complexities. Simplicity has other statutory impediments which must be recognized if they are to be overcome.

### Simplification in the 1943 Revenue Bill

Let me give credit where credit is due by saying that the pending Revenue Bill accomplishes some simplification. It eliminates the earned income credit. This step was recommended by the Treasury as early as 1942 on the grounds that failure to distinguish between different sources of income below \$3,000 deprived the credit of its chief significance. As you well know, the credit has complicated both the return and the computation of the tax.

The Senate version of the bill repeals the so-called second windfall provision of the Current Tax Payment Act of 1943. This provision, designed to cut down tax forgiveness when an individual's income was very substantially increased in the war years 1942 and 1943 over what it was in pre-war years, would apply in comparatively few cases.

Two simplification measures relating to excises are included in both the House and Senate Bills. The first gives effect to the President's recommendation of August 1, 1943, by removing numerous excise tax exemptions conferred by existing law with respect to articles sold to the Federal Government. The President proposed this step "for the purpose of saving the manpower utilized both inside and outside the Government for the administration of these operations." The termination of this exemption will not operate to the disadvantage of the Government inasmuch as the expenditure incurred by the Government in the payment of taxes will be recovered in the collection of the taxes.

The second measure repeals the provision in the existing law which allows the deduction of Federal excises in computing net income for income tax purposes. This disallowance was recommended by the Treasury because at present the allowance of deductions is haphazard and depends entirely on legal liability for the tax rather than upon the incidence of the tax. The average taxpayer finds it difficult to determine which excises he can deduct; he also finds it too burdensome to keep accurate records of the taxes he pays. Consequently, in many instances the deduction is little better than guess work. From the administrative point of view, the disallowance of this deduction will reduce the amount of work involved in checking individual income tax returns.

### Treasury Suggestions for Income Tax Simplification

But other Treasury suggestions looking toward simplification have not been adopted. The Treasury recommended the consolidation of the normal tax and the surtax. This would have reduced computation work. You are well aware of the defects of the present system. The earned income credit and the issuance prior to 1941 of partially exempt federal bonds are the only remaining excuses for two concepts of net income -- one for normal tax purposes and the other for surtax purposes. With the earned income credit removed, only one reason remains for submitting to the difficulty involved in expressing the rates of tax.

The obvious solution was to integrate rates into one schedule and limit ourselves to one concept of net income. Our rate for the first \$2,000 of net income could then have been 19 percent -- 6 percent present normal tax plus 13 percent, the first surtax bracket. For the second \$2,000, the rate could have been 22 percent -- 6 percent plus 16 percent. This simplification could have been extended throughout the rate structure.

It could have been done without any windfall to the owners of partially exempt Federal securities by allowing, in lieu of the present credit against net income, a credit against the tax of 6 percent of partially exempt tax interest, or of net income after the exemption, whichever was lower. This would have given partially tax-exempt bondholders the exact benefit they possess today and would have limited extra computations to the few taxpayers who own tax exempt bonds.

Another unaccepted Treasury recommendation was graduated withholding. The Treasury proposed that collection at the source be made to apply to the taxpayer's full liability rather than merely to his partial liability under the normal tax and the first bracket of surtax. The method for accomplishing this result would have been to set up a series of withholding rates applicable to gross wages, as a substitute for the present precise rates. This series of withholding rates could have been expressed in tables based on the status of the taxpayer. There could also have been tables calculating the amounts to be withheld, as at present.

Any objections to the inaccuracies resulting from the wide brackets in the present-law tables could have been minimized by providing substantially narrower brackets over the ranges of wage within which most employees fall.

You may be surprised that the suggestion for graduated withholding was made largely in the interest of simplification. You may even be astonished when I tell you that employers responded enthusiastically to the suggestion. Employer groups with whom the Treasury discussed withholding problems signified the desirability of graduated withholding from the standpoint of their relationships with employees. At the time for filing the first quarterly declarations last September, several large employers reported that requests from employees for information as to total amounts of wage and of withholding over the year, as well as for assistance in the computations and the preparation of the form, resulted in significant additional burdens for their tax and accounting staffs. The question arose whether graduated withholding would unduly complicate the preparation of payrolls. Careful study, as well as discussions with employer groups, indicates that little or no extra burden upon employers would result.

Investigation of this proposal reveals further interesting data. At present the first \$2,000 bracket covers about 34,000,000 taxpayers. The remaining 23 brackets cover less than 7,000,000 taxpayers. The lesson of

these figures is that our rate structure lacks refinement for the great majority of taxpayers. Thirty-four million taxpayers have the same rate of tax on their income without any progression. The progression in our tax rates is limited to the remaining seven million taxpayers. However, the moment we try to provide better progression, we have to face the necessity for graduated withholding. As I have said, this could have been accomplished. The by-product of graduated withholding -- which would have enabled us to achieve the desirable objective of refining the rate structure for the great majority of taxpayers -- would have been the elimination of many quarterly declarations for persons receiving salaries above the present first bracket of surtax. A greater number of declarations would have been eliminated if, in addition, we could have raised the present requirement relating to outside income, other than salaries, from \$100 to a somewhat higher figure.

I have not exhausted the list of Treasury defeats on the simplification front. Its major reverse was the retention of the Victory tax. This tax is a stalwart barrier to simplification. I want to explain in some detail exactly why this is true. First, the Victory tax introduces a separate concept of taxable income; second, it uses an exemption different from the regular income tax exemption; third, it requires an entirely separate tax computation; and fourth, it recognizes family status only through a complicated credit. The logical move in the direction of simplification would have been to shift the burden of the Victory tax to the regular income tax structure. To that end the Treasury proposed that the Victory tax be eliminated and that with a reduction of exemptions and dependency credits, its burden be absorbed into the net income tax scale.

The tax bill, as passed by the House, would repeal the Victory tax. However, instead of integrating it with the regular income tax, it sets up a separate minimum tax. In other words, it replaces an additional tax with an alternative tax. For the simplification riddle this is an inept solution.

If the minimum tax were to become law, the taxpayer would be confronted with two alternative taxes, each with different rates and each with an entirely different set of exemptions. The relationships between the minimum tax and the regular tax are so complex and elusive that many husbands and wives would be forced to go through a lengthy series of alternative computations to determine their lowest possible tax liability. All in all, the Treasury concluded that the minimum tax "cure" prescribed in the House bill was worse than the Victory tax "disease."

Fortunately, the defects of the minimum tax plan in the House bill were so patent that the Senate Finance Committee refused to accept it. Unfortunately, the Committee was unwilling to abandon the Victory tax, although it did effect some simplification by changing its present differential rate to a flat 3 percent for every taxpayer regardless of marital

or dependency status. However, the Committee's plan fails to eliminate the double tax computation, the double income base, and the separate exemption of the Victory tax.

A good deal of additional simplification in tax returns is possible if changes are made in the law to simplify the concept of income. With such changes, returns might be reduced to very simple statements for persons subject to withholding of the full tax on wages and salaries and having no other income. This would make compliance easier and would reduce taxpayer irritation. The changes in the law necessary for extreme simplification of returns would reduce the fairness of the tax. However, it may well be that the simplicity gained would offset the equity lost. It is doubtful whether it would be desirable completely to eliminate a statement or simple return by the taxpayer to the Government. Returns have a certain value both to the Government and to the taxpayer. They serve as a basis for adjusting the over-collections and under-collections which are inevitable in any withholding system. They provide a cross-check against employers' reports, thus eliminating a possible source of tax evasion. They also serve as a direct contact between the taxpayer and his Government, which has wholesome civic value.

#### Other Suggestions for Simplification

So far I have discussed simplification for the masses of taxpayers. That is the immediate job. Moreover, it is our most important job to make the income tax understandable to the great mass of the 50 million taxpayers who cannot employ lawyers and accountants. Simplification should begin at that level.

But simplification need not end there. The business man is entitled to as much certainty as is feasible. Corporations and trusts need not be harassed with complexities. Individual taxpayers employing lawyers and accountants deserve all the clarity we can achieve. Some newspaper comment to the contrary, there is plenty of work for tax lawyers and accountants for many years to come without benefit of needless complexity. As Mr. Justice Jackson said in the recent Dobson case: "No other branch of the law touches human activities at so many points. It can never be made simple, but we can try to avoid making it needlessly complex."

In this territory there is so much unfinished business that I can do little more than mention a few items. Tax law relating to trusts is in confusion. Reorganization tax law is a morass of such transcendental metaphysics that exact meanings can be discovered only by the hair-splitting theoreticians of Von Jhering's "heaven of legal concepts." The whole corporate tax structure needs overhauling; we need better integration between the personal and the corporate tax. The bankruptcy act has to be coordinated with the tax law. Mr. John Maguire, who is well known to all of you, is working for the Treasury on all these problems. We need all the help we can get from him and from all of you.

### Estate and Gift Taxes

We may profit most this evening if I concentrate on one or two phases of this part of the vast simplification problem. We might first choose the estate and gift taxes for the purpose. In considering these taxes I want to reiterate that this is a narrow segment of our subject. Very few people die with enough wealth to bring estate tax problems to the Treasury. In 1942, 19,884 estate tax returns were filed and total estate tax collections for the calendar year amounted to only a little over \$370 million. Very few people have sufficient surplus of property to create gift tax problems.

This is not to say, however, that these are not important taxes. They may affect only a relatively few people, but they affect them at a sensitive point. They bring to the Congress, the Bureau, and the courts a host of difficult questions.

The gift tax was ostensibly designed to prevent the avoidance of the estate tax in addition to the income tax. From this point of view the most successful gift tax would be a tax which so discouraged gifts that it yielded little revenue. However, the drafters, it would seem, promptly made certain that this objective would not be realized. The gift tax rates were so arranged that transfers during life to circumvent estate and income taxes would actually be encouraged, with the Government procuring its revenues at an earlier date. While avoidance no longer was tax-free, the price in gift tax was sufficiently small to make avoidance profitable.

The disparity in rate was apparently intended to stimulate the transfer of wealth during life rather than at death. This fundamental break-down in tax theory is reflected not only by the deliberate disparity in rates, but by double exemptions and an annual gift tax exclusion. Moreover, every transfer during life, up to a certain point, tumbles out of the highest applicable estate tax brackets into the lower gift tax brackets, and the earliest gifts may produce the greatest income tax savings in yielding the lowest gift tax. The gift tax has necessarily been caught in a whirlpool of conflicting purposes and is therefore comparatively impotent to fulfill its original function as a protective device. It certainly does not attain the objective of imposing "a tax which measurably approaches the estate tax which would have been payable on the donor's death had the gifts not been made and the property given had constituted his estate at death." As a "policeman tax" the gift tax has been a conspicuous failure.

Our present irrational framework is by no means confined to the evils of rates and exemptions. Our courts have for years been struggling with a grossly inadequate and antiquated estate tax base. By an adroit use of trusts, the impact of the estate tax can be suspended over several generations. Faced with the constant specter of avoidance, it is small wonder that the courts have heroically attempted to fashion a transfer concept prepared to meet a variety of exigencies. And judicial attempts to import clarity into legislation often yield fine distinctions which lie beyond the discernment of average mortal man.

Simultaneously the courts have sought to adapt the gift tax to the needs of the estate tax, although this is frequently impossible unless one is willing to sacrifice the interests of the income tax. On the other hand, the desire to assist the income tax may seriously impair the estate tax. All these difficulties derive from a failure to focus upon objectives and to draw the appropriate lines of incidence. The time has passed when we could afford the luxury of sitting by and watching our revenue system grow like Topsy. Any tinkering within our present framework can only lead to further tinkering and to more baffling judicial niceties and refinements.

### Corporate Taxation

The simplification road is so long that we can traverse it only a little farther this evening. We have paused for a brief glance at the estate and gift taxes. Before closing we can do no more than pay passing respects to the corporate tax problem.

Our federal tax system, like the traditional American family, has its black sheep. More than a century ago, Nicholas Francois Canard said: "Every old tax is good, every new tax is bad, but the new becomes good in time." Most countries have at one time or another found themselves saddled with taxes which do not conform to the currently accepted pattern of a "good" tax. Yet the bad tax may be more easily ejected than the traditional black sheep. A tax may not be good because it is old, but age and habit enable us to tolerate in an old tax features to which we should violently object in a new tax. The path of tax reform is not one along which movement can be swift. It must be a slow, uphill climb.

Although there are blacker sheep in our tax fold -- the declared-value excess-profits tax could easily qualify for this distinction --, the tax which promises to give us the most trouble after the war is the corporation income tax. Even before the present war this tax was believed to be rough on equity owners; it has frequently been blamed for frightening potential venture capital into "safer" investment outlets.

For the moment we need not be greatly concerned since normal investment outlets are closed for the duration. But with the opening up of investment opportunities after the war the effect of high corporation tax rates on the ability of corporations to raise equity capital will pose a more serious problem. In addition to its effect on levels of investment the corporation tax makes its contribution to the complexity of our tax law. One of the most perplexing questions of the postwar period will be what should be done about the corporation income tax.

The complexities of business make it doubtful that the corporation tax could ever be a simple tax, although the averaging of income through the operation of carryforward and carryback provisions would make a substantial contribution towards simplification by reducing the importance of depreciation rates and other annual adjustments in arriving at taxable income. Real simplification of our tax laws from the point of view of the business man might well require the repeal of the corporation income tax, which, of course, would be a major tax change involving many important considerations besides simplification.

Even if we wanted to banish this particular member of our tax family, it would not be easy to do so. In the metaphorical sense, sheep are hardly ever altogether black. The productivity of the corporation income tax offers at least partial compensation for its faults. It is a tax that without much prodding can be depended upon to bear a substantial part of our revenue burden. Besides, opinions conflict and the corporation tax is not universally regarded as bad. In fact, it has many friends, especially among persons who regard corporations not as organizations of individual stockholders, but as entities possessing individuality and taxpaying ability. What should be done about this tax will not be an easy question to resolve.

If the corporation income tax is truly a black sheep, you may ask how it has been permitted to assume such an important place in our Federal tax system. Why was it enacted in the first place, and why has it been increasingly relied upon with each passing decade? To answer these questions we must glance back at the circumstances which surrounded the enactment and subsequent development of the tax on corporate income.

The first chapter in the history of the corporation income tax was written in 1909, largely as the outcome of a threatened split in the Republican party on the issue of the individual income tax. The incipient revolt of the western Republicans on this issue was ultimately quieted by the promise of President Taft to place an income tax amendment before the states for ratification, and his offer of a 1 percent excise tax on corporations measured by net income. This compromise legislation went on the premise that corporations were proper subjects of taxation. In the forest of taxation great oaks from little acorns grow.

With the ratification of the 16th amendment, and the passage of the 1913 income tax law, the 1 percent excise tax on corporations became in name what it had been in fact -- a 1 percent income tax. However, since this rate was the same as the normal tax rate on individual incomes, and since dividends were not subjected to the normal tax on individual incomes, the new corporation income tax was not so much a tax on corporate enterprise as a collection-at-source tax on individuals. Had it remained so, the problem which is now confronting us might never have arisen. But, as you all know, the corporation income tax did not long remain a mere adjunct of the individual income tax. Events abroad were bringing us to the threshold of the First World War and to a series of wartime tax bills in which the corporation income tax would be given an independent status.

The Revenue Acts of 1917 and 1918 not only raised the normal tax rate on corporations above the level of the normal rate on individual incomes, but subjected corporations to an excess-profits and war-profits tax at rates ranging from 30 to 80 percent. With the cessation of hostilities, when individual income taxes were promptly lowered, no attempt was made to restore the pre-war relationship between the individual and the corporation income tax. Corporation income tax rates were not reduced. In fact, the repeal of the excess-profits tax was made the occasion for a compensatory 2-1/2 percent increase in the corporation income tax from 10 percent to 12-1/2 percent.



Little consideration appears to have been given at the time to the rationale of the corporation income tax or to the possible effects of giving this tax a permanent place in the federal tax system. The belief that corporations as such possessed taxpaying ability had by this time undoubtedly taken root in the minds of many, but we embarked upon the taxation of corporate enterprise not so much because we believed the corporation tax to be a good tax as because we had found it to be a productive one.

In 1936 an attempt was made to de-emphasize the taxation of corporations as such; this attempt recognized the problem of undistributed corporate profits as a tax-avoiding device. Under the plan proposed by the President in that year the undistributed profits tax, designed to replace all other corporation taxes, would have been an adjunct of the individual income tax. Corporate income would have been taxed only once, either as individual income or as undistributed profits. As you know, the House followed the recommendations of the President, but the Senate was reluctant to relinquish the corporation tax, and the 1936 Act contained both a tax on corporate income and one on undistributed profits. Few were satisfied with this compromise, and the undistributed profits tax after a short period of invalidism died. There are many in business today who wish it had been a healthier child.

Thus we entered the Second World War with the corporation income tax still firmly established in the federal tax system. With the increasing demands for revenue in 1941 and 1942, it was inevitable that we should turn to this tax, as well as to the individual income tax. Combined normal tax and surtax rates were raised to 31 percent in 1941 and to 40 percent in 1942. In addition, Congress imposed an excess profits tax in 1940, with rates now at the all time peak of 90 percent, and presently, perhaps, to be 95 percent.

That, in brief, is the life history of the corporation income tax. For the duration, business can expect little relief from this tax. Business might well temper its postwar optimism with a recollection that attempts to eliminate corporate income taxation have in the past been singularly unsuccessful.

Although a frontal attack on the corporate tax may have little chance of success, there remains a method of blunting its edge. In 1942 the public utility industry succeeded in reducing the effective burden of the tax not by working on the rate, but rather by attaining an adjustment in the base. The deduction of preferred dividends from surtax net income of the utility companies is more than a straw in the wind. Where preferred dividends have led, common dividends may follow. I leave it to you whether businessmen will be inclined to push further along this path, bearing in mind, as they should, that it leads directly back to the undistributed profits tax of 1936.

### Conclusion

I believe it is evident that I am in favor of simplification of our tax laws.

I have proposed several specific measures designed to achieve simplification for the masses of taxpayers. Indeed, it is hardly an exaggeration to say that this type of simplification is necessary if our income tax is to survive. I have also advocated simplification of the provisions affecting the smaller number of taxpayers represented by members of this group. There are many more of those provisions than I have been able to discuss this evening.

But I cannot end without a word of warning. We may go so far along the road to simplification, but no further. Tax statutes cannot be completely immunized from the ravages of interpretation and uncertainty. There is a growing awareness among lawyers and others that legislative intention needs to be a dynamic concept and that administrative discretion has a legitimate interest in clarifying areas of uncertainty where interpretation may easily incline either way. Words at best are "inexact tools" and are often confronted by the unexpected. A recognition of the delusive exactness of words is good reason for making a statutory scheme as sturdy as possible; there must be agreement on fundamentals and an assurance of consistency.

We need to recognize these truths, but we need also to remember that some measure of interpretation and uncertainty must always remain, for human ingenuity is unlimited in its power of conception. Mr. Justice Jackson has expressed doubt whether our tax laws can be much simplified, for, to use his own words, "the truth is that complexity is in our lives more indelibly than in our laws." In *Welch v. Helvering* Mr. Justice Cardozo voiced much the same doubt: "Here, indeed, as so often in other branches of the law, the decisive distinctions are those of degree and not of kind. One struggles in vain for any verbal formula that will supply a ready touchstone. The standard set up by the statute is not a rule of law; it is rather a way of life. Life in all its fullness must supply the answer to the riddle."

In our search for simplicity we meet again the perennial problem of degree which permeates all legal activity. Tax statutes must be drawn so that they may be as easily understood as possible. But in the rush for simplicity they must preserve their contact with the complexity of modern life; they must be firmly rooted in our fast-moving underlying experience. It is not enough that they be sufficiently comprehensive to reach the old; they must also be sufficiently flexible to reach out to the new. For statutory interpretation is more than the discovery of a pre-existing meaning in the mind of the legislator. It is often a search for a meaning that would have been intended if an unanticipated situation had been presented when a bill was drafted. The courts may not say to the legislator: "We see what you are driving at, but you have not said it; therefore we shall go on as before." They must try to find the major premise of the conclusion expressed in the statute, and then obey the policy they see written in the law.

FOR IMMEDIATE RELEASE,  
January 11, 1944.

40-22

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 12 months commencing May 29, 1943, as follows:

Country of Origin	WHEAT		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943: (Bushels)	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943: (Bushels)	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943: (Pounds)	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943: (Pounds)
Canada	795,000	795,000	3,815,000	205,908
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	205,908

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, January 12, 1944.

Press Service  
No. 40-22

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 12 months commencing May 29, 1943, as follows:

Country of Origin	WHEAT		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943:	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943:	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943:	Imports Established: May 29, 1943 Quota : to Dec. 31, 1943:
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	205,908
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	205,908

COTTON CARD STRIPS,<sup>2/</sup> 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<sup>2/</sup> of the quotas shall be filled by cotton wastes other than card strips<sup>2/</sup> 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. 20, 1943 : Dec. 31, 1943	ESTABLISHED : : 33-1/3% of : : 1943, to : Total Quota:	Imports Sept. 20, 1943, to Dec. 31, 1943
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	-	-	-
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	-
<b>TOTALS</b>	<b>5,482,509</b>	<b>-</b>	<b>1,599,886</b>	<b>-</b>

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.

40-23

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 20, 1943, to December 31, 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"		Staple length 1-1/8" or more but less than 1-11/16"	
	Established Quota	Imports Sept. 20, 1943, to Dec. 31, 1943	Established Quota	Imports Sept. 20, 1943, to Dec. 31, 1943
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	17,521,385	-
Peru.....	247,952	73,576	599,892	-
British India.....	2,003,483	-	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	420,000	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
Ecuador.....	9,333	-	-	-
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	9,376,835	45,656,420	18,121,277

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, January 12, 1944.

Press Service  
No. 40-23

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 20, 1943, to December 31, 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"		Staple length 1-1/8" or more but less than 1-11/16"	
	Established: 20, 1943, to Dec. 31, 1943:	Imports Sept. 20, 1943, to Dec. 31, 1943:	Established: 20, 1943, to Dec. 31, 1943:	Imports Sept. 20, 1943, to Dec. 31, 1943:
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	17,521,385	-
Peru.....	247,952	73,576	599,892	-
British India.....	2,003,483	-	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	420,000	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
Ecuador.....	9,333	-	-	-
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	9,376,835	45,656,420	18,121,277

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.

2/ Other than Gold Coast and Nigeria.

3/ Other than Algeria, Tunisia, and Madagascar.

(Over)

COTTON CARD STRIPS, <sup>2/</sup> 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 <sup>2/</sup> 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 : Sept. 20, 1943	: TOTAL IMPORTS : ESTABLISHED: Imports Sept. 20, 1943, to	: TOTAL QUOTA : Dec. 31, 1943
		: 33-1/3% of : 1943, to	: Total Quota: Dec. 31, 1943 <sup>1/</sup>
United Kingdom.....	4,323,457	-	1,441,152
Canada.....	239,690	-	-
France.....	227,420	-	75,807
British India.....	69,627	-	-
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	-	1,599,886

<sup>1/</sup> Included in total imports, column 2.

<sup>2/</sup> 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.



Commodity	Established Quota	Unit	Imports as of
	Period and Country	Quantity	Dec. 31, 1943
Silver or black foxes, furs, and articles:	Month of December		
Foxes valued under \$250 each and whole furs and skins	Canada	17,500	Number (Quota filled)
	Other than Canada	7,500	Number 238
Tails	12 months from Dec. 1, 1943	5,000	Piece 2
Paws, heads, or other separated parts	"	500	Pound 495
Piece plates	"	550	Pound -
Articles, other than piece plates	"	500	Unit 8

40-24

FOR IMMEDIATE RELEASE,  
January 11, 1944.

The Bureau of Customs announced today preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to December 31, 1943, inclusive, as follows:

Commodity	Established Quota :Period and Country:	Quantity	Unit of Quantity	Imports as of Dec. 31, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	7,085
Cream, fresh or sour	Calendar year	1,500,000	Gallon	926
Fish; fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	17,804,128	Pound	16,118,339
White or Irish potatoes: certified seed	12 months from Sept. 15, 1943	90,000,000	Pound	24,780,645
Other		60,000,000	Pound	3,529,348
Red cedar shingles	Calendar year	2,506,072	Square	1,444,237
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	344,040

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, January 12, 1944.

Press Service  
No. 40-24

The Bureau of Customs announced today preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to December 31, 1943, inclusive, as follows:

Commodity	Established Quota Period and Country:	Quantity	Unit of Quantity	Imports as of Dec. 31, 1943
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	7,085
Cream, fresh or sour	Calendar year	1,500,000	Gallon	926
Fish; fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	17,804,128	Pound	16,118,339
White or Irish potatoes: certified seed Other	12 months from Sept. 15, 1943	90,000,000 60,000,000	Pound Pound	24,780,645 3,529,348
Red cedar shingles	Calendar year	2,506,072	Square	1,444,237
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	344,040

(Over)

Commodity	Established Quota	Unit	Imports as of
	Period and Country	Quantity	Dec. 31, 1943
Silver or black foxes, furs, and articles; Foxes valued under \$250 each and whole furs and skins	Month of December Canada	17,500	Number (Quota filled)
	Other than Canada	7,500	Number 238
Tails	12 months from Dec. 1, 1943	5,000	Piece 2
Paws, heads, or other separated parts	"	500	Pound 495
Piece plates	"	550	Pound -
Articles, other than piece plates	"	500	Unit 8

FOR IMMEDIATE RELEASE  
January 11, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, 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/	As of (Date)	Authorized for entry for consumption (Pounds)
-----------------------	-------------------------------	--------------	---

Signatory Countries:

Brazil	1,353,183,480	Dec. 31, 1943	262,269,172
Colombia	458,336,340	"	137,216,184
Costa Rica	29,100,720	"	2,472,013
Cuba	11,640,288	"	2,197,677
Dominican Republic	17,460,432	"	3,674,225
Ecuador	21,825,540	"	11,113,864
El Salvador	87,302,160	"	940,619
Guatemala	77,844,426	"	6,299,827
Haiti	40,013,490	"	3,184,358
Honduras	2,910,072	"	1,065,178
Mexico	69,114,210	"	13,995,745
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	9,737,212

Non-signatory Countries:

	51,653,778	"	1,991,321
--	------------	---	-----------

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, January 12, 1944.

Press Service  
No. 40-25

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	:	:	:	Authorized for entry for consumption
	:	:	:	As of (Date) ; (Pounds)
	:	:	:	As of (Date) ; (Pounds)

Signatory Countries:

Brazil	1,353,183,480	Dec. 31, 1943	262,269,172
Colombia	458,336,340	"	137,216,184
Costa Rica	29,100,720	"	2,472,013
Cuba	11,640,288	"	2,197,677
Dominican Republic	17,460,432	"	3,674,225
Ecuador	21,825,540	"	11,113,864
El Salvador	87,302,160	"	940,619
Guatemala	77,844,426	"	6,299,827
Haiti	40,013,490	"	3,184,358
Honduras	2,910,072	"	1,065,178
Mexico	69,114,210	"	13,995,745
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	439,297
Venezuela	61,111,512	"	9,737,212
Non-signatory Countries:	51,653,778	"	1,991,321

1/ Quotas as established by action of the Inter-American Coffee Board on March 11, 1943.

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.

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 January 20, 1944.

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

40-26

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, January 14, 1944.  
~~(S)~~

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,000,000,000, or thereabouts, of 91-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 January 20, 1944, and will mature April 20, 1944, 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, January 17, 1944. 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

*[Handwritten signature]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, January 14, 1944.  
1-13-44

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 20, 1944, and will mature April 20, 1944, 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, January 17, 1944. 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 January 20, 1944.

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.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE  
Friday, January 14, 1943.

Press Service  
No. 40-27

Eugene F. Roth has resigned as an assistant general counsel in the Treasury Department, effective today, and will return to private law practice in New York City, it was announced today by ~~Secretary Morgenthau~~. [Mr. Roth, a graduate of Columbia College and Columbia Law School, came to the Treasury Department last March from the Department of Justice, where he served in the Special War Policies Unit.

C.P.Z.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Friday, January 14, 1944.

Press Service  
No. 40-27

Eugene F. Roth has resigned as an assistant general counsel in the Treasury Department, effective today, and will return to private law practice in New York City, it was announced today.

Mr. Roth, a graduate of Columbia College and Columbia Law School, came to the Treasury Department last March from the Department of Justice, where he served in the Special War Policies Unit.

-oOo-

Wm



BUREAU OF ACCOUNTS  
OFFICE OF THE COMMISSIONER

TREASURY DEPARTMENT  
FISCAL SERVICE

WASHINGTON



January 7, 1944.

40-28

*Schaeffer*

TO MR. BELL:

During the month of December, 1943, the following market transactions took place in direct and guaranteed securities of the Government:

Purchases .....	\$4,850,000
Sales .....	<u>100,000</u>
Net Purchases .....	<u>(<u>\$4,750,000</u>)</u>

*Sumberg*

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Saturday, January 15, 1944.

Press Service  
No. 40-28

During the month of December, 1943,  
market transactions in direct and guaranteed  
securities of the Government for Treasury  
investment and other accounts resulted in  
net purchases of \$4,750,000, Secretary  
Morgenthau announced today.

-oOo-

radio program-3

greenbaum

*"cut into" the program were*

*[* Governor Arthur B. Langlie of Washington;  
Governor Ellis Arnall of Georgia, Governor Coke R. Stevenson  
of Texas and Governor Everett Saltonstall of Massachusetts,  
Speaking from their state capitols, *all* pledged the resources  
of their area<sup>s</sup> to the war effort.

*[* Appearing on the program were Capt.  
Ronald Reagan, former screen actor, who portrayed *"Private Jones"*  
~~in the slit-trench~~; Bing Crosby, Ginny ~~Simms~~,  
John Charles Thomas and Capt. Glenn Miller and his Army Air  
Forces band. Musical background was provided by David  
Broekman and his Treasury orchestra. ~~Conrad Nagle~~ was  
the announcer.

*H/*

end

*CP.*



L The program, "Let's All Back the Attack" also brought to radio listeners the voices of General Dwight D. Eisenhower, <sup>stet</sup> ~~Commander in Chief of the Allied Forces in the European Theatre of Operations,~~ <sup>from London</sup> and Admiral Chester W. Nimitz, Supreme Commander-in-Chief of the Pacific Fleet.

L The Secretary upset precedent in ~~the~~ playing a narrator, as this is believed to be the first time that a cabinet officer has undertaken such a role. In his part he brought to "Private Jimmy Jones" a stirring picture of America's home front at war.

L The show was designed to ~~ex~~ present the questions which have been raised in the minds of soldiers, some of which the Secretary himself learned when he visited fighting fronts in North Africa and Sicily, and to answer those questions by a panoramic view of America's war effort.

L The answer whizzed at "Private Jones" as he lay in the mud of ~~South~~ a South Pacific Isle foxhole, alone in a night of bursting mortars and grenades. They whirred from the production centers of the nations where tanks, guns, ships and shells are being created; out of farms where essential food is produced. <sup>Through a unique radio program, books up</sup> "Private Jones" <sup>now far away spots in</sup> America, including the congregation of his little church in Williams Bay, Wisconsin.

L "The good American' is ~~is~~ fighting to preserve 'the good America'," the Secretary said. "That includes baseball and hot dogs and the music you like."

A M - P M Release Tues

OK - RBP in

th 60

"~~radio program-1~~"

Treasury Department ~~greenbaum~~  
Washington

#54

Pres Service  
No. 40 - 29

For Release Morning Newspapers  
Tuesday, January 18, 1944

New York, January 17:

~~Axis ringleaders of hate throughout the~~  
world should be strung up and <sup>a ed</sup> hang until dead, Secretary of the Treasury Henry Morgenthau Jr. declared last night in a four-network radio ~~broadcast~~ broadcast opening the Fourth War Loan.

