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U.S. Treasury Dept.

Press Releases
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TREASURY DEPARTMENT

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, March 12, 1946.

Press Service

V-257

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated March 14 and to mature June 13, 1946, which were offered on March 8, 1946, were opened at the Federal Reserve Banks on March 11.

The details of this issue are as follows:

Total applied for - \$2,084,615,000
 Total accepted - 1,303,816,000 (includes \$54,648,000 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 - 99.915 Equivalent rate of discount approx. 0.336% per annum
 Low - 99.905 " " " " " " 0.376% " "

(57 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	\$ 14,070,000	\$ 9,512,000
New York	1,544,987,000	924,688,000
Philadelphia	43,788,000	40,348,000
Cleveland	33,540,000	25,370,000
Richmond	38,465,000	37,519,000
Atlanta	7,695,000	7,480,000
Chicago	277,736,000	167,589,000
St. Louis	11,818,000	10,313,000
Minneapolis	24,510,000	15,351,000
Kansas City	26,516,000	20,926,000
Dallas	8,325,000	7,465,000
San Francisco	53,165,000	37,255,000
TOTAL	\$2,084,615,000	\$1,303,816,000

Long

TREASURY DEPARTMENT

Washington

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Tuesday, March 12, 1946.

Press Service
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Kansas City	26,516,000	20,926,000
Dallas	8,325,000	7,465,000
San Francisco	53,165,000	37,255,000
TOTAL	\$2,084,615,000	\$1,303,816,000

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED, PLEASE
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V-25-8

YKY

ures showing the
from warehouse, for
sident's proclamation
ons of April 13, 1942,
945, as follows:

at flour, semolina,
rushed or cracked

Country of Origin	Established : Imports		Established : Imports	
	Quota	May 29, 1945, to March 2, 1946	Quota	May 29, 1945, to March 2, 1946
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,425	3,815,000	1,229,356
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,229,590</u>

FOR IMMEDIATE RELEASE,
March 12, 1946

V-25-8

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, 1945, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports	Established Quota	Imports
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,425	3,815,000	1,229,356
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,229,590</u>

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Wednesday, March 13, 1946.

Press Service
No. V-258

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 23, 1941, as modified by the President's proclamations of April 13, 1942, and April 29, 1943, for the 12 months commencing May 29, 1945, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established : Quota (Bushels)	Imports May 29, 1945, to March 2, 1946 (Bushels)	Established : Quota (Pounds)	Imports May 29, 1945, to March 2, 1946 (Pounds)
Canada	795,000	794,425	3,815,000	1,229,356
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,229,590</u>

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING PAPERS

Press Service
No. _____

The Treasury Department today announced the issuance of Public ~~Friday, March 15, 1946~~ Circular No. 15, which, with certain exceptions, has the effect of unblocking the accounts of persons paroled or released from internment.

During the war, a large number of persons were interned in this country and, under Executive Order No. 8389, as amended, the Treasury Department imposed certain blocking restrictions upon their accounts and other assets to prevent their utilization in any manner harmful to the public interest. Many of the internees have now been paroled or released by the Department of Justice. Consequently, with the exception of those who have been released into the custody of Immigration and Naturalization Service for deportation proceedings and those who have been ~~ordered repatriated~~ under a "removal order" issued pursuant to Presidential Proclamation, the new circular restores all former internees to the status under Executive Order No. 8389, as amended, which they had prior to their internment.

Banking institutions should exercise care in unblocking the assets of former internees under this circular since many such persons who are at large may not be entitled to the benefits of the circular because they are possible subjects for deportation or repatriation.

It should be noted that no person is authorized to make any payments, transfers, withdrawals, or other dealings with respect to property he holds or controls on behalf of any national of a blocked country, except pursuant to a Treasury license.

required to leave the United States by

*3-4-6
The foregoing revision has been cleared
with Messrs. Pollak, Arnold, Gewirtz,
Richards and O'Flaherty.
P. Garelick*

Elimination of these
paragraphs decided by
OASchmidt and RRShwartz.
JSRichards & Arnold agreed

P. Garelick
PGarelick:fb 2/12/46
Gewirtz
RR Pollak

O. Flaherty *SR* *RRS* *OAS* *JPW*

FOREIGN FUNDS CONTROL

To:

(1) ... Shaeffer 4408 Treasury
(Room) (Bldg.)

(2)
(Room) (Bldg.)

(3)
(Room) (Bldg.)

DEPARTMENT

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You will note that the attached is for
release for the morning papers on Friday,
March 15, 1946.

Press Service
No. V-259 .

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No. 8389, as amended, the
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f the internees have now been
f Justice. Consequently, with
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for deportation proceedings and
he United States by a "removal
Proclamation, the new circular
atus under Executive Order No.

From: J.S. Richards
..... MAR 7 1946
(Date)
.....
(Room) (Bldg.)

8389, as amended, which they had prior to their internment.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING PAPERS

Friday, March 15, 1946

Press Service

No. V-259 .

The Treasury Department today announced the issuance of Public Circular No. 29 , which, with certain exceptions, has the effect of unblocking the accounts of persons paroled or released from internment.

During the war, a large number of persons were interned in this country and, under Executive Order No. 8389, as amended, the Treasury Department imposed certain blocking restrictions upon their accounts and other assets to prevent their utilization in any manner harmful to the public interest. Many of the internees have now been paroled or released by the Department of Justice. Consequently, with the exception of those who have been released into the custody of Immigration and Naturalization Service for deportation proceedings and those who have been required to leave the United States by a "removal order" issued pursuant to Presidential Proclamation, the new circular restores all former internees to the status under Executive Order No. 8389, as amended, which they had prior to their internment.

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WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

✓-260

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eliminary figures
consumption during
lows:

ty in Pounds
As of March 2, 1946

Signatory Countries:

Brazil	620,662,028
Colombia	279,032,203
Costa Rica	8,690,094
Cuba	139
Dominican Republic	12,412,114
Ecuador	8,767,849
El Salvador	12,151,605
Guatemala	26,921,649
Haiti	11,043,300
Honduras	4,375,543
Mexico	16,642,233
Nicaragua	4,152,379
Peru	1,956,032
Venezuela	18,938,685

Non-Signatory Countries:

15,340,015

TOTAL

1,041,085,868

FOR IMMEDIATE RELEASE

March 12, 1946

13

V-260

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 2, 1946
Signatory Countries:	
Brazil	620,662,028
Colombia	279,032,203
Costa Rica	8,690,094
Cuba	139
Dominican Republic	12,412,114
Ecuador	8,767,849
El Salvador	12,151,605
Guatemala	26,921,649
Haiti	11,043,300
Honduras	4,375,543
Mexico	16,642,233
Nicaragua	4,152,379
Peru	1,956,032
Venezuela	18,938,685
Non-Signatory Countries:	<u>15,340,015</u>
TOTAL	1,041,085,868

TREASURY DEPARTMENT

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FOR IMMEDIATE RELEASE,
Wednesday, March 13, 1946.

Press Service
 No. V-260

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Country of Production	Quantity in Pounds As of March 2, 1946
<u>Signatory Countries:</u>	
Brazil	620,662,028
Colombia	279,032,203
Costa Rica	8,690,094
Cuba	139
Dominican Republic	12,412,114
Ecuador	8,767,349
El Salvador	12,151,605
Guatemala	26,921,649
Haiti	11,043,300
Honduras	4,375,543
Mexico	16,642,233
Nicaragua	4,152,379
Peru	1,956,032
Venezuela	18,938,685
<u>Non-Signatory Countries:</u>	<u>15,340,015</u>
TOTAL	1,041,035,868

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 made from cottons having a staple less than 1-3/16 inches in length~~ 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, 1945 : : to Mar. 2, 1946 :	ESTABLISHED : : 33-1/3% of : : Total Quota :	Imports : : Sept. 20, 1945 : : to Mar. 2, 1/1946 :
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

V-261

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
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ary reports from the
waste chargeable to the
ns of September 5, 1939,
rch 31, 1942, and June
2, 1946

R THAN HARSH OR ROUGH
FLY USED IN THE MANU-
TERS). Annual quotas

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Country of Origin	Established: 20, 1945, to Mar. 2, 1946	Quota	Imports Sept. 20, 1945, to Mar. 2, 1946	Established: 20, 1945, to Mar. 2, 1946	Imports Sept. 20, 1945, to Mar. 2, 1946
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	-	11,665,120	-
Peru.....	247,952	237,814	237,814	5,380,645	-
British India.....	2,003,483	1,796,001	1,796,001	-	-
China.....	1,370,791	-	-	-	-
Mexico.....	8,883,259	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	618,723	-	-
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	-	-	-	1
Algeria and Tunisia.....	-	-	-	-	-
	14,516,882	11,535,797	11,535,797	45,656,420	17,045,766

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

FOR IMMEDIATE RELEASE

March 12, 1946

V-261

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, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to **March 2, 1946**

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, 1945, to Mar. 2, 1946	Imports Sept. 20, 1945, to Mar. 2, 1946	Established: 20, 1945, to Mar. 2, 1946	Imports Sept. 20, 1945, to Mar. 2, 1946
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	11,665,120	-
Peru.....	247,952	237,814	5,380,645	-
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
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 <u>1/</u>	21,321	-	-	-
Nigeria.....	5,377	-	-	-
Other British West Africa <u>2/</u>	16,004	-	-	-
Other French Africa <u>3/</u> ..	689	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,535,797	45,656,420	17,045,766

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, March 13, 1946.

Press Service
No. V-261

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, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to March 2, 1946

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"	
	Imports Sept. 20, 1945 to Mar. 2, 1946	Established Quota	Imports Sept. 20, 1945 to Mar. 2, 1946	Established Quota
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	-	11,665,120
Peru.....	247,952	237,814	-	5,380,645
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
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	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,535,797	45,656,420	17,045,766

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

2/ Other than Gold Coast and Nigeria.

3/ Other than Algeria, Tunisia, and Madagascar.

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 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, 1945	: ESTABLISHED : 33-1/3% of	: Imports : Sept. 20, 1945
	:	: to Mar. 2, 1946:	Total Quota	: to Mar. 2, 1946 <u>1/</u>
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,

PLEASE FORWARD 8 copies to Room 403, Wilkins Bldg.

*Press Service
No. V-262*

figures showing the imports provided for under trade March 2, 1946, inclusive,

SMK

Unit	:	Imports as of
of	:	March 2,
Quantity	:	1946

Cream, fresh or soured	Calendar Year	1,500,000	Gallon	1,703
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	15,000,000	Pound	7,121,792
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000	Pound	80,036,492
other		60,000,000	Pound	200,597
Cuban filler tobacco unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (unstemmed equivalent)	Quota filled
Red cedar shingles	Calendar Year	Undetermined	Square	247,755
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000	Gallon	-
Silver or Black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of February Canada Other than Canada	17,500 7,500	Number Number	7,740 77
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	36

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Washington

Press Service
No. V-262

FOR IMMEDIATE RELEASE,
March 14, 1946.

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to March 2, 1946, inclusive, as follows:

Commodity	Established Quota	Unit	Imports as of
	Period and Country	of	March 2,
	Quantity	Quantity	1946
Whole Milk, fresh or sour	Calendar Year 3,000,000	Gallon	1,703
Cream, fresh or sour	Calendar Year 1,500,000	Gallon	399
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year 15,000,000	Pound	7,121,792
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945 90,000,000	Pound	80,036,492
other	60,000,000	Pound	200,597
Cuban filler tobacco unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year 22,000,000	Pound (unstemmed equivalent)	Quota filled
Red cedar shingles	Calendar Year Undetermined	Square	247,755
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar Year 1,500,000	Gallon	-
Silver or Black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of February Canada 17,500 Other than Canada 7,500	Number	7,740 77
Tails	12 months from Dec. 1, 1945 5,000	Piece	-
Paws, heads or other separated parts	" 500	Pound	490
Piece plates	" 550	Pound	-
Articles, other than piece plates	" 500	Unit	36

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Thursday, March 14, 1946.

Press Service
No. V-262

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to March 2, 1946, inclusive, as follows:

Commodity	Established Quota Period and Country:	Quantity:	Unit of Quantity:	Imports as of March 2, 1946
Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	1,703
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	399
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	15,000,000	Pound	7,121,792
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000	Pound	80,036,492
other		60,000,000	Pound	200,597
Cuban filler tobacco un- stemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (unstemmed quota equivalent) filled	
Red cedar shingles	Calendar Year	Undetermined	Square	247,755
Molasses and sugar sirups containing soluble non- sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000	Gallon	-
Silver or Black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of February Canada Other than Canada	17,500 7,500	Number Number	7,740 77
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	36

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.

ALPHA

- 2 -

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 \$200,000 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 March 21, 1946.

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, March 15, 1946.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000, 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 March 21, 1946, and will mature June 20, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~War~~ Standard time, Monday, March 18, 1946. 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 V-263

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, March 15, 1946.

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, 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 March 21, 1946, and will mature June 20, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 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 March 21, 1946.

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.

Mr. Bartelt	Mr. Maxwell (4330)
Mr. Batchelder	Mr. McDonald
Mr. Bernstein (3445)	Miss Michener
Mr. Brennan (Disb.)	Mr. L. V. Moore
Mr. Burdette (3111)	Mr. M. Moore (3458)
Miss Burke	Mr. Mulvihill (5310)
B & W (4308)	Mrs. Naud (4330)
Mr. Cake	Mr. Ness
Mr. Church	Mr. Nisonger (4409)
Mr. Coe	Mr. O'Connell
Mrs. Coon	Mr. O'Daniel (5056)
Miss Cullen	Mr. Peterson (Disb.)
Mr. Cunningham	Mrs. Potts
Mrs. Day (3421)	Mr. Rabon
Mr. Delano	Mrs. Ralf (1324)
Mr. Dietrich (3453)	Mr. Reeves
Miss Edelin	Mrs. Root (3464)
Mrs. Farrell (5323)	Mrs. Ross
Miss Florin (4125)	Miss Rousseaux (4319)
Mr. Frese (3464)	Miss Sanford (5124)
Mr. Gerardi	Mr. Schoeneman
Miss Gibson (3464)	Mr. Schwalm
Mr. Glasser (3437)	Mr. Shaeffer
Mr. Greenberg	Mr. Slindee
Mr. Gunter (2222)	Mr. Smith (3464)
Mr. Haas	Mr. Speck
Mr. Handy (3458)	Mr. Starratt
Mr. Hearst	Miss Stockwell (3453)
Mr. Heffelfinger	Mrs. Sundelson (3449)
Mr. Howard	Mr. Tickton
Miss Hodel (3458)	Mr. Tietjens
Mr. Hyland (3413)	Mr. Upham
Mr. Jones (2449)	Miss Vassar (3446)
Mr. Jordan	Mrs. Walker (3464)
Miss Kailey (3013)	Mrs. Warneson (3446)
Mr. Kelley	Mr. Weber
Mr. Kilby	Miss White (3446)
Mr. Landis	Mr. White
Mrs. Legg (3453)	Mrs. Wondrack
Mr. Lindow	Mr. Ziegenfus

March 15

V-264

ch 7, 1946

ns were made during the
 nd guaranteed securities
 tment and other accounts:

.... \$718,000

.... none

.... \$718,000

Joseph Greenberg

Greenberg
 ssioner of Accounts

TEMPORARY ASSIGNMENT

NO 1 MR V RAN

SECRETARY

OFFICE OF

RECEIVED

*This is the usual data
 followed to the best
 V-237 list*

Mr. Heffelfinger
 Mr. Shaeffer
 Miss Sanford

HNAud

TREASURY DEPARTMENT

WASHINGTON

FOR IMMEDIATE RELEASE,
Friday, March 15, 1946.

Press Service
No. V-264

During the month of February, 1946, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of \$718,000, Secretary Vinson announced today.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, March 20, 1946.

Press Service
No. V-265

Secretary of the Treasury Vinson today announced the offering, through the Federal Reserve Banks, of 7/8 percent Treasury Certificates of Indebtedness of Series D-1947, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series C-1946, in the amount of \$4,810,554,000, which will mature on April 1, 1946. Since it is planned to retire about \$2,000,000,000 of the maturing certificates on cash redemption, subscriptions will be received subject to allotment to all holders on an equal percentage basis, except that subscriptions in amounts up to \$25,000 will be allotted in full. Cash subscriptions will not be received.

The certificates now offered will be dated April 1, 1946, and will bear interest from that date at the rate of seven-eighths of one percent per annum, payable semiannually on October 1, 1946, and April 1, 1947. They will mature April 1, 1947. They will be issued in bearer form only, in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000.

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

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates.

The subscription books will close at the close of business Friday, March 22, except for the receipt of subscriptions from holders of \$25,000 or less of the maturing certificates. The subscription books will close for the receipt of subscriptions of the latter class at the close of business Monday, March 25.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight of the respective closing days, will be considered as having been entered before the close of the subscription books.

The text of the official circular follows:

UNITED STATES OF AMERICA

7/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES D-1947

Dated and bearing interest from April 1, 1946

Due April 1, 1947

1946
Department Circular No. 786

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, March 20, 1946.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for certificates of indebtedness of the United States, designated 7/8 percent Treasury Certificates of Indebtedness of Series D-1947, in exchange for Treasury Certificates of Indebtedness of Series C-1946, maturing April 1, 1946. Approximately \$2,000,000,000 of the maturing certificates will be retired on cash redemption.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated April 1, 1946, and will bear interest from that date at the rate of 7/8 percent per annum, payable semiannually on October 1, 1946, and April 1, 1947. They will mature April 1, 1947, and will not be subject to call for redemption prior to maturity.

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

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

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

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

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may

submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, subscriptions for amounts up to and including \$25,000 will be allotted in full, and subscriptions for amounts over \$25,000 will be allotted to all holders on an equal percentage basis, but not less than \$25,000 on any one subscription. The basis of the allotment will be publicly announced, and allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before April 1, 1946, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series C-1946, maturing April 1, 1946, which will be accepted at par, and should accompany the subscription.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective Districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

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

O. Max Gardner,
Acting Secretary of the Treasury.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, March 19, 1946.

Press Service
V-266

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated March 21 and to mature June 20, 1946, which were offered on March 15, 1946, were opened at the Federal Reserve Banks on March 18.

The details of this issue are as follows:

Total applied for - \$2,074,769,000
Total accepted - 1,315,311,000 (includes \$49,839,000 entered on a fixed-price basis at 99.905 and accepted in full)
Average price - 99.905/4 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% " "

(59 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	\$ 19,680,000	\$ 12,341,000
New York	1,491,760,000	915,110,000
Philadelphia	29,765,000	23,615,000
Cleveland	36,175,000	30,845,000
Richmond	16,042,000	13,582,000
Atlanta	5,095,000	4,931,000
Chicago	298,665,000	187,965,000
St. Louis	27,625,000	17,662,000
Minneapolis	3,800,000	3,472,000
Kansas City	18,690,000	17,436,000
Dallas	11,270,000	9,840,000
San Francisco	116,202,000	78,482,000
TOTAL	\$2,074,769,000	\$1,315,311,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, March 19, 1946.

Press Service
No. V-266

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

Range of accepted competitive bids:

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(59 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>
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New York	1,491,760,000	915,140,000
Philadelphia	29,765,000	23,615,000
Cleveland	36,175,000	30,845,000
Richmond	16,042,000	13,582,000
Atlanta	5,095,000	4,931,000
Chicago	298,665,000	187,965,000
St. Louis	27,625,000	17,662,000
Minneapolis	3,800,000	3,472,000
Kansas City	18,690,000	17,436,000
Dallas	11,270,000	9,840,000
San Francisco	116,202,000	78,482,000
TOTAL	\$2,074,769,000	\$1,315,311,000

V-267

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

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ity in Pounds
As of March 9, 1946

Signatory Countries:

Brazil	659,209,845
Colombia	292,831,402
Costa Rica	11,093,896
Cuba	147
Dominican Republic	13,102,475
Ecuador	8,866,191
El Salvador	13,423,759
Guatemala	31,680,753
Haiti	13,359,252
Honduras	4,375,543
Mexico	19,962,143
Nicaragua	4,303,190
Peru	1,956,032
Venezuela	21,326,873

Non-Signatory Countries:

21,171,693

TOTAL

1,116,663,194

V-267

Wednesday

FOR IMMEDIATE RELEASE,
March 19, 1946

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 9, 1946
Signatory Countries:	
Brazil	659,209,845
Colombia	292,831,402
Costa Rica	11,093,896
Cuba	147
Dominican Republic	13,102,475
Ecuador	8,866,191
El Salvador	13,423,759
Guatemala	31,680,753
Haiti	13,359,252
Honduras	4,375,543
Mexico	19,962,143
Nicaragua	4,303,190
Peru	1,956,032
Venezuela	21,326,873
Non-Signatory Countries:	<u>21,171,693</u>
TOTAL	1,116,663,194

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, March 20, 1946

Press Service
No. V-267

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<hr/>	
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El Salvador	13,423,759
Guatemala	31,680,753
Haiti	13,359,252
Honduras	4,375,543
Mexico	19,962,143
Nicaragua	4,303,190
Peru	1,956,032
Venezuela	21,326,873
Non-Signatory Countries:	<u>21,171,693</u>
TOTAL	1,116,663,194

The men honored with the management of the Fund and Bank are trustees of the ideals of mankind for a world free from war and want. I pray that they will always be faithful to that trust.

Announcer: Thank you Secretary Vinson.

You have just heard a report on the Inaugural Meeting of the World Fund and Bank from Dr. Antonio Espinosa de los Monteros, the Ambassador of Mexico, and Governor for Mexico of the Fund and Bank, and from the Secretary of the Treasury, Fred M. Vinson, chairman of the Boards of Governors of the Fund and of the Bank. These two institutions, to be located in Washington, D. C., with resources of \$15 ^{000,000,000} billion have been established by 38 countries to deal with the international monetary and financial problems that confront the world.

We must not think that the work of the World Fund and Bank is finished. It has only begun. They will have meaning to the people of the world only if they continue to be the basis for constructive cooperation among nations. The people of all countries must insist that their representatives on the World Fund and Bank should not seek petty and temporary advantages. They must be operated for the benefit of man.

They are too important to the world to be endangered by short-sighted policies.

The task of maintaining peace and prosperity is not a one-day job. Nor is it a task that can be performed by one man. It requires the continued cooperation of the people of the world everywhere, always. The Fund and Bank need wise Governors and Directors. They need, and I am sure they will have, the constant help and support of the ~~people~~ people of all nations.


On matters of minor detail, there were differences of opinion. They were ironed out by discussion, another proof that the democratic process of discussion and agreement can be made to work. On that fundamental principle, all countries were united. That is why the Inaugural Meeting has given us all new faith that international cooperation can and must work.

The World Fund and Bank are far too important to leave them entirely to the management of technicians. They would wither and die if they were concerned merely with routine operations. The World Fund and the World Bank are expressions of the noblest ideals of mankind. They will live only if they respond to the needs of the people. They will fall to the ground unless they have the strong support of the people of all nations.

The World Fund will eliminate restrictive currency practices and substitute fair standards so that countries can exchange their products in a full flow of trade.

We know from experience that the chance to maintain peace is far better in a world in which all countries share in profitable trade. The great depression of the 1930's with mass unemployment and agricultural collapse was intensified and prolonged by unfair currency practices. The second World War was preceded and in large part caused by the economic warfare of the 1930's. The people of this country and all countries are determined that the economic causes of war must be eliminated.

The Savannah meeting showed that all countries are deeply conscious of the urgent necessity of making the Fund and Bank work.



And international cooperation means making the discussion and conference process work. The United Nations have established the World Fund and Bank as the means for continuing cooperation on economic and financial problems.


It does not take any special knowledge of business and finance to see what the Fund and Bank mean to world peace and prosperity. There is not a country in the world that does not find it necessary to sell farm products and manufactured goods in foreign markets. There is not a country in the world that does not find it necessary to buy raw materials or finished goods from foreign producers. If countries cannot produce, they cannot trade. If they cannot trade, they will see the effect in unemployment and lowered standards of living.

The World Bank will make available capital for reconstruction and development so that all countries can produce.

How we meet these problems will determine in large part whether the world will again go through devastating cycles of war and depression, or whether at long last the cherished dream of man for peace and prosperity will be fulfilled.


The World Fund and Bank must not become just two more financial institutions. Theirs is the task to lay the economic foundation for a better world. You cannot build a prosperous world with sick and hungry men. You cannot raise a new generation dedicated to peace in the ruins of bombed-out cities. You cannot have a prosperous America in a world of depression and war.

Each country must assume responsibility, and no country, however great or strong, can do the job alone. These are international problems and they can be solved only by international cooperation.