The answer to the question of what to do with the men who started the war ~~is~~ <sup>is offered by</sup> Russia, the Secretary said.

"The Russians are removing some of the worst stains from the face of this earth by stringing <sup>up</sup> the ringleaders of hate and letting them hang there until they are dead," he said.

"That is the final assurance of the future of peace."  
The Secretary was narrator on a musico-dramatic program heard between 9 and 10 P. M. over the Columbia Broadcasting System, Mutual Broadcasting System, the Blue Network and the National Broadcasting Company.

The program also featured the first interview conducted with a pilot flying the newest secret weapon of war, the jet-propulsion plane whose successful primary tests were announced only a few days ago by the Bell Aircraft Corporation. Lt. Col. William

~~Bill~~ Slater of the Army Service Forces, speaking from a restricted area in a plane-to-earth three-and-a-half minute conversation, quizzed the pilot about his reactions.

more

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 18, 1944.

Press Service  
No. 40-29

New York, January 17: Axis ringleaders of hate throughout the world should be strung up and hanged until dead, Secretary of the Treasury Henry Morgenthau, Jr., declared last night in a four-network radio broadcast opening the Fourth War Loan.

The answer to the question of what to do with the men who started the war is offered by Russia, the Secretary said.

"The Russians are removing some of the worst stains from the face of this earth by stringing up the ringleaders of hate and letting them hang there until they are dead," he said. "That is the final assurance of the future of free men."

The Secretary was narrator on a musico-dramatic program heard between 9 and 10 P. M. over the Columbia Broadcasting System, Mutual Broadcasting System, the Blue Network and the National Broadcasting Company.

The program also featured the first interview conducted with a pilot flying the newest secret weapon of war, the jet-propulsion plane whose successful primary tests were announced only a few days ago by the Bell Aircraft Corporation. Lt. Col. William Slater of the Army Service Forces, speaking from a restricted area in a plane-to-earth three-and-a-half minute conversation, quizzed the pilot about his reactions.

The program, "Let's All Back the Attack" also brought to radio listeners the voice of General Dwight D. Eisenhower, Commander-in-Chief of the Allied Forces in the European Theater of Operations from London, and Admiral Chester W. Nimitz, Supreme Commander-in-Chief of the Pacific Fleet.

The Secretary upset precedent in playing a narrator, as this is believed to be the first time that a Cabinet officer has undertaken such a role. In his part he brought to "Private Jimmy Jones" a stirring picture of America's home front at war.

The show was designed to present the questions which have been raised in the minds of soldiers, some of which the Secretary himself learned when he visited fighting fronts in North Africa and Sicily, and to answer those questions by a panoramic view of America's war effort.

The answer whizzed at "Private Jones" as he lay in the mud of a South Pacific Isle foxhole, alone in a night of bursting mortars and grenades. They whirred from the production centers of the nations where tanks, guns, ships and shells are being created; out of farms where essential food is produced. Through a unique radio engineering hook-up "Private Jones" saw far away spots in America, including the congregation of his little church in Williams Bay, Wisconsin.

"'The good American' is fighting to preserve 'the good America'," the Secretary said. "That includes baseball and hot dogs and the music you like."

"Cut into" the program were Governor Arthur B. Langlie of Washington; Governor Ellis Arnall of Georgia, Governor Coke R. Stevenson of Texas and Governor Everett Saltonstall of Massachusetts. Speaking from their state capitols, all pledged the resources of their areas to the war effort.

Appearing on the program were Capt. Ronald Reagan, former screen actor, who portrayed "Private Jones"; Bing Crosby, Ginny Simms, John Charles Thomas and Capt. Glenn Miller and his Army Air Forces band. Musical background was provided by David Broekman and his Treasury orchestra. Conrad Nagel was the announcer.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 18, 1944.

Press Service

40-30

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 20 and to mature April 20, 1944, which were offered on January 14, were opened at the Federal Reserve Banks on January 17.

The details of this issue are as follows:

Total applied for - \$2,273,537,000  
 Total accepted - 1,017,180,000 (includes \$59,463,000 entered on a fixed-price basis at 99.905 and accepted in full)  
 Average price - 99.905/ Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

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

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 74,340,000	\$ 43,102,000
New York	1,443,962,000	572,222,000
Philadelphia	66,152,000	34,227,000
Cleveland	47,220,000	30,336,000
Richmond	26,962,000	21,234,000
Atlanta	23,095,000	16,194,000
Chicago	309,459,000	113,371,000
St. Louis	60,455,000	28,955,000
Minneapolis	23,628,000	13,578,000
Kansas City	38,544,000	34,893,000
Dallas	10,865,000	9,458,000
San Francisco	148,855,000	99,610,000
TOTAL	\$2,273,537,000	\$1,017,180,000

*[Handwritten signature]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 18, 1944.  
1-17-44

Press Service  
No. 40-30

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 20 and to mature April 20, 1944, which were offered on January 14, were opened at the Federal Reserve Banks on January 17.

The details of this issue are as follows:

Total applied for - \$2,273,537,000

Total accepted - 1,017,180,000 (includes \$59,463,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.905/ Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

High - 99.925 Equivalent rate of discount approx. 0.297% per annum

Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 74,340,000	\$ 43,102,000
New York	1,443,962,000	572,222,000
Philadelphia	66,152,000	34,227,000
Cleveland	47,220,000	30,336,000
Richmond	26,962,000	21,234,000
Atlanta	23,095,000	16,194,000
Chicago	309,459,000	113,371,000
St. Louis	60,455,000	28,955,000
Minneapolis	23,628,000	13,578,000
Kansas City	38,544,000	34,893,000
Dallas	10,865,000	9,458,000
San Francisco	148,855,000	99,610,000
TOTAL	\$2,273,537,000	\$1,017,180,000

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MICHIGAN</u>						
GIFFELS & VALLET, INC.	12/31/41					
Giffels, R. F.		\$ 40,810.02		\$ 50,000.00		\$ 90,810.02
Vallet, V. E.		75,000.00		175,000.00		250,000.00

NEW YORK

CRUCIBLE STEEL COMPANY OF AMERICA	12/31/41					
Hufnagel, F. B.		150,000.00				150,000.00

OHIO

JACK & HEINTZ, INC.	10/31/41					
Heintz, Ralph M.		133,354.23				133,354.23
Jack, Wm. R.		133,354.23				133,354.23
Jack, Wm. S.		133,354.23				133,354.23

Note: \$33,354.23 paid to each of the officers on December 20, 1941 was charged as compensation in our tax return filed for the fiscal year ended October 31, 1941. However, upon examination by the Bureau of Internal Revenue, it was alleged that these payments were not a proper accrual for such fiscal year. Although representatives of this company did not agree with such findings, to effect a settlement for such fiscal year, these sums were eliminated as an accrual for the fiscal year 1941 and were included as compensation paid or accrued for the fiscal year 1942.

JACK & HEINTZ, INC.	10/31/42					
Heintz, Ralph M.		116,645.77				116,645.77
Jack, Wm. R.		116,645.77				116,645.77
Jack, Wm. S.		116,645.77				116,645.77

Note: \$33,354.23 paid on December 20, 1941 to each of the above listed officers was charged on our books to the earnings of our fiscal year ended October 31, 1941. However, due to the allegations of the Bureau of Internal Revenue that such sum was not a proper accrual for such fiscal year, these amounts were included in our tax return for the fiscal year ended October 31, 1942 as compensation paid or accrued to such officers for that year.

NAME OF COMPANY	ADDRESS	1941	1942	TOTAL
AMERICAN AIRWAYS INC.	1000 ...	...	...	...
...	...	...	...	...
...	...	...	...	...
...	...	...	...	...
...	...	...	...	...

...

REPORT OF PAYMENTS OF SALARY, COMMISSION,  
 BONUS OR OTHER COMPENSATION PAID IN  
 EXCESS OF \$75,000.00 COMPILED FROM  
 INCOME RETURNS, SCHEDULE F-1, FILED  
 FOR THE YEAR 1941 AND FISCAL YEARS  
 ENDED IN 1941 AND 1942  
 SUPPLEMENTAL NO. 2





TREASURY DEPARTMENT

WASHINGTON 25



OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO  
COMMISSIONER OF INTERNAL REVENUE  
AND REFER TO

IT:Rec:DLS

MEMORANDUM for Mr. Charles Schwarz,  
Director of Public Relations,  
Treasury Department.

JAN 17 1943

There is transmitted herewith a supplemental Report of Payments of Salary, Commission, Bonus or Other Compensation paid in excess of \$75,000.00, compiled from income returns, Schedule F-1, for the year 1941 and fiscal years ended in 1941 and 1942.

*Robert H. Tammegan*  
Commissioner.

Enclosure

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS  
Wednesday, January 19, 1944

Press Service  
No. 40-31

A supplemental list of six individuals who received from corporations compensation in excess of \$75,000 for personal services in the calendar year 1941 or fiscal year ending in 1942 was made public today by Henry Morgenthau, Jr., Secretary of the Treasury.

The publication, made in conformance with a provision of the Internal Revenue Code, augments an earlier listing of several hundred names last October.

The list comprises large corporations which requested, and were granted, additional time in filing their voluminous income tax returns.

Under the code, the Secretary of the Treasury is required by Section 148 (f), as amended by Section 407 of the Revenue Act of 1939, to make public the names of such individuals as were reported by employing corporations in their income tax returns. The list compiled shows the amounts paid to officers and employees by reporting corporations in the form of salary, commission, bonus, or other compensation for personal services.

Section 148 (f) of the Internal Revenue Code, as amended by Section 407 of the Revenue Act of 1939, is as follows:

"Compensation of Officers and Employees; -- Under regulations prescribed by the Commissioner with the approval of the Secretary, every corporation subject to taxation under this chapter shall, in its return, submit a list of the names of all officers and employees of such corporation and the respective amounts paid to them during the taxable year of the corporation by the corporation as salary, commission, bonus, or other compensation for personal services rendered, if the aggregate amount so paid to the individual is in excess of \$75,000.

"The Secretary shall compile from the returns made a list containing the names of, and the amounts paid to, each such officer and employee and the name of the paying corporation and shall make such list available to the public. It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this Act or by any prior Act relating to the publication of information derived from income tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both, at the discretion of the court; Provided, That nothing in this sentence shall be construed to be applicable with respect to any newspaper, or other periodical publication entitled to admission to the mails as second-class matter."

The names of the corporations and of the officers and employees who received compensation in excess of \$75,000, as reported to the Secretary by the Bureau of Internal Revenue, are as follows:

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MICHIGAN</u>						
GIFFELS & VALLET, INC.	12/31/41					
Giffels, R. F.		40,810.02		50,000.00		90,810.02
Vallet, V. E.		75,000.00		175,000.00		250,000.00
<u>NEW YORK</u>						
CRUCIBLE STEEL COMPANY OF AMERICA	12/31/41					
Hufnagel, F. B.		150,000.00				150,000.00
<u>OHIO</u>						
JACK & HEINTZ, INC.	10/31/41					
Heintz, Ralph M.		133,354.23				133,354.23
Jack, Wm. R.		133,354.23				133,354.23
Jack, Wm. S.		133,354.23				133,354.23

Note: \$33,354.23 paid to each of the officers on December 20, 1941 was charged as compensation in our tax return filed for the fiscal year ended October 31, 1941. However, upon examination by the Bureau of Internal Revenue, it was alleged that these payments were not a proper accrual for such fiscal year. Although representatives of this company did not agree with such findings, to effect a settlement for such fiscal year, these sums were eliminated as an accrual for the fiscal year 1941 and were included as compensation paid or accrued for the fiscal year 1942.

JACK & HEINTZ, INC.	10/31/42					
Heintz, Ralph M.		116,645.77				116,645.77
Jack, Wm. R.		116,645.77				116,645.77
Jack, Wm. S.		116,645.77				116,645.77

Note: \$33,354.23 paid on December 20, 1941 to each of the above listed officers was charged on our books to the earnings of our fiscal year ended October 31, 1941. However, due to the allegations of the Bureau of Internal Revenue that such sum was not a proper accrual for such fiscal year, these amounts were included in our tax return for the fiscal year ended October 31, 1942 as compensation paid or accrued to such officers for that year.

40-32

FOR IMMEDIATE RELEASE,  
January 18, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <u>1/</u>	As of (Date)	Authorized for entry for consumption (Pounds)
-----------------------	--------------------------------------	--------------	---

Signatory Countries:

Brazil	1,353,183,480	Jan. 8, 1944	278,191,892
Colombia	458,336,340	"	137,227,811
Costa Rica	29,100,720	"	2,472,013
Cuba	11,640,288	"	2,717,052
Dominican Republic	17,418,104	"	4,146,290
Ecuador	21,825,540	"	11,240,116
El Salvador	87,302,160	"	2,065,428
Guatemala	77,844,426	"	9,703,281
Haiti	40,013,490	"	4,486,753
Honduras	2,909,675	"	1,336,909
Mexico	69,114,210	"	14,884,806
Nicaragua	28,373,202	"	555,632
Peru	3,637,590	"	438,035
Venezuela	61,111,512	"	9,972,647
Non-signatory Countries:	51,653,778	"	1,991,331

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.

Commissioner Hannegan explained that the effect of the new policy on 1943 payments is as follows:

1. Salesmen earning commissions based on their own individual sales-- as a practical matter, the new policy makes no change in the compensation status of these employees since the former dollar limit rule was suspended in these cases. However, these employees will now be reassured that the dollar limit has been formally revoked, as to employees whose rate of commission, and base salary has not been changed.

2. Executives, branch managers and others earning over-riding commissions or percentage bonuses--employers are authorized to adjust any 1943 payments in accord with the new policy. For example, if an employee in 1943 was entitled by contract or established policy to receive a percentage bonus amounting to \$1,000 but was paid only \$900 because of the former regulations, he may now be paid the remaining \$100 without formal approval provided that no change has been made in the percentage, method of computation, or base salary. If the percentage, method of computation or base salary has changed and the employer believes an adjustment is warranted, he may apply for a ruling to the field office of the Salary Stabilization Unit of the Bureau of Internal Revenue, in the region in which the employer has his principal place of business.

20

Robert E. Hannegan, Commissioner of Internal Revenue, clarified today the new salary stabilization policy which governs payments by employers of commissions, bonuses and other percentage-type compensation to employees, and extended the policy to cover 1943 as well as 1944 and subsequent years.

The new policy for 1944 was announced by the Director of Economic Stabilization on December 30, 1943. Commissioner Hannegan has since requested and received authority to harmonize the 1943 regulations with the 1944 policy in order to prevent discrimination and hardship. Formal regulations embodying the changes are being drafted, but the new policy is effective immediately.

Since most 1943 payments already have been made, Commissioner Hannegan advised employers they may make supplementary payments to adjust 1943 payments to the new policy.

The new policy permits employers to pay - without the formality of obtaining approval - any percentage-type compensation earned by employees under a contract or established policy of the employer, provided no change has been made in the percentage, method of computation, or the employee's base salary (if any) since the beginning of the salary stabilization program (Oct. 3, 1942, in the case of salaries over \$5,000 per year; Oct. 27, 1942, in the case of salaries under \$5,000 which are under the Commissioner's jurisdiction).

These percentage types of compensation include commissions, bonuses and similar types of payments which are based on a percentage of sales, salary, profits, volume, new business or similar factors.

Under the above conditions, the new policy permits payment of the percentages without regard to the dollar amount. The new policy rescinds former provisions which limited the dollar amounts to the level of 1941-42.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Thursday, January 20, 1944.

Press Service  
No. 40-33

Robert E. Hannegan, Commissioner of Internal Revenue, clarified today the new salary stabilization policy which governs payments by employers of commissions, bonuses and other percentage-type compensation to employees, and extended the policy to cover 1943 as well as 1944 and subsequent years.

The new policy for 1944 was announced by the Director of Economic Stabilization on December 30, 1943. Commissioner Hannegan has since requested and received authority to harmonize the 1943 regulations with the 1944 policy in order to prevent discrimination and hardship. Formal regulations embodying the changes are being drafted, but the new policy is effective immediately.

Since most 1943 payments already have been made, Commissioner Hannegan advised employers they may make supplementary payments to adjust 1943 payments to the new policy.

The new policy permits employers to pay - without the formality of obtaining approval - any percentage-type compensation earned by employees under a contract or established policy of the employer, provided no change has been made in the percentage, method of computation, or the employee's base salary (if any) since the beginning of the salary stabilization program (Oct. 3, 1942, in the case of salaries over \$5,000 per year; Oct. 27, 1942, in the case of salaries under \$5,000 which are under the Commissioner's jurisdiction).

These percentage types of compensation include commissions, bonuses and similar types of payments which are based on a percentage of sales, salary, profits, volume, new business or similar factors.

Under the above conditions, the new policy permits payment of the percentages without regard to the dollar amount. The new policy rescinds former provisions which limited the dollar amounts to the level of 1941-42.

Commissioner Hannegan explained that the effect of the new policy on 1943 payments is as follows:

1. Salesmen earning commissions based on their own individual sales--as a practical matter, the new policy makes no change in the compensation status of these employees since the former dollar limit rule was suspended in these cases. However, these employees will now be reassured that the dollar limit has been formally revoked, as to employees whose rate of commission, and base salary has not been changed.



2. Executives, branch managers and others earning over-riding commissions or percentage bonuses—employers are authorized to adjust any 1943 payments in accord with the new policy. For example, if an employee in 1943 was entitled by contract or established policy to receive a percentage bonus amounting to \$1,000 but was paid only \$900 because of the former regulations, he may now be paid the remaining \$100 without formal approval provided that no change has been made in the percentage, method of computation, or base salary. If the percentage, method of computation or base salary has changed and the employer believes an adjustment is warranted, he may apply for a ruling to the field office of the Salary Stabilization Unit of the Bureau of Internal Revenue, in the region in which the employer has his principal place of business.

Treasury Department  
Washington

Memo For The Press

Jan 18, 1944

Secretary ~~of the Treasury~~ Morgenthau, ~~is~~, in response to inquiries from the press, today made the following statement:

<sup>Most</sup>  
"With very few exceptions, Americans are proud to pay their taxes to <sup>help</sup> win the war. The Treasury, which deals with millions and millions of taxpayers, has constant evidence of this patriotic spirit.

"As it should be in a Democracy, taxes are levied by a Congress elected by the people. We in the Treasury are charged by law with collecting these taxes, and we ~~must~~ <sup>must</sup> ~~not~~ <sup>to</sup> fulfil that duty.

<sup>Anyone or</sup>  
"Everyone has a right to advocate changes in the law by due legislative process.

"However, to advise citizens to refuse to pay taxes-- particularly in time of war--smacks of disloyalty.

"Such an attitude is especially unworthy of a person ~~who himself is~~ <sup>who</sup> profiting from war contracts."

TREASURY DEPARTMENT  
Washington

MEMO FOR THE PRESS

January 19, 1944

Secretary Morgenthau, in response to inquiries from the press, today made the following statement:

"Most Americans are proud to pay their taxes to help win the war. The Treasury, which deals with millions and millions of taxpayers, has constant evidence of this patriotic spirit.

"As it should be in a Democracy, taxes are levied by a Congress elected by the people. We in the Treasury are charged by law with collecting these taxes, and we must fulfill that duty.

"Anyone or everyone has a right to advocate changes in the law by due legislative process.

"However, to advise citizens to refuse to pay taxes-- particularly in time of war--smacks of disloyalty.

"Such an attitude is especially unworthy of persons profiting from war contracts."

-oOo-

~~ALPHA~~

- 3 -

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.

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 January 27, 1944.

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

SECRET

TREASURY DEPARTMENT  
Washington

40-31

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, January 21, 1944 .  
~~(S)~~

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,000,000,000 , or thereabouts, of 91 -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 January 27, 1944 , and will mature April 27, 1944 , 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, January 24, 1944 . 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

*[Handwritten signature]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, January 21, 1944.  
1-20-44

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 January 27, 1944, and will mature April 27, 1944, 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, January 24, 1944. 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 January 27, 1944.

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.



Should be released  
with news of election

40-36

Secretary Morgenthau today expressed keen regret at losing the services of Robert E. Hannegan, Commissioner of Internal Revenue, who has resigned to become Chairman of the Democratic National Committee.

"After serving a little more than a year as Collector of Internal Revenue at St. Louis," Secretary Morgenthau said, "Bob Hannegan was promoted to the great responsibility of the office of Commissioner of Internal Revenue purely on merit and ability. His record as a collector had been exceptional. He was not merely a good administrator, but he displayed in addition a remarkable talent for inspiring those who worked under him with his own good humor, his own energy and his own love of hard work.

"These abilities deserved a broader sphere than the office of a Collector, and that's why we brought him to Washington. Less than four months is not much time to make a record in a job as big as that of the Commissioner of Internal Revenue, but in that short time Commissioner Hannegan has been able to demonstrate his ability to master the work of that office and to give promise of making an outstanding record there, as he had in the office of Collector.

"The National Committee has taken from us a good man whom we are very sorry to lose."

Approved by  
W. M. P. on phone  
1/20/44  
M. J. P.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Saturday, January 22, 1944.

Press Service  
No. 40-36

Secretary Morgenthau today expressed keen regret at losing the services of Robert E. Hannegan, Commissioner of Internal Revenue, who has resigned to become Chairman of the Democratic National Committee.

"After serving a little more than a year as Collector of Internal Revenue at St. Louis," Secretary Morgenthau said, "Bob Hannegan was promoted to the great responsibility of the office of Commissioner of Internal Revenue purely on merit and ability. His record as a collector had been exceptional. He was not merely a good administrator, but he displayed in addition a remarkable talent for inspiring those who worked under him with his own good humor, his own energy and his own love of hard work.

"These abilities deserved a broader sphere than the office of a Collector, and that's why we brought him to Washington. Less than four months is not much time to make a record in a job as big as that of the Commissioner of Internal Revenue, but in that short time Commissioner Hannegan has been able to demonstrate his ability to master the work of that office and to give promise of making an outstanding record there, as he had in the office of Collector.

"The National Committee has taken from us a good man whom we are very sorry to lose."

Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

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.

D. W. BELL,  
Acting Secretary of the Treasury.

tions of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The notes will not be issued in registered form.

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

### 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. Others than banking institutions will not be permitted to enter subscriptions except for their own account.

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 notes 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 notes allotted hereunder must be made on or before February 1, 1944, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series A-1944, maturing February 1, 1944, 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

UNITED STATES OF AMERICA

0.90 PERCENT TREASURY NOTES OF SERIES D-1945

Dated and bearing interest from February 1, 1944

Due March 1, 1945

1944  
Department Circular No. 732

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, January 24, 1944.

Fiscal Service  
Bureau of the Public Debt

I. OFFERING OF NOTES

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 notes of the United States, designated 0.90 percent Treasury Notes of Series D-1945, in exchange for Treasury Certificates of Indebtedness of Series A-1944, maturing February 1, 1944. The amount of the offering will be limited to the amount of such maturing certificates tendered and accepted.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 1, 1944, and will bear interest from that date at the rate of 0.90 percent per annum, payable on a semiannual basis on September 1, 1944, and March 1, 1945. They will mature March 1, 1945, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes 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 notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached will be issued in denomina-

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Monday, January 24, 1944.

Press Service

40-37

The Secretary of the Treasury today announced an offering, through the Federal Reserve Banks, of 0.90 percent Treasury Notes of Series D-1945, open on an exchange basis, par for par, to all holders of Treasury Certificates of Indebtedness of Series A-1944, maturing February 1, 1944. The subscription books will remain open through Wednesday, January 26. This exchange operation will be conducted outside of the Fourth War Loan Drive, which started last Tuesday, and the subscriptions received will not be a part of any quotas.

The notes will be dated February 1, 1944, and will bear interest from that date at the rate of 0.90 percent per annum, payable on a semiannual basis on September 1, 1944, and March 1, 1945. They will mature March 1, 1945. They will not be subject to call for redemption prior to maturity. They will be issued in bearer form only, with two interest coupons attached, 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 notes 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. Subject to the usual reservations, all subscriptions will be allotted in full.

There are now outstanding \$2,211,161,000 of the Series A-1944 certificates.

The text of the official circular follows:

*[Handwritten signature]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Monday, January 24, 1944.

---

Press Service  
No. 40-37

The Secretary of the Treasury today announced an offering, through the Federal Reserve Banks, of 0.90 per cent Treasury Notes of Series D-1945, open on an exchange basis, par for par, to all holders of Treasury Certificates of Indebtedness of Series A-1944, maturing February 1, 1944. The subscription books will remain open through Wednesday, January 26. This exchange operation will be conducted outside of the Fourth War Loan Drive, which started last Tuesday, and the subscriptions received will not be a part of any quotas.

The notes will be dated February 1, 1944, and will bear interest from that date at the rate of 0.90 per cent per annum, payable on a semiannual basis on September 1, 1944, and March 1, 1945. They will mature March 1, 1945. They will not be subject to call for redemption prior to maturity. They will be issued in bearer form only, with two interest coupons attached, 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 notes 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. Subject to the usual reservations, all subscriptions will be allotted in full.

There are now outstanding \$2,211,161,000 of the Series A-1944 certificates.

The text of the official circular follows:

UNITED STATES OF AMERICA

0.90 PERCENT TREASURY NOTES OF SERIES D-1945

Dated and bearing interest from February 1, 1944

Due March 1, 1945

1944  
Department Circular No. 732

Fiscal Service  
Bureau of the Public Debt

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington; January 24, 1944.

I. OFFERING OF NOTES

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 notes of the United States, designated 0.90 percent Treasury Notes of Series D-1945, in exchange for Treasury Certificates of Indebtedness of Series A-1944, maturing February 1, 1944. The amount of the offering will be limited to the amount of such maturing certificates tendered and accepted.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 1, 1944, and will bear interest from that date at the rate of 0.90 percent per annum, payable on a semiannual basis on September 1, 1944, and March 1, 1945. They will mature March 1, 1945, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes 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 notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

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

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



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. Others than banking institutions will not be permitted to enter subscriptions except for their own account.

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 notes 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 notes allotted hereunder must be made on or before February 1, 1944, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series A-1944, maturity February 1, 1944, 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 notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

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.

D. W. BELL,  
Acting Secretary of the Treasury.

A diamond smuggling case more akin to the old, pre-war variety, <sup>was</sup> developed <sup>by customs agents</sup> at Miami, Florida, when Max Geldzahler attempted to slip in gems valued at \$28,000. He was sentenced in July to a year and a day in prison, and fined \$1,000.

Despite the wartime restriction on commerce and travel, 1943 saw a substantial increase in the volume of such smuggling attempts, compared with the low level of 1942. Seizures by Customs of all kinds of smuggled commodities totalled 9,439, an increase of 3,953. There were 5,746 seizures of smuggled liquor, accounting for much of the increase. However, the traffic in liquor appeared to be confined to individual violations on the Mexican border, with no organized illicit traffic in evidence.

The Treasury is due to receive nearly three-quarters of a million dollars in revenue as a result of two Customs undervaluation cases involving Honolulu businesses conducted by Japanese. The firm of Ohmi Shoten was assessed penalties of \$679,000 for undervaluing imports from Japan in transactions occurring before Pearl Harbor. Similar claims of \$39,000 were made against the Kawahara Company.

point machine tools, to \$200,000 upon delivery to German agents in a neutral country. The trio were Werner F. Trinler, a Swiss publicity man, Harry Strygler, a gem merchant, and Harry Smith, a gem cutter. Violations of the export control act were charged, and Trinler was sentenced in August, to 22 months in a Federal penitentiary and fined \$7,500; Strygler was fined \$4,000; and Smith was fined \$2,000, imposition of a prison sentence was suspended, and he was placed on probation for three years.

The 7,700 carats of gems were slipped out of this country on a neutral vessel, but the Treasury agents ultimately were able to trace the transaction, and to effect successful prosecution of the trio.

With Foreign Funds Control agents investigating the financial aspects, and Customs officers the export control features, evidence was developed during 1943 that resulted in the indictment of Leonard J. A. Smit of New York, a refugee Dutch national, for trafficking in the industrial gems, some of which found their way, allegedly, into Axis hands. The indictment of Smit was revealed just after the turn of the year. Also involved in this case was the Chase National Bank, on charges growing out of Smit's financial operations which allegedly were in violation of the President's order freezing funds of nationals of enemy-occupied countries.

Policing of financial assets in this country of nationals of enemy-occupied countries by the Foreign Funds Control.

Addition of nearly \$41 million to the wartime revenues as a result of tax fraud investigations by the Intelligence Unit of the Bureau of Internal Revenue.

Effective attack by the Bureau of Narcotics, working closely with Customs, on sources of illicit drugs developing in new directions as a result of the War.

Charged with administering important functions in the field of economic warfare, Customs and Foreign Funds Control were, perhaps, most directly associated with the war effort. Appearance of the magic word "diamonds" in the two major cases investigated by these agencies is an interesting feature of the year's work. These were not the sparkling gems of feminine adornment so often the stock in trade of the peacetime international smuggler. They were the less glamorous, but more vital industrial diamonds, apparently needed desperately by our enemies. Details of the cases were revealed in reports of E. J. Shamhart, Deputy Commissioner of Customs and T. E. Ball, head of the Compliance Section of Foreign Funds Control.

Three men prosecuted in New York were alleged to have run a \$4,500 American investment in the "chips" used to

For Release Sunday Jan 30

40-38

Problems arising from the War demanded the attention of the Treasury's six law enforcement agencies to an ever increasing extent during 1943, Elmer Ireby, Chief Coordinator of the investigative services, reported to Secretary Morgenthau today.

Functioning in many cases with reduced personnel, the agencies nevertheless continued also to enforce vigorously the more normal functions relating to the protection of the revenues and the prosecutions of frauds against the Government.

Major enforcement activities during the year included:

An Alcohol Tax Unit drive to smash the black market in liquor which had resulted, as the year ended, in scores of investigations and prosecutions throughout the country.

A Secret Service offensive against counterfeiters of ration stamps; and a particularly effective campaign of the same agency to protect from thieves and forgers the allowance and allotment checks going to millions of dependents of men in the Armed Services.

Close supervision by Customs officers of movements of persons and shipments across our borders and at the ports to prevent the delivery of information or essential commodities to hands friendly to the enemy.

Charged with administering important functions in the field of economic warfare, Customs and Foreign Funds Control were, perhaps, most directly associated with the war effort. Appearance of the magic word "diamonds" in the two major cases investigated by these agencies is an interesting feature of the year's work. These were not the sparkling gems of feminine adornment so often the stock in trade of the peacetime international smuggler. They were the less glamorous, but more vital industrial diamonds, apparently needed desperately by our enemies. Details of the cases were revealed in reports of E. J. Shamhart, Deputy Commissioner of Customs and T. E. Ball, head of the Compliance Section of Foreign Funds Control.

Three men prosecuted in New York were alleged to have run a \$4,500 American investment in the "chips" used to point machine tools, to \$200,000 upon delivery to German agents in a neutral country. The trio were Werner F. Trinler, a Swiss publicity man, Harry Strygler, a gem merchant, and Harry Smith, a gem cutter. Violations of the export control act were charged, and Trinler was sentenced in August to 22 months in a Federal penitentiary and fined \$7,500; Strygler was fined \$4,000; and Smith was fined \$2,000, imposition of a prison sentence was suspended, and he was placed on probation for three years.

The 7,700 carats of gems were slipped out of this country on a neutral vessel, but the Treasury agents ultimately were able to trace the transaction, and to effect successful prosecution of the trio.

With Foreign Funds Control agents investigating the financial aspects, and Customs officers the export control features, evidence was developed during 1943 that resulted in the indictment of Leonard J. A. Smit of New York, a refugee Dutch national, for trafficking in the industrial gems, some of which found their way, allegedly, into Axis hands. The indictment of Smit was revealed just after the turn of the year. Also involved in this case was the Chase National Bank, on charges growing out of Smit's financial operations which allegedly were in violation of the President's order freezing funds of nationals of enemy-occupied countries.

A diamond smuggling case more akin to the old, pre-war variety was developed by Customs agents at Miami, Florida, when Max Geldzahler attempted to slip in gems valued at \$23,000. He was sentenced in July to a year and a day in prison, and fined \$1,000.

Despite the wartime restriction on commerce and travel, 1943 saw a substantial increase in the volume of such smuggling attempts, compared with the low level of 1942. Seizures by Customs of all kinds of smuggled commodities totalled 9,439, an increase of 3,953. There were 5,746 seizures of smuggled liquor, accounting for much of the increase. However, the traffic in liquor appeared to be confined to individual violations on the Mexican border, with no organized illicit traffic in evidence.

The Treasury is due to receive nearly three-quarters of a million dollars in revenue as a result of two Customs undervaluation cases involving Honolulu businesses conducted by Japanese. The firm of Ohmi Shoten was assessed penalties of \$679,000 for undervaluing imports from Japan in transactions occurring before Pearl Harbor. Similar claims of \$39,000 were made against the Kawahara Company.

Bremerton, Washington, of a complete plant for producing bogus \$10 and \$20 notes. Williams subsequently was sentenced to ten years in prison, Parsons to six, and Ashby to five years.

George W. Place, arrested in connection with capture of a counterfeiting plant at Philadelphia, faces Federal indictments if he ever is released from sentence of from 20 to 40 years in the state prison where he was sent after being identified in 51 offenses of breaking and entering.



accounted only for cases in which he was identified by victims and confessed. Lingle, who is 54 years old, has been arrested 22 times since 1909 in forgery and swindling cases. He was sentenced October 9 to serve four years in prison for his check deprecations.

The "Know Your Endorsers" educational campaign was carried into the commercial check field through cooperation of manufacturers, banks, and other users of checks. At the year's end, more than 2,500 business establishments issuing several million checks monthly had joined the Government in adding warning notices to the legends on their vouchers. Car card, poster, and circular warnings against forgers were widely distributed, and wide publicity was given the program through radio, <sup>and</sup> newspaper and magazine articles.

The Crime Prevention Program has been endorsed by the American Legion, the American Bankers Association, the International Association of Chiefs of Police, and many other business and law enforcement groups.

Two dangerous counterfeiting plants were seized in the United States during the year, and Cuban officers were assisted in the capture of one in Havana.

Secret Service agents arrested Marion J. Williams, Joel L. Parsons and Harold K. Ashby in the seizure at

Wartime financing and currency demands swelled to almost fantastic proportions the value of moneys and securities under the protection of the Secret Service Uniformed force in various Treasury establishments. Some \$295,000,000,000 worth of money, stamps, bonds, and other securities in production, storage, and transit, came under the watchful eyes of this little publicized branch of the Service.

New problems confronted the Secret Service in carrying out the protection of the President. Security arrangements for his meeting with Prime Minister Churchill in Canada in August, and his conferences with United Nations leaders in Cairo and Teheran called for the greatest ingenuity and efficiency on the part of the White House detail.

Chief Wilson cited two cases as typical of the problems faced by the Service in combatting the check forger. In December, agents at Detroit arrested eight persons who confessed thefts and forgeries within a period of six months of 50 allowance and bond redemption checks. They now are awaiting trial.

A single thief, Rufus Lingle, alias C. K. Pullins, operating in several states, stole and forged at least 35 Government checks totalling \$1,100...and this number

The success of this program is seen in the fact that, while payments by check doubled during 1943, the number of forgeries investigated increased only about one-third over the previous year. Investigations during 1943 involved 15,000 individual check loss reports, compared with 11,000 in 1942.

Frank J. Wilson, Chief of the Secret Service, reported that there were 1,128 convictions on forgery charges during the year, compared with 1,060 in 1942; and that convictions for making and passing counterfeit money dropped to 68, from 234. Losses to victims of passers of counterfeit bills hit a new low of \$20,705 against \$28,988 in 1942; while losses through acceptance of counterfeit coins dropped 51 percent to \$11,000 in 1943. Prior to 1937, when the Service initiated its intensive "Know Your Money" campaign, counterfeit losses ran as high as a million dollars a year.

The Secret Service during 1943 attacked a new war-time racket, the counterfeiting of ration stamps, and arrested 160 persons, principally in the New York area, in these investigations. The Service also smashed a new fraud aimed at stamp collectors, involving counterfeiting of postage stamps bearing deliberate misprints in an effort to make them appear collectors' items.

PMS - Monday - Jan 31

40-39

With the money counterfeiter dropping further toward a position of relative insignificance in the national crime picture, the United States Secret Service last year laid down a nationwide barrage against the check forgery racket.

More than 1,300 arrests were made during 1943 ~~x~~ in cases involving fraudulent negotiation of Government checks, Elmer L. Irey, Chief Coordinator of Treasury Enforcement Agencies reported to Secretary Morgenthau. Many of the persons arrested met the Service's designation of "Meanest Thief in the World" by trafficking in allowance and allotment checks payable to dependents of military personnel.

Anticipating a fertile field for forgers in the tremendous increase in Government check payments resulting from the War, the Secret Service started at the beginning of 1943 one of the most intensive crime prevention programs ever conducted in this country, designed on the one hand to remove the opportunities for theft of checks; and on the other to make the negotiation of forged checks too difficult to be attractive to the criminally inclined. "Know Your Endorser - Require Identification" was the theme carried to business men on whom check forgery losses ultimately fall.

TO:

Chief Wilson

For approval  
or suggestions

OK  
J. J.

Shaeffer

Mr. Shaeffer

TREASURY DEPARTMENT  
Washington

FOR RELEASE, AFTERNOON NEWSPAPERS,  
Monday, January 31, 1944.

Press Service  
No. 40-39

With the money counterfeiter dropping further toward a position of relative insignificance in the national crime picture, the United States Secret Service last year laid down a nationwide barrage against the check forgery racket.

More than 1,300 arrests were made during 1943 in cases involving fraudulent negotiation of Government checks, Elmer L. Irey, Chief Coordinator of Treasury Enforcement Agencies, reported to Secretary Morgenthau. Many of the persons arrested met the Service's designation of "Meanest Thief in the World" by trafficking in allowance and allotment checks payable to dependents of military personnel.

Anticipating a fertile field for forgers in the tremendous increase in Government check payments resulting from the War, the Secret Service started at the beginning of 1943 one of the most intensive crime prevention programs ever conducted in this country, designed on the one hand to remove the opportunities for theft of checks; and on the other to make the negotiation of forged checks too difficult to be attractive to the criminally inclined. "Know Your Endorser - Require Identification" was the theme carried to business men on whom check forgery losses ultimately fall.

The success of this program is seen in the fact that, while payments by check doubled during 1943, the number of forgeries investigated increased only about one-third over the previous year. Investigations during 1943 involved 15,000 individual check loss reports, compared with 11,000 in 1942.

Frank J. Wilson, Chief of the Secret Service, reported that there were 1,128 convictions on forgery charges during the year, compared with 1,060 in 1942; and that convictions for making and passing counterfeit money dropped to 68, from 234. Losses to victims of passers of counterfeit bills hit a new low of \$20,705 against \$28,988 in 1942; while losses through acceptance of counterfeit coins dropped

51 percent to \$11,000 in 1943. Prior to 1937, when the Service initiated its intensive "Know Your Money" campaign, counterfeit losses ran as high as a million dollars a year.

The Secret Service during 1943 attacked a new wartime racket, the counterfeiting of ration stamps, and arrested 160 persons, principally in the New York area, in these investigations. The Service also smashed a new fraud aimed at stamp collectors, involving counterfeiting of postage stamps bearing deliberate misprints in an effort to make them appear collectors' items.

Wartime financing and currency demands swelled to almost fantastic proportions the value of moneys and securities under the protection of the Secret Service Uniformed force in various Treasury establishments. Some \$295,000,000,000 worth of money, stamps, bonds, and other securities in production, storage, and transit, came under the watchful eyes of this little publicized branch of the Service.

New problems confronted the Secret Service in carrying out the protection of the President. Security arrangements for his meeting with Prime Minister Churchill in Canada in August, and his conferences with United Nations leaders in Cairo and Teheran called for the greatest ingenuity and efficiency on the part of the White House Detail.

Chief Wilson cited two cases as typical of the problems faced by the Service in combatting the check forger. In December, agents at Detroit arrested eight persons who confessed thefts and forgeries within a period of six months of 50 allowance and bond redemption checks. They now are awaiting trial.

A single thief, Rufus Lingle, alias C. K. Pullins, operating in several states, stole and forged at least 35 Government checks totalling \$1,100...and this number accounted only for cases in which he was identified by victims and confessed. Lingle, who is 54 years old, has been arrested 22 times since 1909 in forgery and swindling cases. He was sentenced October 9 to serve four years in prison for his check deprecations.

The "Know Your Endorsers" educational campaign was carried into the commercial check field through cooperation of manufacturers, banks, and other users of checks. At the year's end, more than 2,500 business establishments

issuing several million checks monthly had joined the Government in adding warning notices to the legends on their vouchers. Car card, poster, and circular warnings against forgers were widely distributed, and wide publicity was given the program through radio and newspaper and magazine articles.

The Crime Prevention Program has been endorsed by the American Legion, the American Bankers Association, the International Association of Chiefs of Police, and many other business and law enforcement groups.

Two dangerous counterfeiting plants were seized in the United States during the year, and Cuban officers were assisted in the capture of one in Havana.

Secret Service agents arrested Marion J. Williams, Joel L. Parsons and Harold K. Ashby in the seizure at Bremerton, Washington, of a complete plant for producing bogus \$10 and \$20 notes. Williams subsequently was sentenced to ten years in prison, Parsons to six, and Ashby to five years.

George W. Place, arrested in connection with capture of a counterfeiting plant at Philadelphia, faces Federal indictments if he ever is released from sentence of from 20 to 40 years in the state prison where he was sent after being identified in 51 offenses of breaking and entering.



Jacob Krakowitz and Martin A. Rosenthal, officers of the K and R Iron and Metal Company of Columbus, Ohio, pleaded guilty and were given sentences of three years and two years respectively in prison, and fines of \$10,000 each. Joseph Hotze, lottery operator, of Boston, was sentenced to three years <sup>in</sup> and prison and fined \$10,000 for understating income taxes over a period of three years by \$85,000. He is a second offender against the tax laws.

Two Nevada mining operators, Hugh Wilton and James Maxfield, were given one-year sentences and fined \$20,000 each for tax frauds aggregating \$30,000 each. A \$20,000 fine also was assessed Dr. James W. Tipton, Danville, Virginia, physician, who pleaded nolo contendere on income tax evasion charges covering five years.

Elmer Ritz, Rochester, New York, who ran a lunch stand into a substantial business, and became known as Rochester's "Hamburger Man" for the succulence of his product, pleaded guilty to tax evasion; and two card sharps, William D. Frad and Abbey Dreyfuss of New York were convicted for failing to report properly as income their "takes" from victims picked from passenger lists of trains and steamships in the course of their extensive travels.

Other successful prosecutions were in such varied offenses as fraudulent removal of automobile use stamps, failure to pay employment and social security taxes, and fraudulent use of "washed" documentary stamps.

with evading corporation taxes through understatement of sales and overstatement of compensation to themselves.

Treasury investigators found a marked difference in attitudes of the three toward the war. One expressed hope that Japan would win, one that the United States would win, and one was undecided. The men are in internment camps, and trial dates have not been set.

Treasury Agents investigating the affairs of the Nikko Inn at St. Petersburg, Florida, in the post-Pearl Harbor policing of assets of Japanese, found evidence of income tax frauds effected through the keeping of two sets of books. One set, in Japanese, gave a true picture of the firm's business; while one in English, showing much smaller earnings, was the basis for income tax reports to the Government.

The Treasury agents, in a lengthy investigation, solved the intricacies of the Oriental language, and obtained indictments against Shinyu Noro, Shohei Marahide Goto, and Harna Taniguchi. Noro and Goto were convicted in November, 1943, and sentenced to a year each in prison. Taniguchi is in Japan.

Severe prison sentences and heavy fines were imposed by the courts in several other cases brought to completion by the Unit.

OK local  
by phone  
1/24/43

AMS Wed Feb 2

40-40

The Japanese -- some of them -- also cheat on their income taxes.

Two income tax fraud cases developed by the Intelligence Unit of the Bureau of Internal Revenue during 1943 involved Japanese businessmen who have prospered under the laws of the United States. The cases were cited by Elmer L. Irey, Chief Coordinator of Treasury Enforcement agencies, in one of a series of reports to Secretary Morgenthau dealing with the work of the services during the calendar year just closed.

W. H. Woolf, Chief of the Unit, reported his agents investigated more than 1,000 separate cases, and made recommendations for additional tax assessments and penalties totalling \$40,722,000. Of 82 persons brought to trial on criminal charges involving income tax deficiencies, 81 were convicted.

The two cases involving nationals of Japan developed on opposite sides of the continent. In California, Frank Juro Ishida, Kazumasa Hayakawa, and Heiji Sugimoto were indicted late in the year for evasion of income and excess profits taxes due allegedly from the Union Nurseries and Co., Ltd. The corporation, at Hawthorne, California, engaged in the general nursery business. The three officers of the firm, all of whom were born in Japan, were charged

40

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, February 2, 1944.  
1-22-44

Press Service  
No. 40-40

The Japanese -- some of them -- also cheat on their income taxes.

Two income tax fraud cases developed by the Intelligence Unit of the Bureau of Internal Revenue during 1943 involved Japanese businessmen who have prospered under the laws of the United States. The cases were cited by Elmer L. Irey, Chief Coordinator of Treasury Enforcement agencies, in one of a series of reports to Secretary Morgenthau dealing with the work of the services during the calendar year just closed.

W. H. Woolf, Chief of the Unit, reported his agents investigated more than 1,000 separate cases, and made recommendations for additional tax assessments and penalties totalling \$40,722,000. Of 82 persons brought to trial on criminal charges involving income tax deficiencies, 81 were convicted.

The two cases involving nationals of Japan developed on opposite sides of the continent. In California, Frank Juro Ishida, Kazumasa Hayakawa, and Heiji Sugimoto were indicted late in the year for evasion of income and excess profits taxes due allegedly from the Union Nurseries and Co., Ltd. The corporation, at Hawthorne, California, engaged in the general nursery business. The three officers of the firm, all of whom were born in Japan, were charged with evading corporation taxes through understatement of sales and overstatement of compensation to themselves.

Treasury investigators found a marked difference in attitudes of the three toward the war. One expressed hope that Japan would win, one that the United States would win, and one was undecided. The men are in internment camps, and trial dates have not been set.

Treasury agents investigating the affairs of the Nikko Inn at St. Petersburg, Florida, in the post Pearl Harbor policing of assets of Japanese, found evidence of income tax frauds effected through the keeping of two sets of books. One set, in Japanese, gave a true picture of the firm's business; while one in English, showing much smaller earnings, was the basis for income tax reports to the Government.

The Treasury agents, in a lengthy investigation, solved the intricacies of the Oriental language, and obtained indictments against Shinyu Noro, Shoei Marahide Goto, and Harna Taniguchi. Noro and Goto were convicted in November, 1943, and sentenced to a year each in prison. Taniguchi is in Japan.

Severe prison sentences and heavy fines were imposed by the courts in several other cases brought to completion by the Unit.

Jacob Krakowitz and Martin A. Rosenthal, officers of the K and R Iron and Metal Company of Columbus, Ohio, pleaded guilty and were given sentences of three years and two years respectively in prison, and fines of \$10,000 each. Joseph Hotze, lottery operator, of Boston, was sentenced to three years in prison and fined \$10,000 for understating income taxes over a period of three years by \$85,000. He is a second offender against the tax laws.

Two Nevada mining operators, Hugh Wilton and James Maxfield, were given one-year sentences and fined \$20,000 each for tax frauds aggregating \$30,000 each. A \$20,000 fine also was assessed Dr. James W. Tipton, Danville, Virginia, physician, who pleaded nolo contendere on income tax evasion charges covering five years.

Elmer Ritz, Rochester, New York, who ran a lunch stand into a substantial business, and became known as Rochester's "Hamburger Man" for the succulence of his product, pleaded guilty to tax evasion; and two card sharps, William D. Frad and Abbey Dreyfuss of New York were convicted for failing to report properly as income their "takes" from victims picked from passenger lists of trains and steamships in the course of their extensive travels.

Other successful prosecutions were in such varied offenses as fraudulent removal of automobile use stamps, failure to pay employment and social security taxes, and fraudulent use of "washed" documentary stamps.

40-41

~~Proposed statement for release to the press in Washington and for supplemental distribution by collectors.~~

Harold N. Graves, acting ~~Robert T. Hammegan~~, Commissioner of Internal Revenue, urged all wage earners today to start filling in their annual income and victory tax returns as soon as they receive the wage and tax receipts now being distributed by employers.

These receipts, which employers are required under law to issue by January 31, show the amount of wages paid and the amount of income and victory tax withheld during 1943. Therefore, they provide the wage earner with two of the key figures he needs for filling in his return.

"As soon as you get your receipt," Commissioner <sup>Graves</sup> ~~Hammegan~~ commented, "you should be in position to <sup>make out</sup> ~~start filling in~~ your return and <sup>you</sup> will find it to your great advantage to do so at the earliest date."

"One of the most important reasons for <sup>acting</sup> ~~starting~~ early is to determine how much if any tax you must pay by March 15, which is the deadline for filing. Some of you will owe a substantial amount, many will owe a small figure, others will get refunds. You owe it to yourself to find out at once about your own situation.

"The practical way to find out where you stand is to fill out your return. Then after you have filled it out, you should file it with the Collector of Internal Revenue <sup>in your district</sup> as long before March 15 as convenient."

AKW 1/22/44  
C.P.R.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, AFTERNOON NEWSPAPERS,  
Friday, January 28, 1944.

---

Press Service  
No. 40-41

Harold N. Graves, acting Commissioner of Internal Revenue, urged all wage earners today to start filling in their annual income and victory tax returns as soon as they receive the wage and tax receipts now being distributed by employers.

These receipts, which employers are required under law to issue by January 31, show the amount of wages paid and the amount of income and victory tax withheld during 1943. Therefore, they provide the wage earner with two of the key figures he needs for filling in his return.

"As soon as you get your receipt," Commissioner Graves commented, "you should be in a position to make out your return and you will find it to your great advantage to do so at the earliest date.

"One of the most important reasons for acting early is to determine how much if any tax you must pay by March 15, which is the deadline for filing. Some of you will owe a substantial amount, many will owe a small figure, others will get refunds. You owe it to yourself to find out at once about your own situation.

"The practical way to find out where you stand is to fill out your return. Then after you have filled it out, you should file it with the Collector of Internal Revenue in your district as long before March 15 as convenient."

DIVISION OF PUBLIC RELATIONS

Assignment sheet for Press Releases and other publications (speeches, etc.)

Check list to be used.

Title news aid in fighting smugglers <sup>of narcotics</sup>

Date of release: 2-4-44 . Press Service No. 40-42 Process \_\_\_\_\_

		No. Copies
(✓)	Special Messenger . . . . .	37
G	(✓) General . . . . .	89
C	(✓) Customs . . . . .	135
CaCo	( ) Canadian Commodities . . . . .	
CfQ	( ) Coffee quotas . . . . .	
CQ	( ) Cotton quotas . . . . .	
WQ	( ) Wheat quotas . . . . .	
RF&T	( ) Financial and Tax . . . . .	
B&B	( ) Bills and Bonds . . . . .	
BUL	( ) Bulletin . . . . .	
Dli	( ) Debt limitation . . . . .	
FFC	( ) Foreign Funds Control . . . . .	
NM	( ) Net market transactions . . . . .	
PSP	( ) Paul speeches . . . . .	
FE	( ) Financial Editors . . . . .	
SE	( ) Editors . . . . .	
	Press room . . . . .	15
	Door . . . . .	10
	OWI . . . . .	30
	Building distribution . . . . .	250
	Miss Fitzgerald, 5th Fl. rear, Washington Building . . . . .	
	Mrs. Eberts, 719 Washington Building . . . . .	
	Total <u>Run</u>	670

Remarks: 75 to Rm. 390; 25 extra



Seizure of some 225 ounces of Mexican opium also figured in the smashing of a Chinatown underworld gang in Portland, Oregon, which resulted in sixteen convictions, with a term of five years for the principal, Wong Suey. Feature of this investigation was the discovery of an opium smoking den operating behind strongly guarded "ice-box" type doors, and the work of an undercover narcotic ~~ary~~ officer who gained the confidence of the Tong overlords in order to gather the conclusive evidence against the gang.

Three Chinese seamen were principals in a case involving 145 ounces of Persian opium at New York and four Chinese were involved in the smuggling into the same port of 204 ounces of Indian crude gum opium. The leader drew five years in prison. <sup>Numerous</sup> ~~Several~~ smaller seizures were made in the same area.

A rarity in recent years, four ounces of almost pure heroin were seized in the arrest at Chicago of two old narcotic law offenders, Arthur Kupsnecker and John Iorio. They ~~are awaiting~~ <sup>were each</sup> ~~total~~ <sup>sentenced, on January 14, 1944, to eighteen months in</sup> <sup>prison</sup>

Illegal diversion of narcotics through prescription frauds and thefts continued a major problem. One case developed by the Bureau of Narcotics involved a physician estimated to have done a \$100,000 business in illegal prescriptions over a period of three and a half years. The physician and the wholesale drug house that supplied him were convicted.

compared with 5,445 ounces in 1942.

Interior seizures of marihuana dropped sharply, but seizures at ports increased, and the total of 10,929 ounces was only slightly less than the 12,811 ounces seized in 1942. Arrests for narcotic law violations, as well as those for trafficking in marihuana, showed little change from 1942 figures, and the total of such arrests was 2,672, against 2,635 the previous year.

The most spectacular case developing on the Mexican frontier had its inception at Douglas, Arizona, with the arrest early in September of Eduardo Amavizca and seizure of 140 ounces of smoking opium, ~~worth more than \$20,000 at border illicit prices.~~ Joint investigation by Customs and Narcotics Bureau agents indicated that the source of these narcotics was the city of Agua Prieta, Sonora, Mexico. Mexican officers entered the case, and on November 19, arrested Miguel Bray and Mariano Escoboso in the act of selling 35 ounces of crude opium, a blast from the peddlers' guns failing to touch them.

Amavizca was given an eighteen months term in Federal prison when he pleaded guilty at Tucson, Arizona, on December 9. Bray and Escoboso will be prosecuted under Mexican laws

*As a result of further cooperation between Narcotics and Customs*  
~~one of the largest confiscations ever made on the Mexican border,~~  
*ing*  
~~occurred~~  
~~occurred~~ several lots totaling nearly 1,500 ounces of smoking opium, ~~occurred~~ in connection with the arrest of Jim King Wong, alias Sly King, at El Paso last June. This notorious dope peddler subsequently was given a 5 year prison term and fined \$5,000.

Another joint investigation by Narcotics and Customs officers brought five year prison terms to Alfonso Montano, Sr., Ernest C. Culling, and Frank E. Taylor after seizure of 150 ounces <sup>of opium</sup> concealed under the hood of an automobile en route between El Paso and Phoenix.

Friday Pms Feb 25

40-42

Mexican officials, allied closely with United States Customs and Narcotics officers in the battle against hoodlums attempting to turn the Southern Republic into an illicit drug supply source, have carried the fight into the interior producing sections, and in one case got their men in the face of blazing guns.

Cooperation of the Mexican Government added to the effectiveness of the Treasury's Narcotics offensive last year, Elmer L. Irey, Chief Coordinator of enforcement agencies reported to Secretary Morgenthau.

United States courts gave long prison terms to half a dozen major border smugglers, and some narcotics shipments worth thousands of dollars at underworld prices were seized.

Merchant vessels plying the war shipping routes between United States ports and Iran and India provided a major headache for the Treasury agencies. Oriental crew members on these vessels, particularly on Dutch and British craft, were the offenders.

Acting on instructions of W. R. Johnson, Commissioner of Customs, agents intensified their searches of vessels arriving in port, and found caches of narcotics in every conceivable hiding place. While most such seizures were small, and apparently intended for the use of the individual addict, some were large enough to indicate smuggling activities, and the total of seizures was substantial. Masters of vessels offered excellent cooperation to agents.

H. J. Anslinger, Commissioner of Narcotics, reported that drugs in the interior traffic continued extremely scarce, were in practically all cases heavily adulterated, and prices almost prohibitively high. However, the total of seizures, swelled by Mexican border and port confiscations, <sup>by Customs,</sup> was larger than in the recent years, 8,507 ounces,

To: Mr. Coffelt

January 21, 1944

Judge M. L. Igoe, at Chicago,  
gave Arthur Kupsnecker and John Iorio  
only eighteen months each on January 14,  
1944.



H. J. ANSLINGER

TREASURY DEPARTMENT  
Washington

FOR RELEASE, AFTERNOON NEWSPAPERS,  
Friday, February 4, 1944.  
1-24-44

Press Service  
No. 40-42

io  
y 14

Mexican officials, allied closely with United States Customs and Narcotics officers in the battle against hoodlums attempting to turn the Southern Republic into an illicit drug supply source, have carried the fight into the interior producing sections, and in one case got their men in the face of blazing guns.

Cooperation of the Mexican Government added to the effectiveness of the Treasury's Narcotics offensive last year, Elmer L. Irey, Chief Coordinator of enforcement agencies, reported to Secretary Morgenthau.

United States courts gave long prison terms to half a dozen major border smugglers, and some narcotics shipments worth thousands of dollars at underworld prices were seized.

Merchant vessels plying the war shipping routes between United States ports and Iran and India provided a major headache for the Treasury agencies. Oriental crew members on these vessels, particularly on Dutch and British craft, were the offenders.

Acting on instructions of W. R. Johnson, Commissioner of Customs, agents intensified their searches of vessels arriving in port, and found caches of narcotics in every conceivable hiding place. While most such seizures were small, and apparently intended for the use of the individual addict, some were large enough to indicate smuggling activities, and the total of seizures was substantial. Masters of vessels offered excellent cooperation to agents.

H. J. Anslinger, Commissioner of Narcotics, reported that drugs in the interior traffic continued extremely scarce, were in practically all cases heavily adulterated, and prices almost prohibitively high. However, the total of seizures, swelled by Mexican border and port confiscations, by Customs, was larger than in the recent years, 8,507 ounces, compared with 5,445 ounces in 1942.

Interior seizures of marihuana dropped sharply, but seizures at ports increased, and the total of 10,929 ounces was only slightly less than the 12,811 ounces seized in 1942. Arrests

for narcotic law violations, as well as those for trafficking in marihuana, showed little change from 1942 figures, and the total of such arrests was 2,672, against 2,635 the previous year.

The most spectacular case developing on the Mexican frontier had its inception at Douglas, Arizona, with the arrest early in September of Eduardo Amavizca and seizure of 140 ounces of smoking opium. Joint investigation by Customs and Narcotics Bureau agents indicated that the source of these narcotics was the city of Agua Prieta, Sonora, Mexico. Mexican officers entered the case, and on November 19, arrested Miguel Bray and Mariano Escoboso in the act of selling 35 ounces of crude opium, a blast from the peddlers' guns failing to touch them.

Amavizca was given an eighteen months term in Federal prison when he pleaded guilty at Tucson, Arizona, on December 9. Bray and Escoboso will be prosecuted under Mexican laws.

As a result of further cooperation between Narcotics and Customs officers, one of the largest confiscations ever made on the Mexican border, involving several lots totaling nearly 1,500 ounces of smoking opium, occurred in connection with the arrest of Jim King Wong, alias Sly King, at El Paso last June. This notorious dope peddler subsequently was given a 5 year prison term and fined \$5,000.

Another joint investigation by Narcotics and Customs officers brought five year prison terms to Alfonso Montano, Sr., Ernest C. Culling, and Frank E. Taylor after seizure of 150 ounces of opium concealed under the hood of an automobile en route between El Paso and Phoenix.

Seizure of some 225 ounces of Mexican opium also figured in the smashing of a Chinatown underworld gang in Portland, Oregon, which resulted in sixteen convictions, with a term of five years for the principal, Wong Suey. Feature of this investigation was the discovery of an opium smoking den operating behind strongly guarded "ice-box" type doors, and the work of an undercover narcotic officer who gained the confidence of the Tong overlords in order to gather the conclusive evidence against the gang.

Three Chinese seamen were principals in a case involving 145 ounces of Persian opium at New York and four Chinese were involved in the smuggling into the same port of 204 ounces of Indian crude gum opium. The leader drew five years in prison. Numerous smaller seizures were made in the same area.

A rarity in recent years, four ounces of almost pure heroin were seized in the arrest at Chicago of two old narcotic law offenders, Arthur Kupsnecker and John Iorio. They were each sentenced, on January 14, 1944, to eighteen months in prison.

Illegal diversion of narcotics through prescription frauds and thefts continued a major problem. One case developed by the Bureau of Narcotics involved a physician estimated to have done a \$100,000 business in illegal prescriptions over a period of three and a half years. The physician and the wholesale drug house that supplied him were convicted.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 25, 1944.

Press Service

40-43

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 27 and to mature April 27, 1944, which were offered on January 21, were opened at the Federal Reserve Banks on January 24.

The details of this issue are as follows:

Total applied for - \$2,290,465,000  
 Total accepted - 1,015,849,000 (includes \$66,702,000 entered on a fixed-price basis at 99.905 and accepted in full)  
 Average price - 99.905/ Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

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

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 140,556,000	\$ 63,444,000
New York	1,371,181,000	527,310,000
Philadelphia	80,171,000	40,119,000
Cleveland	45,353,000	37,159,000
Richmond	31,270,000	23,450,000
Atlanta	24,660,000	21,192,000
Chicago	223,573,000	126,698,000
St. Louis	66,490,000	29,005,000
Minneapolis	44,459,000	20,659,000
Kansas City	22,627,000	17,502,000
Dallas	24,470,000	19,156,000
San Francisco	115,655,000	90,155,000
TOTAL	\$2,290,465,000	\$1,015,849,000

*[Handwritten signature]*

*[Handwritten signature]*



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, January 25, 1944.

Press Service  
No. 40-43

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 27 and to mature April 27, 1944, which were offered on January 21, were opened at the Federal Reserve Banks on January 24.

The details of this issue are as follows:

Total applied for - \$2,290,465,000  
Total accepted - 1,015,849,000 (includes \$66,702,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.905 / Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

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

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 140,556,000	\$ 63,444,000
New York	1,371,181,000	527,310,000
Philadelphia	80,171,000	40,119,000
Cleveland	45,353,000	37,159,000
Richmond	31,270,000	23,450,000
Atlanta	24,660,000	21,192,000
Chicago	323,573,000	126,698,000
St. Louis	66,490,000	29,005,000
Minneapolis	44,459,000	20,659,000
Kansas City	22,627,000	17,502,000
Dallas	24,470,000	19,156,000
San Francisco	115,655,000	90,155,000
TOTAL	\$2,290,465,000	\$1,015,849,000

DIVISION OF PUBLIC RELATIONS

Assignment sheet for Press Releases and other publications (speeches, etc.)