If you ask what we did at the Inaugural Meeting of the World Fund and Bank, I answer briefly: We put the breath of life into the two institutions which have the task of dealing with the world's international financial problems. In these two institutions ⁴⁰ forty nations have placed their faith that financial problems can be solved in a mutually advantageous and peaceful way. The highest ideals of mankind cannot survive merely as lofty ^{WORDS} words and phrases, as paper plans and blueprints. They must be put to work in the service of the people. That is what we did at Savannah.

Any impression that the World Fund and Bank are concerned solely with technical problems, of interest only to bankers and economists, is incorrect. In truth, they are concerned with some of the most important problems of every day life.



The thousands of men, women and children who greeted us were living symbols of the hundreds of millions of plain people all over the world who ask the chance to live and work together in peace and prosperity. The people of Savannah became the advocates of mankind for a decent world -- a world free from war and want.

One of the most encouraging features of the Inaugural Meeting was the determination of the Governors for all countries to make the Fund and Bank the means for successful cooperation among nations on monetary and financial problems. I am grateful to Dr. Monteros for his assurance of the continued cooperation of the Governors of these two institutions. It augurs well for the future of the World Fund and Bank.


Announcer: You will now hear from the Secretary of the Treasury, Fred M. Vinson, American Governor for the World Fund and Bank and chairman of the Board of Governors of these two institutions.

Mr. Vinson: We have just returned from Savannah, Georgia. There we held the Inaugural Meeting of the Governors of the World Fund and the World Bank. I cannot help but feel that the spirit of cooperation that prevailed among the representatives of the ⁴⁰ forty nations was due in large part to the warm hospitality of the people of Savannah. In this old American city of palms and flowers and Spanish moss, we found a welcome that touched our hearts.

It meant a good deal to us to see the great interest of the people in this new venture in international cooperation.

Our people share with yours this deep hope for peace and prosperity. They will do their part.

There is one man, Secretary Vinson, whose constant devotion to the ideal of international economic cooperation has done so much to make the World Fund and Bank a reality. Because of their confidence in him the Governors of the World Fund and Bank selected him to be the first chairman of the two Boards. I feel that I speak for all of the Governors of the Fund and Bank when I say to Secretary Vinson that he will have our whole-hearted cooperation in this great venture toward a better world.




The World Fund will give the countries of the world an opportunity to restore and expand trade. It will do this by eliminating the restrictive currency practices that prevent countries from interchanging their goods.

We in Latin America are especially sensitive to international economic conditions. We sell abroad a large proportion of what we produce; we buy abroad also a large proportion of what we consume. We see in the World Fund a unique opportunity for countries to cooperate in expanding world trade by establishing stable and orderly exchange arrangements.

These two institutions, the World Fund and the World Bank, can be a potent force for good. If they succeed in their task of making possible orderly progress in international economic relations, the chance for maintaining a peaceful world will be greatly improved.


Our economic life is tied closely to yours and we share your prosperity and depression. You, in turn, are affected by our economic development, by our ability to sell our goods and to buy your goods. The economic development of the countries to the South will mean that we will be stronger in joining with you for the preservation of peace. It will mean that we will be more prosperous in sharing with you the benefits of increased world trade.

The war has brought new measures of restriction and discrimination that depress world trade. Until order and stability are restored in international monetary relations, there can be no hope for resumption of world trade or for its growth. The basis for all trade must be the confidence that fair currency practices will give to all countries.



The World Bank will mean a good deal to the devastated areas of Europe and the Far East. These areas have been the battleground of conquering armies. Those countries need a chance to reconstruct their war devastated industries so that they can again provide, through their own labor and resources, for the needs of their people. The World Bank will give them the opportunity to produce and to trade once more. It will do this by helping them to raise from private investors, the capital necessary for reconstruction, on terms fair to the borrower and lender.

For us Latin-Americans, the World Bank will afford an opportunity to develop our nascent industries and to extend the use of modern means of production. The American Republics are your friends and neighbors.



Dr. Monteros: The destruction wrought by war has been magnified by the achievements of science to such an extent that it is now almost beyond the control of mankind. The world can no longer afford war. Our nations must find some ~~remedy~~. We must find some means of working out our problems in peace. /

The people of the United Nations are determined to cooperate in the prevention of war. It is not enough for countries to cooperate on political problems. It is equally important to cooperate in eliminating the economic causes of war. That will be done through the agencies that are established for international economic cooperation, particularly the World Fund and Bank. Through such political and economic cooperation the world-wide hope for peace and prosperity has a better chance to be achieved.

Broadcast, March 19, 1946
WTOP ~~6:15 p.m. to 6:30 p.m.~~

Announcer: At the United Nations Monetary Conference at Bretton Woods, agreements were prepared to establish the International Monetary Fund and the International Bank for Reconstruction and Development. These agreements were approved by the United States and 37 other countries.

Yesterday at Savannah, Georgia, the Inaugural Meeting of the Board of Governors of the World Fund and the World Bank came to a close. At this meeting, these two institutions with resources of more than \$15^{000,000,000} million were placed in operation. Their principal offices will be in this country, in Washington, D. C.

We have invited two distinguished representatives at the Inaugural Meeting to present to you a report on the World Fund and Bank -- Dr. Antonio Espinosa de los Monteros, the Ambassador of Mexico in Washington, and the Governor for Mexico of the World Fund and Bank, and the Secretary of the Treasury, Fred M. Vinson, Governor ~~for~~ the United States of the World Fund and Bank, and now chairman of the two boards of governors of these great institutions.

Dr. Monteros.

V-268

(The following is the text of a broadcast by Secretary of the Treasury, Fred M. Vinson, and the Ambassador of Mexico, Dr. Antonio Espinosa de los Monteros, to be carried over Station WTOP and the Columbia Broadcasting System from 6:15 to 6:30 P.M. Tuesday, March 19, 1946, ~~and is for release at that time.~~)

E.S.T,

TREASURY DEPARTMENT

Washington

FOR RELEASE, 6:15 P.M., E.S.T.,
Tuesday, March 19, 1946.

Press Service
No. V-268

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Any impression that the World Fund and Bank are concerned solely with technical problems, of interest only to bankers and economists, is incorrect. In truth, they are concerned with some of the most important problems of every day life. How we meet these problems will determine in large part whether the world will again go through devastating cycles of war and depression, or whether at long last the cherished dream of man for peace and prosperity will be fulfilled.

The World Fund and Bank must not become just two more financial institutions. Theirs is the task to lay the economic foundation for a better world. You cannot build a prosperous world with sick and hungry men. You cannot raise a new generation dedicated to peace in the ruins of bombed-out cities. You cannot have a prosperous America in a world of depression and war.

Each country must assume responsibility, and no country, however great or strong, can do the job alone. These are international problems and they can be solved only by international cooperation. And international cooperation means making the discussion and conference process work. The United Nations have established the World Fund and Bank as the means for continuing cooperation on economic and financial problems.

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The World Fund and Bank are far too important to leave them entirely to the management of technicians. They would wither and die if they were concerned merely with routine operations. The World Fund and the World Bank are expressions of the noblest ideals of mankind. They will live only if they respond to the needs of the people. They will fall to the ground unless they have the strong support of the people of all nations.

We must not think that the work of the World Fund and Bank is finished. It has only begun. They will have meaning to the people of the world only if they continue to be the basis for constructive cooperation among nations. The people of all countries must insist that their representatives on the World Fund and Bank should not seek petty and temporary advantages. They must be operated for the benefit of man.

They are too important to the world to be endangered by short-sighted policies.

The task of maintaining peace and prosperity is not a one-day job. Nor is it a task that can be performed by one man. It requires the continued cooperation of the people of the world everywhere, always. The Fund and Bank need wise Governors and Directors. They need, and I am sure they will have, the constant help and support of the people of all nations. The men honored with the management of the Fund and Bank are trustees of the ideals of mankind for a world free from war and want. I pray that they will always be faithful to that trust.

Announcer: Thank you, Secretary Vinson.

You have just heard a report on the Inaugural Meeting of the World Fund and Bank from Dr. Antonio Espinosa de los Monteros, the Ambassador of Mexico, and Governor for Mexico of the Fund and Bank, and from the Secretary of the Treasury, Fred M. Vinson, chairman of the Boards of Governors of the Fund and of the Bank. These two institutions, to be located in Washington, D. C., with resources of \$15,000,000,000 have been established by 38 countries to deal with the international monetary and financial problems that confront the world.

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Their high principles must be at work all the time for the benefit of all the people.

Our best work is done when we apply everlasting principles. You have to keep working for peace and prosperity. That doesn't mean just officials and experts; it means you, the people. You must continue the work. You cannot stop when the horrors of war and depression start to dim. You have to keep at it every day and every year. Remember, eternal vigilance is the price, not only of liberty, but also of peace and prosperity.

This is a world in which all countries will live together in peace or they will perish. The great hope of mankind is that we will build the kind of world our hearts desire. We are doing that in cooperation with other countries through the United Nations Organization and through the World Fund and Bank. There is no other way.

I want to add a word of caution. We must be careful not to mistake words for deeds. It doesn't do much good to adopt high principles unless we put them into practice. Even the noblest principles cannot survive merely as words and phrases. They can live only if they are made a part of life. That is what we are trying to do with the World Fund and Bank -- to make them practical means of doing the job. They must be working institutions.

You have evidence of this great truth right here in Savannah. General Pulaski, a Polish nobleman, left a life of ease to travel five thousand miles over land and sea to come to this country to lend a helping hand to kindred spirits who were fighting for freedom. He knew that freedom anywhere is a beacon light to freedom-loving people everywhere. And so he gave his life in the fight for freedom for his fellowmen of another land.

He died here near Savannah. He lives forever as an inspiration for those who believe in freedom. Year after year and for unnumbered years to come, the people of Savannah will show the eternal gratitude that is due him. It's just such things that give us faith that man will in time fulfill his divine destiny.

The delegates of the 40 countries meeting here find the same joy in the natural beauty of Savannah as we do. They feel the same inspiration from the hopes of the people as we do. And above all they want what we want -- a chance to let their people live and work in peace and prosperity.

I am willing to take a ticket on the plain folks everywhere. They share our hopes and fears. We Americans are not alone in wanting liberty and democracy, in fighting for their preservation. These are expressions of the noblest will of mankind. They are part of the human soul. They belong to the people of all nations.

And the growth must be directed to changing times and conditions. All of us must be attentive to the problems that arise, if we are to succeed upon this brave, new path.

In the last analysis it will not be the government of any nation, or the designated officials of all the nations that will do the job. It will be all of the people throughout the world. Governments and international institutions cannot do the job alone; but they will help you carry out the measures and accomplish the objectives you seek.

Right down at bottom, folks aren't much different, no matter where they live.

this country means to do its share. I am confident that other countries mean to do their share. I know the job is hard, but I have faith that it will be done. We shall build a world in which the people of all countries live and work together in peace and prosperity.

There are pessimists who will try to divide us and say it can't be done. There are cynics who will scorn us and cry it can't be done. But our people believe in trying. We are optimists. We hold to the ancient proverb, that he who lights a candle is better than he who curses the darkness. And the candles must be lit again and again. None of these institutions that are established is self-operating. Good men must make them live and grow.

But we can build a peaceful and prosperous world if we all work on the job. This is not something one country can do by itself. It must be done in cooperation with all countries.

If we do our share and other countries do their share, we can have the sound prosperity and enduring peace that we all desire. We owe it to the tens of thousands of children in Savannah, to the hundreds of millions of children in all countries, and the countless generations of children still unborn, to save mankind from its own folly.

Believe me the hope and enthusiasm we see among you encourages us. I can tell you as the American Governor of the World Fund and Bank that

If we let world economic relations break down again as they did in 1930, we may not, this time, be able to recover from the collapse. If we let nations go to war again as they did in 1939, we may not, this time, be able to subdue the aggressors. There is only one way to prevent war and depression. That is to devote ourselves completely to doing everything in our power to maintain peace and prosperity. We must wage the peace as hard as we waged the war.

Although I firmly believe that mankind has the wit and the will to do this, I know that it will not be easy. It will be no easier to win the peace than it was to win the war.

The people of all countries want to travel the right road. That is the road on which representatives of the United Nations march together toward a common goal. The march will not be without obstacles. There are difficult problems. But we should not be discouraged. We have had difficult problems before. We can solve these problems if all countries will sit down around the table and put their heads together and talk it over. Making the discussion process work was what they did at San Francisco. Making the discussion process work was what we did at Bretton Woods. Making the discussion process work is what we are going to do in Savannah. International cooperation is the way to achieve the sound prosperity and enduring peace that we want for ourselves and for our children throughout the world.

This is a world in which all countries inevitably share the good or evil that men themselves make. It is time man stopped sowing and reaping his own evil work. Neither war nor depression is an Act of God. Our solemn task is to do all that lies in our power to free mankind from these recurring plagues.

There are two roads before us -- one points to peace and prosperity through cooperation among nations; the other points to economic and political conflict leading again to war and depression.

We can bring the World Fund and Bank to life in Savannah in March 1946, only because we have planned and worked for it. Some people, in 1942, did something to try to stop the endless cycle of war and depression. And in 1944, representatives from 44 countries met in Bretton Woods in the midst of war, to make sure that the peace for which we were then fighting would have vitality and meaning.

If you ask me to say briefly what the people of all countries expect of the World Fund and Bank, I can only answer: to give the people a chance to work and live together in peace and prosperity.

The flowers, the palms, the Spanish moss, make Savannah a unique city. It has a simple and natural dignity that cannot be matched by the handiwork of man.

The history of Savannah can be a lesson to all of us. It shows how important it is to know where you are going, to pick a straight road, and to continue down that road until you reach the goal.

We have a noble task at this Inaugural Meeting of the World Fund and Bank. We are creating a living thing, to serve our people of today and of tomorrow.

It gave the colonists a chance to build their new homes in peace. Because of the foresight of General Oglethorpe the new colony was not killed off in infancy. His first settlement survived, and Savannah lived to enjoy a happy and glorious future.

Now after two centuries these squares are still a source of beauty and happiness to the people of Savannah and to your visitors from all over this country and from distant lands across the seas. Like the apple trees their good was not limited to the immediate present.

This is a city which owes its charm and beauty to the forethought of men with consideration for the well-being of others, even others yet unborn. The City of Savannah was planned by General Oglethorpe for his own colonists and for those who were to follow. The many squares that he laid out were designed for security. He wanted those squares for strategic defense when the settlers were faced by the dangers of the unknown. He planned them for the time when they would mean extra strength in fighting against enemies within and enemies without.

The planning of General Oglethorpe meant a good deal to Savannah in its critical days.

He carried his wares to the isolated people near the American frontier. And wherever he traveled he planted appleseeds. He knew that in the West where few then lived, many would some day come. He wanted the apple trees to give them restful shade. The millions of people who came after him built farms and homes in the wilderness. They enjoyed the shade, and they enjoyed the fresh fruit too. For millions of people his apple trees became a living symbol that those who came before were mindful of those who were to come later.

I had that same feeling as I rode through Savannah yesterday.

Your children have given us strength and courage to dedicate ourselves anew to the task of making this a better world. They are taught the eternal truths, by devoted teachers, who have dedicated themselves to the new generation. These teachers serve the Divine purpose in its highest form. May some of their full devotion and high purpose guide us during our Inaugural Meeting.

The best thing that men do, they do for others. You know the story of Johnny Appleseed, an itinerant peddler in colonial times.

I have confidence in them. I am sure you have confidence in them. Nearly every generation in the history of the world has heightened the accomplishments of the preceding generation. It is the duty of our generation to give these citizens of tomorrow the best possible start. I like to think that what we do in Savannah will bear fruit for these children and the children throughout the world to enjoy. There is no person in this group tonight who would knowingly fail to do anything in his power to make life worthwhile and full of promise for these young folks. May theirs be the happy lot to carry further and higher the ideals of mankind.

The hope and fervor of your greeting is an inspiration to all of us. No one can see such a demonstration of the kindness of the human heart without being deeply moved. No one can see such faith in the ultimate triumph of the good without being encouraged. This was a welcome by a living people, men, women, and children.

I believe that I was most impressed by the thousands of boys and girls who lined the route from the station to the Conference headquarters. They are the ones with the big stake in the future.

(The following address by Secretary Dinson before
the Savannah Chamber of Commerce ^{at the DeSoto}
Hotel, Savannah, Ga., is scheduled for delivery at
10:15 P.M., E.S.T., March 9, 1946, and is for release at that time

The people of Savannah are hosts on

V-269

Tuesday)

behalf of all the American people to the
representatives of forty friendly countries.

It gives me much pleasure to be in Savannah.

I am sure all of the delegates second that

thought. This community certainly has gone

all out in its welcome. As a Southerner I

am qualified to judge Southern hospitality.

The hospitality you have shown us is the

real stuff -- 24 carat. Your brand of

Southern hospitality rivals that of my

own State of Kentucky. Such hospitality

is more than a social grace. This kind of

hospitality gives a comforting reassurance

of man's essential goodness.

TREASURY DEPARTMENT
Washington

FOR RELEASE, 10 P.M., E.S.T.,
Saturday, March 9, 1946.

Press Service
No. V-269

(The following address by Secretary Vinson before the Savannah Chamber of Commerce dinner at the De Soto Hotel, Savannah, Georgia, is scheduled for delivery at 10 P.M., E.S.T., Tuesday, March 9, 1946, and is for release at that time.)

The people of Savannah are hosts on behalf of all the American people to the representatives of forty friendly countries. It gives me much pleasure to be in Savannah. I am sure all of the delegates second that thought. This community certainly has gone all out in its welcome. As a Southerner I am qualified to judge Southern hospitality. The hospitality you have shown us is the real stuff -- 24 carat. Your brand of Southern hospitality rivals that of my own State of Kentucky. Such hospitality is more than a social grace. This kind of hospitality gives a comforting reassurance of man's essential goodness.

The hope and fervor of your greeting is an inspiration to all of us. No one can see such a demonstration of the kindness of the human heart without being deeply moved. No one can see such faith in the ultimate triumph of the good without being encouraged. This was a welcome by a living people, men, women, and children.

I believe that I was most impressed by the thousands of boys and girls who lined the route from the station to the Conference headquarters. They are the ones with the big stake in the future. I have confidence in them. I am sure you have confidence in them. Nearly every generation in the history of the world has heightened the accomplishments of the preceding generation. It is the duty of our generation to give these citizens of tomorrow the best possible start. I like to think that what we do in Savannah will bear fruit for these children and the children throughout the world to enjoy. There is no person in this group tonight who would knowingly fail to do anything in his power to make life worthwhile and full of promise for these young folks. May theirs be the happy lot to carry further and higher the ideals of mankind.

Your children have given us strength and courage to dedicate ourselves anew to the task of making this a better world. They are taught the eternal truths, by devoted teachers, who have dedicated themselves to the new generation. These teachers serve the Divine purpose in its highest form. May some of their full devotion and high purpose guide us during our Inaugural Meeting.

The best thing that men do, they do for others. You know the story of Johnny Appleseed, an itinerant peddler in colonial times. He carried his wares to the isolated people near the American frontier. And wherever he traveled he planted apple-seeds. He knew that in the West where few then lived, many would some day come. He wanted the apple trees to give them restful shade. The millions of people who came after him built farms and homes in the wilderness. They enjoyed the shade, and they enjoyed the fresh fruit too. For millions of people his apple trees became a living symbol that those who came before were mindful of those who were to come later.

I had that same feeling as I rode through Savannah yesterday. This is a city which owes its charm and beauty to the forethought of men with consideration for the well-being of others, even others yet unborn. The City of Savannah was planned by General Oglethorpe for his own colonists and for those who were to follow. The many squares that he laid out were designed for security. He wanted those squares for strategic defense when the settlers were faced by the dangers of the unknown. He planned them for the time when they would mean extra strength in fighting against enemies within and enemies without.

The planning of General Oglethorpe meant a good deal to Savannah in its critical days. It gave the colonists a chance to build their new homes in peace. Because of the foresight of General Oglethorpe the new colony was not killed off in infancy. His first settlement survived, and Savannah lived to enjoy a happy and glorious future.

Now after two centuries these squares are still a source of beauty and happiness to the people of Savannah and to your visitors from all over this country and from distant lands across the seas. Like the apple trees their good was not limited to the immediate present. The flowers, the palms, the Spanish moss, make Savannah a unique city. It has a simple and natural dignity that cannot be matched by the handiwork of man.

The history of Savannah can be a lesson to all of us. It shows how important it is to know where you are going, to pick a straight road, and to continue down that road until you reach the goal.

We have a noble task at this Inaugural Meeting of the World Fund and Bank. We are creating a living thing, to serve our people of today and of tomorrow. We can bring the World Fund and Bank to life in Savannah in March 1946, only because we have planned and worked for it. Some people, in 1942, did something to try to stop the endless cycle of war and depression. And in 1944, representatives from 44 countries met in Bretton Woods in the midst of war, to make sure that the peace for which we were then fighting would have vitality and meaning.

If you ask me to say briefly what the people of all countries expect of the World Fund and Bank, I can only answer: to give the people a chance to work and live together in peace and prosperity. This is a world in which all countries inevitably share the good or evil that men themselves make. It is time man stopped sowing and reaping his own evil work. Neither war nor depression is an Act of God. Our solemn task is to do all that lies in our power to free mankind from these recurring plagues.

There are two roads before us -- one points to peace and prosperity through cooperation among nations; the other points to economic and political conflict leading again to war and depression. The people of all countries want to travel the right road. That is the road on which representatives of the United Nations march together toward a common goal. The march will not be without obstacles. There are difficult problems, but we should not be discouraged. We have had difficult problems before. We can solve these problems if all countries will sit down around the table and put their heads together and talk it over. Making the discussion process work was what they did at San Francisco. Making the discussion process work was what we did at Bretton Woods. Making the discussion process work is what we are going to do in Savannah. International cooperation is the way to achieve the sound prosperity and enduring peace that we want for ourselves and for our children throughout the world.

If we let world economic relations break down again as they did in 1930, we may not, this time, be able to recover from the collapse. If we let nations go to war again as they did in 1939, we may not, this time, be able to subdue the aggressors. There is only one way to prevent war and depression. That is to devote ourselves completely to doing everything in our power to maintain peace and prosperity. We must wage the peace as hard as we waged the war.

Although I firmly believe that mankind has the wit and the will to do this, I know that it will not be easy. It will be no easier to win the peace than it was to win the war. But we can build a peaceful and prosperous world if we all work on the job. This is not something one country can do by itself. It must be done in cooperation with all countries.

If we do our share and other countries do their share, we can have the sound prosperity and enduring peace that we all desire. We owe it to the tens of thousands of children in Savannah, to the hundreds of millions of children in all countries, and the countless generations of children still unborn, to save mankind from its own folly.

Believe me the hope and enthusiasm we see among you encourages us. I can tell you as the American Governor of the World Fund and Bank that this country means to do its share. I am confident that other countries mean to do their share. I know the job is hard, but I have faith that it will be done. We shall build a world in which the people of all countries live and work together in peace and prosperity.

There are pessimists who will try to divide us and say it can't be done. There are cynics who will scorn us and cry it can't be done. But our people believe in trying. We are optimists. We hold to the ancient proverb, that he who lights a candle is better than he who curses the darkness. And the candles must be lit again and again. None of these institutions that are established is self-operating. Good men must make them live and grow. And the growth must be directed to changing times and conditions. All of us must be attentive to the problems that arise, if we are to succeed upon this brave, new path.

In the last analysis it will not be the government of any nation, or the designated officials of all the nations that will do the job. It will be all of the people throughout the world. Governments and international institutions cannot do the job alone; but they will help you carry out the measures and accomplish the objectives you seek.

Right down at bottom, folks aren't much different, no matter where they live. The delegates of the 40 countries meeting here find the same joy in the natural beauty of Savannah as we do. They feel the same inspiration from the hopes of the people as we do. And above all they want what we want -- a chance to let their people live and work in peace and prosperity.

I am willing to take a ticket on the plain folks everywhere. They share our hopes and fears. We Americans are not alone in wanting liberty and democracy, in fighting for their preservation. These are expressions of the noblest will of mankind. They are part of the human soul. They belong to the people of all nations.

You have evidence of this great truth right here in Savannah. General Pulaski, a Polish nobleman, left a life of ease to travel five thousand miles over land and sea to come to this country to lend a helping hand to kindred spirits who were fighting for freedom. He knew that freedom anywhere is a beacon light to freedom-loving people everywhere. And so he gave his life in the fight for freedom for his fellowmen of another land.