Check list to be used. Title Mr. Jey's statement on Black Markets

Date of release: 2-6-44 . Press Service No. 40-44 . Process \_\_\_\_\_

		No. Copies
(✓)	Special Messenger . . . . .	37
G	(✓) General . . . . .	89
C	( ) Customs . . . . .	
CaCo	( ) Canadian Commodities . . . . .	
CfQ	( ) Coffee quotas . . . . .	
CQ	( ) Cotton quotas . . . . .	
WQ	( ) Wheat quotas . . . . .	
RF&T	( ) Financial and Tax . . . . .	
B&B	( ) Bills and Bonds . . . . .	
BUL	( ) Bulletin . . . . .	
Dli	( ) Debt limitation . . . . .	
FEC	( ) Foreign Funds Control . . . . .	
NM	( ) Net market transactions . . . . .	
PSp	( ) Paul speeches . . . . .	
FE	( ) Financial Editors . . . . .	
SE	( ) Editors . . . . .	
	Press room . . . . .	15
	Door . . . . .	10
	OWI . . . . .	30
	Building distribution . . . . .	250
	Miss Fitzgerald, 5th Fl. rear, Washington Building . . . . .	
	Mrs. Eberts, 719 Washington Building . . . . .	
	Total	_____

Remarks: 75 to Rm 390; 25 extra

Outstanding conspiracy cases brought to trial during the year included:

Samuel Zetzel and three confederates, sentenced at Boston to serve a total of 1,270 days imprisonment and total fines of \$3,200. The defendants operated a 1,000 gallon still in Roxbury, Mass., and distributed non-tax-paid liquor in the Boston area.

Vito Giallo and 33 others, given sentences totalling 15 years on charges developing from the operation, during a period of several years prior to 1942, of 17 illicit distilleries scattered over half a dozen New York counties.

Isadore M. Lichtigman and seven others, sentenced on pleas of guilty to conspiracy in the operation of a large distillery in New York City, to a total of 1,263 days in prison.

Anthony Bruno Casella and five codefendants, given sentences totalling 540 days on pleas of guilty to possession of a large illicit still in Philadelphia.

George Edward Dryden and three others, each sentenced at Baltimore to twenty months' imprisonment on pleas of guilty to conspiracy in the operation of 19 illicit distilleries in Worcester and Somerset counties, Maryland between 1937 and 1942.

Rosie Copeland and eight others, sentenced at Greensboro, North Carolina, to sentences totalling 7 years for trafficking in illicit liquor.

Opportunities for lucrative employment in war industries was another contributing factor to the decline in Federal violations.

Fourteen southern states continued to offer the chief problem to enforcement officers, these states accounting for 96 percent of the illicit stills seized in 1943, and for 80 percent of the arrests.

For the entire country, still seizures during 1943 fell just short of the 6,000 mark, compared with 8,000 in 1942; arrests totalled 10,336, compared with 14,120 in 1942.

A million dollars' worth of property, including cars, trucks, and taxpaid spirits involved in liquor law violations, ~~were~~<sup>was</sup> seized during the year; while an additional \$1,760,000 worth of "legal" liquor was seized on which owners failed to pay floor taxes imposed by the 1942 revenue act. Work of the ~~agents~~<sup>investigators</sup> in floor tax investigations since November, 1942, when the levy became effective, <sup>has</sup> have yielded more than ~~\$3,000~~<sup>4,300</sup>,000 additional revenue.

Alcohol Tax officials attributed the increase in illicit distilleries seized in the final three months of 1943 to more liberal release of sugar for canning purposes, some of which was diverted, as well as to some traffic in counterfeit or stolen ration stamps. The scarcity of tax paid spirits and high prices prevailing tended to tempt potential moonshiners.

Officers struck out at the close of the year at what appeared to be a developing, well organized, well financed spurious liquor traffic, centered in the New York-New Jersey area. In one series of raids, 56 persons were arrested, and large quantities of spirits, bottles and labels were seized. Follow up raids produced several illicit cutting and bottling establishments.

40-44  
Elmer L. Irey, Chief Coordinator of Treasury Enforcement Agencies, today reported to Secretary Morgenthau that the Alcohol Tax Unit drive to dry up Black Market liquor supplies already has had a salutary effect, and that scores of investigations nearing the stage of court action should serve further to curb this traffic.

Indictments of major offenders have been obtained in such key cities as Chicago, Kansas City, St. Paul, Cleveland, Baltimore, New York and Philadelphia. The Unit, a division of the Bureau of Internal Revenue, concentrated its agents into this field in the closing months of 1943 when price control violations appeared to be developing on a considerable scale.

*Insert A1*  
Falsification of records, failure to obtain proper permits, and other violations of the ~~Revenue~~ <sup>Federal</sup> laws are being charged to Black Market operators, while District Attorneys in many cases are bringing charges under the Price Control Act on evidence supplied by Treasury agents.

*at the same time* *that continued enforcement activities against moonshiners and other manufacturers of illicit liquors. He said*  
Stewart Berkshire, head of the Unit, reported that in spite of an upward trend in seizures of illicit stills in the closing months of 1943, such ~~violations~~ <sup>seizures</sup> for the year as a whole were down sharply, at new low levels since the repeal of National Prohibition. The volume of non-tax-paid traffic, as represented by the quantity of mash seized at illicit distilleries, declined more than 40 percent from the relatively low level of 1942.

Wartime rationing of sugar, which became effective in April 1942, and gasoline and tire rationing made it increasingly difficult for violators of the Internal Revenue liquor laws to operate, Mr. Berkshire said.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Sunday, February 6, 1944.  
1-25-44

Press Service  
No. 40-44

Elmer L. Irely, Chief Coordinator of Treasury Enforcement Agencies, today reported to Secretary Morgenthau that the Alcohol Tax Unit drive to dry up Black Market liquor supplies has had a salutary effect, and that scores of investigations nearing the stage of court action should serve further to curb this traffic.

Indictments of major offenders have been obtained in such key cities as Chicago, Kansas City, St. Paul, Cleveland, Baltimore, New York and Philadelphia. The Unit, a division of the Bureau of Internal Revenue, concentrated its agents into this field in the closing months of 1943 when price control violations appeared to be developing on a considerable scale.

While Black Market operators generally deal in tax-paid spirits, and their activities therefore violate primarily the laws and regulations of the Office of Price Administration, the Treasury has acted to prevent criminal elements from entrenching themselves in the liquor industry and thereby creating a threat to the future administration of taxes on alcohol.

Falsification of records, failure to obtain proper permits, and other violations of the Federal laws are being charged to Black Market operators, while District Attorneys in many cases are bringing charges under the Price Control Act on evidence supplied by Treasury agents.

At the same time Stewart Berkshire, head of the Unit, reported continued enforcement activities against moonshiners and other manufacturers of illicit liquor. He said that in spite of an upward trend in seizures of illicit stills in the closing months of 1943, such seizures for the year as a whole were down sharply, at new low levels since the repeal of National Prohibition. The volume of non-tax-paid traffic, as represented by the quantity of mash seized at illicit distilleries, declined more than 40 percent from the relatively low level of 1942.

Wartime rationing of sugar, which became effective in April 1942, and gasoline and tire rationing made it increasingly difficult for violators of the Internal Revenue liquor laws to operate, Mr. Berkshire said.

Opportunities for lucrative employment in war industries was another contributing factor to the decline in Federal violations.

Fourteen southern states continued to offer the chief problem to enforcement officers, these states accounting for 96 percent of the illicit stills seized in 1943, and for 80 percent of the arrests.

For the entire country, still seizures during 1943 fell just short of the 6,000 mark, compared with 8,000 in 1942; arrests totalled 10,336, compared with 14,120 in 1942.

A million dollars' worth of property, including cars, trucks, and tax-paid spirits involved in liquor law violations, was seized during the year; while an additional \$1,760,000 worth of "legal" liquor was seized on which owners failed to pay floor taxes imposed by the 1942 revenue act. Work of the investigators in floor tax investigations since November, 1942, when the levy became effective, has yielded more than \$5,300,000 additional revenue.

Alcohol Tax officials attributed the increase in illicit distilleries seized in the final three months of 1943 to more liberal release of sugar for canning purposes, some of which was diverted, as well as to some traffic in counterfeit or stolen ration stamps. The scarcity of tax-paid spirits and high prices prevailing tended to tempt potential moonshiners.

Officers struck out at the close of the year at what appeared to be a developing, well organized, well financed spurious liquor traffic, centered in the New York-New Jersey area. In one series of raids, 56 persons were arrested, and large quantities of spirits, bottles and labels were seized. Follow up raids produced several illicit cutting and bottling establishments.

Outstanding conspiracy cases brought to trial during the year included:

Samuel Zetzel and three confederates, sentenced at Boston to serve a total of 1,270 days' imprisonment and total fines of \$3,200. The defendants operated a 1,000 gallon still in Roxbury, Mass., and distributed non-tax-paid liquor in the Boston area.

Vito Giallo and 33 others, given sentences totalling 15 years on charges developing from the operation, during a period of several years prior to 1942, of 17 illicit distilleries scattered over half a dozen New York counties.

Isadore M. Lichtigman and seven others, sentenced on pleas of guilty to conspiracy in the operation of a large distillery in New York City, to a total of 1,263 days in prison.

Anthony Bruno Casella and five codefendants, given sentences totalling 540 days on pleas of guilty to possession of a large illicit still in Philadelphia.

George Edward Dryden and three others, each sentenced at Baltimore to twenty months' imprisonment on pleas of guilty to conspiracy in the operation of 19 illicit distilleries in Worcester and Somerset counties, Maryland between 1937 and 1942.

Rosie Copeland and eight others, sentenced at Greensboro, North Carolina, to sentences totalling 7 years for trafficking in illicit liquor.



TREASURY DEPARTMENT

Washington

40-45

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, January 26, 1944.

Press Service

[ Secretary of the Treasury Morgenthau announced last night that the subscription books for the current offering of 0.90 percent Treasury Notes of Series D-1945, open to the holders of Treasury Certificates of Indebtedness of Series A-1944 maturing February 1, 1944, will close at the close of business tonight, January 26.

[ Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before 12 o'clock midnight, Wednesday, January 26, 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.

o o o

sub  
let.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, January 26, 1944.  
1-25-44

Press Service  
No. 40-45

Secretary of the Treasury Morgenthau announced last night that the subscription books for the current offering of 0.90 percent Treasury Notes of Series D-1945, open to the holders of Treasury Certificates of Indebtedness of Series A-1944 maturing February 1, 1944, will close at the close of business tonight, January 26.

Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before 12 o'clock midnight, Wednesday, January 26, 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.

make--a substantial payment in some instances--others will find that they have already paid too much and are entitled to a refund.

[ "It would be helpful  
"I would appreciate it if everyone noted the wording at the top of the short form of return (Form 1040A), which says, 'Read this first: You probably have paid a substantial part of your 1943 tax bill through withholding or directly to the government. You may have underpaid or overpaid. File this form. It tells you and your government whether you owe any more, or are entitled to any refund.'

[ "The same principle, of course, applies to the long form (Form 1040). In effect, the filing of a return this year is a settling-up affair, and the important thing is to fill out the return early and find out where you stand."

[ In connection with the refunds which many taxpayers will receive as a result of filing 1943 returns, ~~Commissioner~~ <sup>Graves</sup> pointed out that this is the method provided by law for ironing out any inequities ~~that~~ that may result from the approximate nature of the withholding tax. Because of these refunds, he said, all workers can be assured that, in the long run, they lose nothing by the working of the withholding system.

[ Wage earners will be aided in the preparation of their returns by receipts (on Form W-2) which employers are required to give to employes to show the amounts of wages paid and the amount of income and victory tax withheld during the calendar year 1943. These are the two key figures on any wage earner's return

[ All persons who <sup>filed income tax returns last March</sup> owed a 1942 tax also should receive by mail from the collector of internal revenue <sup>with whom</sup> ~~whom~~ they filed their 1942 return a statement showing the total liability and the amount paid on their 1942 tax returns. This statement (on Form 1125) is not a bill. It is intended only as a convenience to the taxpayer, since it supplies two more key figures needed for filling in a 1943 return.

Treasury Department  
Washington

PMs 2/1/44

Proposed Press Statement for release to the press in Washington and for supplemental distribution by collectors

40-46

Harold N. Graves, acting  
~~Robert E. Harner~~

Commissioner of Internal Revenue, reminded all

wage earners today that the new 1943 individual income and victory tax return blanks are on the pay-as-you-go basis and that returns are required by law even though most wage earners already have paid all or a large part of their 1943 tax by withholdings from their wages. Returns also are required by law even though estimated tax was paid on a "declaration" in September or December.

[All taxpayers will help themselves and the government by filling out and filing their returns as soon as possible, the commissioner said. An estimated 50,000,000 returns must be filed between now and March 15 and every effort should be made to avoid last-minute crowds.

[Returns are required by law of persons who during the calendar year 1943 (a) were single and had \$500 or more income, (b) were married and had more than \$624 income, (c) were married and together with wife or husband had combined income of \$1,200 or more, or (d) paid or owed a tax on 1942 income. Postponements or extensions are allowed for persons outside the country on March 15, especially members of the armed forces, and to the wife of a serviceman abroad if her own income was less than \$1,200.

[Since the pay-as-you-go system is still fairly new," <sup>Mr. Graves</sup> ~~Commissioner Harner~~ commented, "it is not ~~unexpected~~ <sup>unlikely</sup> that some misunderstanding remains about the relation of 1943 returns to the withholding payments.

[The <sup>explanation</sup> ~~answer~~ is really quite simple. Nearly all of us have paid at least part of our 1943 taxes under the pay-as-you-go plan. But whatever we have paid, the amounts were <sup>only</sup> ~~necessarily~~ approximate. The law requires us, now that 1943 has ended, to fill in a return and find out exactly how much our taxes were. Then we can compare the exact tax with the amounts we actually paid under the pay-as-you-go system. Some of us will find we have an additional payment to

74453 ma  
1/20/44  
APB

TREASURY DEPARTMENT  
Washington

*February 1*  
*AFTERNOON*  
FOR RELEASE, ~~MORNING~~ NEWSPAPERS,  
Tuesday, ~~January 25~~, 1944.

---

*7-1/23-44*

Press Service  
No. ~~40-46~~

*40-46*

TREASURY DEPARTMENT  
Washington

FOR RELEASE AFTERNOON NEWSPAPERS,  
Tuesday, February 1, 1944.

1/25/44

Press Service  
No. 40-46

Harold N. Graves, Acting Commissioner of Internal Revenue, reminded all wage earners today that the new 1943 individual income and victory tax return blanks are on the pay-as-you-go basis and that returns are required by law even though most wage earners already have paid all or a large part of their 1943 tax by withholdings from their wages. Returns also are required by law even though estimated tax was paid on a "declaration" in September or December.

All taxpayers will help themselves and the government by filling out and filing their returns as soon as possible, Mr. Graves said. An estimated 50,000,000 returns must be filed between now and March 15 and every effort should be made to avoid last-minute crowds.

Returns are required by law of persons who during the calendar year 1943 (a) were single and had \$500 or more income, (b) were married and had more than \$624 income, (c) were married and together with wife or husband had combined income of \$1,200 or more, or (d) paid or owed a tax on 1942 income. Postponements or extensions are allowed for persons outside the country on March 15, especially members of the armed forces, and to the wife of a serviceman abroad if her own income was less than \$1,200.

"Since the pay-as-you-go system is still fairly new," Mr. Graves commented, "it is not unlikely that some misunderstanding remains about the relation of 1943 returns to the withholding payments.

"The explanation is really quite simple. Nearly all of us have paid at least part of 1943 taxes under the pay-as-you-go plan. But whatever we have paid, the amounts were only approximate. The law requires us, now that 1943 has ended, to fill in a return and find out exactly how much our taxes were. Then we can compare the exact tax with the amounts we actually paid under the pay-as-you-go system. Some of us will find we have an additional payment to make--a substantial payment in some instances--others will find that they have already paid too much and are entitled to a refund.

"It would be helpful if everyone noted the wording at the top of the short form of return (Form 1040A), which says, 'Read this first: You probably have paid a substantial part of your 1943 tax bill through withholding or directly to the government. You may have underpaid or overpaid. File this form. It tells you and your government whether you owe any more, or are entitled to any refund.'

"The same principle, of course, applies to the long form (Form 1040). In effect, the filing of a return this year is a settling-up affair, and the important thing is to fill out the return early and find out where you stand."

In connection with the refunds which many taxpayers will receive as a result of filing 1943 returns, Graves pointed out that this is the method provided by law for ironing out any inequities that may result from the approximate nature of the withholding tax. Because of these refunds, he said, all workers can be assured that, in the long run, they lose nothing by the working of the withholding system.

Wage earners will be aided in the preparation of their returns by receipts (on Form W-2) which employers are required to give to employes to show the amounts of wages paid and the amount of income and victory tax withheld during the calendar year 1943. These are the two key figures on any wage earner's return.

All persons who filed income-tax returns last March also should receive by mail from the collector of internal revenue with whom they filed their 1942 return a statement showing the total liability and the amount paid on their 1942 tax returns. This statement (on Form 1125) is not a bill. It is intended only as a convenience to the taxpayer, since it supplies two more key figures needed for filling in a 1943 return.

40-47

FOR IMMEDIATE RELEASE,  
January 25, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <u>1/</u>	Authorized for entry for consumption As of (date) :	(Pounds)
-----------------------	--------------------------------------	---	----------

Signatory Countries:

Brazil	1,353,183,480	Jan. 15, 1944	288,264,948
Colombia	458,336,340	"	150,095,732
Costa Rica	29,100,720	"	2,550,278
Cuba	11,640,288	"	2,717,052
Dominican Republic	17,418,104	"	4,476,153
Ecuador	21,825,540	"	12,221,967
El Salvador	87,302,160	"	9,464,108
Guatemala	77,844,426	"	15,136,970
Haiti	40,013,490	"	5,410,472
Honduras	2,909,675	"	1,336,909
Mexico	69,114,210	"	18,912,762
Nicaragua	28,373,202	"	721,232
Peru	3,637,590	"	438,035
Venezuela	61,111,512	"	13,362,889

Non-signatory Countries:	51,653,778	"	1,991,349
--------------------------	------------	---	-----------

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.



TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, January 26, 1944.

Press Service  
No. 40-47

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:

Signatory Countries:

Brazil	1,353,183,480	Jan. 15, 1944	288,264,948
Colombia	458,336,340	"	150,095,732
Costa Rica	29,100,720	"	2,550,278
Cuba	11,640,288	"	2,717,052
Dominican Republic	17,418,104	"	4,476,153
Ecuador	21,825,540	"	12,221,967
El Salvador	87,302,160	"	9,464,108
Guatemala	77,844,426	"	15,136,970
Haiti	40,013,490	"	5,410,472
Honduras	2,909,675	"	1,336,909
Mexico	69,114,210	"	18,912,762
Nicaragua	28,373,202	"	721,232
Peru	3,637,590	"	438,035
Venezuela	61,111,512	"	13,362,889
Non-signatory Countries:	51,653,778	"	1,991,349

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.

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.

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 February 3, 1944.

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,  
Friday, January 28, 1944.

40-48

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,000,000,000 <sup>(2)</sup>, or thereabouts, of 91 <sup>(3)</sup>-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 February 3, 1944 <sup>(4)</sup>, and will mature May 4, 1944 <sup>(5)</sup>, 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, January 31, 1944 <sup>(6)</sup>. 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

*[Handwritten signature]*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, January 28, 1944.  
1-27-44

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 February 3, 1944, and will mature May 4, 1944, 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, January 31, 1944. 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 February 3, 1944.

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 turn 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.

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE

---

Press Service

No. 40-49

The Treasury Department announced today that it had received the first contribution for carrying out the President's new program of help to Jews and other persecuted minorities in enemy or enemy-occupied territory. This contribution was prompted by the recent action of the President in establishing the War Refugee Board. The gift was in the form of a check for \$10.00 on a small bank in a midwestern town. It was accompanied by the following letter:

"Today we learned for the first time that President Roosevelt has ordered actual measures for the rescue of those Jews and other people still under Hitler's heel. My wife and myself are among those fortunate Jewish people, who after years of persecution and concentration camps found refuge and a real home in the blessed U.S.A. Our only sorrow concerns the fate of our dear old mother, 77, and our friends, who were taken, 16 months ago, out of their homes to some unknown place.

"I am 61, and my wife is 52, so we are not able to make much money, especially as we were not used to hard physical work. That is, why we are not able to send more than these \$10, - which we ask you to accept as our contribution for this good cause.

"We are living in this small Ohio town where we were received and accepted as equals among friends we never met before. We will show our gratitude to this Country by doing everything in our limited power."

MS  
OK  
HAR.

To:

*Mr. Schaeffer*

---

*WBS,*

FROM: MR. GASTON



TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Thursday, January 27, 1944.

PRESS SERVICE  
No. 40-49

The Treasury Department announced today that it had received the first contribution for carrying out the President's new program of help to Jews and other persecuted minorities in enemy or enemy-occupied territory. This contribution was prompted by the recent action of the President in establishing the War Refugee Board. The gift was in the form of a check for \$10.00 on a small bank in a midwestern town. It was accompanied by the following letter:

"Today we learned for the first time that President Roosevelt has ordered actual measures for the rescue of those Jews and other people still under Hitler's heel. My wife and myself are among those fortunate Jewish people, who after years of persecution and concentration camps found refuge and a real home in the blessed U.S.A. Our only sorrow concerns the fate of our dear old mother, 77, and our friends, who were taken, 16 months ago, out of their homes to some unknown place.

"I am 61, and my wife is 52, so we are not able to make much money, especially as we were not used to hard physical work. That is, why we are not able to send more than this \$10, - which we ask you to accept as our contribution for this good cause.

"We are living in this small Ohio town where we were received and accepted as equals among friends we never met before. We will show our gratitude to this Country by doing everything in our limited power."

oOo

46-50

**FOR IMMEDIATE RELEASE**  
**January 27, 1944**

The Bureau of Customs announced today that preliminary reports from the collectors of customs show that the tariff rate quota of 22,000,000 pounds of Cuban filler tobacco, not specially provided for, unstemmed or stemmed (other than cigarette leaf), and scrap tobacco was approximately 95 percent filled by entries and warehouse withdrawals presented during the period of January 1 to January 15, 1944, inclusive.

Since the Bureau anticipated that the quotas might be filled on January 1 or shortly thereafter, it required the deposit of estimated duty at the rates in effect on August 24, 1934, on all entries and withdrawals filed on and after January 3. Upon receipt by the Bureau of complete reports from all customs officers for the period in which the quota may be filled the collectors of customs will be advised as to the particular entry or withdrawal, or portions thereof, coming within the quota in order that any excessive duties may be refunded.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Thursday, January 27, 1944.

Press Service  
No. 40-50

The Bureau of Customs announced today that preliminary reports from the collectors of customs show that the tariff rate quota of 22,000,000 pounds of Cuban filler tobacco, not specially provided for, unstemmed or stemmed (other than cigarette leaf), and scrap tobacco was approximately 95 percent filled by entries and warehouse withdrawals presented during the period of January 1 to January 15, 1944, inclusive.

Since the Bureau anticipated that the quotas might be filled on January 1 or shortly thereafter, it required the deposit of estimated duty at the rates in effect on August 24, 1934, on all entries and withdrawals filed on and after January 3. Upon receipt by the Bureau of complete reports from all customs officers for the period in which the quota may be filled the collectors of customs will be advised as to the particular entry or withdrawal, or portions thereof, coming within the quota in order that any excessive duties may be refunded.

Its big sendoff came on July 4, 1940, when 8,000 persons, representing thirty-five nationalities, marched in an "I Am An American" parade.

Next step was to emphasize the importance of American citizenship with fitting public ceremony attending the distribution of naturalization certificates. More than 5,000 have been added to the citizenship rolls since the committee was organized.

From this beginning the work of the committee spread into every phase of community life. The city's leaders give to it much of the credit for Bridgeport's great record of labor-management cooperation, its high showing in War Bond purchases, and Blood Bank donations, and in every other phase of the war effort.

"Here are people from every walk of life, who have learned to keep their shirts on, to roll with a punch, to face the problems of wartime living cheerfully and objectively, and to face controversial matters without permitting their minds to be distorted by lurid suspicions of one another", Mr. Dow reported to Mr. Morgenthau.

This is the Bridgeport the Treasury Secretary will introduce to the Nation ~~Sunday night~~.

Today at Bridgeport are being made the famed Bazooka or rocket gun, machine guns, radar equipment, cartridge cases, straps and webbing for parachutes, carbines, torpedoes, planes, and dozens of other articles of war.

On a per capita basis, Connecticut holds first rank in the nation in the value of war contracts placed with her industries, and more than one-fourth of the state's total of nearly \$6,000,000,000 represents contracts placed with Bridgeport factories.

The unusual community spirit that has featured every wartime activity at Bridgeport, from bond sales to bullets, developed from a project launched by its leaders in 1939.

Recognizing the peculiar problems arising from a cosmopolitan population, problems that during the first World War made the city a constant headache for President Wilson's labor board, these leaders of Government, labor and business determined that history should not repeat itself at Bridgeport.

Among these leaders were such men as Mayor Jasper McLevy; Robert A. Crosby, executive vice-president of the Chamber of Commerce; Colonel Herman W. Steinkraus, president and general manager of the Bridgeport Brass Company; *general manager of the General Electric Company; Peter Bernard* W. Stewart Clark, head of the American Federation of Labor organizations; and Joseph Julianelle, head of the Congress of Industrial Organizations group. Representatives of racial groups joined in the discussions.

The outcome was the organization of a community-wide committee for positive action, under the title "I Am An American."

Harold B. Dow, present director of public relations of the Bridgeport Brass Company, took on the job of organizing the committee.

- Not lost in how since  
P.H.

Fri P.M.

When Secretary Morgenthau resumes his role as Bond Salesman to the Nation Sunday <sup>evening</sup>, as master of ceremonies on a "We the People" broadcast, he will speak from a community that typifies the <sup>Oneness</sup> ~~solidness~~ of purpose and unity of spirit essential to victory.

Army and Navy "E" flags flying over 32 of its industrial plants testify to the production records being set by Bridgeport, Connecticut, the originating point of the Columbia Network program, set for 7:30 o'clock, Eastern War Time, ~~February~~ <sup>January 30</sup>.

This will be Mr. Morgenthau's third appearance as narrator on a "We the People" program devoted to War Bond sales. <sup>insert A</sup>

The outstanding performance of the Connecticut city's industries makes it a logical point from which to carry the Back the Attack message to the nation. Yet the impressive figures of munitions output do not tell the entire story. Back of them is an extraordinary solidification of citizenship behind all-out production---a spirit that has united management and labor and officialdom, that has fused population segments representing thirty-six creeds, races and colors--- all into a mighty community effort.

Proud as it is of its contribution of war materiel, Bridgeport is prouder still of its spiritual achievement which, its leaders feel, will insure industrial prosperity and continued municipal advancement when the time comes for conversion to peacetime manufacture.

Bridgeport got <sup>early</sup> into the business of producing for war <sup>early</sup>. As far back as six years ago, one of its plants was turning out machines for the Soviet Union in day and night shifts. In 1939, the British and the French turned to Bridgeport, and goods made in the Connecticut city helped London defeat the blitz attack of the Luftwaffe.

He will interview during  
the broadcast labor leaders  
which made possible the  
unity existing between  
labor and management. This  
unity, Bridgeport boasts,  
has made it possible for its  
war industries to operate  
without the loss of a single  
man-hour since Pearl Harbor.

*insert A*

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Friday, January 28, 1944.  
I-27-44

Press Service  
No. 40-51

When Secretary Morgenthau resumes his role of Bond Salesman to the Nation Sunday evening, as master of ceremonies on a "We the People" broadcast, he will speak from a community that typifies the oneness of purpose and unity of spirit essential to victory.

Army and Navy "E" flags flying over 32 of its industrial plants testify to the production records being set by Bridgeport, Connecticut, the originating point of the Columbia Network program, set for 7:30 o'clock, Eastern War Time, January 30.

This will be Mr. Morgenthau's third appearance as narrator on a "We the People" program devoted to War Bond sales. He will interview during the broadcast labor leaders who made possible the unity existing between labor and management. This unity, Bridgeport boasts, has made it possible for its war industries to operate without the loss of a single man-hour since Pearl Harbor.

The outstanding performance of the Connecticut city's industries makes it a logical point from which to carry the Back the Attack message to the Nation. Yet the impressive figures of munitions output do not tell the entire story. Back of them is an extraordinary solidification of citizenship behind all-out production---a spirit that has united management and labor and officialdom, that has fused population segments representing thirty-six creeds, races and colors---all into a mighty community effort.

Proud as it is of its contribution of war materiel, Bridgeport is prouder still of its spiritual achievement which, its leaders feel, will insure industrial prosperity and continued municipal advancement when the time comes for conversion to peacetime manufacture.

Bridgeport got early into the business of producing for war. As far back as six years ago, one of its plants was turning out machines for the Soviet Union in day and night shifts. In 1939, the British and the French turned to Bridgeport, and goods made in the Connecticut city helped London defeat the blitz attack of the Luftwaffe.



Today at Bridgeport are being made the famed Bazooka or rocket gun, machine guns, radar equipment, cartridge cases, straps and webbing for parachutes, carbines, torpedoes, planes, and dozens of other articles of war.

On a per capita basis, Connecticut holds first rank in the Nation in the value of war contracts placed with her industries, and more than one-fourth of the state's total of nearly \$6,000,000,000 represents contracts placed with Bridgeport factories.

The unusual community spirit that has featured every wartime activity at Bridgeport, from bond sales to bullets, developed from a project launched by its leaders in 1939.

Recognizing the peculiar problems arising from a cosmopolitan population, problems that during the first World War made the city a constant headache for President Wilson's labor board, these leaders of government, labor and business determined that history should not repeat itself at Bridgeport.

Among these leaders were such men as Mayor Jasper McLevy; Robert A. Crosby, executive vice-president of the Chamber of Commerce; Colonel Herman W. Steinkraus, president and general manager of the Bridgeport Brass Company; W. Stewart Clark, general manager of the General Electric Company; Peter Benard, head of the American Federation of Labor organizations; and Joseph Julianelle, head of the Congress of Industrial Organizations group. Representatives of racial groups joined in the discussions.

The outcome was the organization of a community-wide committee for positive action, under the title "I Am An American."

Harold B. Dow, present director of public relations of the Bridgeport Brass Company, took on the job of organizing the committee. Its big send-off came on July 4, 1940, when 8,000 persons, representing thirty-five nationalities, marched in an "I Am An American" parade.

Next step was to emphasize the importance of American citizenship with fitting public ceremony attending the distribution of naturalization certificates. More than 5,000 have been added to the citizenship rolls since the committee was organized.

From this beginning the work of the committee spread into every phase of community life. The city's leaders give to it much of the credit for Bridgeport's great record of labor-management cooperation, its high showing in War Bond purchases, and Blood Bank donations, and in every other phase of the war effort.

"Here are people from every walk of life, who have learned to keep their shirts on, to roll with a punch, to face the problems of wartime living cheerfully and objectively, and to face controversial matters without permitting their minds to be distorted by lurid suspicions of one another", Mr. Dow reported to Mr. Morgenthau.

This is the Bridgeport the Treasury Secretary will introduce to the Nation.

~~Statement by~~ Secretary Morgenthau *today issued the following statement:*

"I have been assured personally that Mr. Emil E. Placek, Wahoo, Nebraska banker and Chairman of Saunders County War Finance Committee, has scrapped his ill-advised plan to turn over to selective service and ration boards the names of people in his county who refuse to buy War Bonds. Washington has, of course, never issued any orders that could be construed to indicate that we favor any such pressure methods as were planned in Saunders County, Nebraska. This sort of activity is antagonistic to the very spirit of the voluntary system.

"The American people have subscribed generously to War Bonds and in the present War Loan are subscribing even more generously than in the past. As they become more and more aware of the seriousness of the war, and its probable length, and the horrible treatment that our men are suffering at the hands of our blood-thirsty enemies, the people will subscribe even more heavily. I am confident of that.

There is no need to take dictatorial action in the matter, and I have ~~ordered~~ <sup>requested</sup> that any such activity anywhere in the United States be immediately discontinued if it has already started."

*O.K. M.J.  
C.P.D.*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Sunday, January 30, 1944.

---

Press Service  
No. 40-52

Secretary Morgenthau today issued the following statement:

I have been assured personally that Mr. Emil E. Placek, Wahoo, Nebraska banker and Chairman of Saunders County War Finance Committee, has scrapped his ill-advised plan to turn over to selective service and ration boards the names of people in his county who refuse to buy War Bonds. Washington has, of course, never issued any orders that could be construed to indicate that we favor any such pressure methods as were planned in Saunders County, Nebraska. This sort of activity is antagonistic to the very spirit of the voluntary system.

The American people have subscribed generously to War Bonds and in the present War Loan are subscribing even more generously than in the past. As they become more and more aware of the seriousness of the war, and its probable length, and the horrible treatment that our men are suffering at the hands of our blood-thirsty enemies, the people will subscribe even more heavily.

I am confident of that.

There is no need to take dictatorial action in the matter, and I have requested that any such activity anywhere in the United States be immediately discontinued if it has already started.

~~BOULTON:~~

WE THE PEOPLE SPEAK!

~~(THEME)~~

~~(APPLAUSE)~~

*Milouanese*

THIS IS MILO BOULTON AGAIN SAYING THANK YOU TO THE PEOPLE OF BRIDGEPORT, CONNECTICUT, AND TO THE SECRETARY OF THE TREASURY, HENRY MORGENTHAU, JR., FOR BEING WITH US ON WE THE PEOPLE TONIGHT. THE GULF OIL COMPANIES AND YOUR NEIGHBORHOOD GOOD GULF DEALER HAVE BEEN PROUD TO HAVE MADE THIS SPECIAL BROADCAST OF WE THE PEOPLE POSSIBLE. NEXT SUNDAY THE GULF OIL COMPANIES WILL BRING YOU ANOTHER PROGRAM OF WE THE PEOPLE; WITH OSCAR BRADLEY AND HIS ORCHESTRA AND ANOTHER GRAND GROUP OF AMERICANS BRINGING YOU THE KIND OF EXPERIENCES YOU HEAR ONLY WHEN WE THE PEOPLE SPEAK.

~~(THEME UP)~~

~~(APPLAUSE)~~

#

Morgenthau: News like that makes our blood boil! But, the flash of our immediate anger blinds us to an important fact; that this latest outrage of the Jap monsters is not so unusual after all; that it is but part of a proven pattern of Axis atrocities; a scheme forged in the hell-fires of hatred -- a program of bestial cruelty -- deliberate, ever-increasing in the intensity of its horror! Yes, this is but the newest link in the chain of evidence which will anchor in Hell the souls of Japanese and German leaders for ~~centuries to come!~~ *eternity!*

Remember the rape of Lidice. Remember the ~~sixty~~ fifty thousand Russians hanged by the Germans at Gomel. Remember ~~Kiev~~ **KHARKOV** -- and Smolensk where the population were tortured and murdered.

Tomorrow, and for as many tomorrows as there shall be in this war, we shall continue to hear of further murderous crimes committed by the Axis. And that is why we must limit those tomorrows -- end them, once and for all, with quick and complete Victory.

The Japanese and the Germans hope, by their frightfulness to scare us into quitting.

Well, our answer to that is the job being done ~~today~~ day in and day out by Mr. and Mrs. America -- you people -- yes, the people of cities like Bridgeport, Connecticut, U.S.A.

~~VOICE~~

ONE AMERICAN OFFICER WAS BEHEADED. AND TWO OTHERS WERE SHOT AFTER THEY HAD DANGLED FOR TWO DAYS IN THE BROILING SUN WITH THEIR ARMS TIED BEHIND THEM.

BODIES OF AMERICAN AND FILIPINO SOLDIERS WHO HAD BEEN KILLED IN THE LAST HOURS OF BATTLE ON BATAAN WERE CRUSHED AND SMASHED BY JAPANESE TRUCKS WHICH RAN OVER THEM DELIBERATELY.

~~VOICE~~

THE SICK, THE STARVING AND THE WOUNDED WERE COMPELLED TO MARCH MILE AFTER MILE FOR DAYS WITHOUT FOOD OR WATER. THEY WERE HERDED INTO ENCLOSURES WHICH REEKED OF THE STENCH OF THE LIVING AND THE DEAD — MEN WHO DIED FROM STARVATION, THIRST AND DISEASE.

~~MUSIC:~~

SEC. MORGENTHAU: NOW HERE IS A WAR WORKER FROM BRIDGEPORT WHO KNOWS THE REAL COSTS OF WAR.

WORKER: I HAD A SON ON BATAAN. YOU KNOW WHAT'S HAPPENED TO OUR BOYS THERE. I DON'T HAVE TO TELL YOU. NOT EVERY WAR WORKER IS GOING THROUGH WHAT I HAVE GONE THROUGH THESE LAST 48 HOURS. BUT THEY ARE WORKING HARD — JUST AS HARD AS I AM. WE WANT THIS WAR OVER. AND THE ONLY WAY TO DO IT IS TO PUT EVERYTHING WE HAVE GOT INTO IT.

SEC. MORGENTHAU: "EVERYTHING WE'VE GOT". EVERY NICKEL WE CAN POSSIBLY SAVE. IS THAT TOO MUCH TO ASK WHEN WE HEAR FROM THE LIPS OF AMERICANS SUCH THINGS AS THIS?

VOICE: WE WERE MADE TO SIT IN THE BOILING SUN ALL DAY WITHOUT COVER. WE HAD VERY LITTLE WATER. OUR THIRST WAS INTENSE. MANY OF US WENT CRAZY. SEVERAL DIED, THREE FILIPINO AND THREE AMERICAN SOLDIERS WERE BURIED WHILE STILL ALIVE.



KING:  
(cont.)

THE MEN OF THE NAVY, MARINE CORPS, AND COAST GUARD INVEST OVER TWENTY MILLION DOLLARS A MONTH IN THE UNITED STATES WAR BONDS, SO THAT THEY ARE AMONG THE GREATEST BOOSTERS FOR THE WAR LOAN DRIVE. THIS YEAR, AS NEVER BEFORE, WE NEED OUR FULL FIGHTING STRENGTH. A VAST LANDING CRAFT CONSTRUCTION PROGRAM HAS BEGUN. IT WILL COST MORE THAN FIVE BILLION DOLLARS. ONE OUT OF EVERY FOUR DOLLARS THE NAVY WILL EXPEND DURING THE NEXT ELEVEN MONTHS WILL GO INTO THAT PROGRAM. UPON ITS COMPLETION DEPENDS TO A GREAT MEASURE THE SUCCESS OF THE FORTHCOMING OPERATION. WAR BONDS WILL PROVIDE THE MEANS TO BUILD THESE LANDING CRAFT. TO EVERY AMERICAN CITIZEN AND WAGE EARNER, I MAKE THE APPEAL TO BUY WAR BONDS. LET YOUR DOLLARS FIGHT FOR VICTORY AND FOR FREEDOM FOR AMERICA - BUY WAR BONDS.

~~(SWITCH TO BRIDGEPORT, CONN.)~~

~~(CURTAIN)~~

~~(NEXT CUE NOT YET SET)~~

KING:  
(cont.)

THE PHILLIPINES, AND MOST OF THE ISLANDS OF THE CENTRAL AND SOUTH PACIFIC IN THE EARLY MONTHS OF THE WAR. NOW WE ARE FACED WITH THE TASK OF DISPOSSESSING HIM FROM THESE AREAS WHICH HE SO QUICKLY GAINED AND WHICH WE NEED BEFORE OUR ATTACK ON HIS HOMELAND CAN BE ACCENTUATED. WE HAVE STARTED THIS UPHILL MARCH; WE HAVE ALREADY PUT THE ENEMY ON THE DEFENSIVE. AS WE PROGRESS, HIS LINES OF COMMUNICATIONS WILL BE SHORTENED; THE THOROUGHNESS OF HIS PREPARATIONS FOR DEFENSE WILL IMPROVE, WHICH WILL INCREASE THE DIFFICULTY OF ATTAINING VICTORY. THERE CAN BE LITTLE WONDER THAT THE FIGHTING MAN LOOKS WITH SOMEWHAT INCREDULOUS EYES UPON THESE CITIZENS AT HOME WHO THINK THE WAR IS WON. IS IT WON WHEN THERE IS A JAP SNIPER IN THE NEXT TREE, AND WHEN THAT JAP IS STILL OVER 2,000 MILES FROM TOKIO? OUR FIGHTING MEN WANT THIS WAR OVER. THEY WANT TO COME HOME, BUT NOT UNTIL A VICTORY IS GAINED. TO SPEED THAT DAY,

KING:

WHAT WE ACCOMPLISH DURING THIS YEAR OF ATTACK WILL DIRECTLY AFFECT THE LENGTH OF THE WAR, AND THE PRICE IN AMERICAN LIVES TO BE PAID FOR FINAL VICTORY. THE MORE THAN 14,000 SHIPS AND 27,000 PLANES WHICH NOW COMPRISE OUR NAVAL FORCES THAT ARE REQUIRED TO OPERATE IN MANY OCEANS, AGAINST DETERMINED AND RESOURCEFUL ENEMIES. MOST OF THE MEN WHO MAN THEM HAVE RECENTLY COME FROM CIVILIAN LIFE, BUT THE JOB THAT THEY ARE DOING TODAY IS MAGNIFICENT. THEY HAVE GIVEN UP MANY PRIVILEGES. THEY KNOW THAT DISCIPLINE AND UNQUESTIONED OBEDIENCE ARE NECESSARY IN MILITARY OPERATIONS. MEN WHO HAVE SEEN ACTION KNOW BEST THE IMPORTANCE OF THESE PRINCIPLES. TO SOME PEOPLE AT HOME THE WAR MAY SEEM REMOTE. IT MAY BE BOTH EASY AND PLEASANT TO DWELL ON THE PROGRESS, AND THE VICTORIES OF THE PAST YEAR, AND TO THINK THAT THE WAR IS ALMOST WON. SO OFTEN OUR MEMORIES ARE SHORT: EVEN NOW IT MAY BE DIFFICULT FOR SOME TO REMEMBER HOW QUICKLY THE ENEMY OVERRAN

SEC. MORGENTHAU: THANK YOU MR. O'BRIEN AND MR. BENARD.  
LABOR, MANAGEMENT AND THE ARMED FORCES,  
FIGHTING SIDE BY SIDE WILL WIN THE WAR.  
THE BRIDGEPORT KIND OF LABOR AND MANAGEMENT  
COOPERATION ~~AND~~ COUPLED WITH THE AMERICAN  
FIGHTING FORCES UNDER THEIR ABLE AND  
DISTINGUISHED LEADERS. WE TAKE YOU NOW  
TO WASHINGTON WHERE YOU WILL HEAR FROM  
ADMIRAL ERNEST J. KING, USN, COMMANDER-  
IN-CHIEF OF THE UNITED STATES FLEET  
AND CHIEF OF NAVAL OPERATIONS, SPEAKING  
FROM HIS FLAGSHIP, THE U.S.S. DAUNTLESS.  
COME IN ADMIRAL KING.

~~(SWITCH TO WASHINGTON A.C.)~~

Ed O'BRIEN  
(CONT.)

ALONG. WELL, WE'RE HERE TO PROVE THEY  
CAN GET ALONG ~~xx~~ WE'RE DOING IT HERE IN  
BRIDGEPORT ~~was~~ AND WE'RE GOING TO KEEP ON  
DOING IT ~~ix~~ AND I KNOW I CAN ALSO SPEAK FOR  
PETER BENARD, CHIEF OF THE ~~A. F. of L.~~ <sup>A. F. of L.</sup> HERE IN  
BRIDGEPORT. PETE HAS FIVE CHILDREN — ONE  
SON WITH THE AIR FORCE IN ENGLAND — AND  
FIVE GRANDCHILDREN. RIGHT PETE? ✓

BENARD:

RIGHT YOU ARE, ED. IN OUR CITY, OUR  
UNIONS DON'T BELIEVE IN FIGHTING WITH EACH  
OTHER — OR WITH UNORGANIZED LABOR, EITHER.  
WE'RE BOTH WORKING FOR THE FELLOW THAT'S  
WORKING FOR A LIVING. I SPEAK FOR THE  
UNIONS AS WELL AS MANAGEMENT WHEN I SAY THAT  
OUR RESPONSIBILITY AS AMERICANS HAS UNITED  
US TO WIN THE WAR AND KEEP THE PEACE.

SEC. MORGENTHAU: HERE TONIGHT, WE HAVE MET THE PEOPLE OF BRIDGEPORT. PEOPLE UNITED IN THOUGHT, ~~W~~ ACTION, ~~W~~ AND SPIRIT. THEY HAVE TRANSLATED THAT UNITY INTO THE TOOLS OF WAR - BY WORKING IN HARMONY - BY LIVING IN HARMONY - BY POOLING THEIR SKILLS AND THEIR MONEY FOR ONE PURPOSE - TO "BACK THE ATTACK".

LEADERS OF MANAGEMENT ~~W~~ LIKE MR. STEIN-KRAUS, WHOM WE MET EARLIER, ~~W~~ WORK CLOSELY WITH LEADERS OF LABOR LIKE THE TWO MEN HERE WITH US NOW.

ED O'BRIEN: MY NAME IS O'BRIEN, ~~W~~ ED O'BRIEN, ~~W~~ AND I INSPECT SHELL-CASINGS OVER AT BRIDGEPORT BRASS. BUT I'VE GOT ANOTHER JOB ~~W~~ I'M SERVING AS HEAD OF THE BRIDGEPORT CIO. THERE'S SOMETHING I'D LIKE TO GET OFF MY CHEST HERE TONIGHT\* IT MAKES ME A LITTLE SICK TO PICK UP NEWSPAPERS AND READ STORIES ABOUT HOW MANAGEMENT IS SUPPOSED TO BE FIGHTING LABOR, ~~W~~ AND LABOR IS SUPPOSED TO BE FIGHTING MANAGEMENT, ~~W~~ AND NOBODY CAN GET

CAMPBELL:

MR. SECRETARY, THOUSANDS OF ENGINES ARE BEING SENT BACK TO THE UNITED STATES FOR REPAIR. EVERYTHING, # EVEN SMALL LENGTHS OF CABLE ARE SALVAGED. I SAW PLANES THAT RETURNED FROM THE RAID ON THE RUMANIAN OIL FIELDS WITH HOLES IN THEIR WINGS AS BIG AS A MAN. BUT EVERY SALVAGEABLE PART WAS USED. TO SHOW YOU TO WHAT LENGTHS OUR MEN GO TO SALVAGE EQUIPMENT, LET ME TELL YOU ABOUT ONE SOLDIER. A P-38 HAD CRASHED IN THEN GERMAN-HELD TERRITORY IN AFRICA, # NEAR THE LITTLE FRENCH TOWN OF TORQUEZ. BEFORE THE TOWN WAS RETAKEN, THE GERMANS MINED THE PATH LEADING UP TO THE P-38. WHEN THIS AMERICAN SOLDIER APPROACHED THE PLANE TO SALVAGE IT, HE WAS KILLED BY A MINE. I REACHED TORQUEZ THE NEXT DAY AND WAS ASKED TO OFFICIATE AT HIS FUNERAL — ONE AMERICAN AMONG HUNDREDS OF FRENCHMEN. THEY GAVE THAT AMERICAN SOLDIER A MILITARY FUNERAL WITH ALL POSSIBLE HONORS, FOR AS THEY TOLD ME, HE DIED IN AN EFFORT TO HELP MAKE OUR AMERICAN EQUIPMENT LAST FOR ALL THE ALLIES AS LONG AS POSSIBLE.

MORGENTHAU:

THANK YOU, COLONEL CAMPBELL.

(CONTINUED)

SEC. MORGENTHAU: DID YOU SEE ANY OF OUR EQUIPMENT GOING TO  
RUSSIA, COLONEL CAMPBELL?

CAMPBELL YES SIR, I SAW IT COMING THROUGH THE PERSIAN  
GULF. ON THE CEMENT PAVEMENT OF IRAN THE  
TEMPERATURE WAS 180 DEGREES, AND NO TIRES  
IN THE WORLD COULD TAKE IT AS OURS DO. I'VE  
SEEN HUNDREDS OF TRUCKS ON THE ROAD TO  
RUSSIA AND MANY OF THE OVER 2,000 AMERICAN  
PLANES WE HAVE SENT THEM. YOU WAR WORKERS  
IN BRIDGEPORT CAN FEEL A PERSONAL PRIDE IN  
HAVING HELPED MAKE THAT EQUIPMENT, FOR THESE  
TRUCKS AND PLANES WERE IMPORTANT FACTORS IN  
THE DEFENSE OF STALINGRAD AND THE CAUCASUS.

SEC. MORGENTHAU: COLONEL CAMPBELL, A FEW MONTHS AGO I WENT  
TO SICILY AND ONE OF OUR GENERALS TOOK ME TO  
A GIANT FACTORY WHERE ENEMY EQUIPMENT WAS  
BEING OVERHAULED FOR OUR OWN USE. LATER,  
IN CAIRO, I SAW AMERICAN <sup>Trucks</sup> ENGINES WHICH HAD  
SEEN HARD FIGHTING SERVICE BEING OVERHAULED  
BY NATIVE HELP.



SEC. MORGENTHAU: I KNOW THE WAR WORKERS OF BRIDGEPORT WOULD LIKE TO HEAR YOUR CONCLUSIONS, COLONEL.

CAMPBELL: THE EQUIPMENT OUR WAR-WORKERS MAKE IS THE BEST IN THE WORLD, MR. SECRETARY. FOR EXAMPLE, OUR TWO AND A HALF TON SIX BY SIX TRUCK. SIX BY SIX MEANS THAT IT HAS POWER IN EACH OF ITS SIX WHEELS. IT CAN GO ALMOST ANYWHERE. OUR BOYS GET A GREAT KICK OUT OF THE BAZOOKA AND THE HAND GRENADE <sup>which</sup> THEY FIRE OFF THE END OF THE SPRINGFIELD RIFLE.

SEC. MORGENTHAU: YES, I KNOW, FOR ON MY OWN TRIP TO ITALY I SAW BOTH OF THEM IN ACTION WHEN I WAS AT THE FRONT WITH GENERAL CLARK.

CAMPBELL: YES, ~~AND~~ THE GERMANS CALL THE BAZOOKA THE "FRENCH 75 A MAN CAN HOLD IN HIS HANDS AND SHOOT." AND I'VE SEEN A FELLOW FIRE A GRENADE OFF HIS SPRINGFIELD AND HIT A GERMAN MACHINE-GUN NEST AT 900 FEET. BUT THE MOST STARTLING EQUIPMENT I SAW WERE THE DETECTION DEVICES. A FIGHTER PILOT IN ENGLAND TOLD ME THAT, THANKS TO THEM, NIGHT-FIGHTING HAD NOW BEEN MADE ALMOST AS CERTAIN AS FIGHTING BY DAY.

SEC. MORGENTHAU: AN AMERICAN BOY IS KILLED IN THE PHILIPPINES. INCREASED PRODUCTION IN HIS HOME TOWN SHOUTS OUR NATION'S ANGER. A REPLY, THE FORCE OF WHICH HAS ALREADY BEEN FELT BY THE JAPANESE. AN ANSWER MEASURED IN TONS OF FIGHTING EQUIPMENT. CITIES LIKE BRIDGEPORT CONTRIBUTE MUCH OF THE FORCE, BUT IT IS A LONG WAY FROM HERE TO THE FIRING-LINE AND IT IS VITALLY IMPORTANT THAT THESE PEOPLE WHO MAKE THE WEAPONS OF WAR KNOW JUST HOW THEY ARE BEING USED HOW EFFECTIVE THEY ARE. HERE TO TELL THAT STORY AS WE THE PEOPLE'S NEXT GUEST IS MY FRIEND, COLONEL THOMAS D. CAMPBELL OF THE AIR SERVICE COMMAND, WHOM I LAST SAW IN ALGIERS. ✓

*Handwritten note:* Handwritten  
note

CAMPBELL: THANK YOU, MR. SECRETARY, I HAVE JUST RETURNED FROM AN ELEVEN-MONTHS' TOUR OF MANY OF OUR FIGHTING FRONTS. MY JOB WAS TO REPORT TO GENERAL FRANK ON THE MAINTENANCE AND SALVAGE OF ALL AIR FORCE EQUIPMENT. IN ALGIERS, GENERAL EISENHOWER DIRECTED ME TO MAKE A REPORT ON ALL ARMY EQUIPMENT.

SPACE:  
(cont.)

I GOT A TELEGRAM. THE JAPS HAD KILLED MY BOY ARTHUR WHEN THEY BOMBED NICHOLS FIELD. ARTHUR WAS THE FIRST BRIDGEPORT BOY TO BE KILLED IN THIS WAR. THEN HIS BROTHER, DOUGLAS, WENT INTO THE AIR CORPS TOO. I THANK GOD THAT I AM STRONG ENOUGH TO WORK IN A WAR PLANT - THE ALUMINUM COMPANY OF AMERICA, AND THAT EVERY POUND OF OUR ALUMINUM GOES RIGHT INTO THE WAR. SOME OF IT MAY BE IN THE VERY PLANE MY BOY, DOUGLAS, WILL FLY IN. HE WILL BE AN AERIAL GUNNER, LIKE ARTHUR WAS. OUR FAMILY IS BUYING BONDS, AND DOING ALL WE CAN, LIKE OTHER BRIDGEPORT FAMILIES, TO AVENGE THE DEATH OF OUR BOYS. HERE IS ARTHUR'S CITATION, MR. MORGENTHAU. MAYBE YOU WOULD LIKE TO READ PART OF IT.

~~(MUSIC SNEAK)~~

MORGENTHAU:

"HE WAS A SOLDIER, AND HE KNEW A SOLDIER'S DUTY. WE WHO PAY HIM HONOR, AND REVERE HIS MEMORY, IN SOLEMN PRAYER REDEDICATE OURSELVES TO A COMPLETE FULFILLMENT OF THE TASK FOR WHICH HE SO GALLANTLY PLACED HIS LIFE UPON THE ALTAR OF MAN'S FREEDOM."

~~(MUSIC TO FINISH)~~

~~(SOFT SEGUE)~~

8

RICHESON:

page 7-cont.

IT'S QUITE DIFFERENT FROM THE JOB I HAD IN THE LAST WAR. I WAS IN THE FAMOUS ZIEGFELD FOLLIES OF 1918, WITH WILL ROGERS AND EDDIE CANTOR. IN THIS WAR, I'M IN THE FACTORY OF MANNING, MAXWELL, AND MOORE. I TEST AIRPLANE INSTRUMENTS. I EXPERIMENTED AND FOUND A WAY TO SPEED UP THE TEST. MY BOSS WAS CERTAINLY SURPRISED THAT AN EX-FOLLIES GIRL COULD DO ANYTHING BUT DANCE. AT FIRST MY HUSBAND LAUGHED AT THE THOUGHT OF ME IN A FACTORY. BUT HE ATE HIS WORDS! I'M THRILLED TO BE A PART OF BRIDGEPORT'S PRODUCTION ARMY. AS P. T. BARNUM, BRIDGEPORT'S MOST FAMOUS CITIZEN WOULD SAY - IT'S "THE GREATEST SHOW ON EARTH!"

MORGENTHAU:

IT CERTAINLY IS. NOW HERE IS A BRIDGEPORT FATHER WHO HAS A VERY PERSONAL SCORE TO SETTLE WITH THE AXIS. HE IS MR. RAY SPACE.

SPACE:

MY SECOND OLDEST BOY, ARTHUR, WAS 18 WHEN HE WENT RIGHT INTO THE ARMY AIR CORPS AND BECAME A GUNNER. IN JANUARY, 1941, HE WAS SENT TO THE PHILLIPINES. THEN CAME DECEMBER 7TH. THREE DAYS AFTER CHRISTMAS,

53

SEC. MORGENTHAU: RIGHT YOU ARE, LOIS. NOW HERE IS 16 <sup>sixteen</sup>  
YEAR OLD TONY AILYO. TONY, WHERE DO YOU  
WORK?

TONY: AT BRIDGEPORT BRASS. I WORK THERE IN THE  
MORNING, GO TO SCHOOL IN THE AFTERNOON,  
AND DO MY HOMEWORK AT NIGHT. I CAN ONLY  
PLAY ON SATURDAY AFTERNOONS.

SEC. MORGENTHAU: YOUR MOTHER MUST BE VERY PROUD OF YOU, TONY,

TONY: SHE SAYS I LEARN THINGS QUICK.

SEC. MORGENTHAU: YOU'RE PRETTY GROWN UP FOR 16 <sup>sixteen</sup>. DO YOU  
HAVE A GIRL?

TONY: WELL--YEAH I GOT ONE ON THE STRING.

MORGENTHAU: JUST ONE?

TONY: ONE'S ENOUGH, MR. MORGENTHAU,

MORGENTHAU: YOU HAVE LEARNED EARLY. NOW, NEXT AT  
WE THE PEOPLE'S MICROPHONE IS MRS. MAXINE  
RICHESON. WHAT'S YOUR WAR JOB, MRS.  
RICHESON?

page 7

MRS. HULTON:

WHY, I WAS ONLY EIGHTEEN DURING THE SPANISH  
AMERICAN WAR AND USED TO GO TO WORK IN  
A GIBSON GIRL DRESS. THERE'S BEEN A LOT  
OF CHANGES IN BOTH BULLETS AND DRESSES  
SINCE THAT TIME BUT WE'RE STILL FIGHTING  
FOR THE SAME THINGS X.

2  
SEC. MORGENTHAU:

THOSE THINGS ARE ALWAYS WORTH FIGHTING FOR,  
MRS. HULTON X.

LOIS MADDEN:

THIS IS MY .. FIRST WAR, MR. MORGENTHAU.  
MY NAME IS LOIS MADDEN AND I ICE-SKATE,  
ROLLER SKATE, AND ROW A BOAT TO HELP WIN  
THE WAR.

SEC. MORGENTHAU:

HOW DOES ICE-SKATING HELP IN WAR PRODUCTION,  
LOIS?

LOIS MADDEN:

WELL, I'M IN THE RESEARCH LABRATORY OF  
REMINGTON ARMS. I HAVE TO RETRIEVE WADS  
FIRED FROM SHOT GUNS, WHEN THEY'RE FIRED  
OVER FROZEN LAKES, I SKATE AFTER THEM.  
WHEN THE LAKE ISN'T FROZEN, I ROW. I  
BRING THEM BACK TO SCIENTISTS WHO STUDY  
THEM. BELIEVE ME, THE ONLY PILLS TO CURE  
THE GERMANS AND JAPS ARE AMERICAN BULLETS  
AND THE LARGER DOSES, THE BETTER X

MONTAGE OF  
VOICES:

MACHINE GUNS - CARTRIDGES - RIFLES -  
RADAR - BAZOOKAS - QUININE - AIRPLANES -  
FLYING SUITS - SULFANILIMIDE - (~~FIDE~~)  
INSTRUMENT PANELS - MACHINE TOOLS -  
ANTI-AIRCRAFT GUNS - LIFEBOATS - CYLINDER  
HEADS - PRESSURE GAUGES -

~~SEC.~~ MORGENTHAU:

ALL KINDS OF THINGS - BEING MADE BY ALL  
KINDS OF PEOPLE, NOT ONLY HERE IN BRIDGE-  
PORT, BUT ALL OVER THE COUNTRY. MEN AND  
WOMEN AND CHILDREN - WORKING - FIGHTING -  
FOR AMERICA. OUT IN OREGON, I SAW GRAND-  
MOTHERS WORKING IN A SHIPYARD -

MRS. HULTON:

I'M A GRANDMOTHER, MY NAME IS ELIZABETH  
HULTON, MR. MORGENTHAU. I FIRST WENT TO  
WORK FOR REMINGTON ARMS BACK IN 1894.  
THIS IS MY THIRD WAR MAKING BULLETS FOR  
AMERICAN SOLDIERS.

SEC. MORGENTHAU:

YOURS IS A SPLENDID RECORD, MRS. HULTON -

6

STEINKRAUS:  
(CONT.)

PARDON MY PRIDE, MR. SECRETARY, WHEN I  
TELL YOU THAT OUR COMPANY IS ONE OF THE  
FEW, I THINK IT IS FOUR, COMPANIES ~~IN~~  
AMERICA TO WIN THE ARMY-NAVY "E" FIVE  
TIMES. IN ORDER TO DO THAT, WE NOT ONLY  
HAD TO KEEP PRODUCTION UP, BUT HAD TO  
MAINTAIN THE RIGHT KIND OF LABOR-MANAGEMENT  
RELATIONSHIP, INCREASE PRODUCTION EFFICIENCY,  
MAINTAIN QUALITY ~~AND~~ AND GENERALLY KEEP DOING  
A BIGGER JOB AND A BETTER JOB ALL THE TIME.  
AND THAT'S THE JOB YOU'LL FIND ALL OF  
BRIDGEPORT DOING ~~MAKING~~ TRAINLOADS OF  
FIGHTING EQUIPMENT FOR AMERICA'S FIGHTING  
SONS ~~x-~~

MORGENTHAU:

THANK YOU, MR. STEINKRAUS.

*Conf not*

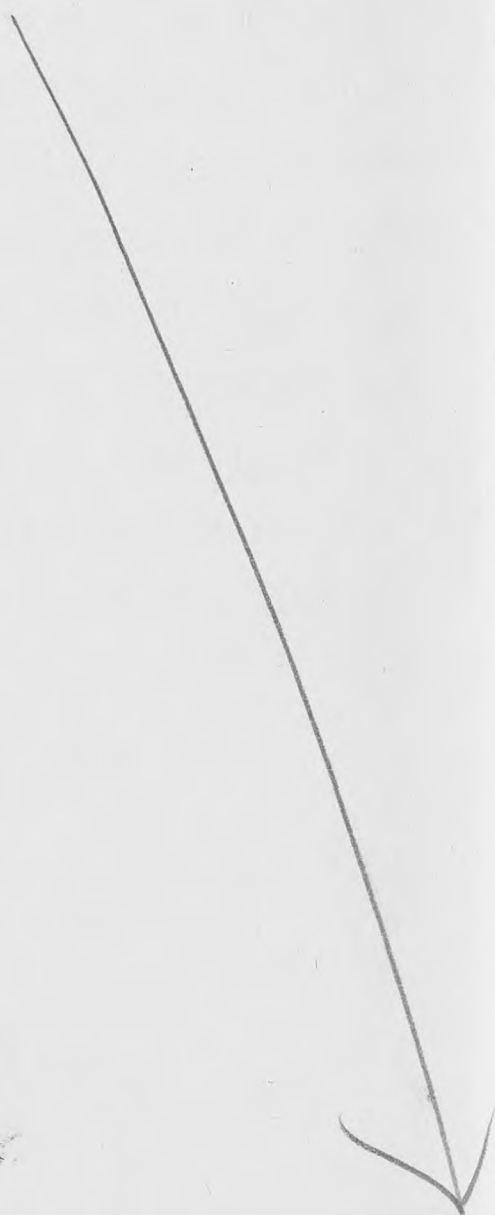
~~CURTAIN (MUSIC)~~

---



STEINKRAUS:  
(Cont.)

BRIDGEPORT BRASS EMPLOYEE. AS A  
MATTER OF FACT, ORGANIZED AND UNORGANIZED  
LABOR IS DIVIDED UP HERE JUST ABOUT HALF AND  
HALF. BUT THE RESULTS ARE WHAT COUNT.,  
AND I HOPE YOU'LL



SEC. MORGENTHAU:  
(Cont.)