He died here near Savannah. He lives forever as an inspiration for those who believe in freedom. Year after year and for unnumbered years to come, the people of Savannah will show the eternal gratitude that is due him. It's just such things that give us faith that man will in time fulfill his divine destiny.

This is a world in which all countries will live together in peace or they will perish. The great hope of mankind is that we will build the kind of world our hearts desire. We are doing that in cooperation with other countries through the United Nations Organization and through the World Fund and Bank. There is no other way.

I want to add a word of caution. We must be careful not to mistake words for deeds. It doesn't do much good to adopt high principles unless we put them into practice. Even the noblest principles cannot survive merely as words and phrases. They can live only if they are made a part of life. That is what we are trying to do with the World Fund and Bank -- to make them practical means of doing the job. They must be working institutions. Their high principles must be at work all the time for the benefit of all the people.

Our best work is done when we apply everlasting principles. You have to keep working for peace and prosperity. That doesn't mean just officials and experts; it means you, the people. You must continue the work. You cannot stop when the horrors of war and depression start to dim. You have to keep at it every day and every year. Remember, eternal vigilance is the price, not only of liberty, but also of peace and prosperity.

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.

ALPHA

- 2 -

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 \$200,000 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 March 28, 1946.

(7x)
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, March 22, 1946 .

(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000 , 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 March 28, 1946 , and will mature June 27, 1946 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~War~~ Standard time, Monday, March 25, 1946 .

Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal

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TREASURY DEPARTMENT
Washington

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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 \$200,000 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 March 28, 1946.

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 Bank or Branch.

Comparison of principal items of assets and liabilities of national banks - Continued
(In thousands of dollars)

	Dec. 31, 1945	June 30, 1945	Dec. 30, 1944	Increase or decrease: since June 30, 1945		Increase or decrease since Dec. 30, 1944	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships and corporations:							
Demand.....	\$40,970,935	\$37,126,500	\$36,320,754	\$3,844,435	10.35	\$4,650,181	12.80
Time.....	15,960,051	14,315,450	12,655,090	1,644,601	11.49	3,304,961	26.12
Postal savings deposits.....	2,979	5,057	5,218	-2,078	-41.09	-2,239	-42.91
Deposits of U. S. Government:							
War loan and Series E bond accts.	13,841,894	12,868,475	10,816,887	973,419	7.56	3,025,007	27.97
Other U. S. Gov't deposits.....	318,280	336,524	349,751	-18,244	-5.42	-31,471	-9.00
Deposits of States and political subdivisions.....	3,487,711	3,153,723	3,070,539	333,988	10.59	417,172	13.59
Deposits of banks.....	9,230,786	8,251,954	8,058,120	978,832	11.86	1,172,666	14.55
Other deposits (certified and cashiers' checks, etc.).....	1,430,311	767,854	852,578	662,457	86.27	577,733	67.76
Total deposits.....	85,242,947	76,825,537	72,128,937	8,417,410	10.96	13,114,010	18.18
Bills payable, rediscounts & other liabilities for borrowed money..	77,969	5,209	54,180	72,760	1396.81	23,789	43.91
Other liabilities.....	559,103	491,534	491,877	67,569	13.75	67,226	13.67
Total liabilities, excluding capital accounts.....	85,880,019	77,322,280	72,674,994	8,557,739	11.07	13,205,025	18.17
CAPITAL ACCOUNTS							
Capital stock:							
Preferred stock.....	70,394	79,656	91,966	-9,262	-11.63	-21,572	-23.46
Common stock.....	1,588,445	1,544,528	1,474,939	43,917	2.84	113,506	7.70
Total.....	1,658,839	1,624,184	1,566,905	34,655	2.13	91,934	5.87
Surplus.....	2,011,403	1,875,277	1,808,959	136,126	7.26	202,444	11.19
Undivided profits.....	688,986	692,146	632,000	-3,160	-.46	56,986	9.02
Reserves.....	296,509	280,946	267,001	15,563	5.54	29,508	11.05
Total surplus, profits and reserves.....	2,996,898	2,848,369	2,707,960	148,529	5.21	288,938	10.67
Total capital accounts.....	4,655,737	4,472,553	4,274,865	183,184	4.10	380,872	8.91
Total liabilities and capital accounts.....	90,535,756	81,794,833	76,949,859	8,740,923	10.69	13,585,897	17.66
Ratio of loans to total deposits..	16.36%	16.13%	15.94%				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks
as of Dec. 31, 1945, June 30, 1945, and Dec. 30, 1944
(In thousands of dollars)

	: Dec. 31, : 1945	: June 30, : 1945	: Dec. 30, : 1944	: Increase or decrease:		: Increase or decrease:	
				: since June 30, 1945	: since Dec. 30, 1944	: Amount	: Percent	: Amount	: Percent
Number of banks.....	5,023	5,021	5,031	2	.04	-8	-.16
ASSETS							
Loans on real estate.....	\$2,206,472	\$2,083,182	\$2,045,862	\$123,290	5.92	\$160,610	7.85
Other loans, including overdrafts.....	11,741,570	10,305,951	9,451,940	1,435,619	13.93	2,289,630	24.22
Total loans.....	13,948,042	12,389,133	11,497,802	1,558,909	12.58	2,450,240	21.31
U. S. Government securities:							
Direct obligations.....	51,459,960	47,230,307	42,836,320	4,229,653	8.96	8,623,640	20.13
Obligations fully guaranteed.....	7,746	25,156	642,469	-17,410	-69.21	-634,723	-98.79
Total U. S. securities.....	51,467,706	47,255,463	43,478,789	4,212,243	8.91	7,988,917	18.37
Obligations of States and political subdivisions.....	2,341,725	2,200,505	2,056,722	141,220	6.42	285,003	13.86
Other bonds, notes and debentures.....	1,656,865	1,422,677	1,345,369	234,188	16.46	311,496	23.15
Corporate stocks, including stocks of Federal Reserve Banks.....	145,313	141,256	141,449	4,057	2.87	3,864	2.73
Total securities.....	55,611,609	51,019,901	47,022,329	4,591,708	9.00	8,589,280	18.27
Total loans and securities.....	69,559,651	63,409,034	58,520,131	6,150,617	9.70	11,039,520	18.86
Currency and coin.....	1,008,644	821,290	904,500	187,354	22.81	104,144	11.51
Reserve with Federal Reserve Banks.....	10,451,020	9,647,552	9,284,542	803,468	8.33	1,166,478	12.56
Balances with other banks.....	8,719,125	7,144,109	7,448,207	1,575,016	22.05	1,270,918	17.06
Total cash, balances with other banks, including reserve balances and cash items in process of collection.....	20,178,789	17,612,951	17,637,249	2,565,838	14.57	2,541,540	14.41
Other assets.....	797,316	772,848	792,479	24,468	3.17	4,837	.61
Total assets.....	90,535,756	81,794,833	76,949,859	8,740,923	10.69	13,585,897	17.66

December 31, 1945 was 16.36, in comparison with 16.13 on June 30, 1945, and 15.94 on December 30, 1944.

Investments by the banks in United States Government obligations, direct and guaranteed, at the end of December 1945 aggregated \$51,468,000,000, which was greater by \$4,212,000,000 than the amount reported in June 1945, and an increase of \$7,989,000,000 over the amount reported in December of the previous year. Other bonds, stocks and securities held totaling \$4,144,000,000, including obligations of States and political subdivisions of \$2,342,000,000, showed an increase since June of \$379,000,000, and an increase of \$600,000,000 in the year.

Cash of \$1,009,000,000, balances with other banks of \$8,719,000,000, and reserves with Federal Reserve banks of \$10,451,000,000, a total of \$20,179,000,000, increased \$2,566,000,000 and \$2,542,000,000 in the six and twelve months, respectively.

The unimpaired capital stock of the banks on December 31, 1945 was \$1,659,000,000, including \$70,000,000 preferred stock. Surplus was \$2,011,000,000, undivided profits \$689,000,000, and reserves \$297,000,000, or a total of \$2,997,000,000. This was an increase of \$149,000,000 over the surplus, profits and reserves in June 1945, and an increase of \$289,000,000 over the aggregate of these items at the end of December the year previous. Total capital funds amounted to \$4,656,000,000, which was \$183,000,000 and \$381,000,000 greater than at the end of the previous six and twelve months, respectively.

SPECIAL

It is Important
that this Paper
should be made
Special.

U. S. GOVERNMENT PRINTING OFFICE 2-6610

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Service
V-271

FOR RELEASE, MORNING NEWSP.

Friday, March 2

The assets of national banks and branches, it was announced today by the Federal Reserve Board from the call covered the assets of national banks and branches in the possessions. The assets reported by the 5,021 active banks increased by \$13,586,000,000 over the actual figures for December 30, 1944.

The deposits of national banks and branches showed an increase of \$8,417,000,000 over the actual figures of \$13,114,000,000, or 18 percent, since

December 30, 1944. The deposits of national banks and branches are demand deposits of individuals, partnerships and corporations of \$40,971,000,000, which was an increase of \$3,844,000,000, or 10 percent, since June, and an increase of \$4,650,000,000, or nearly 13 percent, in the year; deposits of individuals, partnerships and corporations of \$15,960,000,000, an increase of \$1,645,000,000, or 11 percent, since June, and an increase of \$3,305,000,000, or 26 percent, in the year. Also included in the current figures are United States Government deposits, including War Loan accounts, of \$14,160,000,000, which increased \$955,000,000 and \$2,993,000,000 in the six and twelve months, respectively; deposits of States and political subdivisions of \$3,488,000,000, an increase of \$334,000,000 since June, and an increase of \$417,000,000 in the year; postal savings of \$3,000,000; certified and cashiers' checks, etc., of \$1,430,000,000, and deposits of banks of \$9,231,000,000.

Loans and discounts were \$13,948,000,000, an increase of \$1,559,000,000, or 12 percent, since June, and an increase of \$2,450,000,000, or 21 percent, since December 1944. The percentage of loans and discounts to total deposits on

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FROM Office of Comptroller of Cy.
(Name, not initials)

copies

of the completed release to
Mr. Kane, Chief of our Statis-
tical Division, Rm. 5039
Treasury.

DELIVER TO

MR. SHAEFFER
PUBLIC RELATIONS
ROOM 4408

Service
V-271

FOR RELEASE, MORNING NEWSP.

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REMARKS

Mar. 20, 1946

Please furnish 200 copies
of the completed release to
Mr. Kane, Chief of our Statis-
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FROM Office of Comptroller of Cy.
(Name, not initials)

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TREASURY DEPARTMENT
Washington

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FOR RELEASE, MORNING NEWSPAPERS,
Friday, March 22, 1946.

Press Service
No. V-271

The assets of national banks on December 31, 1945 totaled \$90,536,000,000, it was announced today by Comptroller of the Currency Preston Delano. Returns from the call covered the 5,023 active national banks in the United States and possessions. The assets reported were \$8,741,000,000 greater than the total reported by the 5,021 active banks on June 30, 1945, and an increase of \$13,586,000,000 over the amount reported by the 5,031 active banks on December 30, 1944.

The deposits of national banks on December 31, 1945 totaled \$85,243,000,000, an increase of \$8,417,000,000, or 11 percent, since June 1945, and an increase of \$13,114,000,000, or 18 percent, since December 1944. Included in the current deposit figures are demand deposits of individuals, partnerships and corporations of \$40,971,000,000, which was an increase of \$3,844,000,000, or 10 percent, since June, and an increase of \$4,650,000,000, or nearly 13 percent, in the year, ^{and} time deposits of individuals, partnerships and corporations of \$15,960,000,000, an increase of \$1,645,000,000, or 11 percent, since June, and an increase of \$3,305,000,000, or 26 percent, in the year. Also included in the current figures are United States Government deposits, including War Loan accounts, of \$14,160,000,000, which increased \$955,000,000 and \$2,993,000,000 in the six and twelve months, respectively; deposits of States and political subdivisions of \$3,488,000,000, an increase of \$334,000,000 since June, and an increase of \$417,000,000 in the year; postal savings of \$3,000,000; certified and cashiers' checks, etc., of \$1,430,000,000, and deposits of banks of \$9,231,000,000.

Loans and discounts were \$13,948,000,000, an increase of \$1,559,000,000, or 12 percent, since June, and an increase of \$2,450,000,000, or 21 percent, since December 1944. The percentage of loans and discounts to total deposits on

TREASURY DEPARTMENT

Washington

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Loans and discounts were \$13,948,000,000, an increase of \$1,559,000,000, or 12 percent, since June, and an increase of \$2,450,000,000, or 21 percent, since December 1944. The percentage of loans and discounts to total deposits on December 31, 1945 was 16.36, in comparison with 16.13 on June 30, 1945, and 15.94 on December 30, 1944.

Investments by the banks in United States Government obligations, direct and guaranteed, at the end of December 1945 aggregated \$51,468,000,000, which was greater by \$4,212,000,000 than the amount reported in June 1945, and an increase of

\$7,989,000,000 over the amount reported in December of the previous year. Other bonds, stocks and securities held totaling \$4,144,000,000, including obligations of States and political subdivisions of \$2,342,000,000, showed an increase since June of \$379,000,000, and an increase of \$600,000,000 in the year.

Cash of \$1,009,000,000, balances with other banks of \$8,719,000,000, and reserves with Federal Reserve banks of \$10,451,000,000, a total of \$20,179,000,000, increased \$2,566,000,000 and \$2,542,000,000 in the six and twelve months, respectively.

The unimpaired capital stock of the banks on December 31, 1945 was \$1,659,000,000, including \$70,000,000 preferred stock. Surplus was \$2,011,000,000, undivided profits \$689,000,000, and reserves \$297,000,000, or a total of \$2,997,000,000. This was an increase of \$149,000,000 over the surplus, profits and reserves in June 1945, and an increase of \$289,000,000 over the aggregate of these items at the end of December the year previous. Total capital funds amounted to \$4,656,000,000, which was \$183,000,000 and \$381,000,000 greater than at the end of the previous six and twelve months, respectively.

Statement showing comparison of principal items of assets and liabilities of active national banks
as of Dec. 31, 1945, June 30, 1945, and Dec. 30, 1944
(In thousands of dollars)

	: Dec. 31, : 1945	: June 30, : 1945	: Dec. 30, : 1944	: Increase or decrease : since June 30, 1945	: Increase or decrease : since Dec. 30, 1944		
				: Amount	: Percent	: Amount	: Percent
Number of banks.....	5,023	5,021	5,031	2	.04	-8	-.16
ASSETS							
Loans on real estate.....	\$2,206,472	\$2,083,182	\$2,045,862	\$123,290	5.92	\$160,610	7.85
Other loans, including overdrafts....	11,741,570	10,305,951	9,451,940	1,435,619	13.93	2,289,630	24.22
Total loans.....	13,948,042	12,389,133	11,497,802	1,558,909	12.58	2,450,240	21.31
U. S. Government securities:							
Direct obligations.....	51,459,960	47,230,307	42,836,320	4,229,653	8.96	8,623,640	20.13
Obligations fully guaranteed....	7,746	25,156	642,469	-17,410	-69.21	-634,723	-98.79
Total U. S. securities.....	51,467,706	47,255,463	43,478,789	4,212,243	8.91	7,988,917	18.37
Obligations of States and political subdivisions.....	2,341,725	2,200,505	2,056,722	141,220	6.42	285,003	13.86
Other bonds, notes and debentures....	1,656,865	1,422,677	1,345,369	234,188	16.46	311,496	23.15
Corporate stocks, including stocks of Federal Reserve Banks.....	145,313	141,256	141,449	4,057	2.87	3,864	2.73
Total securities.....	55,611,609	51,019,901	47,022,329	4,591,708	9.00	8,589,280	18.27
Total loans and securities.....	69,559,651	63,409,034	58,520,131	6,150,617	9.70	11,039,520	18.86
Currency and coin.....	1,008,644	821,290	904,500	187,354	22.81	104,144	11.51
Reserve with Federal Reserve Banks...	10,451,020	9,647,552	9,284,542	803,468	8.33	1,166,478	12.56
Balances with other banks.....	8,719,125	7,144,109	7,448,207	1,575,016	22.05	1,270,918	17.06
Total cash, balances with other banks, including reserve balances and cash items in process of collection.....	20,178,789	17,612,951	17,637,249	2,565,838	14.57	2,541,540	14.41
Other assets.....	797,316	772,848	792,479	24,468	3.17	4,837	.61
Total assets.....	90,535,756	81,794,833	76,949,859	8,740,923	10.69	13,585,897	17.66

Comparison of principal items of assets and liabilities of national banks - Continued
(In thousands of dollars)

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	Dec. 31, 1945	June 30, 1945	Dec. 30, 1944	Increase or decrease: since June 30, 1945		Increase or decrease: since Dec. 30, 1944	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships and corporations:							
Demand.....	\$40,970,935	\$37,126,500	\$36,320,754	\$3,844,435	10.35	\$4,650,181	12.80
Time	15,960,051	14,315,450	12,655,090	1,644,601	11.49	3,304,961	26.12
Postal savings deposits.....	2,979	5,057	5,218	-2,078	-41.09	-2,239	-42.91
Deposits of U. S. Government:							
War loan and Series E bond accts.	13,841,894	12,868,475	10,816,887	973,419	7.56	3,025,007	27.97
Other U. S. Gov't deposits.....	318,280	336,524	349,751	-18,244	-5.42	-31,471	-9.00
Deposits of States and political subdivisions.....	3,487,711	3,153,723	3,070,539	333,988	10.59	417,172	13.59
Deposits of banks.....	9,230,786	8,251,954	8,058,120	978,832	11.86	1,172,666	14.55
Other deposits (certified and cashiers' checks, etc.).....	1,430,311	767,854	852,578	662,457	86.27	577,733	67.76
Total deposits.....	85,242,947	76,825,537	72,128,937	8,417,410	10.96	13,114,010	18.18
Bills payable, rediscounts & other liabilities for borrowed money...	77,969	5,209	54,180	72,760	1396.81	23,789	43.91
Other liabilities.....	559,103	491,534	491,877	67,569	13.75	67,226	13.67
Total liabilities, excluding capital accounts.....	85,880,019	77,322,280	72,674,994	8,557,739	11.07	13,205,025	18.17
CAPITAL ACCOUNTS							
Capital stock:							
Preferred stock.....	70,394	79,656	91,966	-9,262	-11.63	-21,572	-23.46
Common stock.....	1,588,445	1,544,528	1,474,939	43,917	2.84	113,506	7.70
Total.....	1,658,839	1,624,184	1,566,905	34,655	2.13	91,934	5.87
Surplus.....	2,011,403	1,875,277	1,808,959	136,126	7.26	202,444	11.19
Undivided profits.....	688,986	692,146	632,000	-3,160	-.46	56,986	9.02
Reserves.....	296,509	280,946	267,001	15,563	5.54	29,508	11.05
Total surplus, profits and reserves.....	2,996,898	2,848,369	2,707,960	148,529	5.21	288,938	10.67
Total capital accounts.....	4,655,737	4,472,553	4,274,865	183,184	4.10	380,872	8.91
Total liabilities and capital accounts.....	90,535,756	81,794,833	76,949,859	8,740,923	10.69	13,585,897	17.66
Ratio of loans to total deposits...	16.36%	16.13%	15.94%				

NOTE: Minus sign denotes decrease.

taking the steps necessary to build a sound and expansive economy with full production, employment, and a high national income. We are taking our place among the United Nations to solve the problems between countries by the process of conference and discussions.

There will be difficult days. But we have had difficult days before. This time we are better prepared. We have had more experience and we now have more unity of purpose. The hearts of honest folk throughout the world are beating together as they never have before. Folks all over the world are starting to march together to their higher destiny, realizing the truth of our own State motto: "United we stand; divided we fall."

relationships and of world trade, as well as being an instrument to provide the use of capital. For Britain it means the chance to feed her people and her factories until she can reconvert her industries and take her place in a world of expanding trade. For the United States it means the opening of the markets of our best customers, England, the British Empire, and the sterling area, to the products of our factories and farms, making a larger American share in a larger world trade. For all countries it means a chance to trade more, to have greater employment and higher standards of living.

Our Party and our Administration have momentum upon the road of peace and prosperity. We are

more trade on the long haul.

That in general terms is what we gain from permitting Britain the use of the money in the proposed line of credit. It is to be emphasized that Britain receives the use of the money, not the money itself. The Agreement provides that all of the principal is to be repaid. The Agreement further provides that Britain is to pay interest on the money except under well defined temporary depressed conditions.

The proposed Agreement, then, does not follow the form of an ordinary commercial loan such as a bank would make. We gain much more than that. The Agreement is good business for all concerned and it ties together many problems of economic

much to American business, agriculture, and labor.

We shall receive rich dividends from this good business investment. One of the purposes of the proposed line of credit, as stated in the Agreement, "is to facilitate purchases by the United Kingdom of goods and services in the United States." That means more business and more trade in the near future. In addition, the Agreement provides, as we desired, the prompt removal of currency restrictions that impede our trade. Moreover, Britain promises to avoid trade controls that discriminate against American products, and Britain agrees with us on the principle of fair trade practices which are to be effectuated by a proposed International Trade Organization. These all mean more business and

~~While~~ ^{We} have no intention that the United States should play the role of Santa Claus in our international financial relations, ^{and} we must constantly keep in mind the fact that our own program of maintaining high levels of production, employment and national income is dependent on our success in expanding world trade. Our international financial and economic program is a big and vital part of what we are doing to give the American people peace and prosperity.

A further part of the international economic program for today which your administration supports is the proposed line of credit to Great Britain. This is a proposal now before the Congress for approval. This program, if approved, will mean

the faith which has been reposed in us.

At the time the participation of our country in the World Bank and Fund was approved, the Congress established the National Advisory Council on International Monetary and Financial Problems. This Council is charged with coordinating the activities of all agencies of our government on foreign loans and monetary transactions. As Chairman of this Council, I can assure you that it is the aim of the Council to secure the adoption of such measures in the international financial field as will contribute to world peace and prosperity, at the same time securing the most efficient use of the funds of the American taxpayer.

and Bank, just concluded at Savannah, Georgia, we started these institutions working on a concrete program of international cooperation to restore world trade. Forty nations put their heads together at Savannah and agreed upon all steps necessary for these institutions to begin operations. The conference was a complete success in all respects. Not only was there a meeting of minds on how we should proceed, but of more importance there was a meeting of hearts that we should march forward together. The fact that the seat of these two great institutions was established in the capital of our country is one further example of the extent to which the world is looking to us for leadership in these troubled times. We can and we must justify

If we are to succeed in restoring world trade on a sound and healthy basis, we must secure prompt economic reconstruction of the war-devastated countries and we must eliminate the currency restrictions and unfair trade practices that block world trade. These things can be accomplished only by genuine, wholehearted cooperation among nations. To bring them about we have proposed, therefore, that the United Nations provide the means for continuing cooperation through the International Bank for Reconstruction and Development, through the International Monetary Fund, and through an International Trade Organization.

I can report to you now, that at the Inaugural Meeting of the Board of Governors of the World Fund

work. That is the reasonable way. That is the peaceful way. In truth, that is the only way.

We must strive for international cooperation on economic problems with as much heart and vigor as we strive for international cooperation on political problems. The Democratic Party has for years taken the leadership in working toward such cooperation. Our efforts today are directed towards restoring world trade, freeing it from the restrictions that isolate countries and divide nations into conflicting economic blocs. If we are to have peace and prosperity we must eliminate economic warfare among nations just as effectively as we eliminate political warfare.

the provisions of that legislation. Above all we believe that the soundest and most enduring form of assistance to the veterans is our program of high-level production, employment and national income. The veteran is a part of the community. The more we do to put our communities on a prosperous basis, the more we do to help the veteran.

Our domestic economic program goes hand in hand with our foreign policy, the cornerstone of which is to achieve genuine international cooperation in all fields -- economic, social, political. We must work out full understanding among nations as well as agreements on specific problems. To secure international cooperation means that we must make the discussion and conference process

it is to repulse an armed enemy from abroad.

Americans have a good standard of living, but Americans, being Americans, always hope for and seek a better standard of living. One of the measures that does something positive about this problem, particularly among our less fortunate people, economically speaking, is the minimum wage bill. The Democratic Party and its administration stand for a substantial increase in the minimum wage paid to millions of workers.

The Democratic Party stands for a constructive program that will assist our veterans in taking up the pursuits of peacetime living. We have the original G.I. Bill of Rights. We have the Act approved by President Truman in December extending

for their own benefit is louder than ever before, the program continues to have the support of the majority, a support which is taken after exercising a considered judgment on past experience. It would be pathetic if after holding at bay this tough enemy all through the war, we should lay aside our weapons.