AND BOND SALES TAKE CARE OF THEMSELVES. I'VE SEEN IT HAPPEN IN DOZENS OF PLACES — IN PORTLAND, OREGON — IN CEDAR RAPIDS, IOWA — IN BUFFALO, NEW YORK AND ONLY LAST WEEK, I SAW IT IN CINCINNATI, OHIO. OUT THERE, I SAW ONE PLANT THAT HAD INCREASED ITS PRODUCTION SEVEN HUNDRED PERCENT — AND MR. STEINKRAUS, BOND SALES HAVE KEPT RIGHT IN STEP. x

STEINKRAUS:

YES, I KNOW THAT AND ANOTHER THING, MR. SECRETARY, WITH LABOR AND MANAGEMENT WORKING TOGETHER, THERE HAVEN'T BEEN ANY WORK STOPPAGES IN BRIDGEPORT SINCE THE WAR, THOUGH OUR INDUSTRIAL POPULATION HAS TRIPLED SINCE 1939. MANAGEMENT TRIES TO BE FAIR, AND OUR UNION LEADERS ARE FIRST-CLASS AMERICANS - HONEST AND REASONABLE AND ONLY INTERESTED IN WINNING THE WAR. WE'VE GOT REAL TEAM WORK BETWEEN LABOR, MANAGEMENT AND OUR LOCAL TOWN OFFICIALS. OUR COMPANY HEADS DON'T CONSIDER WHETHER A MAN IS A UNION OR A NON-UNION MAN. HE IS SIMPLY A GENERAL ELECTRIC, A GULF OIL, A BULLARD, OR

5

MAYOR MC LEVY:  
(cont.)

BRIDGEPORT BRASS COMPANY, THE MAN WHO HAS DONE MORE THAN ANYONE ELSE TO GET LABOR AND MANAGEMENT IN BRIDGEPORT OFF ON THE RIGHT FOOT.

STEINKRAUS:

MR. SECRETARY, I HAD AN EXPERIENCE IN THE LAST WAR, WHICH WAS COMMON TO MANY WORKERS AND MANAGERS HERE IN BRIDGEPORT. DURING THE BIG PUSH IN FRANCE WE WERE SO SHORT OF AMMUNITION WE USED WHAT WE CAPTURED FROM THE GERMANS. I SAW MY BUDDIES KILLED FOR LACK OF IT. WHEN THIS WAR BROKE OUT I DETERMINED TO HELP OUR BOYS GET ENOUGH AND ON TIME. <sup>we</sup> I TOLD OUR EMPLOYEES ABOUT MY EXPERIENCE AND ASKED FOR THEIR SUGGESTIONS. THEN WHEN DONALD NELSON PROPOSED THAT LABOR AND MANAGEMENT COMMITTEES BE SET UP IN WAR PLANTS TO SWAP IDEAS AND STIMULATE PRODUCTION, HE DIDN'T HAVE TO URGE US.

SEC. MORGENTHAU:

MR. STEINKRAUS, THIS LABOR AND MANAGEMENT PLAN IS VERY INTERESTING TO ME, BECAUSE I HAVE FOUND THAT WHEREVER LABOR AND MANAGEMENT GET ALONG, PRODUCTION IS HIGH

~~SEC.~~ MORGENTHAU: WE KNOW THEY'RE GOOD AMERICANS, DR. SPRAGUE.  
OUR TEAM NEEDS THEM - EVERY ONE OF THEM -  
AND WILL CONTINUE TO NEED PEOPLE LIKE  
THEM THROUGH THE LONG AND HARD STRUGGLE THAT  
LIES AHEAD.

~~MUSIC: PLAYOFF~~

---

~~SEC.~~ MORGENTHAU: MAYOR MC LEVY, THE SPIRIT OF YOUR CITY  
OF BRIDGEPORT NOT ONLY MAKES AMERICANS  
BUT IT ALSO MAKES AMERICANS GIVE EVERY-  
THING THEY'VE GOT FOR THEIR NATION!

MAYOR MC LEVY: OH, IT'S SPIRIT, ALL RIGHT, SECRETARY  
MORGENTHAU BUT IT TAKES PLENTY OF  
GOOD, OLD-FASHIONED HARD WORK, TOO.  
HARD WORK ON THE PART OF THE PEOPLE  
OF BRIDGEPORT AND THEIR LEADERS.  
WE JUST HAPPEN TO BE LUCKY IN THAT  
DEPARTMENT. WE HAVE SOME MIGHTY FINE  
MEN - ESPECIALLY AMONG OUR INDUSTRIAL  
AND LABOR LEADERS. I'D LIKE TO HAVE  
YOU MEET ONE OF THEM HERE, AS WE THE  
PEOPLE'S NEXT GUEST.

MR. HERMAN STEINKRAUS, PRESIDENT OF THE

FROZEN:

(L)

MY NAME IS ERNST FROZEN. I COME FROM HAMBURG, GERMANY. I HAD A HOME THERE. I WORKED IN A BANK. ONE DAY I WAS ARRESTED. I WAS PUT INTO A CONCENTRATION CAMP FOR THREE MONTHS BECAUSE I <sup>am</sup> WAS A JEW. FINALLY I WAS GIVEN TWENTY-FOUR HOURS TO LEAVE GERMANY. <sup>500 yrs</sup> WHAT DOES IT MEAN TO ME TO BE AN AMERICAN CITIZEN? IT MEANS I CAN WORK AS A MACHINIST. AS A FREE MAN. IT MEANS I CAN WALK THE STREETS OF BRIDGEPORT WITH MY HEAD HIGH WITHOUT ANYONE CARING WHETHER I AM JEWISH OR NOT. I KNOW THE VALUE OF FREEDOM. THAT IS WHY I CONSIDER IT A PRIVILEGE TO BE ABLE TO LIVE IN THE UNITED STATES.

SPRAGUE:

MR. MORGENTHAU, THESE PEOPLE YOU HAVE JUST HEARD ARE ONLY A SMALL HANDFUL OF THE NEW CITIZENS OF BRIDGEPORT. MORE THAN FIVE THOUSAND HAVE ANSWERED TO THE SPIRIT BEHIND THAT FIRST "I AM AN AMERICAN" PARADE. THESE PEOPLE ARE TRULY UNITED - THEY WORK FOR AMERICA BECAUSE THEY ARE PROUD TO LIVE IN AMERICA .. AND THEIR SONS ARE READY TO DIE FOR AMERICA.

SINGER:

MY NAME IS BESSIE SINGER. I WAS BORN IN RUSSIA. THREE NIGHTS AGO, I BECAME AN AMERICAN CITIZEN. I HAVE FOUR CHILDREN. ONE BOY IS OVERSEAS IN THE AMERICAN ARMY. ONE DAUGHTER WORKS AT A WAR PLANT. BELIEVE ME I'M PROUD TO BE AN AMERICAN CITIZEN.

HORNYAK:

I AM JOHN HORNYAK FROM HUNGARY. I WORK ON AIRPLANE ENGINES AT THE ALUMINUM COMPANY OF AMERICA. ONE OF MY BOYS IS IN THE U.S. <sup>avia</sup> CADET CORPS. WHEN HE IS OLD ENOUGH, HE WILL FLY THE PLANES I HELP TO MAKE. WE HORNYAKS WOULD GIVE OUR LIVES FOR AMERICA - THAT'S HOW MUCH WE LIKE IT.

MELECINSKY:

ANN MELECINSKY IS MY NAME AND I COME FROM CZECHOSLOVAKIA. I HAVE ONE GIRL IN THE WAVES, ONE BOY IN THE ARMY AND ONE BOY IN THE NAVY. I WORK AT GENERAL ELECTRIC. WHEN I WAS A LITTLE GIRL I LIVED IN EUROPE. I USED TO PRAY "PLEASE GOD MAKE ME GROW BIG SO I CAN GO TO AMERICA." I PUT THAT FEELING IN MY CHILDREN'S HEARTS AND THEY FEEL THE SAME. I WAS HAPPY AS A SLOVAK BUT I CONSIDER IT AN HONOR TO BE AN AMERICAN.

SPRAGUE:

9

MR. SECRETARY, I AM AN AMERICAN. DR. CHARLES SPRAGUE. I AM WHAT A LOT OF PEOPLE CALL A YANKEE. MY FAMILY HAS LIVED IN THESE PARTS SINCE 1628 AND I'D LIKE TO TELL YOU SOMETHING. ONLY THREE NIGHTS AGO IN THIS ~~VERY~~ AUDITORIUM, 1,000 OF BRIDGEPORT'S FOREIGN BORN POPULATION BECAME AMERICAN CITIZENS. PART OF THE "I AM AN AMERICAN" COMMITTEE'S JOB IS TO WELCOME THE FOREIGN BORN OF OUR POPULATION AND TO SEE THAT THEY GET TO BECOME GOOD AMERICANS AS FAST AS POSSIBLE. WE THE PEOPLE OF BRIDGEPORT TAKE PRIDE IN BEING AMERICANS .. BUT WE REALIZE THAT ALL OF OUR ANCESTORS CAME TO THIS COUNTRY FROM OVERSEAS - TO START A NEW LIFE. WE WERE FORTUNATE TO HAVE BEEN BORN HERE. BUT BECAUSE THESE NEW CITIZENS CHOSE TO COME TO AMERICA TO LIVE, TO WORK, AND SOME TO FIGHT AND DIE .. MAYBE THEY KNOW MORE ABOUT BEING GOOD AMERICANS THAN ~~SOME OF US~~ <sup>we</sup> DO. HERE, MR. MORGENTHAU, ARE SOME OF THESE PEOPLE WHOM WE ARE NOW PROUD TO CALL FELLOW AMERICANS.

SEC. MORGENTHAU: JUST WHAT DID YOU DO?

MAYOR MC LEVY: THE FIRST THING WE HAD TO DO WAS TO ORGANIZE OUR ENTHUSIASM, OUR ABILITIES AND OUR PLANS. WE HAD TO ESTABLISH UNITY OF PURPOSE. WE ORGANIZED A COMMITTEE UNDER THE TITLE "I AM AN AMERICAN" AND FIRED OUR OPENING GUN ON JULY FOURTH, 1940, WITH AN "I AM AN AMERICAN" PARADE .. EIGHT THOUSAND PEOPLE, REPRESENTING THIRTY-FIVE NATIONALITIES, MARCHED UNDER ONE FLAG .. THE AMERICAN FLAG. THIS PARADE MARKED THE START OF A GREAT RECORD OF COOPERATION FOR THE WAR EFFORT - COOPERATION OF LABOR AND MANAGEMENT - <sup>49</sup> COOPERATION THAT MEANT WAR-BOND SALES. THE "I AM AN AMERICAN" SPIRIT HAS MADE ITSELF FELT IN EVERY PHASE OF BRIDGEPORT'S WAR ACTIVITY. AND, SINCE THAT DAY IN 1939, WE HAVEN'T LET UP ON ANY OF THE JOBS WE TACKLED.



(W)

SEC. MORGENTHAU:

VICTORY! BRIDGEPORT WAS HEADING TOWARD VICTORY AS FAR BACK AS 1939 .. WITH ONE PLANT ALREADY WORKING NIGHT AND DAY SUPPLYING SHELL-CASINGS TO HELP SAVE LONDON FROM THE BLITZ. CIVIC, LABOR AND MANAGEMENT LEADERS KNEW THAT WAR WAS COMING OUR WAY .. AND THEY BEGAN TO PREPARE. ONE OF THOSE LEADERS WAS MAYOR JASPER MCLEVY.

MAYOR McLEVY:

MR. SECRETARY, WE KNEW ~~TWO THINGS~~: THAT THE NAZIS WERE GOING TO GET US INTO THE WAR SOONER OR LATER .. AND THAT BRIDGEPORT WOULD BE CALLED UPON TO PLAY AN IMPORTANT PART. WE DIDN'T RELISH THE IDEA THAT OUR CITY MIGHT TURN IN THE KIND OF RECORD IT ACHIEVED IN THE FIRST WORLD WAR. AT THAT TIME, NEWLY-RICH WORKERS SPENT THEIR TIME AND MONEY BUYING SILK SHIRTS AND CHAMPAGNE. THERE WERE ONE HUNDRED STRIKES IN A SINGLE WAR YEAR. THAT WASN'T FOR US THIS TIME. BUT, IF WE WERE GOING TO ESCAPE IT .. WE HAD TO ACT AND ACT FAST!

VOICE #1: YES - THAT'S BRIDGEPORT - HEARTBEAT OF  
AMERICA, TWO HUNDRED THOUSAND STRONG.  
HONEST! FEARLESS! DEFIANT! AND,  
ABOVE ALL, UNITED!

VOICE #2: LABOR AND MANAGEMENT - SOLDIER AND  
WORKER - NATIVE BORN - FOREIGN BORN.

VOICE #3: UNITED. FOR ONE CAUSE - FOR ONE PURPOSE -  
FOR ONE DREAM - VICTORY!

MUSIC FULL TO FINI

- 3 "Voices"

57

VOICE #1: BRIDGEPORT IS A CITY OF ROLLED-UP SLEEVES  
AND OVERALLS .. WORKING SIDE BY SIDE WITH  
BANDANAS AND SLACKS. —

VOICE #2: C.I.O. AND A.F. OF L. OPEN SHOP AND  
CLOSED SHOP. )

VOICE #3: AND MOST OF ALL - NO STRIKES! —  
(MUSIC PUNCTUATE)

VOICE #1: BRIDGEPORT IS A CITY ALIVE WITH PEOPLE -  
PEOPLE FROM THE FORTY-EIGHT STATES. )

VOICE #2: AND FROM FRANCE AND POLAND .. GREECE AND  
TURKEY .. BRITAIN AND RUSSIA! )

VOICE #3: AND MOST OF ALL - NO MASTER RACE! —  
(MUSIC PUNCTUATE)

VOICE #1: BRIDGEPORT IS A CITY OF SOLDIERS AND  
SAILORS - OF WAVES AND WACS AND  
MECHINISTS! — )

VOICE #2: CATHOLIC, PROTESTANT, JEW - YANKEE AND  
IMMIGRANT - WHITE AND NEGRO.

VOICE #3: AND ALL OF THEM - AMERICANS.

(MUSIC PUNCTUATE)

SEC. MORGENTHAU:  
(Cont.)

MURDERED -- HUNDREDS UPON HUNDREDS OF  
GALLANT AMERICAN SOLDIERS.

THE CITY OF BRIDGEPORT IS A WAR HERO!  
SHE'S GOT THE CAMPAIGN RIBBONS TO PROVE  
IT .. THIRTY-TWO ARMY-NAVY "E" FLAGS,  
FLYING PROUDLY OVER THIRTY-TWO BRIDGEPORT  
WAR-PLANTS. THOSE PENNLANTS TOOK A LOT OF  
WINNING ... THEY'RE NOT EASY TO GET.  
WHEN AN "E" FLAG GOES UP, IT MEANS THAT  
THE PLANT OVER WHICH IT FLIES IS MEETING  
A TOUGH PRODUCTION SCHEDULE, AND THAT  
CAN ONLY HAPPEN WHEN LABOR AND MANAGEMENT  
KNOW WHAT THEY ARE FIGHTING FOR .. AND  
HOW TO FIGHT FOR IT HAND IN HAND - SIDE  
BY SIDE.

THAT'S BRIDGEPORT, CONNECTICUT, U.S.A.

~~SEC.~~ MORGENTHAU:

THIS IS HENRY MORGENTHAU, JR. -- AND  
THANKS OF THE TREASURY DEPARTMENT TO  
THE GULF OIL COMPANY <sup>ies</sup> FOR MAKING THIS  
BROADCAST POSSIBLE. I WANT TO TELL  
YOU WHY WE'RE IN BRIDGEPORT TONIGHT.

HERE, IN THIS TYPICAL AMERICAN CITY,  
AMERICANS HAVE DONE AND ARE DOING THE  
JOB WHICH HITLER THOUGHT WAS IMPOSSIBLE.  
HIS MISTAKE MEANS HIS DEFEAT. TO THE  
ENEMY, OUR JOB LOOKED TOO BIG. OUR NATION  
LOOKED TOO SOFT. AS ITS ANSWER, BRIDGEPORT  
HAS DELIVERED A MIGHTY SHARE TOWARD THE  
NATION'S HUGE PRODUCTION GOALS.

IN BRIDGEPORT, AMERICANS OF EVERY RELIGION,  
AND OF THIRTY-FIVE DIFFERENT NATIONALITIES  
ARE UNITED.

AND NOW HAS COME A FLASH OF NEWS THAT  
WILL RESULT IN EVEN MORE ACTION ON THIS  
AND EVERY OTHER HOME-FRONT WAR-FRONT. FOR  
NOW, BRIDGEPORT KNOWS, AS THE WHOLE WORLD  
KNOWS THAT THE JAPS HAVE HUMILIATED,  
STARVED, TORTURED AND MURDERED -- HORRIBLY

- WE THE PEOPLE -

\*  
\*

~~MUSIC: FANFARE~~

~~TIP: THE GULF OIL COMPANIES AND YOUR  
NEIGHBORHOOD GULF DEALER PRESENT  
WE THE PEOPLE!~~

~~MUSIC: THEME .. FORTE .. FADES FOR:~~

*Announcer*

~~BOULTON:~~

GOOD EVENING, EVERYONE. THIS IS MILO  
BOULTON WELCOMING YOU TO WE THE PEOPLE  
FOR THE GULF OIL COMPANIES. TONIGHT THE  
GULF OIL COMPANIES ARE BRINGING WE THE  
PEOPLE TO YOU IN A SPECIAL BROADCAST  
FROM BRIDGEPORT .. HARD-HITTING BRIDGEPORT  
INDUSTRIAL CAPITAL OF CONNECTICUT<sup>!</sup> WITH  
THE PEOPLE OF BRIDGEPORT TONIGHT ARE THE  
SECRETARY OF THE UNITED STATES TREASURY -  
HENRY MORGENTHAU, JR., - AND THE COMMANDER-  
IN-CHIEF OF THE UNITED STATES FLEET AND  
CHIEF OF NAVAL OPERATIONS - ADMIRAL ERNEST  
J. KING, U.S.N.<sup>!</sup>

~~MUSIC FULL TO FINI~~

~~(APPLAUSE)~~

TREASURY DEPARTMENT  
Washington

(The following program, WE THE PEOPLE, featuring Secretary Morgenthau, at Bridgeport, Connecticut, and broadcast by the Columbia Broadcasting System, is scheduled for delivery January 30, 1944 at 7:30 PM, Eastern War Time, and is for release at that time.)

ANNOUNCER

Good evening, everyone. This is Milo Boulton welcoming you to WE THE PEOPLE for the Gulf Oil Companies. Tonight the Gulf Oil Companies are bringing WE THE PEOPLE to you in a special broadcast from Bridgeport — hard-hitting Bridgeport industrial capital of Connecticut. With the people of Bridgeport tonight are the Secretary of the United States Treasury — Henry Morgenthau, Jr., — and the Commander-in-Chief of the United States fleet and Chief of Naval Operations — Admiral Ernest J. King, U.S.N.

MORGENTHAU

This is Henry Morgenthau, Jr. — and the thanks of the Treasury Department to the Gulf Oil Companies for making this broadcast possible. I want to tell you why we're in Bridgeport tonight.

Here, in this typical American city, Americans have done and are doing the job which Hitler thought was impossible. His mistake means his defeat. To the enemy, our job looked too big. Our Nation looked too soft. As its answer, Bridgeport has delivered a mighty share toward the Nation's huge production goals.

In Bridgeport, Americans of every religion, and of thirty-five different nationalities are united.

And now has come a flash of news that will result in even more action on this and every other home-front war-front. For now, Bridgeport knows, as the whole world knows that the Japs have humiliated, starved, tortured and murdered — horribly murdered — hundreds upon hundreds of gallant American soldiers.

The city of Bridgeport is a war hero. She's got the campaign ribbons to prove it — thirty-two army-navy "E" flags, flying proudly over thirty-two Bridgeport war plants. Those pennants took a lot of winning — they're not easy to get. When an "E" flag goes up, it means that the plant over which it flies is meeting a tough production schedule, and that can only happen when labor and management know what they are fighting for — and how to fight for it hand in hand — side by side.

That's Bridgeport, Connecticut, U.S.A.

VOICES

Bridgeport is a city of rolled-up sleeves and overalls -- working sides by side with bandanas and slacks. C.I.O. and A.F.of L. -- open shop and closed shop -- and most of all -- no strikes. Bridgeport is a city alive with people -- people from the forty-eight states -- and from France and Poland, Greece and Turkey, Britain and Russia -- and most of all -- no master race. Bridgeport is a city of soldiers and sailors -- of WAVES and WACS and machinists. Catholic, Protestant, Jew -- Yankee and immigrant -- white and negro. And all of them -- Americans. Yes -- that's Bridgeport -- heartbeat of America. Two hundred thousand strong. Honest! Fearless! Defiant! And, above all, united! Labor and management -- soldier and worker -- native born -- foreign born. United for one cause -- for one purpose -- for one dream -- Victory!

MORGENTHAU

Victory! Bridgeport was heading toward victory as far back as 1939, with one plant already working night and day supplying shell-casings to help save London from the blitz. Civic, labor and management leaders knew that war was coming our way -- and they began to prepare. One of those leaders was Mayor Jasper McLevy.

MCLEVY

Mr. Secretary, we knew two things: That the Nazis were going to get us into the war sooner or later, and that Bridgeport would be called upon to play an important part. We didn't relish the idea that our city might turn in the kind of record it achieved in the first World War. At that time, newly-rich workers spent their time and money buying silk shirts and champagne. There were one hundred strikes in a single war year. That wasn't for us this time. But, if we were going to escape it we had to act fast!

MORGENTHAU

Just what did you do?

MCLEVY

The first thing we had to do was to organize our enthusiasm, our abilities and our plans. We had to establish unity of purpose. We organized a committee under the title "I Am An American" and fired our opening gun on July 4, 1940, with an "I Am An American" parade. Eight thousand people, representing thirty-five nationalities, marched under one flag -- the American flag. This parade marked the start of a great record of cooperation for the war effort -- cooperation of labor and management -- cooperation that meant War Bond sales. The "I Am An American" spirit has made itself felt in every phase of Bridgeport's war activity. And, since that day in 1939, we haven't let up on any of the jobs we tackled.



SPRAGUE

Mr. Secretary, I am an American. Dr. Charles Sprague. I am what a lot of people call a yankee. My family has lived in these parts since 1628 and I'd like to tell you something. Only three nights ago in this very auditorium, 1,000 of Bridgeport's foreign born population became American citizens. Part of the "I Am An American" Committee's job is to welcome the foreign born of our population and to see that they get to become good Americans as fast as possible. WE THE PEOPLE of Bridgeport take pride in being Americans — but we realize that all of our ancestors came to this country from overseas — to start a new life. We were fortunate to have been born here. But because these new citizens chose to come to America to live, to work, and some to fight and die — maybe they know more about being good Americans than some of us do. Here, Mr. Morgenthau, are some of these people whom we are now proud to call fellow Americans.

SINGER

My name is Bessie Singer. I was born in Russia. Three nights ago, I became an American citizen. I have four children. One boy is overseas in the American Army. One daughter works at a war plant. Believe me I'm proud to be an American citizen.

HORNYAK

I am John Hornyak from Hungary. I work on airplane engines at the Aluminum Company of America. One of my boys is in the U. S. Cadet Corps. When he is old enough, he will fly the planes I help to make. We Hornyaks would give our lives for America — that's how much we like it.

MELECINSKY

Ann Melecinsky is my name and I come from Czechoslovakia. I have one girl in the WAVES, one boy in the Army and one boy in the Navy. I work at General Electric. When I was a little girl I lived in Europe. I used to pray "Please God make me grow big so I can go to America." I put that feeling in my children's hearts and they feel the same. I was happy as a Slovak but I consider it an honor to be an American.

FROZEN

My name is Ernst Frozen. I come from Hamburg, Germany. I had a home there. I worked in a bank. One day I was arrested. I was put into a concentration camp for three months because I was a Jew. Finally I was given twenty-four hours to leave Germany. What does it mean to me to be an American citizen? It means I can work as a machinist. As a free man. It means I can walk the streets of Bridgeport with my head high without anyone caring whether I am Jewish or not. I know the value of freedom. That is why I consider it a privilege to be able to live in the United States.

SPRAGUE

Mr. Morgenthau, these people you have just heard are only a small handful of the new citizens of Bridgeport. More than five thousand have answered to the spirit behind that first "I Am An American" parade. These people are truly united — they work for America because they are proud to live in America — and their sons are ready to die for America.

MORGENTHAU

We know they're good Americans, Dr. Sprague. Our team needs them — every one of them — and will continue to need people like them through the long and hard struggle that lies ahead. Mayor McLevy, the spirit of your city of Bridgeport not only makes Americans but it also makes Americans give everything they've got for their Nation.

MCLEVY

Oh, it's spirit, all right, Secretary Morgenthau. But it takes plenty of good, old-fashioned hard work, too. Hard work on the part of the people of Bridgeport — and their leaders. We just happen to be lucky in that department. We have some mighty fine men — especially among our industrial and labor leaders. I'd like to have you meet one of them here, as WE THE PEOPLE'S next guest. Mr. Herman Steinkraus, president of the Bridgeport Brass Company, the man who has done more than anyone else to get labor and management in Bridgeport off on the right foot.

STEINKRAUS

Mr. Secretary, I had an experience in the last war, which was common to many workers and managers here in Bridgeport. During the big push in France we were so short of ammunition we used what we captured from the Germans. I saw my buddies killed for lack of it. When this war broke out I determined to help our boys get enough and on time. I told our employees about my experience and asked for their suggestions. Then when Donald Nelson proposed that labor and management committees be set up in war plants to swap ideas and stimulate production, he didn't have to urge us.

MORGENTHAU

Mr. Steinkraus, this labor and management plan is very interesting to me, because I have found that wherever labor and management get along, production is high and Bond sales take care of themselves. I've seen it happen in dozens of places — in Portland, Oregon — in Cedar Rapids, Iowa — in Buffalo, New York and only last week, I saw it in Cincinnati, Ohio. Out there, I saw one plant that had increased its production seven hundred percent — and Mr. Steinkraus, Bond sales have kept right in step.

STEINKRAUS

Yes, I know that and another thing, Mr. Secretary, with labor and management working together, there haven't been any work stoppages in Bridgeport since the war, though our industrial population has tripled since 1939. Management tries to be fair, and our union leaders are first-class Americans — honest and reasonable and only interested in winning the war. We've got real team work between labor, management and our local town officials. Our company heads don't consider whether a man is a union or a non-union man. He is simply a General Electric, a Gulf Oil, a Bullard, or Bridgeport Brass employee. As a matter of fact, organized and unorganized labor is divided up here just about half and half. But the results are what count. And I hope you'll pardon my pride, Mr. Secretary, when I tell you that our company is one of the few, I think it is four, companies in America to win the Army-Navy "E" five times. In order to do that, we not only had to keep production up, but had to maintain the right kind of labor-management relationship, increase production efficiency, maintain quality and generally keep doing a bigger job and a better job all the time. And that's the job you'll find all of Bridgeport doing — making trainloads of fighting equipment for America's fighting sons.

MORGENTHAU

Thank you, Mr. Steinkraus.

VOICES

Machine guns — cartridges — rifles — radar — bazookas — quinine — airplanes — flying suits — sulfanilimide — instrument panels — machine tools — anti-aircraft guns — lifeboats — cylinder heads — pressure gauges.

MORGENTHAU

All kinds of things — being made by all kinds of people. Not only here in Bridgeport, but all over the country. Men and women and children — working — fighting — for America. Out in Oregon, I saw grandmothers working in a shipyard.

HULTON

I'm a grandmother, my name is Elizabeth Hulton, Mr. Morgenthau. I first went to work for Remington Arms back in 1894. This is my third war making bullets for American soldiers.

MORGENTHAU

Yours is a splendid record, Mrs. Hulton.

HULTON

Why, I was only eighteen during the Spanish American War — and used to go to work in a Gibson Girl dress. There's been a lot of changes in both bullets and dresses since that time. But we're still fighting for the same things.

MORGENTHAU

Those things are always worth fighting for, Mrs. Hulton.

MADDEN

This is my first war, Mr. Morgenthau. My name is Lois Madden — and I ice-skate, roller skate, and row a boat to help win the war.

MORGENTHAU

How does ice-skating help in war production, Lois?

MADDEN

Well, I'm in the research laboratory of Remington Arms. I have to retrieve wads fired from shot guns. When they're fired over frozen lakes, I skate after them. When the lake isn't frozen, I row. I bring them back to scientists who study them. Believe me, the only pills to cure the Germans and Japs are American bullets — and the larger doses, the better.

MORGENTHAU

Right you are, Lois. Now here is sixteen year old Tony Ailyo. Tony, where do you work?

TONY

At Bridgeport Brass. I work there in the morning, go to school in the afternoon, and do my homework at night. I can only play on Saturday afternoons.

MORGENTHAU

Your mother must be very proud of you, Tony.

TONY

She says I learn things quick.

MORGENTHAU

You're pretty grown up for sixteen. Do you have a girl?

TONY

Well -- yeah I got one on the string.

MORGENTHAU

Just one?

TONY

One's enough, Mr. Morgenthau.

MORGENTHAU

You have learned early. Now, next at WE THE PEOPLE'S microphone is Mrs. Maxine Richeson. What's your war job, Mrs. Richeson?

RICHESON

It's quite different from the job I had in the last war. I was in the famous Ziegfield Follies of 1918, with Will Rogers and Eddie Cantor. In this war, I'm in the factory of Manning, Maxwell, and Moore. I test airplane instruments. I experimented and found a way to speed up the test. My boss was certainly surprised that an ex-Follies girl could do anything but dance. At first my husband laughed at the thought of me in a factory. But he ate his words. I'm thrilled to be a part of Bridgeport's production army. As P. T. Barnum, Bridgeport's most famous citizen would say -- it's "The Greatest Show on Earth."

MORGENTHAU

It certainly is. Now here is a Bridgeport father who has a very personal score to settle with the Axis. He is Mr. Ray Space.

SPACE

My second oldest boy, Arthur, was 18 when he went right into the Army Air Corps and became a gunner. In January, 1941, he was sent to the Philippines. Then came December 7th. Three days after Christmas, I got a telegram. The Japs had killed my boy Arthur when they bombed Nichols Field. Arthur was the first Bridgeport boy to be killed in this war. Then his brother, Douglas, went into the Air Corps too. I thank God that I am strong enough to work in a war plant -- The Aluminum Company of America, and that every pound of our aluminum goes right into the war. Some of it may be in the very plane my boy, Douglas, will fly in. He will be an aerial gunner, like Arthur was. Our family is buying Bonds, and doing all we can, like other Bridgeport families, to avenge the death of our boys. Here is Arthur's citation, Mr. Morgenthau. Maybe you would like to read part of it.

MORGENTHAU

"He was a soldier, and he knew a soldier's duty. We who pay him honor, and revere his memory, in solemn prayer rededicate ourselves to a complete fulfillment of the task for which he so gallantly placed his life upon the altar of man's freedom."

An American boy is killed in the Philippines. Increased production in his home town shouts our Nation's anger. A reply, the force of which has already been felt by the Japanese. An answer measured in tons of fighting equipment. Cities like Bridgeport contribute much of the force --- but it is a long way from here to the firing-line --- and it is vitally important that these people who make the weapons of war know just how they are being used --- how effective they are. Here to tell that story as WE THE PEOPLE's next guest is my friend, Colonel Thomas D. Campbell of the Air Service Command whom I last saw in Algiers.

CAMPBELL

Thank you, Mr. Secretary, I have just returned from an eleven-months' tour of many of our fighting fronts. My job was to report to General Frank on the maintenance and salvage of all air force equipment. In Algiers, General Eisenhower directed me to make a report on all army equipment.

MORGENTHAU

I know the war workers of Bridgeport would like to hear your conclusions, Colonel.