We believe in, and have, a program for a sound high-level economy. We stand for prodigious production. We believe that every man who wants to work should have a fair opportunity to secure a job. We believe in a higher and higher national income. These simple objectives require much work and attention. Vigilance is as necessary to secure and maintain a sound expanding economy as

security in any other country contributes to the economic security of America and the world.

The Democratic Administration has positive economic, social and political programs in both the domestic and foreign fields. Tonight I will mention a few of the economic problems which we are meeting and solving both at home and among the nations of the world.

Our Party and our Administration are still advocating and doing all in their power to effectuate the program of preventing disastrous inflation. Probably more than ever before the special pleaders are at work in this field. The danger of inflation is still great. While the voices of those who would sell the common good

we shall have a better program to meet the problems of the future, many yet unknown, and we shall help the people reach their higher destiny. >

If we are to succeed in fulfilling the hopes and wishes of our people for freedom, peace and security, we must have positive programs in both the domestic field and the foreign field. Success in either field, domestic or foreign, will help us attain success in the other; failure in either field may well mean failure in the other. This is true whether the issues are economic, social or political in character. Economic security in America contributes to economic security throughout the world and ^{to} a lasting peace. In turn, economic

matter where they live. And these are the things that our Party and our Administration have been achieving for our people.

Our record of being the true representatives of the people and of giving leadership where leadership is needed is good. But we cannot live in the past. In 1946 we must meet the problems of 1946. In 1948 we must meet the problems of 1948. At all times we must be at work to thwart, to the extent possible, the potential problems of the future. A political party must have principles and it must have practical proposals to meet specific problems. We shall continue to meet those tests.

We have today a positive program to carry forward our creed and high principles. Tomorrow

be able to take good care of those who are dear to us. We want to be able to provide a decent home, good food and plenty of it, nice clothes and good times for ourselves and our families. We want to be able to send our children to college. We want to enjoy good health. We do not want to be afraid of what will happen to our families or ourselves if we lose our job. And we do not want to be afraid to grow old. This is what we mean when we say we want security.

These are the things we want out of life, and I am convinced these are the things plain folks all over the world want out of life. The hopes and wishes of people are not much different no

free to choose our leaders. This is what we mean when we say we want freedom.

We hope and pray that it will never again be necessary for our children or their children or their children's children to bleed and die in order to preserve these liberties. We want our country to remain strong enough to protect itself against anyone who might wish to attack us. At the same time and of even more importance, we want to work for such international brotherhood that no one will wish to attack us or anyone else. This is what we mean when we say we want peace.

We want to do useful work and we want to enjoy doing it. We want to earn enough at it to

Freedom, peace, and security, these are great concepts, embodying most of what is precious in life. But they are often bandied about loosely and misused. Their true meaning is brought closer to home for all of us when we think of them in terms of what we want out of life for ourselves and our children.

First and foremost, I am sure, none of us wants to lose any of those personal liberties that we won in 1776. We never want to be afraid to say what we please. We never want to be afraid to worship God as we see fit. We do not want to be told where or how to work or live. We want to govern ourselves so long as we do not infringe the same right for others, and we want to be

Again the Democratic Party does not rely upon the mere fact that it for the first time declared an economic bill of rights for the American people. This declaration of an economic bill of rights, just like the declaration of our political bill of rights, was a turning point in our history. What we ask to be judged by, are the steps that we have taken and are taking to make these rights realities.

Any examination of the record of the Democratic Party will reveal one dominant underlying objective -- whether we are looking at action in the foreign field or on the domestic front -- namely, to secure for plain folks here and everywhere freedom, peace, and security.

for all people throughout the world. Rather, it relies upon what it has done in setting a standard of freedom in speech, in worship, from want, and from fear to which plain folks everywhere can repair.

We fought a war and are fighting a peace to help make these freedoms realities. We shall gain them for ourselves and we shall set an example and help all peoples of all nations gain them. We know at last what we should have long known, that any man, whatever his place or station may be, must be free to walk with dignity. Any threat to the freedom, peace, or security of any man anywhere is a threat to the freedom, peace, and security of every man everywhere.

Our Party in representing the people has held high the principle of good purpose. This is important. It is indispensable. Even so, more is needed.

The real test of the extent to which any Party represents the people and affords them leadership can be found only in the proposals made and the action taken by that Party to fulfill the hopes and the wishes of the people. We call that the record. The Democratic Party has a record.

The record of government by the Democratic Party under the leadership of President Roosevelt and President Truman is written in deeds. The Democratic Party does not rely merely on the fact that it proclaimed the four great human freedoms

Honesty of purpose is an attribute often overlooked, but it is probably the greatest quality any man, any institution, or any nation can have. It is reported that the parting advice Andrew Jackson received from his mother was, "Make friends by being honest; keep them by being steadfast; be truthful; be sincere; be brave." Many years afterwards Jackson said, "Gentlemen, those words have been the law of my life."

That thought can well be the law and the creed of any man's life. I am happy in the thought that it has been the law and the creed of our Party, and may we pray that it will always be the law and the creed of our Party and of our country.

kind of folks, and since his four grandparents were Kentuckians we have a special claim to be proud of our President. He has shown a real ability to weigh experience, to work out level-headed solutions for the problems of the day. He stands for, and is carrying out, the principles and policies of his great predecessor. Of this there can be no doubt when one studies his recommendations to the Congress, and calls the roll of his Cabinet officers, every one of whom was a part of the Roosevelt team. President Truman has vision, accepts responsibility and, above all, he has a sterling honesty of purpose.

Franklin D. Roosevelt was, of course, the greatest leader our generation has seen. He ~~is~~ ^{was} more than a great man among contemporaries. He will be a great man in perspective, under the cold calculating eye of history. His leadership, I believe, is best exemplified by the hush that fell over our country, aye, that even fell over the entire world at the time of his death. The tears of all liberty loving people were the great tribute received by the fallen warrior for peace and freedom.

Today our Party and our country are under the leadership of President Truman. This courageous American, coming from our neighboring state but representing the country from border to border, is a genuine article through and through. He is our

He therefore ordered his army to return to Tennessee at his own personal expense.

On the way back the column went through many swamps and much wilderness. Many were sick and all labored under pain and fatigue. Jackson was everywhere on foot. One of the men remarked, "He's tough." Another replied, "Tough as hickory." And Jackson became "Old Hickory."

Jackson was a great leader, and there have been many more in our Party. Jefferson and Cleveland were leaders in their times. Wilson, too, was a great leader, but in large part he was a leader ahead of his time. In fact, the Democratic Administrations of Jefferson, Jackson, Cleveland, Wilson and Roosevelt all stand for real leadership.

discipline of a Major General was a heart full of humanity.

The episode that began his nickname of "Old Hickory" perchance illustrates best Jackson's practical humanitarianism. He had gathered together a band of Tennessee volunteers and was impatient to help his country in the War of 1812. Eventually orders came for him to proceed southward. After a difficult trip, but before the group had reached its original destination, orders came to dissolve his fighting force. Jackson followed the spirit of these instructions by accepting the fact that he would not proceed to a military engagement, but he could not treat his men so badly as to leave them far from home to shift for themselves.

whenever we see one. It is something else again to say what it takes to make him what he is. Tonight, of course, we have no difficulty in beginning a list of leaders. This is a Jackson Day Dinner. We start the list with "Old Hickory".

There can be no doubt that he was a leader. From the time he was a community reader at nine, or at least from the time he was a courier in the Revolutionary War at thirteen, through the days of his Presidency, he was a leader. And when he was President, he was the President of all -- the peoples' President. He was fearless. He was strong in spirit even though his physical strength was often taxed almost beyond its endurance. Behind the strength, efficiency and

systems of government the course of the nation is set by those in power through constant repetition, censorship, or force, under our democratic system of government the way of our nation is set by the considered convictions of the majority after enlightenment and discussion. Our leaders must afford this help. This is a great responsibility and it is highly important ^{that we} have leaders who are fully imbued with the qualities of leadership. The Democratic Party must continue to give, as it has in the past, genuine leadership for our nation.


Leadership has an aspect common to many other qualities of life. It is easy to recognize; difficult to describe. We know a leader of men

Your government is your servant. You can be sure that your Federal government, so long as this administration holds office, will do all it can to carry out the will of the majority. But in the end it will be the people, all of the people, who will carry us forward.

It is true that it falls upon particular people in the community, in the party, and in the government to initiate policies for consideration and to assume the responsibility of carrying out the decisions that the majority lay down as the law of the land. This means that a democratic system of government does not obviate the need for leaders. Leadership is most important in our democratic form of government. While under some

When we accept this basic fact, that by our inaction as well as our action we shall be known and judged, it becomes perfectly clear that it is much wiser to set a course with thought and object than to be tossed about without plan or purpose.

Your government is ready to help you travel your chosen course. But remember always it is the peoples' considered judgment that governs this country. Whatever the job before us, it is the people who must do it. Your government will help, but it will only help. Your government could not do the whole job, even if it were proper. Under our democratic system it is not proper.



travel the road of prosperity.

This, then, is an important time. We hear this so often, there is a danger that we shall become inoculated against the thought. That would be a sorry turn of events because when all is said and done, it remains true: we are at an important cross-road of history. This very night we may be enjoying a breathing spell between wars or we may be laying the foundations of lasting peace and prosperity.

The issue is before us. We cannot avoid it. Our actions will lead us one way or the other. Nor can we avoid the issue by not acting. Our course as a nation is like our individual philosophy of life -- we have one whether we want to or not.

and to recognize that we have a choice about our future. In truth, when we fully realize that we do have a choice about our future, we ^{completely} rule out ~~completely~~ all doctrines of pessimism, defeatism and fatalism. When we fully realize that the future is what we make it, we become optimistic, we work with purpose, and we make the most of our opportunities.

When we fully realize that the future is determined by what we think and say and do, important and awe-inspiring alternatives confront us. We can take the course that leads to a third World War, or on the other hand, we can avoid war. Similarly we have it in our power to take the course that leads to depression, or we can

of the majority that directs the nation. And this is highly right. The nation belongs to the people. They share its successes and its trials.

It was the people, for example, ^eall of our people, ^{the} that won the war. It is our people who are solving the problems of converting over to the ways of peace. It is the people who will establish in this nation and throughout the world, if it is established, the lasting peace and prosperity that we all desire.

To say "if lasting peace and prosperity is established" is not to be a pessimist. To say "if lasting peace and prosperity is established" is only to acknowledge the importance of our work

our party. What Thomas Jefferson said of the Democratic Party and its opposition in a letter to Harry Lee in 1824 can be used without abridgment of how the Democratic Party and its opposition stand today:

"Men by their constitutions are naturally divided into two parties: Those who fear and distrust the people,... Those who identify themselves with the people, have confidence in them, cherish and consider them...

"The cherishment of the people, then, was our principle; the fear and distrust of them, that of the other party."

When your government represents all of the people it is the considered will and judgment

JACKSON DAY
W.R.L.
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V-272

The Democratic Party has consistently given the country good administrations. The basic reason is clear. Beginning with the days of Jackson and Jefferson, the Democratic Party has represented the people, all of the people, throughout our great land.

It does not matter whether they live on the Atlantic Seaboard or in the Rockies. It does not matter whether they work in the mines ^{on the farms,} or in the office buildings. It does not matter whether they find their fun at the old swimming hole or in the playgrounds of our large cities.

The Democratic Party stands for government of, by, and for all of the people. That is the foundation that supports the entire platform of

TREASURY DEPARTMENT

Washington

FOR RELEASE, 9:00 P.M., C.S.T.
Saturday, March 23, 1946

Press Service
No. V-272

(The following address by Secretary Vinson at a Jackson Day Dinner at Louisville, Ky., is scheduled for delivery at 9:00 P.M., C.S.T., March 23, 1946, and is for release at that time.)

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The Democratic Party stands for government of, by, and for all of the people. That is the foundation that supports the entire platform of our party. What Thomas Jefferson said of the Democratic Party and its opposition in a letter to Harry Lee in 1824 can be used without abridgment of how the Democratic Party and its opposition stand today:

"Men by their constitutions are naturally divided into two parties: Those who fear and distrust the people, Those who identify themselves with the people, have confidence in them, cherish and consider them....."

"The cherishment of the people, then, was our principle; the fear and distrust of them, that of the other party."

When your government represents all of the people it is the considered will and judgment of the majority that directs the nation. And this is highly right. The nation belongs to the people. They share its successes and its trials. It was the people, for example - all of our people - that won the war. It is our people who are solving the problems of converting over to the ways of peace. It is the people who will establish in this nation and throughout the world, if it is established, the lasting peace and prosperity that we all desire.

To say "if lasting peace and prosperity is established" is not to be a pessimist. To say "if lasting peace and prosperity is established" is only to acknowledge the importance of our work and to recognize that we have a choice about our future. In truth, when we fully realize that we do have a choice about our future, we completely rule out all doctrines of pessimism, defeatism and fatalism. When we fully realize that the future is what we make it, we become optimistic, we work with purpose, and we make the most of our opportunities.

When we fully realize that the future is determined by what we think and say and do, important and awe-inspiring alternatives confront us. We can take the course that leads to a third World War, or on the other hand, we can avoid war. Similarly we have it in our power to take the course that leads to depression, or we can travel the road of prosperity.

This, then, is an important time. We hear this so often, there is a danger that we shall become inoculated against the thought. That would be a sorry turn of events because when all is said and done, it remains true: We are at an important cross-road of history. This very night we may be enjoying a breathing spell between wars or we may be laying the foundation of lasting peace and prosperity.

The issue is before us. We cannot avoid it. Our actions will lead us one way or the other. Nor can we avoid the issue by not acting. Our course as a nation is like our individual philosophy of life -- we have one whether we want to or not. When we accept this basic fact, that by our inaction as well as our action we shall be known and judged, it becomes perfectly clear that it is much wiser to set a course with thought and object than to be tossed about without plan or purpose.

Your government is ready to help you travel your chosen course. But remember always it is the peoples' considered judgment that governs this country. Whatever the job before us, it is the people who must do it. Your government will help, but it will only help. Your government could not do the whole job, even if it were proper. Under our democratic system it is not proper. Your government is your servant. You can be sure that your Federal government, so long as this administration holds office, will do all it can to carry out the will of the majority. But in the end it will be the people, all of the people, who will carry us forward.

It is true that it falls upon particular people in the community, in the party, and in the government to initiate policies for consideration and to assume the responsibility of carrying out the decisions that the majority lay down as the law of the land. This means that a democratic system of government does not obviate the need for leaders. Leadership is most important in our democratic form of government. While under some systems of government the course of the nation is set by those in power through constant repetition, censorship, or force, under our democratic system of government the way of our nation is set by the considered convictions of the majority after enlightenment and discussion. Our leaders must afford this help. This is a great responsibility and it is highly important that we have leaders who are fully imbued with the qualities of leadership. The Democratic Party must continue to give, as it has in the past, genuine leadership for our nation.

Leadership has an aspect common to many other qualities of life. It is easy to recognize; difficult to describe. We know a leader of men whenever we see one. It is something else again to say what it takes to make him what he is. Tonight, of course, we have no difficulty in beginning a list of leaders. This is a Jackson Day Dinner. We start the list with "Old Hickory".

There can be no doubt that he was a leader. From the time he was a community reader at nine, or at least from the time he was a courier in the Revolutionary War at thirteen, through the days of his Presidency, he was a leader. And when he was President, he was the President of all --the peoples' President. He was fearless. He was strong in spirit even though his physical strength was often taxed almost beyond its endurance. Behind the strength, efficiency and discipline of a Major General was a heart full of humanity.

The episode that began his nickname of "Old Hickory" perchance illustrates best Jackson's practical humanitarianism. He had gathered together a band of Tennessee volunteers and was impatient to help his country in the War of 1812. Eventually orders came for him to proceed southward. After a difficult trip, but before the group had reached its original destination, orders came to dissolve his fighting force. Jackson followed the spirit of these instructions by accepting the fact that he would not proceed to a military engagement, but he could not treat his men so badly as to leave them far from home to shift for themselves. He therefore ordered his army to return to Tennessee at his own personal expense.

On the way back the column went through many swamps and much wilderness. Many were sick and all labored under pain and fatigue. Jackson was everywhere on foot. One of the men remarked, "He's tough." Another replied, "Tough as hickory." And Jackson became "Old Hickory."

Jackson was a great leader, and there have been many more in our Party. Jefferson and Cleveland were leaders in their times. Wilson, too, was a great leader, but in large part he was a leader ahead of his time. In fact, the Democratic Administrations of Jefferson, Jackson, Cleveland, Wilson and Roosevelt all stand for real leadership.

Franklin D. Roosevelt was, of course, the greatest leader our generation has seen. He was more than a great man among contemporaries. He will be a great man in perspective, under the cold calculating eye of history. His leadership, I believe, is best exemplified by the hush that fell over our country, aye, that even fell over the entire world at the time of his death. The tears of all liberty loving people were the great tribute received by the fallen warrior for peace and freedom.

Today our Party and our country are under the leadership of President Truman. This courageous American, coming from our neighboring state but representing the country from border to border, is a genuine article through and through. He is our kind of folks, and since his four grandparents were Kentuckians we have a special claim to be proud of our President. He has shown a real ability to weigh experience, to work out level-headed solutions for the problems of the day. He stands for, and is carrying out, the principles and policies of his great predecessor. Of this there can be no doubt when one studies his recommendations to the Congress, and calls the roll of his Cabinet officers, every one of whom was a part of the Roosevelt team. President Truman has vision, accepts responsibility and, above all, he has a sterling honesty of purpose.

Honesty of purpose is an attribute often overlooked, but it is probably the greatest quality any man, any institution, or any nation can have. It is reported that the parting advice Andrew Jackson received from his mother was "Make friends by being honest; keep them by being steadfast; be truthful; be sincere; be brave." Many years afterwards Jackson said, "Gentlemen, those words have been the law of my life."

That thought can well be the law and the creed of any man's life. I am happy in the thought that it has been the law and the creed of our Party, and may we pray that it will always be the law and the creed of our Party and of our country.

Our Party in representing the people has held high the principle of good purpose. This is important. It is indispensable. Even so, more is needed.

The real test of the extent to which any Party represents the people and affords them leadership can be found only in the proposals made and the action taken by that Party to fulfill the hopes and the wishes of the people. We call that the record. The Democratic Party has a record.

The record of government by the Democratic Party under the leadership of President Roosevelt and President Truman is written in deeds. The Democratic Party does not rely merely on the fact that it proclaimed the four great human freedoms for all people throughout the world. Rather, it relies upon what it has done in setting a standard of freedom in speech, in worship, from want, and from fear to which plain folks everywhere can repair.

We fought a war and are fighting a peace to help make these freedoms realities. We shall gain them for ourselves and we shall set an example and help all peoples of all nations gain them. We know at last what we should have long known, that any man, whatever his place or station may be, must be free to walk with dignity. Any threat to the freedom, peace, or security of any man anywhere is a threat to the freedom, peace, and security of every man everywhere.

Again the Democratic Party does not rely upon the mere fact that it for the first time declared an economic bill of rights for the American people. This declaration of an economic bill of rights, just like the declaration of our political bill of rights, was a turning point in our history. What we ask to be judged by, are the steps that we have taken and are taking to make these rights realities,

Any examination of the record of the Democratic Party will reveal one dominant underlying objective -- whether we are looking at action in the foreign field or on the domestic front -- namely, to secure for plain folks here and everywhere freedom, peace, and security.

Freedom, peace and security, these are great concepts, embodying most of what is precious in life. But they are often bandied about loosely and misused. Their true meaning is brought closer to home for all of us when we think of them in terms of what we want out of life for ourselves and our children.

First and foremost, I am sure, none of us wants to lose any of those personal liberties that we won in 1776. We never want to be afraid to say what we please. We never want to be afraid to worship God as we see fit. We do not want to be told where or how to work or live. We want to govern ourselves so long as we do not infringe the same right for others, and we want to be free to choose our leaders. This is what we mean when we say we want freedom.

We hope and pray that it will never again be necessary for our children or their children or their children's children to bleed and die in order to preserve these liberties. We want our country to remain strong enough to protect itself against anyone who might wish to attack us. At the same time and of even more importance, we want to work for such international brotherhood that no one will wish to attack us or anyone else. This is what we mean when we say we want peace.

We want to do useful work and we want to enjoy doing it. We want to earn enough at it to be able to take good care of those who are dear to us. We want to be able to provide a decent home, good food and plenty of it, nice clothes and good times for ourselves and our families. We want to be able to send our children to college. We want to enjoy good health. We do not want to be afraid of what will happen to our families or ourselves if we lose our job. And we do not want to be afraid to grow old. This is what we mean when we say we want security.

These are the things we want out of life, and I am convinced these are the things plain folks all over the world want out of life. The hopes and wishes of people are not much different no matter where they live. And these are the things that our Party and our Administration have been achieving for our people.

Our record of being the true representatives of the people and of giving leadership where leadership is needed is good. But we cannot live in the past. In 1946 we must meet the problems of 1946. In 1948 we must meet the problems of 1948. At all times we must be at work to thwart, to the extent possible, the potential problems of the future. A political party must have principles and it must have practical proposals to meet specific problems. We shall continue to meet those tests.

We have today a positive program to carry forward our creed and high principles. Tomorrow we shall have a better program to meet the problems of the future, many yet unknown, and we shall help the people reach their higher destiny.

If we are to succeed in fulfilling the hopes and wishes of our people for freedom, peace and security, we must have positive programs in both the domestic field and the foreign field. Success in either field, domestic or foreign, will help us attain success in the other; failure in either field may well mean failure in the other. This is true whether the issues are economic, social or political in character. Economic security in America contributes to economic security throughout the world and to a lasting peace. In turn, economic security in any other country contributes to the economic security of America and the world.

The Democratic Administration has positive economic, social and political programs in both the domestic and foreign fields. Tonight I will mention a few of the economic problems which we are meeting and solving both at home and among the nations of the world.

Our Party and our Administration are still advocating and doing all in their power to effectuate the program of preventing disastrous inflation. Probably more than ever before the special pleaders are at work in this field. The danger of inflation is still great. While the voices of those who would sell the common good for their own benefit is louder than ever before, the program continues to have the support of the majority, a support which is taken after exercising a considered judgment on past experience. It would be pathetic if after holding at bay this tough enemy all through the war, we should lay aside our weapons.

We believe in, and have, a program for a sound high-level economy. We stand for prodigious production. We believe that every man who wants to work should have a fair opportunity to secure a job. We believe in a higher and higher national income. These simple objectives require much work and attention. Vigilance is as necessary to secure and maintain a sound expanding economy as it is to repulse an armed enemy from abroad.

Americans have a good standard of living, but Americans, being Americans, always hope for and seek a better standard of living. One of the measures that does something positive about this problem, particularly among our less fortunate people, economically speaking, is the minimum wage bill. The Democratic Party and its administration stand for a substantial increase in the minimum wage paid to millions of workers.

The Democratic Party stands for a constructive program that will assist our veterans in taking up the pursuits of peacetime living. We have the original G. I. Bill of Rights. We have the Act approved by President Truman in December extending the provisions of that legislation. Above all we believe that the soundest and most enduring form of assistance to the veterans is our program of high-level production, employment and national income. The veteran is a part of the community. The more we do to put our communities on a prosperous basis, the more we do to help the veteran.

Our domestic economic program goes hand in hand with our foreign policy, the cornerstone of which is to achieve genuine international cooperation in all fields -- economic, social, political. We must work out full understanding among nations as well as agreements on specific problems. To secure international cooperation means that we must make the discussion and conference process work. That is the reasonable way. That is the peaceful way. In truth, that is the only way.

We must strive for international cooperation on economic problems with as much heart and vigor as we strive for international cooperation on political problems. The Democratic Party has for years taken the leadership in working toward such cooperation. Our efforts today are directed towards restoring world trade, freeing it from the restrictions that isolate countries and divide nations into conflicting economic blocs. If we are to have peace and prosperity we must eliminate economic warfare among nations just as effectively as we eliminate political warfare.

If we are to succeed in restoring world trade on a sound and healthy basis, we must secure prompt economic reconstruction of the war-devastated countries and we must eliminate the currency restrictions and unfair trade practices that block world trade. These things can be accomplished only by genuine, wholehearted cooperation among nations. To bring them about we have proposed, therefore, that the United Nations provide the means for continuing cooperation through the International Bank for Reconstruction and Development, through the International Monetary Fund, and through an International Trade Organization.

I can report to you now, that at the Inaugural Meeting of the Board of Governors of the World Fund and Bank, just concluded at Savannah, Georgia, we started these institutions working on a concrete program of international cooperation to restore world trade. Forty nations put their heads together at Savannah and agreed upon all steps necessary for these institutions to begin operations. The conference was a complete success in all

respects. Not only was there a meeting of minds on how we should proceed, but of more importance there was a meeting of hearts that we should march forward together. The fact that the seat of these two great institutions was established in the capital of our country is one further example of the extent to which the world is looking to us for leadership in these troubled times. We can and we must justify the faith which has been reposed in us.

At the time the participation of our country in the World Bank and Fund was approved, the Congress established the National Advisory Council on International Monetary and Financial Problems. This Council is charged with coordinating the activities of all agencies of our government on foreign loans and monetary transactions. As Chairman of this Council, I can assure you that it is the aim of the Council to secure the adoption of such measures in the international financial field as will contribute to world peace and prosperity, at the same time securing the most efficient use of the funds of the American taxpayer. We have no intention that the United States should play the role of Santa Claus in our international financial relations, and we must constantly keep in mind the fact that our own program of maintaining high levels of production, employment and national income is dependent on our success in expanding world trade. Our international financial and economic program is a big and vital part of what we are doing to give the American people peace and prosperity.

A further part of the international economic program for today which your administration supports is the proposed line of credit to Great Britain. This is a proposal now before the Congress for approval. This program, if approved, will mean much to American business, agriculture, and labor.

We shall receive rich dividends from this good business investment. One of the purposes of the proposed line of credit, as stated in the Agreement, "is to facilitate purchases by the United Kingdom of goods and services in the United States." That means more business and more trade in the near future. In addition, the Agreement provides, as we desired, the prompt removal of currency restrictions that impede our trade. Moreover, Britain promises to avoid trade controls that discriminate against American products, and Britain agrees with us on the principles of fair trade practices which are to be effectuated by a proposed International Trade Organization. These all mean more business and more trade on the long haul.

That in general terms is what we gain from permitting Britain the use of the money in the proposed line of credit. It is to be emphasized that Britain receives the use of the money, not the money itself. The Agreement provides that all of the principal is to be repaid. The Agreement further provides that Britain is to pay interest on the money except under well defined temporary depressed conditions.

The proposed Agreement, then, does not follow the form of an ordinary commercial loan such as a bank would make. We gain much more than that. The Agreement is good business for all concerned and it ties together many problems of economic relationships and of world trade, as well as being an instrument to provide the use of capital. For Britain it means the chance to feed her people and her factories until she can reconvert her industries and take her place in a world of expanding trade. For the United States it means the opening of the markets of our best customers, England, the British Empire, and the sterling area, to the products of our factories and farms, making a larger American share in a larger world trade. For all countries it means a chance to trade more, to have greater employment and higher standards of living.

Our Party and our Administration have momentum upon the road of peace and prosperity. We are taking the steps necessary to build a sound and expansive economy with full production, employment, and a high national income. We are taking our place among the United Nations to solve the problems between countries by the process of conference and discussion.

There will be difficult days. But we have had difficult days before. This time we are better prepared. We have had more experience and we now have more unity of purpose. The hearts of honest folk throughout the world are beating together as they never have before. Folks all over the world are starting to march together to their higher destiny, realizing the truth of our own State motto: "United we stand; divided we fall."

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, March 26, 1946.

Press Service

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated March 28 and to mature June 27, 1946, which were offered on March 22, 1946, were opened at the Federal Reserve Banks on March 25.

The details of this issue are as follows:

Total applied for - \$1,984,509,000
 Total accepted - 1,313,401,000 (includes \$44,768,000 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 - 99.908 Equivalent rate of discount approx. 0.364% per annum
 Low - 99.905 " " " " " " 0.376% " "

(61 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	\$ 9,047,000	\$ 6,980,000
New York	1,541,720,000	1,002,412,000
Philadelphia	16,220,000	12,320,000
Cleveland	25,340,000	20,231,000
Richmond	9,490,000	8,301,000
Atlanta	7,163,000	7,163,000
Chicago	287,683,000	186,283,000
St. Louis	5,027,000	4,052,000
Minneapolis	3,695,000	3,695,000
Kansas City	12,062,000	10,892,000
Dallas	6,100,000	5,515,000
San Francisco	60,962,000	45,557,000
TOTAL	\$1,984,509,000	\$1,313,401,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, March 26, 1946

Press Service
 No. V-273

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Minneapolis	3,695,000	3,695,000
Kansas City	12,062,000	10,892,000
Dallas	6,100,000	5,515,000
San Francisco	60,962,000	45,557,000
TOTAL	\$1,984,509,000	\$1,313,401,000

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Tuesday, March 26, 1946.

Press Service - 211
✓ - 274

Secretary of the Treasury Vinson today announced the subscription figures and the basis of allotment for the offering of 7/8 percent Treasury Certificates of Indebtedness of Series D-1947 in exchange for Certificates of Indebtedness of Series C-1946, maturing April 1, 1946.

Reports received from the Federal Reserve Banks show that subscriptions aggregate \$4,741,000,000. Subscriptions in amounts up to and including \$25,000, totaling about \$45,000,000, were allotted in full. Subscriptions in amounts over \$25,000 were allotted 59 percent on a straight percentage basis, but not less than \$25,000 to any one subscriber, with adjustments, where necessary, to the next highest \$1,000.

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

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Tuesday, March 26, 1946

Press Service
No. V-274

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the 52 months ^{during} ~~after~~ World War I. Let us recall that
after November 11, 1918, prices continued to increase
rapidly until June 1920 when they reached a point
double what they were at the start of the war. Then
came the crash. This time prices have been relatively
stable since the end of the war. We are in a good
position to avoid an insecure boom followed by a
terrible collapse. Let us not undo what we have done.
I fully endorse the extension of the Stabilization Act.

Price control did not stifle production during the war and in spite of the obstacles we have had, the expansion of peacetime production in the period since VJ-Day as a whole has been ~~the most~~ ^{more than other} rapid in any period of ~~in~~ our history. The present physical level of production in the whole economy is now above the average of the year 1941, despite the tremendous problems which have been presented to industry in the past year by the change-over from a wartime to a peacetime demand. When the pipelines are full, most types of consumers' goods will be on the market in volume. But the extension of the Stabilization Act is necessary to hold the line until supply ~~is~~ once more ~~equal to~~ ^{match} demand.

When we are served up ~~these~~ tempting departures from our present program, let us remember that the record under price control is remarkably good. Let us recall again and again that the best index of retail prices we have, showed an increase in the 72 months of this war of one-half what it did in

Production to meet the demand is the final answer. Some quarters, taking advantage of the appeal of this end, have suggested that the removal of price controls is the best way to stimulate production and is therefore the best way to beat the inflation danger. These people, consciously or unconsciously, overlook the needs of the interim period. Although we are well on our way of peacetime production, we cannot produce enough tomorrow or the next day to meet the demand that has accumulated over months. During that period, the removal of price control would be stimulating -- stimulating in ~~an~~ ^a powerful emotional, dizzy sort of way. In my judgment, there would be so much effort spent in beating the market, in buying and selling materials and inventories, in concentrating on the speculative gain, that we would find ~~very little~~ ^{total} production ~~of new goods and services.~~ ^{decreased rather than increased}

I therefore take issue with those who say that removal of price control will stimulate and increase production. This sounds like the 1946 version of the old argument that price control has stifled production.

We have built up a tremendous demand for most consumer goods. This demand is backed up by large savings. The amount of currency, bank deposits, and United States securities owned by all non-bank investors has increased from about ~~\$82 billion~~^{\$82,000,000,000} at the end of 1939 to about ~~\$200 billion~~^{\$300,000,000,000} today. Our wants, fortified *by* ~~with~~ these liquid reserves, can give us the impetus to begin a volume of peacetime production far greater than we have ever seen. Moreover these savings can be the flywheel for our economy for a long time to come. This can give us the future that all Americans want. It can be the pleasant aftermath of war.

This result, however, is not ~~necessarily so~~^{an inevitable one}. We could quickly spend ourselves in the dissipation of spiralling prices and speculative markets. We have the heart and the mind to avoid this catastrophe. Let us have the fortitude and the wit to carry out the decision ~~that~~ we know is right. Our children would look back and consider it the most pathetic thing our generation did, if, after thwarting the inflation ogre all through the war, we gave up just before the job was finished.

In spite of this ^{generally} good ~~overall~~ situation, taxes must remain high and the burden of carrying the public debt is still ^{significant} heavy. The ^{raising} ~~securing~~ of substantial revenues and the carrying of the public debt can both be done without undue burden to our economy. Can be done, that is, if our economy is maintained at a high level.

The only desirable, sound, long-term solution to the problems of revenue and debt management is high-level production, employment, and national income. With our economy in high gear the burden will be ^{much} lighter. The war has demonstrated that we have a \$200,000,000,000 nation, ~~a gross national product of \$200,000,000,000 at present prices is within our reach.~~ ^{near}

As Secretary of the Treasury I want a sound and expansive economy. And on that point the prevention of inflation has its all important impact. We cannot have that stable, high-level economy with full production, full employment, and high national income, nor can we meet successfully our revenue and debt management problems, if we have the dislocation of all values and relationships throughout our economy that comes with a bad case of inflation.

during the corresponding period of the previous fiscal year. Our revenues have been large because our national income has stayed at a high level. ^{Meanwhile} Our expenditures are smaller than the estimates made at the time of the Budget Message. In fact, our expenditures in February were ^{\$3,500,000,000} ~~\$8.5 billion~~ against the high of ^{\$9,700,000,000} ~~\$9.7 billion~~ last June. This decline of nearly two-thirds in eight months is because we have all made a wholehearted effort to leave the wartime basis and adopt the peacetime course. The two together mean that we are well on the way to a balanced budget. That has a novel sound, but it is a happy situation which I am glad to report to this Committee, to the Congress, and to all the people of the country who have the same problem in their daily lives.

~~Meanwhile, in view of the fact that our current~~ ^{with} expenditures ~~are less,~~ ^{much lower,} the cash balance of the Treasury ~~needs not be so large.~~ ^{can be less.} Chiefly by this means we have been able to make two substantial reductions in the public debt. That, too, has a novel sound. In fact, they are the first substantial reductions in sixteen years.

~~There is certainly a full satisfaction in looking back over the work we have done.~~ [#] Today we can be more optimistic about the future than ever before. It would be pathetic if we muffed this grand opportunity. We must maintain our controls over inflation a little longer.

In view of the work I have had in the field of stabilization, I have of course a strong personal interest in the subject. Of much more importance, however, is the fact that as Secretary of the Treasury I have a vital official interest in the prevention of inflation.

Two of the most important subjects in the Treasury Department are taxes and the management of the public debt. Inflation, or its prevention, has a direct effect on both problems.

At present we are travelling a sound and pleasant road. Our receipts are larger than the estimates made at the time of the President's Budget Message. In fact, our net receipts from July 1, 1945, through March 22, 1946, have been only 2 percent less than

it if we try; and one of the most important things to do is to extend the Stabilization Act with as little delay as possible.

The task ahead of us does not appear so difficult if we remember the work that we have done!

← During the fight against the armed enemy abroad and the insidious enemy of inflation at home, we had our headaches and our heartaches. There were shortages of raw materials. There were great transfers of manpower from peacetime pursuits to war production, and from the homes to the factories. There were kinks in the production line and in the transportation system. In large part we had to prepare for war after the battle had started. And we were fighting enemies who had prepared for years. Yet we overwhelmed the enemy with our armed might, had more than enough to live on at home, and kept our economy on even keel.

After the shooting stopped we had to change over again, this time from war to the pursuits of peace. Again we have had our problems. By ^{and} ~~the~~ large, however, the job is done, and we can say it was well done.

the different types of controls. We learned a great deal ^{from experience} ~~between the wars~~. In World War I, very little emphasis was placed on direct controls. There was no rationing at the retail level; and no public announcement of fixed prices, even of war goods, until September 1917. Furthermore, such price control and allocation as existed were removed almost immediately after the Armistice.

The inflationary pressures generated by a war continue for some time after it has been concluded on the battlefronts.

(In World War I, retail prices ~~rose 29 percent in the 19 months from the Armistice until their high in June 1920, as compared with a rise of 62 percent in~~ ^{rose} the 52 months between the outbreak of the war in Europe in 1914 and Armistice Day.) On the other hand, retail prices have risen only 0.5 percent between VJ*Day and ~~the present time~~ ^{January 15, 1946}.

The problem before us is to prevent a repetition of the experience after World War I. We can prevent

From Armistice Day until June 1920 retail prices rose another 46 points, making a total of 108% above the 1914 level.

large part, because we started sooner. We took our first step toward the wartime level of taxation with the enactment of the first Revenue Act of 1940 in June 1940; we formed the Advisory Commission to the Council of National Defense in May 1940, and so commenced the organization of the allocation of goods on the physical level; we formed the Defense Savings Staff in March 1941, and so commenced the organization of war savings. In World War I, all of the corresponding steps were taken after we had entered the war.

As a consequence, in part, of starting earlier, we have achieved better results on the fiscal front in World War II. From July 1, 1940, about the beginning of the program of defense finance, to the present time, 44 percent of the expenditures of the Federal Government have been covered by taxation and other nonborrowing receipts. This compares with 33 percent for the World War I period beginning with the outbreak of the war in Europe and continuing to June 30, 1919.

~~But~~ ^{however,} the most important difference between World War I and World War II _{is} is the difference in emphasis on

purposes. This compares with a maximum of only about one-fourth of the national product going for war purposes in World War I -- and then for a much shorter period. Yet, retail prices paid by consumers, as measured in each case by the index number of the Bureau of Labor Statistics, advanced only 31 percent between the outbreak of the war in Europe in 1939 and VJ-Day, as compared with a rise of 62 percent between the outbreak of the war in Europe in 1914 and Armistice Day.

What were the measures by which prices were thus held down during World War II? They may be grouped into three major classes: ~~(1)~~ taxation, ~~(2)~~ the stimulation of savings, and ~~(3)~~ direct controls over prices and the physical allocation of goods.

All three of these methods were applied also in World War I; yet prices rose much more, although in response to weaker pressures. Why, then, were we so much more successful in World War II?

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of making the goods and rendering the services of war. The product of the persons in the armed forces and in the war industries is not of a type which can be sold to the civilian population; but the persons producing it continue to receive incomes, and these incomes will be spent, in large part, on the products of the persons still in the civilian industries. During war, all of the population is living on the product of only part of it.

An upward pressure on prices is inevitable, therefore, and can only be counteracted by vigorous measures on the part of the Government. In the case of the war which we have just finished, these upward pressures were the most powerful which have yet been generated in the American economy; but the American people, acting through their Government, combatted them so vigorously that the rise in prices during the war which has just ended was less than in any previous major war in which the United States has been engaged.

For a considerable period during World War II, about half of the national product was going for war

interest in economic stabilization while William H. Davis was the field general in the Office of Economic Stabilization. At all times both of us had the courageous and able help of Chester Bowles, the Administrator of the Office of Price Administration. I should like to report also that Paul Porter was one of my assistants while I was in ^{Office of Economic Stabilization} ~~O.E.S.~~. He did a fine job for us there, and I have full confidence in his ability to administer with success the ^{Office of Price Administration} ~~O.P.A.~~ while Chester Bowles is ~~fighting~~ ^{carrying} ~~out the~~ ^{program of} ~~for~~ over-all economic stabilization at ~~O.E.S.~~. We were all fortunate to be working under a law that gave us full opportunity to accomplish the results that were desired and expected. We had a good team to administer the law. And my brief summary shows that the team, while having some changes, is still intact.

It is, I believe, a part of our common knowledge that war brings powerful inflationary pressures to bear on the economy. This is because a large proportion of the population is removed from its normal tasks of making goods and rendering services for the civilian population, and is placed, instead, in the business

Statement of Secretary of the Treasury Fred M. Vinson
Before the
House Banking and Currency Committee
on the
Extension of the Stabilization Act

10 AM Wednesday, March 27, 1946.

I am always very pleased to appear before this ~~personable~~ and able Committee of the Congress. Before this Committee comes some of the most important legislation considered by the Congress. I have ever found your work to be painstaking and thorough and all of the members of the Committee have a high devotion to duty and honesty of purpose.

Of all the important subjects you are called upon to consider, none, in my judgment, outranks the prevention of inflation. The extension of the Stabilization Act, without crippling amendments, is the biggest single aspect of our battle against inflation. We ~~have~~ won *this* ~~the~~ battle year after year during the war, and I am confident that now we are not going to walk off the field and lose by default.

The battle against inflation was my direct assignment from our great President, Franklin D. Roosevelt, for nearly two years. Later in the Office of War Mobilization and Reconversion, I had a no less vital

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The battle against inflation was my direct assignment from our great President, Franklin D. Roosevelt, for nearly two years. Later in the Office of War Mobilization and Reconversion, I had a no less vital interest in economic stabilization while William H. Davis was the field general in the Office of Economic Stabilization. At all times both of us had the courageous and able help of Chester Bowles, the Administrator of the Office of Price Administration. I should like to report also that Paul Porter was one of my assistants while I was in the Office of Economic Stabilization. He did a fine job for us there, and I have full confidence in his ability to administer with success the Office of Price Administration while Chester Bowles is carrying out the over-all program of economic stabilization. We were all fortunate to be working under a law that gave us full opportunity to accomplish the results that were desired and expected. We had a good team to administer the law. And my brief summary shows that the team, while having some changes, is still intact.

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For a considerable period during World War II, about half of the national product was going for war purposes. This compares with a maximum of only about one-fourth of the national product going for war purposes in World War I -- and then for a much shorter period. Yet, retail prices paid by consumers, as measured in each case by the index number of the Bureau of Labor Statistics, advanced only 31 percent between the outbreak of the war in Europe in 1939 and VJ-Day, as compared with a rise of 62 percent between the outbreak of the war in Europe in 1914 and Armistice Day.

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All three of these methods were applied also in World War I; yet prices rose much more, although in response to weaker pressures. Why, then, were we so much more successful in World War II?

In the first place, we applied all of the methods in a more vigorous fashion. This was made possible, in large part, because we started sooner. We took our first step toward the wartime level of taxation with the enactment of the first Revenue Act of 1940 in June 1940; we formed the Advisory Commission to the Council of National Defense in May 1940, and so commenced the organization of the allocation of goods on the physical level; we formed the Defense Savings Staff in March 1941, and so commenced the organization of war savings. In World War I, all of the corresponding steps were taken after we had entered the war.

As a consequence, in part, of starting earlier, we have achieved better results on the fiscal front in World War II. From July 1, 1940, about the beginning of the program of defense finance, to the present time, 44 percent of the expenditures of the Federal Government have been covered by taxation and other nonborrowing receipts. This compares with 33 percent for the World War I period beginning with the outbreak of the war in Europe and continuing to June 30, 1919.

The most important difference between World War I and World War II, however, is the difference in emphasis on the different types of controls. We learned a great deal from experience. In World War I, very little emphasis was placed on direct controls. There was no rationing at the retail level; and no public announcement of fixed prices, even of war goods, until September 1917. Furthermore, such price control and allocation as existed were removed almost immediately after the Armistice.

The inflationary pressures generated by a war continue for some time after it has been concluded on the battlefronts. In World War I, retail prices rose 62 percent in the 52 months between the outbreak of the war in Europe in 1914 and Armistice Day. From Armistice Day until June 1920, retail prices rose another 46 points, making a total of 108% above the 1914 level. On the other hand, retail prices have risen only 0.5 percent between VJ-Day and January 15, 1946.

The problem before us is to prevent a repetition of the experience after World War I. We can prevent it if we try; and one of the most important things to do is to extend the Stabilization Act with as little delay as possible.

The task ahead of us does not appear so difficult if we remember the work that we have done. During the fight against the armed enemy abroad and the insidious enemy of inflation at home, we had our headaches and our heartaches. There were

shortages of raw materials. There were great transfers of manpower from peacetime pursuits to war production, and from the homes to the factories. There were kinks in the production line and in the transportation system. In large part we had to prepare for war after the battle had started. And we were fighting enemies who had prepared for years. Yet we overwhelmed the enemy with our armed might, had more than enough to live on at home, and kept our economy on even keel.

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Two of the most important subjects in the Treasury Department are taxes and the management of the public debt. Inflation, or its prevention, has a direct effect on both problems.

At present we are travelling a sound and pleasant road. Our receipts are larger than the estimates made at the time of the President's Budget Message. In fact, our net receipts from July 1, 1945, through March 22, 1946, have been only 2 percent less than during the corresponding period of the previous fiscal year. Our revenues have been large because our national income has stayed at a high level. Meanwhile, expenditures are smaller than the estimates made at the time of the Budget Message. In fact, our expenditures in February were \$3,500,000,000 against the high of \$9,700,000,000 last June. This decline of nearly two-thirds in eight months is because we have all made a wholehearted effort to leave the wartime basis and adopt the peacetime course. The two together mean that we are well on the way to a balanced budget. That has a novel sound, but it is a happy situation which I am glad to report to this Committee, to the Congress, and to all the people of the country who have the same problem in their daily lives.

With our current expenditures much lower, the cash balance of the Treasury can be less. Chiefly by this means we have been able to make two substantial reductions in the public debt. That, too, has a novel sound. In fact, they are the first substantial reductions in sixteen years.

In spite of this generally good situation, taxes must remain high and the burden of carrying the public debt is still significant. The raising of substantial revenues and the carrying of the public debt can both be done without undue burden to our economy. Can be done, that is, if our economy is maintained at a high level.

The only desirable, sound, long-term solution to the problems of revenue and debt management is high-level production, employment, and national income. With our economy in high gear the burden will be much lighter. The war has demonstrated that we have a \$200,000,000,000 nation.

As Secretary of the Treasury I want a sound and expansive economy. And on that point the prevention of inflation has its all important impact. We cannot have that stable, high-level economy with full production, full employment, and high national income, nor can we meet successfully our revenue and debt management problems, if we have the dislocation of all values and relationships throughout our economy that comes with a bad case of inflation.

We have built up a tremendous demand for most consumer goods. This demand is backed up by large savings. The amount of currency, bank deposits, and United States securities owned by all non-bank investors has increased from about \$82,000,000,000 at the end of 1939 to about \$300,000,000,000 today. Our wants, fortified by these liquid reserves, can give us the impetus to begin a volume of peacetime production far greater than we have ever seen. Moreover, these savings can be the flywheel for our economy for a long time to come. This can give us the future that all Americans want. It can be the pleasant aftermath of war.

This result, however, is not an inevitable one. We could quickly spend ourselves in the dissipation of spiralling prices and speculative markets. We have the heart and the mind to avoid this catastrophe. Let us have the fortitude and the wit to carry out the decision that we know is right. Our children would look back and consider it the most pathetic thing our generation did, if, after thwarting the inflation ogre all through the war, we gave up just before the job was finished.

Production to meet the demand is the final answer. Some quarters, taking advantage of the appeal of this end, have suggested that the removal of price controls is the best way to stimulate production and is therefore the best way to beat the inflation danger. These people, consciously or unconsciously, overlook the needs of the interim period. Although we are well on our way of peacetime production, we cannot produce enough tomorrow or the next day to meet the demand that has accumulated over months. During that period, the removal of price control would be stimulating -- stimulating in a fanciful, dizzy sort of way. In my judgment, there would be so much effort spent in beating the market, in buying and selling materials and inventories, in concentrating on the speculative gain, that we would find total production decreased rather than increased.

I therefore take issue with those who say that removal of price control will stimulate and increase production. This sounds like the 1946 version of the old argument that price control has stifled production. Price control did not stifle production during the war and in spite of the obstacles we have had, the expansion of peacetime production in the period since VJ-Day as a whole has been more rapid than in any other period of our history. The present physical level of production in the whole economy is now above the average of the year 1941, despite the tremendous problems which have been presented to industry in the past year by the change-over from a wartime to a peacetime demand. When the pipelines are full, most types of consumers' goods will be on the market in volume. But the extension of the Stabilization Act is necessary to hold the line until supply once more matches demand.

When we are served up tempting departures from our present program, let us remember that the record under price control is remarkably good. Let us recall again and again that the best index of retail prices we have showed an increase in the 72 months of this war of one-half what it did in the 52 months during World War I. Let us recall that after November 11, 1918, prices continued to increase rapidly until June 1920 when they reached a point double what they were at the start of the war. Then came the crash. This time prices have been relatively stable since the end of the war. We are in a good position to avoid an insecure boom followed by a terrible collapse. Let us not undo what we have done. I fully endorse the extension of the Stabilization Act.