CAMPBELL

The equipment our war-workers make is the best in the world, Mr. Secretary. For example, our two and a half ton six by six truck. Six by six means that it has power in each of its six wheels. It can go almost anywhere. Our boys get a great kick out of the Bazooka and the hand grenade they fire off the end of the Springfield rifle.

MORGENTHAU

Yes, I know, for on my own trip to Italy I saw both of them in action when I was at the front with General Clark.

CAMPBELL

Yes, the Germans call the Bazooka the "French 75 a man can hold in his hands and shoot." And I've seen a fellow fire a grenade off his Springfield and hit a German machine-gun nest at 900 feet. But the most startling equipment I saw were the detection devices. A fighter pilot in England told me that, thanks to them, night-fighting had now been made almost as certain as fighting by day.

MORGENTHAU

Did you see any of our equipment going to Russia, Colonel Campbell?

CAMPBELL

Yes sir, I saw it coming through the Persian Gulf. On the cement pavement of Iran the temperature was 180 degrees, and no tires in the world could take it as ours do. I've seen hundreds of trucks on the road to Russia and many of the over 2,000 American planes we have sent them. You war workers in Bridgeport can feel a personal pride in having helped make that equipment, for these trucks and planes were important factors in the defense of Stalingrad and the Caucasus.

MORGENTHAU

Colonel Campbell, a few months ago I went to Sicily and one of our generals took me to a giant factory where enemy equipment was being overhauled for our own use. Later, in Cairo, I saw American engines which had seen hard fighting service being overhauled by native help.

CAMPBELL

Mr. Secretary, thousands of engines are being sent back to the United States for repair. Everything, even small lengths of cable, are salvaged. I saw planes that returned from the raid on the Rumanian oil fields with holes in their wings as big as a man. But every salvageable part was used. To show you to what lengths our men go to salvage equipment, let me tell you about one soldier. A P-38 had crashed in then German-held territory in Africa, near the little French town of Torquez. Before the town was retaken, the Germans mined the path leading up to the P-38. When this American soldier approached the plane to salvage it, he was killed by a mine. I reached Torquez the next day and was asked to officiate at his funeral — one American among hundreds of Frenchmen. They gave that American soldier a military funeral with all possible honors, for as they told me, he died in an effort to help make our American equipment last for all the Allies as long as possible.

MORGENTHAU

Thank you, Colonel Campbell.

Here tonight, we have met the people of Bridgeport. People united in thought, action, and spirit. They have translated that unity into the tools of war — by working in harmony — by living in harmony — by pooling their skills and their money for one purpose — to "Back The Attack".

Leaders of management like Mr. Steinkraus, whom we met earlier, work closely with leaders of labor like the two men here with us now.

O'BRIEN

My name is O'Brien, Ed O'Brien, and I inspect shell-casings over at Bridgeport Brass. But I've got another job — I'm serving as head of the Bridgeport C.I.O. There's something I'd like to get off my chest here tonight. It makes me a little sick to pick up newspapers and read stories about how management is supposed to be fighting labor, and labor is supposed to be fighting management, and nobody can get along. Well, we're here to prove they can get along. We're doing it here in Bridgeport and we're going to keep on doing it. And I know I can also speak for Peter Benard, Chief of the A.F. of L here in Bridgeport. Pete has five children — one son with the air force in England — and five grandchildren. Right, Pete?



BENARD

Right you are, Ed. In our city, our unions don't believe in fighting with each other — or with unorganized labor, either. We're both working for the fellow that's working for a living. I speak for the unions as well as management when I say that our responsibility as Americans has united us to win the war and keep the peace.

MORGENTHAU

Thank you Mr. O'Brien and Mr. Benard. Labor, management and the armed forces fighting side by side will win the war — the Bridgeport kind of labor and management cooperation, coupled with the American fighting forces under their able and distinguished leaders. We take you now to Washington where you will hear from Admiral Ernest J. King, USN, Commander-in-Chief of the United States fleet and Chief of Naval Operations, speaking from his flagship, the U.S.S. Dauntless. Come in Admiral King.

KING

What we accomplish during this year of attack will directly affect the length of the war, and the price in American lives to be paid for final victory. The more than 14,000 ships and 27,000 planes which now comprise our naval forces that are required to operate in many oceans, against determined and resourceful enemies. Most of the men who man them have recently come from civilian life, but the job that they are doing today is magnificent. They have given up many privileges. They know that discipline and unquestioned obedience are necessary in military operations. Men who have seen action know best the importance of these principles. To some people at home the war may seem remote. It may be both easy and pleasant to dwell on the progress, and the victories of the past year, and to think that the war is almost won. So often our memories are short. Even now it may be difficult for some to remember how quickly the enemy overran the Philippines, and most of the islands of the Central and South Pacific in the early months of the war. Now we are faced with the task of dispossessing him from these areas which he so quickly gained and which we need before our attack on his homeland can be accentuated. We have started this uphill march; we have already put the enemy on the defensive. As we progress, his lines of communications will be shortened; the thoroughness of his preparations for defense will improve, which will increase the difficulty of attaining victory. There can be little wonder that the fighting man looks with somewhat incredulous eyes upon these citizens at home who think the war is won. Is it won when there is a Jap sniper in the next tree, and when that Jap is still over 2,000 miles from Tokio? Our fighting men want this war over. They want to come home, but not until a victory is gained. To speed that day, the men of the Navy, Marine Corps, and Coast Guard invest over twenty million dollars a month in the United States War Bonds, so that they are among the greatest boosters for the War Loan Drive. This year, as never before,

we need our full fighting strength. A vast landing craft construction program has begun. It will cost more than five billion dollars. One out of every four dollars the navy will expend during the next eleven months will go into that program. Upon its completion depends to a great measure the success of the forthcoming operation. War Bonds will provide the means to build these landing craft. To every American citizen and wage earner, I make the appeal to buy War Bonds. Let your dollars fight for victory and for freedom for America — buy War Bonds.

MORGENTHAU

Now here is a war worker from Bridgeport who knows the real costs of war.

WORKER

I had a son on Bataan. You know what's happened to our boys there. I don't have to tell you. Not every war worker is going through what I have gone through these last 48 hours. But they are working hard — just as hard as I am. We want this war over. And the only way to do it is to put everything we have got into it.

MORGENTHAU

"Everything we've got". Every nickel we can possibly save. Is that too much to ask when we hear from the lips of Americans such things as this?

VOICE

We were made to sit in the boiling sun all day without cover. We had very little water. Our thirst was intense. Many of us went crazy, several died, three Filipino and three American soldiers were buried while still alive. One American officer was beheaded. And two others were shot after they had dangled for two days in the broiling sun with their arms tied behind them.

Bodies of American and Filipino soldiers who had been killed in the last hours of battle on Bataan were crushed and smashed by Japanese trucks which ran over them deliberately. The sick, the starving and the wounded were compelled to march mile after mile for days without food or water. They were herded into enclosures which reeked of the stench of the living and the dead — men who died from starvation, thirst and disease.

MORGENTHAU

News like that makes our blood boil! But, the flash of our immediate anger blinds us to an important fact; that this latest outrage of the Jap monsters is not so unusual after all; that it is but part of a proven pattern of Axis atrocities; a scheme forged in the hell-fires of hatred—a program of bestial cruelty — deliberate, ever-increasing in the intensity of its horror! Yes, this is but the newest link in the chain of evidence which will anchor in Hell the souls of Japanese and German leaders for eternity!

Remember the rape of Lidice. Remember the fifty thousand Russians hanged by the Germans at Gomel. Remember Kharkov -- and Smolensk where the population were tortured and murdered.

Tomorrow, and for as many tomorrows as there shall be in this war, we shall continue to hear of further murderous crimes committed by the Axis. And that is why we must limit those tomorrows -- end them, once and for all, with quick and complete Victory.

The Japanese and the Germans hope, by their frightfulness to scare us into quitting.

Well, our answer to that is the job being done day in and day out by Mr. and Mrs. America -- you people -- yes, the people of cities like Bridgeport, Connecticut, U.S.A.

ANNOUNCER

This is Milo Boulton again saying thank you to the people of Bridgeport, Connecticut, and to the Secretary of the Treasury, Henry Morgenthau, Jr., for being with us on WE THE PEOPLE tonight. The Gulf Oil Companies and your neighborhood Good Gulf dealer have been proud to have made this special broadcast of WE THE PEOPLE possible. Next Sunday the Gulf Oil Companies will bring you another program of WE THE PEOPLE; with Oscar Bradley and his orchestra and another grand group of Americans bringing you the kind of experiences you hear only when WE THE PEOPLE speak.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, February 1, 1944.

Press Service

no. 40-5

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated February 3 and to mature May 4, 1944, which were offered on January 28, were opened at the Federal Reserve Banks on January 31.

The details of this issue are as follows:

Total applied for - \$2,459,243,000  
 Total accepted - 1,003,742,000 (includes \$71,527,000 entered on a fixed-price basis at 99.905 and accepted in full)  
 Average price - 99.906 Equivalent rate of discount approx. 0.374% per annum  
 Range of accepted competitive bids:  
 High - 99.920 Equivalent rate of discount approx. 0.316% per annum  
 Low - 99.905 " " " " " " 0.376% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 123,248,000	\$ 77,210,000
New York	1,485,975,000	494,948,000
Philadelphia	77,696,000	32,805,000
Cleveland	75,408,000	52,674,000
Richmond	59,307,000	35,976,000
Atlanta	7,675,000	7,521,000
Chicago	364,009,000	126,253,000
St. Louis	48,829,000	24,343,000
Minneapolis	65,730,000	65,711,000
Kansas City	37,283,000	29,352,000
Dallas	19,133,000	12,819,000
San Francisco	94,950,000	44,130,000
TOTAL	<u>\$2,459,243,000</u>	<u>\$1,003,742,000</u>

*Len*

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, February 1, 1944.  
1-31-44

Press Service  
No. 40-54

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated February 3 and to mature May 4, 1944, which were offered on January 28, were opened at the Federal Reserve Banks on January 31.

The details of this issue are as follows:

Total applied for - \$2,459,243,000  
Total accepted - 1,003,742,000 (includes \$71,527,000 entered on a fixed-price basis at 99.905 and accepted in full)

Average price - 99.906 Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

High - 99.920 Equivalent rate of discount approx. 0.316% per annum  
Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 123,248,000	\$ 77,210,000
New York	1,485,975,000	494,948,000
Philadelphia	77,696,000	32,805,000
Cleveland	75,408,000	52,674,000
Richmond	59,307,000	35,976,000
Atlanta	7,675,000	7,521,000
Chicago	364,009,000	126,253,000
St. Louis	48,829,000	24,343,000
Minneapolis	65,730,000	65,711,000
Kansas City	37,283,000	29,352,000
Dallas	19,133,000	12,819,000
San Francisco	<u>94,950,000</u>	<u>44,130,000</u>
TOTAL	\$2,459,243,000	\$1,003,742,000

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Tuesday, February 1, 1944.

Press Service

40-55

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 0.90 percent Treasury Notes of Series D-1945.

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

<u>Federal Reserve District</u>	<u>Total Subscriptions Received and Allotted</u>
Boston	\$ 134,699,000
New York	1,029,319,000
Philadelphia	56,431,000
Cleveland	91,216,000
Richmond	37,568,000
Atlanta	68,870,000
Chicago	294,558,000
St. Louis	72,590,000
Minneapolis	53,487,000
Kansas City	65,770,000
Dallas	46,804,000
San Francisco	174,615,000
Treasury	520,000
TOTAL	<u>\$2,126,447,000</u>

*sub  
 O.P.A.*

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Tuesday, February 1, 1944.

Press Service  
No. 40-55

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 0.90 percent Treasury Notes of Series D-1945.

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

<u>Federal Reserve District</u>	<u>Total Subscriptions Received and Allotted</u>
Boston	\$ 134,699,000
New York	1,029,319,000
Philadelphia	56,431,000
Cleveland	91,216,000
Richmond	37,568,000
Atlanta	68,870,000
Chicago	294,558,000
St. Louis	72,590,000
Minneapolis	53,487,000
Kansas City	65,770,000
Dallas	46,804,000
San Francisco	174,615,000
Treasury	520,000
	<hr/>
	\$2,126,447,000

Note: Figures are rounded and will not necessarily add to totals.

- 1/ The estimates are preliminary and tentative pending the drafting of the final bill and are intended to reflect the net improvement in the Budget position of the United States resulting from the revenue measures contained in the Bill. Therefore, the portion of the Bill which increases Federal receipts and expenditures to the same extent by terminating certain governmental excise tax exemptions (Title III, Section 307 of the Bill) does not increase the present estimate of the net yield of the Bill over present law.
- 2/ Estimated nonrecurring refunds of \$75.0 millions resulting from the Bill as agreed upon in Conference, of \$267.5 millions as passed by the Senate, and of \$7 millions as passed by the House, are not shown.
- 3/ Collections for credit to trust funds are not included.
- 4/ These estimates are after allowances for drawbacks of \$23.6 millions under the Bill as passed by the Senate and agreed upon in Conference, of \$19.7 millions as passed by the House of Representatives, and of \$14.8 millions under present law.
- 5/ Excludes nonrecurring collection of tax on floor stocks under the Bill in the amount of \$63.0 millions.
- 6/ The tax on luggage under the Bill has been changed from a manufacturers' excise to a retailers' excise tax. Estimated nonrecurring refunds of \$1.1 millions resulting from the Bill as passed by the Senate are excluded.
- 7/ Public law 171, Section 3, froze the tax rates of the Federal Insurance Contributions Act at one percent each on employers and employees for two months of the calendar year 1944, reducing tax liabilities by an estimated \$219.5 millions. The freezing of the rates for the entire calendar year reduces tax liabilities by an estimated \$1,340.0 millions.
- 8/ The increased cost to the Government from price increases under the Bill as passed by the House as a result of changes adopted in the renegotiation of war contracts is not included. Under the Bill as passed by the Senate, it is estimated that the Federal Government would lose over \$200 millions before taxes on the business of corporations with fiscal years ending after June 30, 1943, as a result of proposed renegotiation treatment of certain durable machine tools or equipment with a useful life of over ten years. This is not reflected in the above estimates at the level of income of the calendar year 1944.
- 9/ The increase of postal revenues, estimated at \$183.8 millions under the Bill as passed by the House of Representatives and at \$110.0 millions as passed by the Senate and agreed upon in Conference, will add to any surplus or reduce any deficit in postal operations that may exist. Only the net surplus, if any, from postal operations will be reflected in miscellaneous receipts. For the purpose of the present estimate it is assumed that there will be a postal surplus in the calendar year 1944 under present law.
- 10/ Excludes the effect of freezing the tax rates of the Federal Insurance Contributions Act, since these funds would have been automatically appropriated to the Federal old-age and survivors insurance trust fund,



Manufacturers' excise taxes:			
Electric light bulbs	7.5	- 2.5	2.5
Luggage <u>6/</u>	- 4.1	-	-
All other	-	-	-
Total manufacturers' excise taxes	<u>3.4</u>	- <u>2.5</u>	<u>2.5</u>
Retailers' excise taxes:			
Jewelry, etc.	92.5	- 3.9	- 3.8
Furs	44.0	- 21.6	-
Toilet preparations	32.1	- 15.9	-
Luggage <u>6/</u> , handbags, wallets, etc.	38.7	- 9.2	9.4
Total retailers' excise taxes	<u>207.3</u>	- <u>50.6</u>	<u>5.6</u>
Miscellaneous taxes:			
Telephone, telegraph, radio and cable facilities, leased wires, etc.	42.2	1.4	-
Telephone bill	45.8	-	-
Transportation of persons	90.6	-	-
General admissions	127.7	- 35.8	-
Cabarets, etc.	76.2	-	42.2
Club dues and initiation fees	5.4	-	-
Bowling alleys and billiard and pool tables	1.8	- 25.2	-
Pari-mutuel wagering	-	- 29.1	-
All other <u>3/</u>	-	-	-
Total miscellaneous taxes	<u>389.9</u>	- <u>88.7</u>	<u>42.2</u>
Total miscellaneous internal revenue	1,165.8	- 145.8	50.3
(3) Employment taxes:			
Federal Insurance Contributions Act <u>7/</u>	- 1,120.5	- 1,120.5	-
All other	-	-	-
Total employment taxes	- <u>1,120.5</u>	- <u>1,120.5</u>	-
Total internal revenue	<u>963.9</u>	- <u>1,041.6</u>	<u>355.8</u>
2. Railroad unemployment insurance contributions	-	-	-
3. Customs	-	-	-
4. Miscellaneous receipts <u>8/ 9/</u>	<u>110.0</u>	- <u>48.8</u>	<u>12.8</u>
Total yield, general and special accounts	1,073.9	- 1,090.4	368.6
Net appropriation to Federal old-age and survivors insurance trust fund	<u>1,120.5</u>	<u>1,120.5</u>	-
Net yield, general and special accounts	2,194.4 <u>10/</u>	30.1 <u>10/</u>	368.6

Estimated change in the Budget position of the United States resulting from the Revenue Act of 1943 (H.R. 3687) as agreed upon in Conference (January 31, 1944) compared with the Budget position under the present law and under the Revenue Act of 1943 (H.R. 3687) as passed by the House of Representatives (November 24, 1943) and by the Senate (January 21, 1944) for a full year of operation at levels of income estimated for the calendar year 1944 1/

(In millions of dollars)

	: Increase or decrease (-),		
	: as agreed upon in Conference, over		
	: Present	: House	: Senate
	: law	: Bill	: Bill
1. Internal revenue:			
(1) Income and excess profits taxes:			
Corporation:			
Income tax	84.6	31.6	92.6
Excess profits tax	269.5	- 191.3	236.7
Declared value excess profits tax	- .9	- .9	--
Total corporation (gross)	353.2	- 160.6	329.3
Less postwar credit	26.9	- 19.0	23.8
Total corporation (net) <u>2/</u>	326.3	- 141.6	305.5
Individual:			
Net income tax	654.1	-2,443.8	--
Victory tax (gross)	-1,837.9	2,810.1	--
Less postwar credit	1,776.1	--	--
Victory tax (net)	- 61.8	2,810.1	--
Total individual	592.3	366.3	--
Total income and excess profits taxes	918.6	224.7	305.5
(2) Miscellaneous internal revenue:			
Capital stock, estate, and gift taxes	--	--	--
Liquor taxes:			
Distilled spirits (domestic and imported) (excise tax) <u>3/ 4/</u>	473.1	- 4.0	--
Fermented malt liquors <u>3/</u>	70.2	--	--
Wines (domestic and imported) (excise tax) <u>3/</u>	21.9	--	--
All other <u>3/</u>	--	--	--
Total liquor taxes <u>5/</u>	565.2	- 4.0	--
Tobacco taxes <u>3/</u>	--	--	--
Stamp taxes	--	--	--

Note: Figures are rounded and will not necessarily add to totals.

- 1/ The estimates are preliminary and tentative pending the drafting of the final bill and are intended to reflect the net improvement in the Budget position of the United States resulting from the revenue measures contained in the Bill. Therefore, the portion of the Bill which increases Federal receipts and expenditures to the same extent by terminating certain governmental excise tax exemptions (Title III, Section 307 of the Bill) does not increase the present estimate of the net yield of the Bill over present law.
- 2/ Estimated nonrecurring refunds of \$75.0 millions resulting from the Bill as agreed upon in Conference, of \$267.5 millions as passed by the Senate, and of \$7 millions as passed by the House, are not shown.
- 3/ Collections for credit to trust funds are not included.
- 4/ These estimates are after allowances for drawbacks of \$23.6 millions under the Bill as passed by the Senate and agreed upon in Conference, of \$19.7 millions as passed by the House of Representatives, and of \$14.8 millions under present law.
- 5/ Excludes nonrecurring collection of tax on floor stocks under the Bill in the amount of \$63.0 millions.
- 6/ The tax on luggage under the Bill has been changed from a manufacturers' excise to a retailers' excise tax. Estimated nonrecurring refunds of \$1.1 millions resulting from the Bill as passed by the Senate are excluded.
- 7/ Public Law 171, Section 3, froze the tax rates of the Federal Insurance Contributions Act at one percent each on employers and employees for two months of the calendar year 1944, reducing tax liabilities by an estimated \$219.5 millions. The freezing of the rates for the entire calendar year reduces tax liabilities by an estimated \$1,340.0 millions.
- 8/ The increased cost to the Government from price increases under the Bill as passed by the House as a result of changes adopted in the renegotiation of war contracts is not included. Under the Bill as passed by the Senate, it is estimated that the Federal Government would lose over \$200 millions on the business of corporations with fiscal years ending after June 30, 1943, as a result of proposed renegotiation treatment of certain durable machine tools or equipment with a useful life of over ten years. This is not reflected in the above estimates at the level of income of the calendar year 1944. *before tax*
- 9/ The increase of postal revenues, estimated at \$183.8 millions under the Bill as passed by the House of Representatives and at \$110.0 millions as passed by the Senate and agreed upon in Conference, will add to any surplus or reduce any deficit in postal operations that may exist. Only the net surplus, if any, from postal operations will be reflected in miscellaneous receipts. For the purpose of the present estimate it is assumed that there will be a postal surplus in the calendar year 1944 under present law.
- 10/ Excludes the effect of freezing the tax rates of the Federal Insurance Contributions Act, since these funds would have been automatically appropriated to the Federal old-age and survivors insurance trust fund.

2

Manufacturers' excise taxes:

Electric light bulbs

Luggage 6/

All other

Total manufacturers' excise taxes

7.5	-	2.5	2.5
- 4.1	-	--	--
--	-	--	--
<u>3.4</u>	-	<u>2.5</u>	<u>2.5</u>

Retailers' excise taxes:

Jewelry, etc.

Furs

Toilet preparations

Luggage 6/, handbags, wallets, etc.

Total retailers' excise taxes

92.5	-	3.9	- 3.8
44.0	-	21.6	--
32.1	-	15.9	--
<u>38.7</u>	-	<u>9.2</u>	<u>9.4</u>
<u>207.3</u>	-	<u>50.6</u>	<u>5.6</u>

Miscellaneous taxes:

Telephone, telegraph, radio and cable facilities,  
leased wires, etc.

Telephone bill

Transportation of persons

General admissions

Cabarets, etc.

Club dues and initiation fees

Bowling alleys and billiard and pool tables

Pari-mutuel wagering

All other 3/

Total miscellaneous taxes

42.2		1.4	--
45.8		--	--
90.6		--	--
127.7	-	35.8	--
76.2		--	42.2
5.4		--	--
1.8	-	25.2	--
--	-	29.1	--
--		--	--
<u>389.9</u>	-	<u>88.7</u>	<u>42.2</u>

Total miscellaneous internal revenue

1,165.8	-	145.8	50.3
---------	---	-------	------

(3) Employment taxes:

Federal Insurance Contributions Act 7/

All other

Total employment taxes

- 1,120.5	-	1,120.5	--
--	-	--	--
<u>- 1,120.5</u>	-	<u>1,120.5</u>	--

Total internal revenue

<u>963.9</u>	-	<u>1,041.6</u>	<u>355.8</u>
--------------	---	----------------	--------------

2. Railroad unemployment insurance contributions

--	--	--	--
----	----	----	----

3. Customs

--	--	--	--
----	----	----	----

4. Miscellaneous receipts 8/ 9/

110.0	-	48.8	12.8
-------	---	------	------

Total yield, general and special accounts

1,073.9	-	1,090.4	368.6
---------	---	---------	-------

Net appropriation to Federal old-age and survivors  
insurance trust fund

<u>1,120.5</u>	-	<u>1,120.5</u>	--
----------------	---	----------------	----

Net yield, general and special accounts

2,194.4 <u>10/</u>		30.1 <u>10/</u>	368.6
--------------------	--	-----------------	-------

*Special Messenger Pub Reels only*

Estimated change in the Budget position of the United States resulting from the Revenue Act of 1943 (H.R. 3687) as agreed upon in Conference (January 31, 1944) compared with the Budget position under the present law and under the Revenue Act of 1943 (H.R. 3687) as passed by the House of Representatives (November 24, 1943) and by the Senate (January 21, 1944) for a full year of operation at levels of income estimated for the calendar year 1944 1/

(In millions of dollars)

	: Increase or decrease (-), : as agreed upon in Conference, over		
	: Present	: House	: Senate
	: law	: Bill	: Bill
<b>1. Internal revenue:</b>			
<b>(1) Income and excess profits taxes:</b>			
Corporation:			
Income tax	84.6	31.6	92.6
Excess profits tax	269.5	- 191.3	236.7
Declared value excess profits tax	- .9	- .9	--
Total corporation (gross)	<u>353.2</u>	<u>- 160.6</u>	<u>329.3</u>
Less postwar credit	26.9	- 19.0	23.8
Total corporation (net) <u>2/</u>	<u>326.3</u>	<u>- 141.6</u>	<u>305.5</u>
Individual:			
Net income tax	654.1	- 2,443.8	--
Victory tax (gross)	- 1,837.9	2,810.1	--
Less postwar credit	1,776.1	--	--
Victory tax (net)	<u>- 61.8</u>	<u>2,810.1</u>	<u>--</u>
Total individual	<u>592.3</u>	<u>366.3</u>	<u>--</u>
Total income and excess profits taxes	918.6	224.7	305.5
<b>(2) Miscellaneous internal revenue:</b>			
Capital stock, estate, and gift taxes	--	--	--
Liquor taxes:			
Distilled spirits (domestic and imported) (excise tax) <u>3/ 4/</u>	473.1	- 4.0	--
Fermented malt liquors <u>3/</u>	70.2	--	--
Wines (domestic and imported) (excise tax) <u>3/</u>	21.9	--	--
All other <u>3/</u>	--	--	--
Total liquor taxes <u>5/</u>	<u>565.2</u>	<u>- 4.0</u>	<u>--</u>
Tobacco taxes <u>3/</u>	--	--	--
Stamp taxes	--	--	--

FOR IMMEDIATE RELEASE,  
February 1, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds)	Authorized for entry for consumption As of (Date)	(Pounds)
-----------------------	----------------------------	---	----------

Signatory Countries:

Brazil	1,353,183,480	Jan. 22, 1944	320,330,522
Colombia	458,336,340	"	177,173,686
Costa Rica	29,100,720	"	2,550,278
Cuba	11,640,288	"	2,717,065
Dominican Republic	17,418,104	"	4,546,153
Ecuador	21,825,540	"	12,807,887
El Salvador	87,302,160	"	12,471,865
Guatemala	77,844,426	"	18,719,889
Haiti	40,013,490	"	5,410,472
Honduras	2,909,675	"	1,544,219
Mexico	69,114,210	"	20,233,051
Nicaragua	28,373,202	"	721,232
Peru	3,637,590	"	900,895
Venezuela	61,111,512	"	14,044,964
Non-signatory Countries:	51,653,778	"	2,278,399

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 2, 1944.

Press Service  
No. 40-56

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:

Signatory Countries:

Brazil	1,353,183,480	Jan. 22, 1944	320,330,522
Colombia	458,336,340	"	177,173,686
Costa Rica	29,100,720	"	2,550,278
Cuba	11,640,288	"	2,717,065
Dominican Republic	17,418,104	"	4,546,153
Ecuador	21,825,540	"	12,807,887
El Salvador	87,302,160	"	12,471,865
Guatemala	77,844,426	"	18,719,889
Haiti	40,013,490	"	5,410,472
Honduras	2,909,675	"	1,544,219
Mexico	69,114,210	"	20,233,051
Nicaragua	28,373,202	"	721,232
Peru	3,637,590	"	900,895
Venezuela	61,111,512	"	14,044,964
Non-signatory Countries:	51,653,778	"	2,278,399

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.

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.



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 February 10, 1944.

~~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

ALPHAX

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, February 4, 1944.  
(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,000,000,000, or thereabouts. of 91-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 February 10, 1944, and will mature May 11, 1944, 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, February 7, 1944. 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*  
40-57

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts of 91-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 February 10, 1944, and will mature May 11, 1944, 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, February 7, 1944. 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 February 10, 1944.

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.

Government purchase of used clothes for relief purposes was initiated some months ago when the Procurement Division, on requisition from the Office of Foreign Relief & Rehabilitation Operations, began buying 500 tons of assorted garments such as shirts, underclothing and coats.

As this purchase program was being conducted, a nationwide campaign to collect used clothing had been launched. Through churches and local organizations, quantities of suitable clothing were gathered, fumigated and cleaned -- and eventually were used in relief operations.

~~#30#~~  
o o o

It is expected that the men will be paid in accordance with the rules of the Geneva Conference.

The salvage materials will be converted into usable men's attire, such as overcoats, suits, hats, socks, underwear and shirts. Requisitions received by the Procurement Division from Federal relief agencies will then be filled by stocks being prepared at prisoner camps.

Some indication of the size of expected demands was revealed by Mr. Mack's announcement that relief organizations have already asked the Procurement Division to supply 407,000 complete sets of used clothing.

The Procurement Division will send five experienced ~~Italian~~ speaking representatives to each camp to develop an "assembly line" production schedule so that work will roll ahead at top speed. Eventually, after the program is underway, the Division will station only one supervisor at each camp.

"There is a definite possibility that this operation will be expanded to other camps in the near future," Mr. Mack said. "The coming program will result in a comparatively negligible cost to the Treasury, but it will accomplish valuable purposes overseas." He said that Mr. James Stilwell, Advisor on Supplies to Assistant <sup>Secretary</sup> of State, Dean Acheson, <sup>son</sup> had been a key factor in making the necessary inter-governmental arrangements, and would continue to aid in the program as it expands.

(B)  
APP.  
am sat

40-58

FOR IMMEDIATE RELEASE

Approximately 6,000 Italian ~~and German~~ prisoners of war, now stationed at camps in the United States, will soon begin work repairing "salvage" clothing for use in American relief operations abroad.

Under a program originated by the Treasury's Procurement Division, the prisoners stationed at camps conveniently located in the Middle-West -- will sort, launder, repair, reconvert, mark and pack approximately 80,000,000 pounds annually of woolen salvage materials, from clothing discarded by American soldiers. Several hundred experienced tailors, from the prisoner's ranks, will handle the more dextrous repair operations such as re-fitting sleeves, sewing outside tears and adding pockets.

Director Clifton E. Mack announced that the Army would begin shipping material very soon and would continue to do so "just as fast as the prisoners can handle shipments."

Some prisoners now located at the camps in question will be moved to make available the necessary buildings, laundry and other equipment which the Army will install. The ~~Foreign~~

~~Economic Administration~~ <sup>Procurement DIVISION</sup> will make available sewing machines *from surplus*

*stocks* → and the ~~Procurement Division~~ will supply ~~materials~~ "findings" -- buttons, thread, needles and trimmings.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Saturday, February 5, 1944.

Press Service  
No. 40-58

Approximately 6,000 Italian prisoners of war, now stationed at camps in the United States, will soon begin work repairing "salvage" clothing for use in American relief operations abroad.

Under a program originated by the Treasury's Procurement Division, the prisoners stationed at camps conveniently located in the Middle-West — will sort, launder, repair, reconvert, mark and pack approximately 80,000,000 pounds annually of woollen salvage materials, from clothing discarded by American soldiers. Several hundred experienced tailors, from the prisoner's ranks, will handle the more dextrous repair operations such as re-fitting sleeves, sewing outside tears and adding pockets.

Director Clifton E. Mack announced that the Army would begin shipping material very soon and would continue to do so "just as fast as the prisoners can handle shipments."

Some prisoners now located at the camps in question will be moved to make available the necessary buildings, laundry and other equipment which the Army will install. The Procurement Division will make available sewing machines from surplus stocks and will supply "findings" — buttons, thread, needles and trimmings.

It is expected that the men will be paid in accordance with the rules of the Geneva Conference.

The salvage materials will be converted into usable men's attire, such as overcoats, suits, hats, socks, underwear and shirts. Requisitions received by the Procurement Division from Federal relief agencies will then be filled by stocks being prepared at prisoner camps.

Some indication of the size of expected demands was revealed by Mr. Mack's announcement that relief organizations have already asked the Procurement Division to supply 407,000 complete sets of used clothing.

The Procurement Division will send five experienced representatives to each camp to develop an "assembly line" production schedule so that work will roll ahead at top speed. Eventually, after the program is under-way, the Division will station only one supervisor at each camp.

"There is a definite possibility that this operation will be expanded to other camps in the near future," Mr. Mack said. "The coming program will result in a comparatively negligible cost to the Treasury,



but it will accomplish valuable purposes overseas." He said that Mr. James Stilwell, Advisor on Supplies to Assistant Secretary of State, Dean Acheson, had been a key factor in making the necessary inter-governmental arrangements, and would continue to aid in the program as it expands.

Government purchase of used clothes for relief purposes was initiated some months ago when the Procurement Division, on requisition from the Office of Foreign Relief & Rehabilitation Operations, began buying 500 tons of assorted garments such as shirts, underclothing and coats.

As this purchase program was being conducted, a nationwide campaign to collect used clothing had been launched. Through churches and local organizations, quantities of suitable clothing were gathered, fumigated and cleaned — and eventually were used in relief operations.

February 5, 1944

STATUTORY DEBT LIMITATION  
AS OF JANUARY 31, 1944

40-59

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 January 31, 1944:

Interest-bearing:

Bonds -

Treasury	\$67,944,417,000	
Savings (Maturity value)*	35,715,805,550	
Depository	407,253,250	
Adjusted Service	<u>718,952,657</u>	\$104,786,428,457

Treasury notes 27,857,170,950

Certificates of Indebtedness 27,917,372,000

Treasury Bills (Maturity value) 13,100,859,000 68,875,401,950

\$173,661,830,407

← Prepayments: *(Int-bear)*

Treasury Bonds	1,103,756,400	
Certs. of Indebt.	<u>1,089,617,000</u>	2,193,373,400

Matured obligations on which interest has ceased 250,401,725

Bearing no interest U.S. Savings stamps 204,906,044

Excess profits tax refund bonds 426,947 205,332,991 176,310,938,523

← Face amount of obligations issuable under above authority \$ 33,689,061,477

Reconciliation with Daily Statement of the United States Treasury  
January 31, 1944

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act. \$176,310,938,523

Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value) 6,814,777,588

169,496,160,935

Add other public debt obligations outstanding but not subject to the statutory limitation:

Interest-bearing (Pre-War, etc)	\$195,926,860
Matured obligations on which interest has ceased	7,900,125
Bearing no interest	<u>958,763,675</u>

1,162,590,660

Total gross debt outstanding as of January 31, 1944 \$170,658,751,595

\*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement \$28,901,027,962

*Number 40-59*

February 7, 1944

STATUTORY DEBT LIMITATION  
AS OF JANUARY 31, 1944

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 January 31, 1944:

Interest-bearing:

Bonds -

Treasury	\$67,944,417,000	
Savings (Maturity value)*	35,715,805,550	
Depository	407,253,250	
Adjusted Service	<u>718,952,657</u>	\$104,786,428,457

Treasury notes	27,857,170,950	
----------------	----------------	--

Certificates of Indebtedness	27,917,372,000	
------------------------------	----------------	--

Treasury Bills (Maturity value)	<u>13,100,859,000</u>	68,875,401,950
		<u>\$173,661,830,407</u>

Prepayments:

Treasury Bonds	1,103,756,400	
Certs. of Indebt.	<u>1,089,617,000</u>	2,193,373,400

Matured obligations on which interest has ceased		250,401,725
--	--	-------------

Bearing no interest		
U. S. Savings stamps	204,906,044	

Excess profits tax refund bonds	<u>426,947</u>	<u>205,332,991</u>	<u>176,310,938,523</u>
---------------------------------	----------------	--------------------	------------------------

Face amount of obligations issuable under above authority		<u>\$ 33,689,061,477</u>
---	--	--------------------------

Reconcilement with Daily Statement of the United States Treasury  
January 31, 1944

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act.	\$176,310,938,523
---	-------------------

Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)	<u>6,814,777,588</u>
---	----------------------

	169,496,160,935
--	-----------------

Add other public debt obligations outstanding but not subject to the statutory limitation:

Interest-bearing (Pre-War, etc.)	\$195,926,860
----------------------------------	---------------

Matured obligations on which interest has ceased	7,900,125
--	-----------

Bearing no interest	<u>958,763,675</u>	<u>1,162,590,660</u>
---------------------	--------------------	----------------------

Total gross debt outstanding as of January 31, 1944	<u>\$170,658,751,595</u>
---	--------------------------

\*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement \$28,901,027,962.

Statutory, ex-officio members are Judge William H. Kirkpatrick, of the United States District court for Eastern Pennsylvania, Philadelphia; Preston Delano, Comptroller of the Currency, Washington; and Joseph Buford, assayer, the United States Assay Office, New York City.

The annual "trial of the coins", as the function is known, has been made without interruption since 1792. At all United States Mints, one of each 2,000 silver coins produced is taken at random, and preserved under seal, for testing by the Assay Commission. The procedure was set up by the early lawmakers to insure that the nation's money is maintained at standards of fineness and weight.

Members of the Commission serve without compensation, but are reimbursed for their expenses. They will receive a special medal as a token of their service.

Mint activities of extra-curricular interest to the Commission this year include the recently resumed coinage of bronze one cent pieces, in which scrapped shell cases and new copper are combined; and the production of thousands of medals for heroes of the Navy, Coast Guard and Merchant Marine.

oOo



Mrs. Nellie Tayloe Ross, Director of the Mint, announced today that the traditional sampling and testing of 1943 coinage as provided by law will bring together at the Philadelphia Mint Wednesday and Thursday members of an Annual Assay Commission appointed by the President.

The Commission this year will consist of eleven ~~appointed~~ <sup>appointed</sup> and three ex-officio members.

They are:

C. E. Bell, passenger traffic manager, Seaboard Railway Co., Norfolk, Va.; Dr. J. Ellwood Amos, associate professor of finance, University of Pittsburgh; Ray A. van Clief, New York City business man, now living at the Westchester Apartments, Washington, D. C.; Fred R. Mann, Philadelphia business leader; Miss Grace Nixon, former postmistress, Phillipsburg, New Jersey; Arthur T. Pienkowsky, 2923 Tilden Street, N. W., Washington, D. C., recently retired weights expert of the Bureau of Standards; William E. Leahy, 821 15th Street, N. W., Washington, D. C., Selective Service official, attorney, and president of Columbus University; Mrs. Hale Shenefield, 3136 Newark Street, N. W., Washington, D. C., instructor at American University; Dr. Benjamin Salzer, New York City physician; Mrs. Brewer L. Stouffer, Hagerstown, Md., woman counsellor for Fairchild Aircraft Corp.; and Morton Schwartz, New York City business man.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Monday, February 7, 1944.

Press Service  
No. 40-60

Mrs. Nellie Tayloe Ross, Director of the Mint, announced today that the traditional sampling and testing of 1943 coinage as provided by law will bring together at the Philadelphia Mint Wednesday and Thursday members of an Annual Assay Commission appointed by the President.

The Commission this year will consist of eleven appointed and three ex-officio members.

They are:

C. E. Bell, passenger traffic manager, Seaboard Railway Co., Norfolk, Va.; Dr. J. Ellwood Amos, associate professor of finance, University of Pittsburgh; Ray A. van Clief, New York City business man, now living at the Westchester Apartments, Washington, D. C.; Fred R. Mann, Philadelphia business leader; Miss Grace Nixon, former postmistress, Phillipsburg, New Jersey; Arthur T. Pienkowsky, 2923 Tilden Street, N.W., Washington, D. C., recently retired weights expert of the Bureau of Standards; William E. Leahy, 821 15th Street, N.W., Washington, D. C., Selective Service official, attorney, and president of Columbus University; Mrs. Hale Shenefield, 3136 Newark Street, N.W., Washington, D. C., instructor at American University; Dr. Benjamin Salzer, New York City physician; Mrs. Brewer L. Stouffer, Hagerstown, Md., woman counsellor for Fairchild Aircraft Corp.; and Morton Schwartz, New York City business man.

Statutory, ex-officio members are Judge William H. Kirkpatrick, of the United States District court for Eastern Pennsylvania, Philadelphia; Preston Delano, Comptroller of the Currency, Washington; and Joseph Buford, assayer, the United States Assay Office, New York City.

The annual "trial of the coins", as the function is known, has been made without interruption since 1792. At all United States Mints, one of each 2,000 silver coins produced is taken at random, and preserved under seal, for testing by the Assay Commission. The procedure was set up by the early lawmakers to insure that the nation's money is maintained at standards of fineness and weight.

Members of the Commission serve without compensation, but are reimbursed for their expenses. They will receive a special medal as a token of their service.

Mint activities of extra-curricular interest to the Commission this year include the recently resumed coinage of bronze one cent pieces, in which scrapped shell cases and new copper are combined; and the production of thousands of medals for heroes of the Navy, Coast Guard and Merchant Marine.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, February 8, 1944.

Press Service  
40-61

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated February 10 and to mature May 11, 1944, which were offered on February 4, were opened at the Federal Reserve Banks on February 7.

The details of this issue are as follows:

Total applied for - \$2,551,503,000  
Total accepted - 1,005,560,000 (Includes \$77,734,000 entered on a fixed-price basis at 99.905 and accepted in full)  
Average price - 99.905 1/2 Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

High - 99.910 Equivalent rate of discount approx. 0.356% per annum  
Low - 99.905 " " " " " " 0.376% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 86,955,000	\$ 29,993,000
New York	1,531,409,000	557,159,000
Philadelphia	72,238,000	31,663,000
Cleveland	99,685,000	60,985,000
Richmond	54,218,000	43,343,000
Atlanta	12,858,000	12,533,000
Chicago	369,326,000	113,070,000
St. Louis	74,340,000	29,790,000
Minneapolis	30,109,000	18,859,000
Kansas City	33,677,000	25,577,000
Dallas	29,928,000	17,703,000
San Francisco	156,760,000	64,885,000
<b>TOTAL</b>	<b>\$2,551,503,000</b>	<b>\$1,005,560,000</b>

*sub*

*En*



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, February 8, 1944.

Press Service  
No. 40-61

The Secretary of the Treasury announced last evening that the tenders for \$1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated February 10 and to mature May 11, 1944, which were offered on February 4, were opened at the Federal Reserve Banks on February 7.

The details of this issue are as follows:

Total applied for - \$2,551,503,000  
 Total accepted - 1,005,560,000 (Includes \$77,734,000 entered on a fixed-price basis at 99.905 and accepted in full)  
 Average price - 99.905 / Equivalent rate of discount approx. 0.374% per annum

Range of accepted competitive bids:

High - 99.910 Equivalent rate of discount approx. 0.356% per annum  
 Low - 99.905 Equivalent rate of discount approx. 0.376% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 86,955,000	\$ 29,993,000
New York	1,531,409,000	557,159,000
Philadelphia	72,238,000	31,663,000
Cleveland	99,685,000	60,985,000
Richmond	54,218,000	43,343,000
Atlanta	12,858,000	12,533,000
Chicago	369,326,000	113,070,000
St. Louis	74,340,000	29,790,000
Minneapolis	30,109,000	18,859,000
Kansas City	33,677,000	25,577,000
Dallas	29,928,000	17,703,000
San Francisco	156,760,000	64,885,000
TOTAL	\$2,551,503,000	\$1,005,560,000

Original returned to Mr. Taylor  
Room 217

DIVISION OF PUBLIC RELATIONS

Assignment sheet for Press Releases and other publications (speeches, etc.)

Check list to be used.

Title Marshall Is. Invasion

Date of release: 2/9/44

Press Service No. 40-62

Process current

		No. Copies
(✓)	Special Messenger . . . . .	37
G	(✓) General . . . . .	89
C	( ) Customs . . . . .	
CaCo	( ) Canadian Commodities . . . . .	
CfQ	( ) Coffee quotas . . . . .	
CQ	( ) Cotton quotas . . . . .	
WQ	( ) Wheat quotas . . . . .	
RF&T	( ) Financial and Tax . . . . .	
B&B	( ) Bills and Bonds . . . . .	
BUL	( ) Bulletin . . . . .	
Dli	( ) Debt limitation . . . . .	
FFC	( ) Foreign Funds Control . . . . .	
NM	( ) Net market transactions . . . . .	
PSp	( ) Paul speeches . . . . .	
FE	( ) Financial Editors . . . . .	
SE	( ) Editors . . . . .	
	Press room . . . . .	15
	Door . . . . .	10
	OWI . . . . .	30
	Building distribution . . . . .	250
	Miss Fitzgerald, 5th Fl. rear, Washington Building . . . . .	
	Mrs. Eberts, 719 Washington Building . . . . .	
	Total	600

Remarks: 250 Rm 390

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, February 9, 1944.

---

Press Service  
No. 40-62

The Treasury, War and Navy Departments tonight issued the following joint statement:

The American marines, sailors and soldiers who have been driving out the Japanese from their Central Pacific strongholds have brought with them for their use and for the use of the inhabitants of these islands the "Hawaiian dollar," i.e., the special Hawaiian Series of U. S. currency.

The use of this Hawaiian currency emphasizes the marked change which has been brought about in the Central Pacific theater of operations during the last year. The introduction of the special "Hawaiian dollar" in July 1942 was taken as a step towards the complete economic defense of Hawaii, while today the "Hawaiian dollar" is being used to facilitate the offensive against the Japanese-held islands thousands of miles from Hawaii in the direction of Tokyo.

When the "Hawaiian dollar" was introduced, the Japanese had been recently defeated in the battle of Midway but had just landed forces on the Island of Kiska and responsible American naval and military leaders were pointing out that a threat to Hawaii still existed. It was against this background that measures were taken by the U. S. Treasury for the withdrawal of all regular U. S. currency in circulation in the Territory of Hawaii and its replacement by a new series of U. S. currency. This new currency consists of U. S. silver certificates and Federal Reserve Bank notes bearing the distinctive overprint "Hawaii" in bold open-faced type on each end of the face of the note and the word "Hawaii" in large open-faced type across the reverse side of the note. After August 15, 1942 no currency other than U. S. currency, Hawaiian Series, could be held or used in Hawaii without a license from the Governor of the Territory of Hawaii. On the other hand, in order to effectuate the purposes of its issuance, the U. S. currency, Hawaiian Series, was kept from circulating on the Mainland of the United States by virtue of a prohibition on its export from Hawaii.

The distinctive characteristics of the "Hawaiian dollar" are of equal value for offensive purposes as well as defensive. It is in the interests of our Government to be able to identify easily the currency which is being used in areas

of combat, in order to facilitate the isolation of this particular currency if it should fall into enemy hands.

It would have been possible, of course, to achieve practically all of the advantages of the use of the "Hawaiian dollar" by the use of the yellow seal currency used in North Africa, Sicily and Italy. It was felt, however, that since these Central Pacific islands have closer direct military and financial relations with Hawaii than with the Mainland and since the "Hawaiian dollar" has all the advantages of the yellow seal currency, it was preferable to use the "Hawaiian dollar" in the Central Pacific operations.

The rate of exchange that has been established for these liberated islands of the Central Pacific is 20 Japanese military yen to one "Hawaiian dollar." This rate was determined in the light of present prevailing circumstances in these small island groups and will in no way be considered a precedent for the rates that may be applied to other areas now occupied by the Japanese.

of the Currency in Washington where he served in various capacities until July, 1941, when he was made Chief National Bank Examiner of the Boston District.

To succeed Mr. Krippel as Chief Examiner of the Boston District, Michael J. Hurley has been promoted. Mr. Hurley was born in Boston, is fifty years of age and has been connected with the Comptroller's Office continuously since 1918 when he was appointed assistant national bank examiner and assigned to the Boston District. He was commissioned national bank examiner in 1920. During this period Mr. Hurley received numerous promotions and has served in practically all parts of New England.

*W.S.T.*  
*W.S.T.* *W.S.T.* *R.D.*

TREASURY DEPARTMENT  
Washington

*Immediate*  
FOR RELEASE, AFTERNOON NEWSPAPERS,  
Wednesday, February 9, 1944

Press Service  
No. 40-63

Preston Delano, Comptroller of the Currency, announced today the resignation of ~~Mr.~~ Gibbs Lyons as Chief National Bank Examiner of the New York Federal Reserve District, effective February 29, 1944, to accept the Presidency of the First Stamford National Bank of Stamford, Connecticut.

Mr. Lyons is a native of Jackson, Georgia, and is forty-five years of age. He was appointed assistant national bank examiner in 1920 and in 1924 was transferred from the field service to the Office of the Comptroller of the Currency, Washington, D. C. He was commissioned national bank examiner in 1927, serving in various capacities until January, 1938, when he was designated Chief Examiner of the Atlanta Federal Reserve District and in October, 1939, was transferred to New York as Chief Examiner.

To succeed Mr. Lyons, ~~Mr.~~ Frank W. Krippel, at present Chief National Bank Examiner of the Boston Federal Reserve District, will be transferred to New York. Mr. Krippel was born in Illinois and is forty-eight years of age. After having had four years banking experience he was appointed assistant national bank examiner in 1920. He was commissioned national bank examiner in 1924. He was detailed to the Reconstruction Finance Corporation, where he assisted in the Washington office of that Corporation until March, 1933 when the detail was terminated. He was transferred to the Office of the Comptroller

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 9, 1944.

---

Press Service  
No. 40-63

Preston Delano, Comptroller of the Currency, announced today the resignation of Gibbs Lyons as Chief National Bank Examiner of the New York Federal Reserve District, effective February 29, 1944, to accept the Presidency of the First Stamford National Bank of Stamford, Connecticut.

Mr. Lyons is a native of Jackson, Georgia, and is forty-five years of age. He was appointed assistant national bank examiner in 1920 and in 1924 was transferred from the field service to the Office of the Comptroller of the Currency, Washington, D. C. He was commissioned national bank examiner in 1927, serving in various capacities until January, 1938, when he was designated Chief Examiner of the Atlanta Federal Reserve District and in October, 1939, was transferred to New York as Chief Examiner.

To succeed Mr. Lyons, Frank W. Krippel, at present Chief National Bank Examiner of the Boston Federal Reserve District, will be transferred to New York. Mr. Krippel was born in Illinois and is forty-eight years of age. After having had four years banking experience he was appointed assistant national bank examiner in 1920. He was commissioned national bank examiner in 1924. He was detailed to the Reconstruction Finance Corporation, where he assisted in the Washington office of that Corporation until March, 1933 when the detail was terminated. He was transferred to the Office of the Comptroller of the Currency in Washington where he served in various capacities until July, 1941, when he was made Chief National Bank Examiner of the Boston District.

To succeed Mr. Krippel as Chief Examiner of the Boston District, Michael J. Hurley has been promoted. Mr. Hurley was born in Boston, is fifty years of age and has been connected with the Comptroller's Office continuously since 1918 when he was appointed assistant national bank examiner and assigned to the Boston District. He was commissioned national bank examiner in 1920. During this period Mr. Hurley received numerous promotions and has served in practically all parts of New England.

FOR IMMEDIATE RELEASE,  
February 8, 1944.

40-64

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 12 months commencing May 29, 1943, as follows:

Country of Origin	WHEAT		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Imports Established: May 29, 1943 Quota : to Jan. 29, 1944: (Bushels)	Imports Established: May 29, 1943 Quota : to Jan. 29, 1944: (Bushels)	Imports Established: May 29, 1943 Quota : to Jan. 29, 1944: (Pounds)	Imports Established: May 29, 1943 Quota : to Jan. 29, 1944: (Pounds)
Canada	795,000	795,000	3,815,000	212,740
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	212,740



TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 9, 1944.

Press Service  
No. 40-64

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 12 months commencing May 29, 1943, as follows:

Country of Origin	WHEAT		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Imports Established: May 29, 1943 Quota (Bushels)	Imports Established: May 29, 1943 Quota (Bushels) to Jan. 29, 1944	Imports Established: May 29, 1943 Quota (Pounds)	Imports Established: May 29, 1943 Quota (Pounds) to Jan. 29, 1944
Canada	795,000	795,000	3,815,000	212,740
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	212,740

40-65

FOR IMMEDIATE RELEASE,  
February 8, 1944.

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	Quota Quantity (Pounds) <u>1/</u>	Authorized for entry for consumption As of (Date)	(Pounds)
-----------------------	--------------------------------------	---	----------

Signatory Countries:

Brazil	1,353,183,480	Jan. 29, 1944	340,530,414
Colombia	458,336,340	"	186,101,246
Costa Rica	29,100,720	"	2,652,630
Cuba	11,640,288	"	2,717,065
Dominican Republic	17,418,104	"	4,543,321
Ecuador	21,825,540	"	13,300,404
El Salvador	87,302,160	"	13,937,876
Guatemala	77,844,426	"	19,520,080
Haiti	40,013,490	"	9,049,637
Honduras	2,909,675	"	1,543,625
Mexico	69,114,210	"	21,879,395
Nicaragua	28,373,202	"	873,349
Peru	3,637,590	"	942,582
Venezuela	61,111,512	"	14,201,050
Non-signatory Countries:	51,653,778	"	2,724,595

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 9, 1944.

Press Service  
No. 40-65

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

---

Country of Production	:	Quota Quantity	:	Authorized for entry
	:	(Pounds) <u>1/</u>	:	for consumption
	:		:	As of (Date) : (Pounds)

---

Signatory Countries:

Brazil	1,353,183,480	Jan. 29, 1944	340,530,414
Colombia	458,336,340	"	186,101,246
Costa Rica	29,100,720	"	2,652,630
Cuba	11,640,288	"	2,717,065
Dominican Republic	17,418,104	"	4,543,321
Ecuador	21,825,540	"	13,300,404
El Salvador	87,302,160	"	13,937,876
Guatemala	77,844,426	"	19,520,080
Haiti	40,013,490	"	9,049,637
Honduras	2,909,675	"	1,543,625
Mexico	69,114,210	"	21,879,395
Nicaragua	28,373,202	"	873,349
Peru	3,637,590	"	942,582
Venezuela	61,111,512	"	14,201,050
Non-Signatory Countries:	51,653,778	"	2,724,595

---

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944

COTTON CARD STRIPS, <sup>2/</sup> 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 <sup>2/</sup> of the quotas shall be filled by cotton wastes other than card strips <sup>2/</sup> 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 Sept. 20, 1943	TOTAL IMPORTS ESTABLISHED Sept. 20, 1943	Imports Sept. 20, 1943 to Jan. 29, 1944	TOTAL QUOTA Jan. 29, 1944
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	-	-	-
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	-
<b>TOTALS</b>	<b>5,482,509</b>	<b>-</b>	<b>1,599,886</b>	<b>-</b>

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.

FOR IMMEDIATE RELEASE,  
February 8, 1944.

46-66

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 20, 1943, to January 29, 1944:

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"		Staple length 1-1/8" or more but less than 1-11/16"	
	Established Quota	Imports Sept. 20, 1943, to Jan. 29, 1944	Established Quota	Imports Sept. 20, 1943, to Jan. 29, 1944
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	18,931,667	-
Peru.....	247,952	73,576	799,764	-
British India.....	2,003,483	-	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	420,000	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
Ecuador.....	9,333	-	-	-
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	9,376,835	45,656,420	19,731,431

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

(Over)

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 9, 1944.

Press Service  
No. 40-66

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 20, 1943, to January 29, 1944:

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:

Country of Origin	(In Pounds)			
	Staple length less than 1-1/8"	Staple length 1-1/8" or more but less than 1-11/16"	Imports Sept. 20, 1943, to Jan. 29, 1944: Quota	Imports Sept. 20, 1943, to Jan. 29, 1944: Quota
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	-	18,931,667
Peru.....	247,952	73,576	-	799,764
British India.....	2,003,483	-	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	420,000	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
Ecuador.....	9,333	-	-	-
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	9,376,835	45,656,420	19,731,431

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

<sup>2/</sup>  
COTTON CARD STRIPS, 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 <sup>2/</sup> 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 : Sept. 20, 1943	: TOTAL IMPORTS : ESTABLISHED: Imports Sept. 20, 1943	: 33-1/3% of : 1943, to	: TOTAL QUOTA : Jan. 29, 1944	: Total Quota: Jan. 29, 1944	1/
United Kingdom.....	4,323,457	-	1,441,152	-	-	-
Canada.....	239,690	-	-	-	-	-
France.....	227,420	-	75,807	-	-	-
British India.....	69,627	-	-	-	-	-
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	-	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.

Commodity	Established Quota	Unit	Imports as of
	Period and Country	Quantity	Jan. 29, 1944
Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of January Canada	17,500	Number 9,769
	Other than Canada	7,500	Number 20
Tails	12 months from Dec. 1, 1943	5,000	Piece 2
Paws, heads, or other separated parts	"	500	Pound 495
Piece plates	"	550	Pound -
Articles, other than piece plates	"	500	Unit 15



FOR IMMEDIATE RELEASE,  
February 8, 1944.

40-67

The Bureau of Customs announced today preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to January 29, 1944, inclusive, as follows:

Commodity	Established Quota	Unit	Imports as
	Period and Country: Quantity	of	of Jan. 29
		Quantity	1944
Whole milk, fresh or sour	Calendar year 3,000,000	Gallon	485
Cream, fresh or sour	Calendar year 1,500,000	Gallon	104
Fish; fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year 15,000,000	Pound	1,064,042
White or Irish potatoes: certified seed	12 months from Sept. 15, 1943 90,000,000	Pound	31,073,170
Other	60,000,000	Pound	3,629,340
Red cedar shingles	Calendar year Undetermined	Square	101,757
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year 22,000,000	Pound (unstemmed equivalent)	21,720,079
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year 1,500,000	Gallon	2,714

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Thursday, February 10, 1944.

Press Service  
No. 40-67

The Bureau of Customs announced today preliminary figures for imports of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to January 29, 1944, inclusive, as follows:

Commodity	Established Quota Period and Country:	Quantity	Unit of	Imports as of Jan. 29, 1944
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	485
Cream, fresh or sour	Calendar year	1,500,000	Gallon	104
Fish; fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk and rosefish	Calendar year	15,000,000	Pound	1,064,042
White or Irish potatoes: certified seed	12 months from Sept. 15, 1943	90,000,000	Pound	31,073,170
Other		60,000,000	Pound	3,629,340
Red cedar shingles	Calendar year	Undetermined	Square	101,757
Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco), and scrap tobacco	Calendar year	22,000,000	Pound (unstemmed equivalent)	21,720,079
Molasses and sugar sirups containing soluble nonsugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	2,714

Commodity	Established Quota	Period and Country	Quantity	Unit	Imports as of Jan. 29, 1944
Silver or black foxes, furs, and articles:		Month of January			
Foxes valued under \$250 each and whole furs and skins		Canada	17,500	Number	9,769
		Other than Canada	7,500	Number	20
Tails		12 months from Dec. 1, 1943	5,000	Piece	2
Paws, heads, or other separated parts		"	500	Pound	495
Piece plates		"	550	Pound	-
Articles, other than piece plates		"	500	Unit	15

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.

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 February 17, 1944.

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

40-68

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, February 11, 1944 .  
(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,000,000,000 , or thereabouts, of 91-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 February 17, 1944 , and will mature May 18, 1944 , 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, February 14, 1944 . 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, February 11, 1944.

The Secretary of the Treasury, by this public notice, invites tenders for \$1,000,000,000, or thereabouts, of 91-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 February 17, 1944, and will mature May 18, 1944, 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, February 14, 1944. 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 February 17, 1944.

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.



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING PAPERS,  
Saturday, February 12, 1944.

Press Service  
No. 40-69

The Secretary of the Treasury today called attention to the fact that the subscription books for the three issues of marketable securities will close, and the Fourth War Loan Drive will terminate, at the close of business February 15. These issues are the 2-1/2 percent Treasury Bonds of 1965-70, the 2-1/4 percent Treasury Bonds of 1956-59 and the 7/8 percent Treasury Certificates of Indebtedness of Series A-1945. Sales of the three issues of savings bonds, Series E, F and G, and of Series C Savings Notes, will, of course, continue.

Subscriptions for the three issues of marketable securities which are placed in the mail up to midnight of February 15 will be treated as timely subscriptions. As previously announced, all subscriptions for savings bonds and savings notes received at the Federal Reserve Banks or at the Treasury of the United States up to the close of business February 29 will be credited to the Drive.

o o o

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING PAPERS,  
Saturday, February 12, 1944.

Press Service  
No. 40-69

The Secretary of the Treasury today called attention to the fact that the subscription books for the three issues of marketable securities will close, and the Fourth War Loan Drive will terminate, at the close of business February 15. These issues are the 2-1/2 percent Treasury Bonds of 1965-70, the 2-1/4 percent Treasury Bonds of 1956-59 and the 7/8 percent Treasury Certificates of Indebtedness of Series A-1945. Sales of the three issues of savings bonds, Series E, F and G, and of Series C Savings Notes, will, of course, continue.

Subscriptions for the three issues of marketable securities which are placed in the mail up to midnight of February 15 will be treated as timely subscriptions. As previously announced, all subscriptions for savings bonds and savings notes received at the Federal Reserve Banks or at the Treasury of the United States up to the close of business February 29 will be credited to the Drive.

o o o

FOR IMMEDIATE RELEASE  
February 15, 1944

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

---

Country of Production:	:	:	:	Authorized for entry
Quota Quantity	:	:	:	for consumption
(Pounds) <sup>1/</sup>	:	:	:	As of (Date) : (Pounds)

---

Signatory Countries:

Brazil	1,353,183,480	Feb. 5, 1944	344,232,017
Colombia	458,336,340	"	200,551,017
Costa Rica	29,100,720	"	4,059,446
Cuba	11,640,288	"	2,717,071
Dominican Republic	17,418,104	"	4,583,941
Ecuador	21,825,540	"	13,299,493
El Salvador	87,302,160	"	18,114,926
Guatemala	77,844,426	"	22,529,026
Haiti	40,013,490	"	9,049,637
Honduras	2,909,675	"	1,543,625
Mexico	69,114,210	"	23,217,959
Nicaragua	28,373,202	"	1,585,754
Peru	3,637,590	"	1,051,782
Venezuela	61,111,512	"	16,051,988
Non-Signatory Countries:	51,653,778	"	3,203,490

---

<sup>1/</sup> Quotas as established by action of the Inter-American Coffee Board on January 12, 1944

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, February 16, 1944.

Press Service  
No. 40-70

The Bureau of Customs announced today preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing October 1, 1943, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

Country of Production	:	Quota Quantity	:	Authorized for entry
	:	(Pounds) <u>1/</u>	:	for consumption
	:		:	As of (Date) : (Pounds)
<b>Signatory Countries:</b>				
Brazil		1,353,183,480		Feb. 5, 1944 344,232,017
Colombia		458,336,340		" 200,551,017
Costa Rica		29,100,720		" 4,059,446
Cuba		11,640,288		" 2,717,071
Dominican Republic		17,418,104		" 4,583,941
Ecuador		21,825,540		" 13,299,493
El Salvador		87,302,160		" 18,114,926
Guatemala		77,844,426		" 22,529,026
Haiti		40,013,490		" 9,049,637
Honduras		2,909,675		" 1,543,625
Mexico		69,114,210		" 23,217,959
Nicaragua		28,373,202		" 1,585,754
Peru		3,637,590		" 1,051,782
Venezuela		61,111,512		" 16,051,988
<b>Non-Signatory Countries:</b>		<b>51,653,778</b>		<b>" 3,203,490</b>

1/ Quotas as established by action of the Inter-American Coffee Board on January 12, 1944.