FOR IMMEDIATE RELEASE
March 26, 1946

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 16, 1946
<hr/>	
Signatory Countries:	
Brazil	680,257,931
Colombia	312,047,745
Costa Rica	12,277,644
Cuba	153
Dominican Republic	13,559,093
Ecuador	8,866,191
El Salvador	15,785,193
Guatemala	32,402,262
Haiti	13,359,252
Honduras	4,375,543
Mexico	21,836,231
Nicaragua	6,563,151
Peru	1,956,032
Venezuela	21,766,171
Non-Signatory Countries:	<u>21,171,697</u>
TOTAL	1,166,224,289

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, March 27, 1946

Press Service
 No. V-276

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 16, 1946

Signatory Countries:	
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TOTAL	1,166,224,289

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 \$200,000 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 April 4, 1946.

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

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS.

Friday, March 29, 1946

(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 92-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated April 4, 1946, and will mature July 5, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~War~~ Standard time, Monday, April 1, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal

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V-277

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TREASURY DEPARTMENT
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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 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 April 4, 1946.

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Cooperation on political problems
that affect world security is essential.

But it is not enough. We must provide
a sound economic foundation for peace.


We have made good progress on the
road of international economic cooperation.

We have made good progress in building
a sound and expansive economy at home.

If we continue to apply ourselves, if
we exercise the same intelligence and
unity of purpose that we did during
the war, we can look forward with full
faith to a bright future.

We are determined that the United Nations shall do everything in their power to build such a world.


We have started with the proposition that if conflicts between nations are not to be settled again by fire and sword, some other way must be found to deal with international problems. The common-sense way is to deal with such problems through discussion and agreement -- through international cooperation.



Foreign trade is an important factor
in our national economy.


I suppose all of us, at one time
or another, have thought of the great
turning points of history and wondered.
Did people know then that what they
were doing would decide the fate of
nations? We live in just such a
critical time. The decisions we make
now may shape the destiny of the world
for generations.

We have one more chance to build
a world in which countries can live and
work together in peace and prosperity.



This Financial Agreement is good business for the United States. The credit we extend may prove to be one of the most important investments we have yet made in world peace and prosperity. ^{# 3, 750, 000, 000} Not only is the ~~3-3/4~~ billion dollars to be repaid, but American business will reap rich dividends through its access to world markets on a fair and equal basis.

The expansion of international trade will be a great help to this country in carrying out our own policy of maintaining high levels of production and employment.




I should like to emphasize that England will still have to enforce an austere standard of consumption, little different from that of the war years.

This credit is not a gift. It is a loan, a loan which England is to repay. It bears interest at 2 percent, a rate comparable to the Government's cost of borrowing money. It is not an unconditional credit -- it is a credit which must be used only to meet Britain's current payments and to enable her to remove her wartime currency and trade restrictions.


Such a provision to take care of an emergency situation is certainly preferable to forcing a default.

The greater part of the credit will be used to pay for exports from the United States. Directly and indirectly nearly all of the money will ultimately be spent in the United States. The credit to England will enable her to maintain her essential imports on a modest level.



Any part of the credit not used by
then will reduce the amount owed by
England. Beginning in 1951, England
is to repay the credit with interest
at 2 percent. She will do this in
50 equal annual payments.


The principal of the credit due
each year must be repaid without
qualification. Under conditions of
severe depression in world trade, and
under objective standards written in the
Agreement, the interest due in any given
year would be waived, but payment of
interest would be resumed as soon as
trade recovers.



Part of the credit England needs she will get from other countries.

Canada has a vital interest in securing British agreement to these principles and she will help England adhere to them. Much of the credit England can get only from us.

Under the Financial Agreement, England can draw upon the line of credit of ^{\$ 3,750,000,000} ~~3 3/4 billion~~ dollars until 1951. The money is to be used to pay for her imports and other current needs.



We have asked England to adopt these principles because they will help world trade and American trade. In the long run, these fair trade and currency practices will help England, too. With expanded world trade, British exporters will find better markets. But it will take several years before British exports are increased sufficiently to make good her heavy foreign exchange losses during the war. In the meantime, England needs credit if she is to secure the imports essential to her people and to her economy.


Any quantitative limitation that England finds it necessary to impose on her imports will be applied on an equal basis toward all countries.

6. England will support the American proposal for an International Trade Organization to reduce trade barriers and eliminate trade restrictions. In this way, England supports our policy of expanded trade, with all countries having access to world markets on fair terms. England's support of our proposal augurs well for the success of the United Nations Trade Conference to be held later this year.

Edward M. DeLoach

This large debt will not be used to exclude American products from the sterling area, or to put our exporters at a disadvantage in competition with British exporters.


5. England's import controls will be administered in a manner which does not discriminate against American products. That means England will not keep out American cotton, tobacco, grains, fruits and nuts, or our industrial products in order to buy these same goods in other countries.



For all practical purposes American businessmen can be just as sure of payment for their sales in England as they were before the war.


4. The blocked sterling balances will be settled by England and the countries concerned. Any payments on these balances, made now or later, will be free for making purchases in any country, including the United States.

That means England will not force these countries holding more than ~~15~~ ^{# 13,000,000,000} billion ~~dollars~~ in sterling to buy British instead of American goods.




That means India could use dollars to buy American machinery instead of being forced to buy English machinery.

3. Current exports of goods and services from the United States to England will be paid for in dollars, or if paid in pounds, the money can be converted into dollars by American exporters. That means that American companies which in the past have experienced considerable difficulty in getting their earnings out of England will now be paid in dollars.




These dollars could be used only if allocated, and London did not allocate unless the goods wanted could not be obtained in any sterling area country. American producers lose markets, and fast, under that system. Under the provisions of the Financial Agreement every country in the sterling area will have complete freedom to use its dollars as it wishes. All dollars that the sterling area countries receive for their exports could be spent in the United States without obtaining an allocation from England.



If Mexico and Egypt export to England they will be able to use the money they receive in any country. That means they could convert the sterling into dollars and buy radios or refrigerators in the United States.

2. Within a year, unless we agree to a temporary extension, Britain will dissolve the sterling area dollar pool. During the war, under the dollar pool, when a sterling area country received dollars they were pooled in London.




Their representatives agreed, in turn, that subject to the approval of Parliament they would commit themselves to remove various wartime restrictions and discriminations.

In brief, this is what England undertakes to do under the Financial

Agreement:


Indent 3 spec

1. Within a year, unless we agree to a temporary extension, England will make all sterling arising from current trade convertible. England will thus return to the free use of sterling in international trade that she permitted before the war.



Out of discussion and agreement between the representatives of the United States and of England came the proposed Financial Agreement now before Congress for approval. We found a way to help England meet her problem within the framework of the fair currency and trade principles that have been accepted by the United Nations.

Our representatives agreed that subject to the approval of Congress we would open a line of credit of ~~5-5/4~~ \$, 3, 730, 000 billion dollars to be used by England to pay for her most essential imports.



And other countries would be unable to reconstruct their bombed and wrecked economies. The hope for international economic cooperation might be lost forever. The consequences to world prosperity, and even to world peace, would be disastrous. That is not the kind of world our people want.


Our basic goal is to establish a world in which countries can live and work together in peace and prosperity. International economic problems can no more be solved by economic force than political problems can be solved by war.

We would have to defend ourselves.


We would retaliate.

✓ That would be economic warfare.

Probably we would win, but it would be a pyrrhic victory. World trade would be destroyed, and all countries would suffer. If England and the United States should drift into such a policy it would be a tragedy for all. We would find our trade decreased and our people unemployed. England would find her standard of living deteriorated and her people impoverished.





England's action will set the pattern for the whole British Empire and the sterling area and for many countries in Europe. These countries account for nearly one-half of the international trade of the entire world. The continuation of currency and trade restrictions in England will necessitate their continuation in large areas of the world. Their practical effect would be to isolate the United States from an enormous trading area. Our position in world trade would be threatened.




Our trade with England would be a trickle under such conditions. In fact the formation of a British economic bloc might exclude us from trade with most of the British Empire, the sterling area, and the countries with which England has established trade and payments agreements.

England's choice is very important to us. Our program for international economic cooperation depends on having England adopt the fair trade and currency practices for which we stand.




In the meantime, she must find some means for continuing her essential imports. She needs help to follow this course.

The second choice is for England to continue and even extend her wartime currency and trade controls. She would form a British economic bloc. Countries that wish to sell to England would be compelled to take payment in British exports. The countries to whom she owes ^{000,000,000} ~~# 13 billion dollars~~ in blocked sterling would be compelled to take British goods in payment of the debts.




Then as world trade grows England would share in this growth and her increased exports would in time pay for her essential imports.

This is the choice that the people of England would prefer. England's economic and political traditions and interests argue for her to find a solution to her problem within the framework of a world economy. The difficulty is that the effect of expanding world trade on her exports may not come for a few years.



One choice is for England to accept fully the program of the United Nations. She would do this by cooperating promptly with the fair currency principles of the International Monetary Fund and with the fair trade principles of the proposed International Trade Organization. This would mean that England would remove her wartime currency controls without waiting for the end of the post-war transition period.




To assure the flow of essential imports during the next few years, they must have some help from abroad.

To restore their wartime economy to high standards of efficiency they must increase their export trade.


The policy that England chooses must have the very practical effect of assuring her people that they can eat and work in | the five critical years ahead. It must offer the opportunity of expanding England's export trade to the level necessary to maintain the living standard of her people and the operation of her industries.

In addition to this she incurred a tremendous foreign debt among the sterling area countries amounting to some ^{000,000,000} ~~13 billion dollars~~ measured in our money. For some time what England sells will be far short of what she must buy, nor will she have sufficient income from other sources to make up the difference.

That creates a difficult problem for the people of England. It is an urgent problem that they cannot decide on the basis of abstract principles.




England's international economic position was disrupted by the war. In 1944 her exports were only 40% of her pre-war volume. Her production was diverted from goods for export trade to the materiel of war. England sold many of her foreign investments. She has lost the income from these. Similarly she has lost much of her income from shipping, insurance, banking and other services.



If we wait too long, continued reliance on wartime currency and trade restrictions may make it much more difficult to remove those restrictions later. That is why the success of our program depends in large part on securing prompt adherence to these fair currency and trade practices. Unfortunately, England will not be able to put these principles into effect until she is assured, in one way or another, of necessary food and raw materials to feed her people and her factories.


We want a prosperous world, not just for the resulting material benefits, important though they are, but even more because a prosperous world is likely to be a peaceful world. In contrast, a world raked with economic warfare and depression cannot be a world of security and stable enduring peace.

We have reached the stage where much of our international economic program can be, and is being, put into effect. The big danger is delay.



The expansion of world trade will benefit all countries. It will make it possible to maintain high levels of production and employment, and to raise standards of living. The adoption of fair currency and trade practices will give all countries access to world markets on fair and equal terms.

We believe that such a program is necessary for world recovery. We know that it is good for American business. It is because of no sordid motive, however, that we urge this program on the United Nations.




Through the International Fund, they will remove monetary restrictions and substitute fair standards of currency exchange. All countries, then, can trade more. And the United States has proposed that an International Trade Organization be established to reduce other barriers and discriminations that hamper the growth of trade.


Through this program, the United Nations can put into effect the fair currency and trade practices which will be conducive to a full flow of trade among the nations.

Again at this meeting there was a re-dedication to the efficacy of effort and again there was a solemn resolve to make the discussion process work. Again, as at Bretton Woods, there was not only a meeting of the minds, but also a meeting of our hearts. The spirit of these meetings builds a firm foundation for faith in the future.

Through the International Bank, countries will find it possible to reconstruct and develop their economies. They, then, can produce more.




The representatives of 44 countries not only agreed on the fact that these economic problems should be met but also agreed on a complete and basic constitution of principles for the two novel institutions. By the end of 1945 more than enough countries ratified this work so that it could become effective. We have just been to Savannah, Georgia, and there we established the World Bank and Fund as living organisms.




These two institutions were conceived to help promote good economic relations among nations, and to remove as far as possible the economic and financial irritations that feed the greedy god of war.

Bretton Woods is perhaps the best example this old world has seen of so many nations putting their heads together to solve their common problems in the interest of economic peace among nations and in their own self-interest.



There is, as well, a frank recognition that the economic warfare of the 1930's was part of the master plan for aggression by Germany and Japan. The United States wants the United Nations to adopt a comprehensive policy of international economic cooperation to restore world trade and to establish standards of fair currency and trade practice.

We have made much progress. At Bretton Woods representatives of 44 countries agreed on the establishment and principles of two great institutions, the International Bank for Reconstruction and Development and the International Monetary Fund.




Our foreign economic policy goes hand-in-hand with our domestic program. For some time this country has stood for international economic cooperation. It is a good thing to learn from experience. No one will gainsay that, but people and nations have been known to fail in the practice of it. The policy of cooperation among the nations is in large part a frank recognition that the breakdown in world economic relations was an important factor in intensifying, here as well as abroad, the great depression.

The only desirable and long-term solution of our tax problem and our debt problem is a high level of production, employment, and national income. A large tax from a high level of income is less burdensome than a small tax from a low level of income. We can have that high level of income. The war has demonstrated that this is a 200 billion dollar nation. It has also been demonstrated that we can have mass employment. We are on the road to a sound, expansive economy under the system of free enterprise.

We are on the road to a balanced budget. In view of the fact that our current expenditures are much less, the Treasury does not need to maintain as large a cash balance, and we have twice made substantial reductions in the public debt. Each reduction of the debt means the carrying charge is less and our expenditures in turn go down. Yes, the different factors of a sound, prosperous economy can influence and strengthen each other for good just as during a depression general contraction can lead us into a vicious downward cycle.

Since the President transmitted the budget to Congress in January, experience has shown our receipts to be higher and our expenditures to be lower than was estimated at that time. Our receipts have been greater than estimated because our national income has remained at a very high level. Our expenditures have been less than estimated because all of Washington is working to cut back to a peacetime basis. In the eight months between June 1945 and February 1946, the rate of our expenditures was decreased nearly two-thirds.



Our nation should strive to make both ends meet just as every family that composes that nation must do. The post-war budget will be large. The legacy of the war -- in debt, obligations to veterans, and maintenance of sufficient armed strength -- accounts for most of the increase in our expenses.


We mean to balance the budget as soon as possible. We mean to reduce the public debt whenever possible and as much as we can. On both scores I can report we are well on our way.

All through the war we bested this insidious enemy. Let us win the tenth and final round.

We must maintain our program of preventing inflation not only through direct controls such as price ceilings but also through less direct deterrents like taxation. We need large revenues not only to help the battle against inflation, but also for the very practical purpose of meeting our expenditures.


Industry is eager to match that demand with production and it is eager to try out its newly learned production know-how. We certainly have a made-to-order opportunity to reach a high level of production and employment. This can be one aftermath of war that is pleasant.

This good fortune, however, is not inevitable. We could dissipate quickly our energy and our reserves in spiralling prices and speculative markets. We must continue the fight against inflation.




It is ever to the credit of the American people that they did not succumb to the starry-eyed plans of men with liquid promises. Strong as we are, it is the wiser course to avoid the danger of over-temptation.

Today we have the best opportunity that we have ever had for mass production and employment. During the war a tremendous demand was built up for most consumers' goods. At the same time a large reservoir of savings to back up that demand was created.




Again they are right, for the system of free enterprise not only preserves the human values we hold dear, but it affords the best opportunity of material progress. There are, of course, threats to the system of free enterprise. The biggest threat is mass unemployment.

The great depression proved that mass unemployment could topple our system. The pleas of the false prophets were strong.



During the war our people learned what it is like for the job to seek the man, and they also learned what a terrific productive capacity this nation has. Our people want this high-level economy duplicated in peacetime. They will feel that something is wrong, as indeed it will be, if it takes war to make a full economy.


Our people wish to reach these economic objectives under the system that built us a great nation and will build us a greater nation -- the system of free enterprise.



A high level of foreign trade is a vital and integral part of our domestic program of full production and employment, with a higher national income and a better standard of living.


Our basic economic objectives can be stated simply: vast production, a good job for every man seeking employment, a high national income, and a full American standard of living. To find and carry out all of the ways and means to these simply stated but most important objectives will require attention and action on many fronts.

Such a course will mean much to other peoples, but it is not simply, or even primarily, a matter of altruism. Assisting in the building of a sound world economy is in our own self-interest. A world economically healthy means that all nations can produce more. It means also a large flow of trade among nations. That means more markets for American products. That means we can buy more goods to improve our standard of living.



Other countries recognize the major impact that our domestic policies and achievements have upon the condition of the world. Let us recognize their importance at least as much and put our domestic economy into high gear.

The second basic part of our job is to cooperate with other nations in building a sound world economy. We must do our part or more in making international cooperation work and in establishing healthy economic relationships among nations.




I wish to discuss some of our economic policies which I am convinced will help us to have a future of peace and prosperity.

Basically we have a twofold job. We must build a strong and sound economy in America. You have heard many times of late, I am sure, that the economy of the world must be stable or we cannot have an expanding economy at home. With that I do not disagree, but I wish to emphasize, in turn, that the world does not stand a chance of having a stable economy unless this country has a sound, high-level economy.

I am happy to visit the great State of New York. I am particularly pleased to be in Buffalo and to meet you folks. You know, I come here with a definite preconception. I believe that you folks are like my folks in Kentucky, and whether you believe it or not, I can assure you that most of the people in Washington are just folks too, doing their work the best they know how. And by and large they are doing a good job.

What the future holds for us is always an interesting question.



TREASURY DEPARTMENT

Washington

FOR RELEASE, 8:30 P.M., E.S.T.,
Friday, March 29, 1946

Press Service
No. V-278

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The second basic part of our job is to cooperate with other nations in building a sound world economy. We must do our part or more in making international cooperation work and in establishing healthy economic relationships among nations. Such a course will mean much to other peoples, but it is not simply, or even primarily, a matter of altruism. Assisting in the building of a sound world economy is in our own self-interest. A world economically healthy means that all nations can produce more. It means also a large flow of trade among nations. That means more markets for American products. That means we can buy more goods to improve our standard of living. A high level of foreign trade is a vital and integral part of our domestic program of full production and employment, with a higher national income and a better standard of living.

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This good fortune, however, is not inevitable. We could dissipate quickly our energy and our reserves in spiralling prices and speculative markets. We must continue the fight against inflation. All through the war we bested this insidious enemy. Let us win the tenth and final round.

We must maintain our program of preventing inflation not only through direct controls such as price ceilings but also through less direct deterrents like taxation. We need large revenues not only to help the battle against inflation, but also for the very practical purpose of meeting our expenditures.

Our nation should strive to make both ends meet just as every family that composes that nation must do. The post-war budget will be large. The legacy of the war -- in debt, obligations to veterans, and maintenance of sufficient armed strength -- accounts for most of the increase in our expenses.

We mean to balance the budget as soon as possible. We mean to reduce the public debt whenever possible and as much as we can. On both scores I can report we are well on our way.

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There is, as well, a frank recognition that the economic warfare of the 1930's was part of the master plan for aggression by Germany and Japan. The United States wants the United Nations to adopt a comprehensive policy of international economic cooperation to restore world trade and to establish standards of fair currency and trade practice.

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Through the International Bank, countries will find it possible to reconstruct and develop their economies. They, then, can produce more. Through the International Fund, they will remove monetary restrictions and substitute fair standards of currency exchange. All countries, then, can trade more. And the United States has proposed that an International Trade Organization be established to reduce other barriers and discriminations that hamper the growth of trade.

Through this program, the United Nations can put into effect the fair currency and trade practices which will be conducive to a full flow of trade among the nations. The expansion of world trade will benefit all countries. It will make it possible to maintain high levels of production and employment, and to raise standards of living. The adoption of fair currency and trade practices will give all countries access to world markets on fair and equal terms.

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England's international economic position was disrupted by the war. In 1944 her exports were only 40% of her pre-war volume. Her production was diverted from goods for export trade to the materiel of war. England sold many of her foreign investments. She has lost the income from these. Similarly she has lost much of her income from shipping, insurance, banking and other services. In addition to this she incurred a tremendous foreign debt among the sterling area countries amounting to some \$13,000,000,000 measured in our money. For some time what England sells will be far short of what she must buy, nor will she have sufficient income from other sources to make up the difference. That creates a difficult problem for the people of England. It is an urgent problem that they cannot decide on the basis of abstract principles. To assure the flow of essential imports during the next few years, they must have some help from abroad. To restore their wartime economy to high standards of efficiency they must increase their export trade. The policy that England chooses must have the very practical effect of assuring her people that they can eat and work in

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This is the choice that the people of England would prefer. England's economic and political traditions and interests argue for her to find a solution to her problem within the framework of a world economy. The difficulty is that the effect of expanding world trade on her exports may not come for a few years. In the meantime, she must find some means for continuing her essential imports. She needs help to follow this course.

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England's choice is very important to us. Our program for international economic cooperation depends on having England adopt the fair trade and currency practices for which we stand. England's action will set the pattern for the whole British Empire and the sterling area and for many countries in Europe. These countries account for nearly one-half of the international trade of the entire world. The continuation of currency and trade restrictions in England will necessitate their continuation in large areas of the world. Their practical effect would be to isolate the United States from an enormous trading area. Our position in world trade would be threatened. We would have to defend ourselves. We would retaliate.

That would be economic warfare. Probably we would win, but it would be a pyrrhic victory. World trade would be destroyed, and all countries would suffer. If England and the United States should drift into such a policy it would be a tragedy for all. We would find our trade decreased and our people unemployed. England would find her standard of living deteriorated and her people impoverished. And other countries would be unable to reconstruct their bombed and wrecked economies. The hope for international economic cooperation might be lost forever. The consequences to world prosperity, and even to world peace, would be disastrous. That is not the kind of world our people want.

Our basic goal is to establish a world in which countries can live and work together in peace and prosperity. International economic problems can no more be solved by economic force than political problems can be solved by war.

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Our representatives agreed that subject to the approval of Congress we would open a line of credit of \$3,750,000,000 to be used by England to pay for her most essential imports. Their representatives agreed, in turn, that subject to the approval of Parliament they would commit themselves to remove various wartime restrictions and discriminations.

In brief, this is what England undertakes to do under the Financial Agreement:

1. Within a year, unless we agree to a temporary extension, England will make all sterling arising from current trade convertible. England will thus return to the free use of sterling in international trade that she permitted before the war. If Mexico and Egypt export to England they will be able to use the money they receive in any country. That means they could convert the sterling into dollars and buy radios or refrigerators in the United States.

2. Within a year, unless we agree to a temporary extension, Britain will dissolve the sterling area dollar pool. During the war, under the dollar pool, when a sterling area country received dollars they were pooled in London. These dollars could be used only if

allocated, and London did not allocate unless the goods wanted could not be obtained in any sterling area country. American producers lose markets, and fast, under that system. Under the provisions of the Financial Agreement, every country in the sterling area will have complete freedom to use its dollars as it wishes. All dollars that the sterling area countries receive for their exports could be spent in the United States without obtaining an allocation from England. That means India could use dollars to buy American machinery instead of being forced to buy English machinery.

3. Current exports of goods and services from the United States to England will be paid for in dollars, or if paid in pounds, the money can be converted into dollars by American exporters. That means that American companies which in the past have experienced considerable difficulty in getting their earnings out of England will now be paid in dollars. For all practical purposes American businessmen can be just as sure of payment for their sales in England as they were before the war.

4. The blocked sterling balances will be settled by England and the countries concerned. Any payments on these balances, made now or later, will be free for making purchases in any country, including the United States. That means England will not force these countries holding more than \$13,000,000,000 in sterling to buy British instead of American goods. This large debt will not be used to exclude American products from the sterling area, or to put our exporters at a disadvantage in competition with British exporters.

5. England's import controls will be administered in a manner which does not discriminate against American products. That means England will not keep out American cotton, tobacco, grains, fruits and nuts, or our industrial products in order to buy these same goods in other countries. Any quantitative limitation that England finds it necessary to impose on her imports will be applied on an equal basis toward all countries.

6. England will support the American proposal for an International Trade Organization to reduce trade barriers and eliminate trade restrictions. In this way, England supports our policy of expanded trade, with all countries having access to world markets on fair terms. England's support of our proposal augurs well for the success of the United Nations Trade Conference to be held later this year.

We have asked England to adopt these principles because they will help world trade and American trade. In the long run, these fair trade and currency practices will help England, too. With expanded world trade, British exporters will find better markets. But it will take several years before British exports are increased sufficiently to make good her heavy foreign exchange losses during the war. In the meantime, England needs credit if she is to secure the imports essential to her people and to her economy.

Part of the credit England needs she will get from other countries. Canada has a vital interest in securing British agreement to these principles and she will help England adhere to them. Much of the credit England can get only from us.

Under the Financial Agreement, England can draw upon the line of credit of \$3,750,000,000 until 1951. The money is to be used to pay for her imports and other current needs. Any part of the credit not used by then will reduce the amount owed by England. Beginning in 1951, England is to repay the credit with interest at 2 percent. She will do this in 50 equal annual payments.

The principal of the credit due each year must be repaid without qualification. Under conditions of severe depression in world trade, and under objective standards written in the Agreement, the interest due in any given year would be waived, but payment of interest would be resumed as soon as trade recovers. Such a provision to take care of an emergency situation is certainly preferable to forcing a default.

The greater part of the credit will be used to pay for exports from the United States. Directly and indirectly nearly all of the money will ultimately be spent in the United States. The credit to England will enable her to maintain her essential imports on a modest level. I should like to emphasize that England will still have to enforce an austere standard of consumption, little different from that of the war years.

This credit is not a gift. It is a loan, a loan which England is to repay. It bears interest at 2 percent, a rate comparable to the Government's cost of borrowing money. It is not an unconditional credit -- it is a credit which must be used only to meet Britain's current payments and to enable her to remove her wartime currency and trade restrictions.

This Financial Agreement is good business for the United States. The credit we extend may prove to be one of the most important investments we have yet made in world peace and prosperity. Not only is the \$3,750,000,000 to be repaid, but American business will reap rich dividends through its access to world markets on a fair and equal basis.

The expansion of international trade will be a great help to this country in carrying out our own policy of maintaining high levels of production and employment. Foreign trade is an important factor in our national economy.

I suppose all of us, at one time or another, have thought of the great turning points of history and wondered. Did people know then that what they were doing would decide the fate of nations? We live in just such a critical time. The decisions we make now may shape the destiny of the world for generations.

We have one more chance to build a world in which countries can live and work together in peace and prosperity. We are determined that the United Nations shall do everything in their power to build such a world.

We have started with the proposition that if conflicts between nations are not to be settled again by fire and sword, some other way must be found to deal with international problems. The common-sense way is to deal with such problems through discussion and agreement -- through international cooperation. Cooperation on political problems that affect world security is essential. But it is not enough. We must provide a sound economic foundation for peace.

We have made good progress on the road of international economic cooperation. We have made good progress in building a sound and expansive economy at home. If we continue to apply ourselves, if we exercise the same intelligence and unity of purpose that we did during the war, we can look forward with full faith to a bright future.

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Friday, March 29, 1946.

Press Service
No. V-279

The Secretary of the Treasury today announced the final subscription and allotment figures with respect to the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series D-1947. Subscriptions for amounts up to and including \$25,000 were allotted in full and amounted to \$45,503,000.

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</u>	<u>Total Subscriptions Allotted</u>
Boston	\$ 146,564,000	\$ 87,107,000
New York	2,973,812,000	1,756,610,000
Philadelphia	81,580,000	48,761,000
Cleveland	212,240,000	126,952,000
Richmond	70,071,000	42,514,000
Atlanta	125,320,000	75,121,000
Chicago	411,829,000	247,006,000
St. Louis	126,814,000	77,473,000
Minneapolis	74,790,000	46,938,000
Kansas City	145,490,000	88,932,000
Dallas	88,900,000	53,511,000
San Francisco	283,212,000	167,768,000
Treasury	1,347,000	821,000
TOTAL	<u>\$4,741,969,000</u>	<u>\$2,819,514,000</u>

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 2, 1946.

Press Service

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 92-day Treasury bills to be dated April 4 and to mature July 5, 1946, which were offered on March 29, 1946, were opened at the Federal Reserve Banks on April 1.

The details of this issue are as follows:

Total applied for - \$1,863,398,000
 Total accepted - 1,311,768,000 (includes \$34,061,000 entered on a fixed-price basis at 99.905 and accepted in full)
 Average price - 99.904/4 Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.908 Equivalent rate of discount 0.360% per annum
 Low - 99.904 " " " " approx. 0.376% per annum

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

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Boston	\$ 11,505,000	\$ 9,525,000
New York	1,473,924,000	1,024,759,000
Philadelphia	16,077,000	12,447,000
Cleveland	6,319,000	6,319,000
Richmond	5,820,000	5,160,000
Atlanta	3,096,000	3,096,000
Chicago	273,050,000	188,240,000
St. Louis	16,075,000	15,250,000
Minneapolis	1,650,000	1,650,000
Kansas City	9,682,000	9,682,000
Dallas	2,635,000	2,635,000
San Francisco	43,565,000	33,005,000
TOTAL	\$1,863,398,000	\$1,311,768,000

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Under the Commission on Narcotic Drugs the foremost task will be to limit the production of opium to the medical needs of the world and to see that no excess is available for the illicit trafficker.

The progress already made shows great improvement in human relations which must necessarily precede a betterment in relations between nations.

warfare. General MacArthur will, in due course, take care of those responsible for that violation of international conventions, because Japan reported to the League of Nations that no heroin had been manufactured during those years.

The British, Dutch, and French announced their intention not to open their Government shops which sold smoking opium in Hong Kong, Singapore, Borneo, The Netherlands Indies, and Indo-China. The importance of this announcement has been generally overlooked. It will at last give freedom to the legions of opium slaves.

As an instance of what international cooperation has accomplished in suppressing the abuse of narcotic drugs, we find eloquent evidence in the fact that during World War I we had a very high rate of rejections for drug addiction of one in every 1,000 of those processed by the Army, whereas in World War II the rate of rejections for drug addiction in over twelve million men processed by the Army was one in every 10,000.

for these bodies in Washington and during the war the international opium controls even in Axis countries, except Japan, functioned with little interruption.

It was only natural that the Assembly, which met in London recently, should authorize the setting up under the Economic and Social Council of a Commission on Narcotic Drugs composed of fifteen nations which include producers, manufacturers, consumers, and victim countries. Under the Economic and Social Council there will be monetary, labor, health, economic, social, humanitarian, and other committees in order to improve economic and social conditions throughout the world.

In this problem, we have had the complete cooperation of all countries, except Japan and one or two others. Japan was one of the worst violators. For instance, in Korea one factory produced sufficient amounts of heroin, a high tension drug, during 1938 and 1939 to meet the medical needs of the world, and these narcotics were shipped to Manchuria where unquestionably they were used as a weapon of

The press is full of reports about the activities of the Security Council of the United Nations Organization. Little attention has so far been paid to the importance of the Economic and Social Council.

Under the old League of Nations there was only one Council. The political, social, and economic committees all sent their reports to the Council which, in turn, made its recommendation to the Assembly. Under the new Organization, and wisely so, the Security Council, which is the all important organ, will not be burdened with economic and social matters. I wish to stress the great factor that the Economic and Social Council and the organs operating under it will play in the betterment of human relations. You will wonder just what this has to do with narcotic drugs.

When the guns went off in 1939 the League of Nations had just about collapsed, except for the Opium Advisory Committee and the two international control bodies which were semi-autonomous and functioned under League direction. We found shelter

TREASURY DEPARTMENT

Washington

FOR RELEASE MORNING NEWSPAPERS,
Wednesday, April 3, 1946

Press Service
No. V-281

(The following address by Harry J. Anslinger, Commissioner of Narcotics, is scheduled for delivery before the dinner meeting of the District of Columbia Bar Association, at the Hotel Statler, at 7:30 p.m., E.S.T., Tuesday, April 2, 1946.)

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Under the Commission on Narcotic Drugs the foremost task will be to limit the production of opium to the medical needs of the world and to see that no excess is available for the illicit trafficker.

The progress already made shows great improvement in human relations which must necessarily precede a betterment in relations between nations.

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we could extend to England a credit of ~~\$3-3/4~~ billion and enhance the possibility of achieving a prosperous and peaceful world, or we could refuse to lend to England, and lose, perhaps permanently, our chances of attaining that objective. In the agreement which they prepared they chose the first alternative. But they went further: they obtained specific commitments that the major obstacles to our economic program for peace and prosperity would be done away with. That is the fifth, and final, fact.

The problem is one that touches the future of the people of the United States and should be considered by all thoughtful men in that light.

British import controls will be administered in such a way that our producers and traders will not be discriminated against.

England has consented to support our proposals for an international trade organization for the reduction of trade barriers and the elimination of trade restrictions.

The huge sterling balances which were built up during the war will be settled, in part by an immediate payment, and in part by payments over a period of years. Any releases on these balances will be freely convertible, and can be used for purchases in the United States or in any other country.

By obtaining these commitments, we have achieved the cooperation of England, and we have made that cooperation specific. England will continue to provide a market for world goods; her trade will be on a multilateral, instead of a bilateral basis; her quantitative trade controls will not discriminate against American producers.

When our negotiators entered into discussions with the British, they studied the four facts I have presented to you. Their conclusion was that we had two alternatives:

England time to get back on her feet. We are putting England in a position where she is able to cooperate with us. That is one side of the Agreement.

The other side is that we are insisting upon that cooperation, and are specifying what form that cooperation is to take.

We have obtained England's agreement to make all sterling arising from current trade freely convertible within one year. Practically every country in the world exports more to England than it imports from England. This agreement ensures the ability of each country to use its income from those exports for purchases in the United States, or any other area.

England has agreed to dissolve the dollar pool within one year. The money sterling area countries get from their exports to the United States can be spent at the will of the holder, and will not have to be sacrificed to a central distributing authority.

England agrees, also, that the sterling earnings of American exporters and producers abroad can be converted freely into dollars.

restriction requires the cooperation of England, the other British countries, and the sterling area. Fourth: England, which will set the pattern for these other areas, is faced with the alternative of borrowing in sterling, or borrowing in dollars. Borrowing in sterling cannot be done without resorting to the very type of restrictions we are seeking to eliminate.

Those are the four simple facts which our negotiators had in mind when they worked out the Financial Agreement with England. Now, I want to turn your attention to the fifth and last fact. Fact number five is that the Agreement, which our negotiators worked out in less than 100 days after the close of a long and disruptive war, accomplishes every one of the objectives necessary to laying a foundation for the kind of world we are trying to build. Let us look at the provisions of the Agreement.

The Agreement calls for a loan -- not a gift -- of about three-quarters of the amount the British estimate they will need before reconversion is complete. We are asking that that loan be repaid, and that interest be paid except in a year when world trade is so bad and British exports are so low that the British market for our exports and the exports of other countries is seriously endangered. We are giving

fundamental problem, which is the British shortage of dollars and other convertible currencies. Sterling will continue to pile up in blocked accounts, instead of being made convertible; multilateral clearing will be given a body blow. American dollars will still be scarce, and American products will therefore be discriminated against. Dollars paid to sterling area exporters will have to be turned over to the sterling area dollar pool. England will be forced to enter into a vicious discriminatory trade war, characterized by subsidies, exchange controls, and bilateral agreements. England will leave the Bretton Woods organizations.

England has no other alternative. She must borrow in sterling or in dollars. Borrowing in sterling means belt-tightening, and it means a repudiation of the policies we are promoting. England cannot cooperate with us unless we render her substantial assistance. That is fact number four.

Before proceeding further, let me review the four steps I have already outlined. First: we are striving to create a prosperous, peaceful world. Second: world trade cannot be built on a basis of bilateralism, discrimination, and restriction. Third: creating a multilateral world trade system with a minimum of discrimination and

she will earn in the postwar transition period. These sources of income will not continue to be so deficient as they are at present, but they cannot be made up in a short time. Until they can be made up, the British people must receive assistance, or starve. They are not going to starve, because England is going to borrow, from one source if not from another. But the way in which this borrowing is done is a matter which concerns us, because one method will lead to British cooperation with our program and the other method will lead to British repudiation of our policies.

If we do not lend money to England, she will be forced to do two things: to reduce the British standard of living, which is already lower than in 1938, and to borrow from within the sterling area.

Both of these measures would be disastrous. If England cuts the standard of living by importing less, other countries will sell less, and will be able to buy less from us and from the world. World trade will suffer. And if England borrows from countries within the sterling area, she will be forced to maintain and even to intensify all of the trade and exchange controls developed during the war. This is because borrowing from sterling area countries will not solve the

Britain's international economic policy. England is the keystone of the British Empire and the sterling area -- and these areas account for 40 percent of the world's trade.

The country which is the world's best market, which occupies a strategic position in the multilateral trading pattern of the world, and which exerts an overpowering influence on the commercial and financial practices of the Empire and the sterling area, must not be omitted from our plans to establish an orderly and stable world economy. That is fact number three.

Fact number four is that England will find it impossible to cooperate with us now unless she receives financial assistance from outside the sterling area. The British economy has been distorted by the disruptions of war. British exports are less than half the prewar level; one-quarter of the British Merchant Marine has been lost; more than half of her normal net income from foreign investments has been sacrificed to pay for the war. These are the things by which England lives. They are the foundation of British prosperity, which means that they are the foundation of the great British market and of the stability and convertibility of sterling. And now they are so depleted that Britain cannot escape paying out about \$5 billion more than

the pound sterling is the most important currency in the international financial world. If sterling is freely convertible, so that it can be used for payments by any country to any country, then our objectives can be realized. If it is not convertible, a world-wide system of multilateral trade will be impossible. For example, one-half of our exports go to countries which buy more from us than they sell to us, while they sell more to England than they buy from England. Maintaining our exports to these countries depends on two things: on their ability to sell to England, and on their ability to use the sterling they acquire in this way to pay us for our goods. Our trade with Canada, the other British Dominions, Latin America, and agricultural Europe is dependent on this type of three-cornered trade, and in every case England is the most important third party in the transaction. There is still a third reason why England's cooperation is necessary: England exerts such a dominant influence on the economies of many other countries that restrictions and controls in England must lead to restrictions and controls in those other countries. The countries which trade with England and carry on their trade in sterling must be affected by every change in

vicious cycle of controls and counter-controls leads to a disastrous curtailment of world trade and national prosperity. We have built up tremendous export industries which through their productive efficiency are able to compete successfully in world markets, but even the most efficient industry in the country cannot compete against the red tape and discrimination of foreign controls. American prosperity demands broad international markets and stable exchanges, and so does the prosperity of the other countries of the world. That is fact number two. That is why the Bretton Woods organizations and the International Trade Organization were conceived: to create, as soon as possible, the stability of exchanges and high levels of trade on which world prosperity depends.

Fact number three is that no plan for a prosperous multilateral world with stable convertible exchanges can hope to succeed unless it includes Great Britain. England is the biggest buyer of the world's goods. She normally takes a full fifth of the exports of the other countries of the world. She is our best customer, and the best customer of a score of other countries. That is one reason why England's cooperation is essential to our objective. The second reason is that, next to the dollar,

Fact number one is that the United States is firmly committed to a policy of promoting a high level of trade throughout the world. We have learned that a prosperous world trade is vital to our own peace and prosperity. We are promoting every reasonable policy that gives some promise of raising international trade to high levels and keeping it there. We have laid the foundation for this type of world through our support of the International Monetary Fund and International Bank. We have proposed the creation of an International Trade Organization. We have assisted foreign countries to develop their postwar import programs through the expanded efforts of the Export-Import Bank. We are giving our support to the attainment of international political and economic harmony through the United Nations Organization. By every practical means, we are seeking to promote the prosperity of all nations as a safeguard to our own well-being. That is fact number one.

Fact number two is that these objectives which we have set for ourselves can never be achieved in a world beset with the burden of extreme discriminatory controls over international trade and foreign exchange transactions. If the 1930's taught us anything, they taught that severe restrictive controls breed counter-controls, and that the

The Anglo-American Financial Agreement

I propose to talk to you tonight about the Anglo-American Financial Agreement. Unfortunately, there seems to be a tendency to look upon important national issues as extremely complex and incomprehensible. You have all doubtless heard on more than one occasion that it is the lawyers who make them so. Under those circumstances -- and especially just after you have filed your income tax returns -- I should suppose that the last person you would look to for a simple direct statement on any issue would be a Treasury lawyer. In spite of this handicap, I am going to try to show how comprehensible the Financial Agreement really is. I am going to present just five facts concerning the Agreement. I propose to lay before you the line of reasoning which led the American negotiators to arrive at the terms which are embodied in the Agreement. And I ask you then to consider whether, in light of these facts, any alternative course of action available to us could do as much as the Financial Agreement does toward ensuring the attainment of our national objectives.

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Washington

For Release Morning Newspapers,
Wednesday, April 3, 1946

Press Service
No. V-281

Joseph J. O'Connell, ²⁸² L. C. 57

(The following address by Harry J. Anslinger, Commissioner of Narcotics, is scheduled for delivery before the dinner ~~at~~ meeting of the District of Columbia Bar Association, at the Hotel Statler, at 7^{:30} o'clock p.m. Eastern Standard Time, Tuesday April 2, 1946)

TREASURY DEPARTMENT
Washington

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Fact number one is that the United States is firmly committed to a policy of promoting a high level of trade throughout the world. We have learned that a prosperous world trade is vital to our own peace and prosperity. We are promoting every reasonable policy that gives some promise of raising international trade to high levels and keeping it there. We have laid the foundation for this type of world through our support of the International Monetary Fund and International Bank. We have proposed the creation of an International Trade Organization. We have assisted foreign countries to develop their postwar import programs through the expanded efforts of the Export-Import Bank. We are giving our support to the attainment of international political and economic harmony through the United Nations Organization. By every practical means, we are seeking to promote the prosperity of all nations as a safeguard to our own well-being. That is fact number one.

Fact number two is that these objectives which we have set for ourselves can never be achieved in a world beset with the burden of extreme discriminatory controls over international trade and foreign exchange transactions. If the 1930's taught us anything, they taught that severe restrictive controls breed counter-controls, and that the vicious cycle of controls and counter-controls leads to a disastrous curtailment of world trade and national prosperity. We have built up tremendous export industries which through their productive efficiency are able to compete successfully in world markets, but even the most efficient industry in the country cannot compete against the red tape and discrimination of foreign controls. American prosperity demands broad international markets and stable exchanges, and so does the prosperity of the other countries of the world. That is fact number two. That is why the Bretton Woods organizations and the International Trade Organization were conceived: to create, as soon as possible, the stability of exchanges and high levels of trade on which world prosperity depends.

Fact number three is that no plan for a prosperous multilateral world with stable convertible exchanges can hope to succeed unless it includes Great Britain. England is the biggest buyer of the world's goods. She normally takes a full fifth of the exports of the other countries of the world. She is our best customer, and the best customer of a score of other countries. That is one reason why England's cooperation is essential to our objective. The second reason is that, next to the dollar, the pound sterling is the most important currency in the international financial world. If sterling is freely convertible, so that it can be used for payments by any country to any country, then our objectives can be realized. If it is not convertible, a world-wide system of multilateral trade will be impossible. For example, one-half of our exports go to countries which buy more from us than they sell to us, while they sell more to England than they buy from England. Maintaining our exports to these countries depends on two things: on their ability to sell to England, and on their ability to use the sterling they acquire in this way to pay us for our goods. Our trade with Canada, the other British Dominions, Latin America, and agricultural Europe is dependent on this type of three-cornered trade, and in every case England is the most important third party in the transaction. There is still a third reason why England's cooperation is necessary: England exerts such a dominant influence on the economies of many other countries that restrictions and controls in England must lead to restrictions and controls in those other countries. The countries which trade with England and carry on their trade in sterling must be affected by every change in Britain's international economic policy. England is the keystone of the British Empire and the sterling area - and these areas account for 40 percent of the world's trade.

The country which is the world's best market, which occupies a strategic position in the multilateral trading pattern of the world, and which exerts an overpowering influence on the commercial and financial practices of the Empire and the sterling area, must not be omitted from our plans to establish an orderly and stable world economy. That is fact number three.

Fact number four is that England will find it impossible to cooperate with us now unless she receives financial assistance from outside the sterling area. The British economy has been distorted by the disruptions of war. British exports are less than half the prewar level; one-quarter of the British Merchant Marine has been lost; more than half of her normal net income from foreign investments has been sacrificed to pay for the war. These are the things by which England lives. They are the foundation of British prosperity, which means that they are the foundation of the great British market and of the stability and convertibility of sterling. And now they are so depleted that Britain cannot escape paying out about \$5 billion more than she will earn in the post-war transition period. These sources of income will not continue to be so deficient as they are at present, but they cannot be made up in a short time. Until they can be made up, the British people must receive assistance, or starve. They are not going to starve, because England is going to borrow, from one source if not from another. But the way in which this borrowing is done is a matter which concerns us, because one method will lead to British cooperation with our program and the other method will lead to British repudiation of our policies.

If we do not lend money to England, she will be forced to do two things: to reduce the British standard of living, which is already lower than in 1938, and to borrow from within the sterling area.

Both of these measures would be disastrous. If England cuts the standard of living by importing less, other countries will sell less, and will be able to buy less from us and from the world. World trade will suffer. And if England borrows from countries within the sterling area, she will be forced to maintain and even to intensify all of the trade and exchange controls developed during the war. This is because borrowing from sterling area countries will not solve the fundamental problem, which is the British shortage of dollars and other convertible currencies. Sterling will continue to pile up in blocked accounts, instead of being made convertible; multilateral clearing will be given a body blow. American dollars will still be scarce, and American products will therefore be discriminated against. Dollars paid to sterling area exporters

will have to be turned over to the sterling area dollar pool. England will be forced to enter into a vicious discriminatory trade war, characterized by subsidies, exchange controls, and bilateral agreements. England will leave the Bretton Woods organizations.

England has no other alternative. She must borrow in sterling or in dollars. Borrowing in sterling means belt-tightening, and it means a repudiation of the policies we are promoting. England cannot cooperate with us unless we render her substantial assistance. That is fact number four.

Before proceeding further, let me review the four steps I have already outlined. First: we are striving to create a prosperous, peaceful world. Second: world trade cannot be built on a basis of bilateralism, discrimination, and restriction. Third: creating a multilateral world trade system with a minimum of discrimination and restriction requires the cooperation of England, the other British countries, and the sterling area. Fourth: England, which will set the pattern for these other areas, is faced with the alternative of borrowing in sterling, or borrowing in dollars. Borrowing in sterling cannot be done without resorting to the very type of restrictions we are seeking to eliminate.

Those are the four simple facts which our negotiators had in mind when they worked out the Financial Agreement with England. Now, I want to turn your attention to the fifth and last fact. Fact number five is that the Agreement, which our negotiators worked out in less than 100 days after the close of a long and disruptive war, accomplishes every one of the objectives necessary to laying a foundation for the kind of world we are trying to build. Let us look at the provisions of the Agreement.

The Agreement calls for a loan - not a gift - of about three-quarters of the amount the British estimate they will need before reconversion is complete. We are asking that that loan be repaid, and that interest be paid except in a year when world trade is so bad and British exports are so low that the British market for our exports and the exports of other countries is seriously endangered. We are giving England time to get back on her feet. We are putting England in a position where she is able to cooperate with us. That is one side of the Agreement.

The other side is that we are insisting upon that cooperation, and are specifying what form that cooperation is to take.

We have obtained England's agreement to make all sterling arising from current trade freely convertible within one year. Practically every country in the world exports more to England than it imports from England. This agreement ensures the ability of each country to use its income from those exports for purchases in the United States, or any other area.

England has agreed to dissolve the dollar pool within one year. The money sterling area countries get from their exports to the United States can be spent at the will of the holder, and will not have to be sacrificed to a central distributing authority.

England agrees, also, that the sterling earnings of American exporters and producers abroad can be converted freely into dollars.

British import controls will be administered in such a way that our producers and traders will not be discriminated against.

England has consented to support our proposals for an international trade organization for the reduction of trade barriers and the elimination of trade restrictions.

The huge sterling balances which were built up during the war will be settled, in part by an immediate payment, and in part by payments over a period of years. Any releases on these balances will be freely convertible, and can be used for purchases in the United States or in any other country.

By obtaining these commitments, we have achieved the cooperation of England, and we have made that cooperation specific. England will continue to provide a market for world goods; her trade will be on a multilateral, instead of a bilateral basis; her quantitative trade controls will not discriminate against American producers.

When our negotiators entered into discussions with the British, they studied the four facts I have presented to you. Their conclusion was that we had two alternatives: we could extend to England a credit of \$3,750,000,000 and enhance the possibility of achieving a prosperous and peaceful world, or we could refuse to lend to England, and lose, perhaps permanently, our chances of attaining that objective. In the agreement which they prepared, they chose the first alternative. But they went further: they obtained specific commitments that the major obstacles to our economic program for peace and prosperity would be done away with. That is the fifth, and final, fact.

The problem is one that touches the future of the people of the United States and should be considered by all thoughtful men in that light.

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WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS
BUILDING.

liminary figures showing
n during the period

COUNTRY OF PRODUCTION

Quantity in Pounds
As of March 23, 1946

Signatory Countries:

Brazil	698,417,040
Colombia	324,945,061
Costa Rica	12,277,644
Cuba	161
Dominican Republic	14,665,681
Ecuador	8,875,457
El Salvador	15,785,193
Guatemala	36,696,022
Haiti	13,747,262
Honduras	4,375,543
Mexico	23,237,447
Nicaragua	6,563,151
Peru	2,119,896
Venezuela	22,646,518

Non-Signatory Countries:

21,171,857

TOTAL

1,205,523,933

FOR IMMEDIATE RELEASE

April 2, 1946

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 23, 1946
<hr/>	
Signatory Countries:	
Brazil	698,417,040
Colombia	324,945,061
Costa Rica	12,277,644
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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, April 3, 1946

Press Service
 No. V-283

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TOTAL	1,205,523,933

Redemptions of Series E, F and G Savings Bonds in March were \$603,688,316, and in the first quarter \$1,727,786,000, current value. Of the sum total of all Savings Bonds issued since May 1, 1941, only 21% had been redeemed by the end of March, which means that 79^{cents} out of every dollar invested in them was still in the Treasury. Similarly, only 26.70% of the E Bonds had been redeemed and 73.3 cents out of every dollar's worth of these bonds was still in the hands of the original owners at the month's end.

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Press Section
U.S. Savings Bonds Division
Treasury Department

RELEASE PM 1:45 THURSDAY, APRIL 4

WASHINGTON, D. C., APRIL 3 - Sales of U. S. Savings Bonds reported in March totalled \$626,371,490 and sales for the first quarter of 1946 were \$2,208,334,000, the Treasury announced today.

"The first quarter's sales this year were 79 per cent of those in the first quarter of 1945, when we were at war with both Germany and Japan," Secretary ~~of the Treasury~~ Vinson ^{observed} commented. "This reflects great credit upon the many thousands of volunteers who are continuing their patriotic services to the bond program in peacetime and it certainly demonstrates that millions of Americans want to continue saving through regular investment in U. S. Bonds."

A ~~Redemptions of Series E, F and G Savings Bonds in March were \$603,688,316 and in the first quarter \$1,727,786,000. Still outstanding at the end of March were \$79 of every \$100 worth of these bonds ever sold. Of all E Bonds issued, \$73.30 worth out of every \$100 is still held by the original investor, the Treasury reported.~~

Redemptions of Series A, B, C and D Savings Bonds, all issued before May 1, 1941, totalled \$30,631,000 in March, the greater part of this sum being paid out on A and B bonds now maturing at the end of ten years and, like the current E bonds, paying four dollars for each three invested.

Actual transactions in March and the first quarter were ^{even} greater than the totals reported, it was explained, since five of the twelve Federal Reserve Banks during the month discontinued daily telegraphic reports and began to send in savings bonds figures by mail. Furthermore, the last business day of March fell on Saturday and no bond transactions that day were reported in time to be included in the March totals.

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Thursday, April 4, 1946

Press Service
No. V-284

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Treasury Department
Washington

V-285

Immediate

The Chinese Government has appointed Koo Yee-Chun as Executive Director of the International Monetary Fund and Shen Lai-Ching Executive Director of the International Bank for Reconstruction and Development according to information received today by Secretary ~~of the Treasury~~ Vinson, recently elected Chairman of the Boards of Governors of the two international institutions at the Inaugural Meeting in Savannah, Georgia. As one of the five nations having the largest quotas in the Fund and Bank, China is entitled to appoint Executive Directors.

Mr. Koo is a former Vice Minister of Finance in the Chinese Government and at present is Secretary of the Governing Board for the four largest banks in China. He previously was Managing Director of the Farmers Bank of China and visited the United States in 1944 for the Bretton Woods Conference and in 1936 in connection with silver discussions with this Government.

Mr. Shen is an official of the Continental Bank of Shanghai.

Both Mr. Koo and Mr. Shen are presently in China and will come to Washington for the first meetings of the Executive Directors on May 6 and 7.

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Thursday, April 4, 1946

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No. V-285

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Treasury Department
Washington

V-286
DRAFT
4/27/46

Immediate

Denmark has officially joined the International Monetary Fund and the International Bank for Reconstruction and Development, according to Secretary of the Treasury ~~Fred M.~~ Vinson, Chairman of the Board of Governors of the two international agencies. Henrik de Kauffmann, Danish Minister to the United States, signed for his country in Washington ~~Saturday~~ after ratification by the Danish Parliament.

Denmark participated as an observer at the Bretton Woods Monetary Conference in 1944, but no quota was established because Denmark was then occupied by German forces. At the recent Inaugural Meeting in Savannah, Georgia, her quota was established at \$68,000,000 for the Fund with a like ^{subscription} amount for the Bank.

According to Mr. de Kauffmann, ~~also announced~~ his Government has named as Governor for the Fund and Bank Mr. Carl Valdemar Bramsnaes, Governor of the National Bank of Denmark. Mr. Einar Dige, Assistant Secretary of the Danish Treasury was named Alternate Governor of the Fund and Mr. Erling Sveinbjornsson, Chief of Division of the Ministry of Commerce was named Alternate Governor of the Bank.

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TREASURY DEPARTMENT

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Press Service
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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 \$200,000 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 April 11, 1946.

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, April 5, 1946

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The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, 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 April 11, 1946, and will mature July 11, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~war~~ time, Monday, April 8, 1946. 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

Form V-287

TREASURY DEPARTMENT
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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 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 April 11, 1946.

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

TREASURY DEPARTMENT

DEBT LIMITATION
MARCH 31, 1946

Act, as amended, provides that the face amount of obligations outstanding and the face amount of obligations of the United States (except such guaranteed obligations of the Treasury), "shall not exceed in the aggregate at any one time."

of obligations outstanding and the face amount of obligations of the United States (except such guaranteed obligations of the Treasury), "shall not exceed in the aggregate at any one time."

any one time \$300,000,000,000

Act, as amended

	405,350	
	150,700	
	317,000	
	<u>157,956</u>	\$181,592,031,006
	296,200	
	483,000	
	<u>223,000</u>	103,707,002,200
	.....	285,299,033,206
	.....	238,299,056
	335,135	
	<u>154,539</u>	221,489,674
	.....	<u>285,758,821,936</u>
	386,936	
	<u>322,322</u>	541,709,258
	.....	11,366,475
		<u>553,075,733</u>
	.....	286,311,897,669
	er above authority.....	<u>13,688,102,331</u>
		<hr/>
	Public Debt - March 31, 1946	
	(includes Treasury, April 1, 1946)	
	.....	276,012,418,847
	.....	553,075,733
	.....	<u>276,565,494,580</u>
		<hr/>
	Add - unearned discount on U.S. Savings Bonds (Difference between maturity value and current redemption value)	10,730,071,856
	Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>983,668,767</u>
		<u>9,746,403,089</u>
		<u>286,311,897,669</u>

TO *Mr. Galt*

Mr. Shaefter

This is the usual data released to the press.

*copy
4-4*

MR. HEFFELFINGER

* Approximate face or maturity value; current redemption value \$48,733,078,843.

RHMulroe/tm *W. H. E. V-288*

DEBT LIMITATION
AS OF MARCH 31, 1946

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate \$300,000,000,000 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			\$300,000,000,000
Outstanding March 31, 1946			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing			
Bonds			
Treasury.....	\$121,177,405,350		
Savings (maturity value)* ...	59,463,150,700		
Depository.....	451,317,000		
Adjusted Service.....	500,157,956	\$181,592,031,006	
Treasury notes.....	37,545,296,200		
Certificates of indebtedness...	49,114,483,000		
Treasury bills.....	17,047,223,000	103,707,002,200	
Total interest-bearing.....		285,299,033,206	
Matured, interest-ceased.....		238,299,056	
Bearing no interest			
War Savings Stamps.....	112,335,135		
Excess profits tax refund bonds	109,154,539	221,489,674	
Total.....		285,758,821,936	
Guaranteed obligations (not held by Treasury)			
Interest-bearing			
Debentures: F.H.A.	40,386,936		
Demand obligations: C.C.C. ...	501,322,322	541,709,258	
Matured, interest-ceased.....		11,366,475	
		553,075,733	
Grand total outstanding.....		286,311,897,669	
Balance face amount of obligations issuable under above authority.....		13,688,102,331	

Reconciliation with Statement of the Public Debt - March 31, 1946
(Daily Statement of the United States Treasury, April 1, 1946)

Outstanding March 31, 1946			
Total gross public debt.....		276,012,418,847	
Guaranteed obligations not owned by the Treasury.....		553,075,733	
Total gross public debt and guaranteed obligations.....		276,565,494,580	
Add - unearned discount on U.S. Savings Bonds (Difference between maturity value and current redemption value)		10,730,071,856	
Deduct - other outstanding public debt obligations not subject to debt limitation.....	983,668,767	9,746,403,089	
		286,311,897,669	

* Approximate face or maturity value; current redemption value \$48,733,078,843.

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STATUTORY DEBT LIMITATION
AS OF MARCH 31, 1946

April 5, 1946

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate \$300,000,000,000 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	\$300,000,000,000
Outstanding March 31, 1946	
Obligations issued under Second Liberty Bond Act, as amended	
Interest-bearing	
Bonds	
Treasury.....	\$121,177,405,350
Savings (maturity value)*	59,463,150,700
Depositary.....	451,317,000
Adjusted Service.....	<u>500,157,956</u>
	\$181,592,031,006
Treasury notes.....	37,545,296,200
Certificates of indebtedness	49,114,483,000
Treasury bills.....	<u>17,047,223,000</u>
Total interest-bearing.....	285,299,033,206
Matured, interest-ceased.....	238,299,056
Bearing no interest	
War Savings Stamps.....	112,335,135
Excess profits tax refund bonds	<u>109,154,539</u>
Total	<u>221,489,674</u>
Total	<u><u>285,758,821,936</u></u>
Guaranteed obligations (not held by Treasury)	
Interest-bearing	
Debentures: F.H.A.	40,386,936
Demand obligations: C.C.C. ...	<u>501,322,322</u>
Matured, interest-ceased.....	541,709,258
	<u>11,366,475</u>
	<u><u>553,075,733</u></u>
Grand total outstanding.....	286,311,897,669
Balance face amount of obligations issuable under above authority.	<u>13,688,102,331</u>
Reconciliation with Statement of the Public Debt - March 31, 1946 (Daily Statement of the United States Treasury, April 1, 1946)	
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not subject to debt limitation.....	<u>983,668,767</u>
	<u>9,746,403,089</u>
	<u><u>286,311,897,669</u></u>

* Approximate face or maturity value; current redemption value
\$48,733,078,843.

the rights of man. It has been said of him

that he would take initiative [~~like the pull of a~~

~~trigger~~] and accept responsibility by the carload.

Like Jackson, President Truman is not afraid
~~The same can be said of all leaders of the~~
to take action and accept responsibility. He knows
~~Democratic Party. We are not afraid to take~~

~~action and accept responsibility, because we~~

~~know~~ that the people of America are not afraid.

The hope of tomorrow rests with you, the people. You know your way, and the road ahead is straight and broad although there are many hills to climb. ~~I pray that we of~~ ^The Democratic Party will continue to ~~be deserving to~~ help you attain the goals ^{fixed by} ~~that you will in~~ your considered judgment.

Persons can debate for hours about the so-called economic merits of an increase in the minimum

wage. But the ^{big} point to remember is the

improvement of the American standard of living,

and of permitting all some respectable share

in it. The American people want the minimum

wage lifted, *and your Administration* ~~can those who represent the~~

is carrying out the will of the ~~people fail to express the will of the people?~~

people.

~~They cannot for long, and we should act now.~~

Andrew Jackson was great in action, great in courage, and great in a deep underlying sense of

remember that those who lacked vision regarded 100,000 planes a year as fantastic. *yet, we did cross that goal line.*

If we who represent the people show the same courage and determination in attacking the housing problem as the American people showed in attacking the problems of war, and as the American people are prepared to show in attacking the problems of peace, then we will reach our goal.

Another important matter which the defeatists among us are trying to block involves the issue as to whether in this great land of ours millions of workers should receive *only 40 cents an hour* ~~a substantial increase~~ *which is \$16.00 a week, which is less* in their wages by ~~lifting the minimum wage~~ *than \$8.50 a year,* provided by the ~~Fair Labor Standards Act.~~

which is the goal set by the Democratic Administration -- is too high. ~~[These persons would~~

~~have us believe that either we are not able or we do not really desire to take the steps which are necessary to reach this goal. Those who are advancing these arguments are not speaking for the people.]~~ *Certainly,* I know and you know that the goal

which we have set for housing is no more beyond the capacity of America than the goals which were set for guns and ships and tanks and planes during the war. You remember what the faint-hearted said when this Administration said 25,000 planes a year. You will recall what the pessimists said when the goal was raised to 50,000. And finally you will

doing no favor to the cause of freedom.^R Our system of free enterprise has enabled the United States to out-produce every other country in the world and to win this most destructive of all wars with a minimum loss of American lives and the maximum reliance on the products of industry. Our system of free enterprise will build us an even greater nation. The American system of free enterprise will enable us to win the peace even though some of those who claim to love it so dearly keep insisting that it must produce depressions to realize its natural beauty.

There are even those among us who claim that the goal of 2,700,000 new homes by the end of 1947 --

There are those among us, however, who unwittingly play into the hands of the fear-mongers. These are the persons who have a defeatist attitude with respect to our economic system. They tell us, for example, that the free enterprise system makes periods of unemployment necessary. The American people, however, will not be taken in by the assertions of either the fear-mongers or the defeatists. They have greater faith in the American system than that. They will not be placed in the false dilemma of choosing between full employment and a free society. They know that depressions are not the price of freedom. And they know that those who think this way are

who have no faith in America and the American
way of doing things ^{or who are misinformed} who entertain any such fear.

If we make the American system of free enterprise work here at home in time of peace with the same outstanding success that it achieved in time of war, we need have no reason to fear the propaganda of any system that promises a short-cut to Utopia. Our answer to any such threat is production to capacity in peace as we have produced to capacity in war, providing full employment and a better life for all. This we cannot so well achieve if we live in fear of war or in fear of this or in fear of that. I have no fear that the American people will ever live in fear.

know today, what we should have long known, that our programs in the domestic field and in the foreign field are interdependent. ~~Failure in~~

~~either field may well mean failure in the other.~~

Economic security in America contributes to economic security throughout the world and to lasting peace. In turn, economic security in any other country contributes to the economic security of America and the world.]

The fear-mongers are at work today on the home front just as they are at work on the world front. The "bogey" of the spread of communism and fascism in the United States is raising its ugly head again. But we know that it is ^{chiefly} ~~only~~ those

impede our trade. Moreover, Britain promises to avoid trade controls that discriminate against American products. Britain agrees with us on the principles of fair trade practices which are to be effectuated by a proposed international trade organization. The whole agreement is one further step in our effort to put into effect the determination of our people for a world in which nations work and live together in peace and prosperity.

The program of the Democratic Administration on the home front is just as bold and dynamic as our international program. And our domestic program is as essential to the winning of the peace as it is to making a better America. We

The Financial Agreement is a sound investment in world peace and prosperity. American business will reap dividends through its access to world markets on a fair and equal basis. Every section of this country, every sector of our economy has, in the end, a vital interest in our world trade.

The Financial Agreement will open markets in England and many other countries to our exporters. This means more exports for our farmers and manufacturers, more jobs for our workers, more profits for business, and a higher income for all of our people.

The Agreement provides, as we desire, the prompt removal of currency restrictions that

peoples of the world want to work and live together. Their leaders, sitting together around the same table, cannot fail them. The second fact is that the United States has emerged from this war as a great leader, commanding the respect and the hope of the world. America must retain -- and to retain she must justify -- her world leadership.

An essential and integral part of our program for international economic cooperation is the proposed Financial Agreement with Great Britain. This proposed Agreement is now before the Congress for approval. This Agreement, if approved, will mean much to American business, agriculture, and labor.

concluded at Savannah, Georgia, forty nations put their heads together and agreed upon all steps necessary for these institutions to begin operations. Through these institutions, we hope to lay a solid foundation for international economic cooperation, just as through the United Nations Organization, we hope to provide the basis for international political cooperation.

[Beyond the fact that the World Fund and the World Bank were brought to life at Savannah, that meeting was further proof of two facts which are crystal clear today. The first is that to secure international cooperation we must make the discussion and conference process work. The

means for continuing cooperation through the International Bank for Reconstruction and Development, and through the International Monetary Fund. The United States has proposed, in addition, an International Trade Organization.

I should like to say here and now that the people of St. Louis did their part, ^{out} and a large part it was ^{out} in helping to bring the World Bank and the World Fund into being. You demonstrated in a dramatic way ^{out} ~~through your newspapers, your radio, your organizations and your letters --~~ what happens when the people really make their voice heard.

At the Inaugural Meeting of the Board of Governors of the World Fund and Bank, recently

~~of resources in other areas is not enough.~~

Prosperity in this country and throughout the world also depends upon the channels of trade and commerce being open, carrying a high level of profitable foreign trade. Economic warfare over limited trade is no foundation upon which to erect a structure of lasting peace. Rather our goal and the goal of every country must be to eliminate the economic irritations and to increase substantially the trade of the world so that all can have more of a far greater total.

These things can be accomplished only by genuine wholehearted cooperation among nations. To bring them about, we have proposed and there have been created by the United Nations the

The Democratic Administration has taken and is taking many steps designed to carry out the will of the American people for a peaceful and prosperous world. We know that there must be economic reconstruction in the war-torn countries of Europe and Asia. Capital must be provided to supplement their shattered resources in order that they can restore their economy. With their farms and factories improved, they can produce more. The peace and prosperity of the post-war period will depend in large measure on the attainment by all countries of full production and high levels of income.

that we can have the conditions necessary for a stable, enduring world peace. Each country must do its share in creating a prosperous world. You cannot raise a new generation dedicated to peace in the ruins of bombed-out cities. You cannot maintain American production and employment in the midst of world-wide depression. The world looks to us for leadership. Let us set the

to build a prosperous America and
example in doing our share to create a prosperous

world. ~~A prosperous world is necessary to have~~

~~the expansive high-level domestic economy we~~

~~desire.~~ But more, by building a prosperous *America*

and a prosperous world we are making the biggest contribution to

world peace that can be made. With God's help,

let us wage total peace like we waged total war.

(~~End of Radio Time~~)

economic warfare of the 1930's, for example, was part of the master plan for aggression by Germany and Japan.

The peoples of the world have begun to realize how many neighbors they really have. We have learned that the first outbreak of civil war, of savagery or oppression anywhere in the world will sooner or later, and usually sooner, affect us. And we have learned that international peace and prosperity are indivisible, that they must go hand in hand. We have learned the hard way, by bitter experience.

It is only in a prosperous world, a world free from the ravages of economic insecurity,

awaken some day to find that although we made elaborate plans for a world political organization to maintain the peace, we permitted within our walls the Trojan Horse of economic warfare which has so undermined the economic foundations of the world that new Hitlers have arisen to lead their countries to a false and artificial prosperity through aggression. ^{PP} We must forever bear in mind the fact that armed conflict in this war followed the Axis dictators' attacks on the economic front, on the psychological front, on the political front and on the home front. Thus, while we tend to associate the beginning of the war with Hitler's invasion of Poland, this was really only the final phase of a war commenced years earlier. The

political plane, which we call the "diplomatic" front. It means a war fought also on the monetary and trade front, which we call "economic warfare". It means a war fought on the propaganda front, which we call "psychological warfare". It means a war fought out in the production lines, which we call the "home front". It means war on every front known to mankind. That is precisely why we call it "total war".

"Total peace" must be fought on these same fronts. We must, for example, strive for international cooperation on economic problems as strongly as we strive for international cooperation on political problems. Otherwise we shall

woman and child -- and more particularly their
leaders, for I believe the ~~plain~~^{people} folks already
know -- the fact that "peace" does not mean
"inaction" but rather "action"; that it does not
mean "rest" but rather "work". To me the true
concept of "peace" is well described by the *thought of*
President Truman that
~~thought~~, "We must wage total peace just as we
waged total war".

In waging this "total peace" it is imperative
that we keep in mind that like "total war" total
peace has many fronts. Total war is not merely
the armed conflict of two nations or two military
forces. Total war means conflict at every level.
It means a war fought between forces on a national

define "peace" as "the absence or cessation of war, strife or discord". Our literature, our histories, our newspapers and our conversation have almost universally emphasized the passive and negative features of the word "peace". It has the same lack of dynamic qualities that we ascribe to the word "darkness" in defining it as "the absence of light". This negative and passive concept of "peace" is on the go. It must be totally routed. "Peace" no longer can have the connotation of "inaction" or of "rest". America and the whole world must forge a new definition of "peace", one that portrays the dynamic qualities of "peace"; that brings home to every man,

•

have war or peace. We must seek and employ every means to wage a total peace. A strong United States is a significant part of the program that makes more possible a lasting peace. The international hoodlum may be deterred in his nefarious plans if the consequences are written in plain language. We must include preparedness in our total effort to wage a total peace. It is good to remember this today, for today is Army Day.

There is today a fundamental change in our concept of peace. It is ^{of} paramount importance that those who represent the people appreciate this fundamental change. Our dictionaries

These ^{leaders} people know, as our people know, that the attainment of world peace is not the automatic result of winning the war. The people know that peace as well as prosperity does not come to those who merely sit and wait. Instead, the people know in their hearts that we must wage peace as we have waged war; it must be a full effort; we must attack on all fronts; and we must be ever vigilant.

Being ever vigilant to wage a total peace includes military preparedness against war. We seek preparedness not because we are pessimistic. But we know that war is not an Act of God. We know that it is up to us as mortal beings to

a straightforward, honest man. He is a hard
worker and ~~he~~ is no fair weather worker. He has
been called upon to face many difficult situations
and he has always emerged as their master. Each
task has added to his stature. With all of his
dynamic ability is included a great spirit of
courage. His loyalty is unsurpassed and he is
an outstanding team player. In this connection,
I call attention to the fact that you can call
the roll of the Cabinet heads and you will find
each and every one playing on the team. This
team is carrying out the principles and policies
established by Franklin Delano Roosevelt under
the able ^{generalship} ~~captaincy~~ of Harry S. Truman.

And ~~is~~ the position of all peoples throughout
the world ^{is not basically} ~~any~~ different from our own^o. Some
~~minor distinctions might be made, but there are~~
~~no basic differences.~~ I am confident that ^{real} ~~plain~~
folks all over the world have essentially the
same hopes and wishes as we do. They all want
to live together in freedom, peace, and security.

The people of America are meeting the
problems of peace with the same courage and
determination as they met the problems of war,
and they are doing this under the leadership
of President Truman and the Democratic Party.
At the head of that Democratic Party is another
outstanding Missourian, Robert Hannegan. [He is

And There is a great deal of loose talk these days which has the effect, whether intended or not, of engendering fear in the hearts of the peoples of the world -- fear as to what the future holds in store for them. Many, of little faith, or by design, are wondering out loud whether the end of this war is only an armistice of armed conflict by a crippled and exhausted world.

I reject utterly and completely the notion that the people of our nation have any justifiable ground for fear. The problems of the day, moreover,

cannot be met as well ~~cannot be solved~~

in an atmosphere of fear. ~~It is foolish to add~~

~~that unnecessary, self-imposed handicap of fear.~~

He led his country through war until victory was assured. He led the peoples of the world up to the heights where they all could see plainly a genuine hope of nations living and working together in peace and prosperity.

President Roosevelt and President Truman exemplify the basic reason for the success of the Democratic Party; we are the outlets for the will, the considered judgment, and the strength of the people. It is in the judgment, will, and strength of the ^{real} ~~plain~~ folks of America that the future of America lies. It is in the judgment, will, and the strength of ^{real} ~~plain~~ folks all over the world that our hopes for world peace and world prosperity lie.

He has the ability to weigh experience, to apply what he has learned in ⁽²⁾practical solutions for the problems of the day. He has vision, accepts

responsibility, and through all runs a sterling *President Truman, like Jackson, is the people's President* honesty-of-purpose. He believes in and he is

carrying out the principles and policies of his great predecessor. Every one of his Cabinet officials was a ^{leader in} ~~part~~ of the Roosevelt team.

Franklin Delano Roosevelt meant more to more people in more places throughout the entire world than any other man our generation has known. He led his country from a state of economic paralysis to a point where every group was in a better position than it had ever been in history.

The determination and courage which Jackson displayed in fighting the people's battles was really the determination and courage of the American people themselves. This same determination and courage in forwarding the cause of the people was outstanding in the Democratic Administrations of Jefferson, Cleveland, Wilson, and Roosevelt, and is now being so eminently displayed under the brave leadership of President Truman.

President Truman, a great son of your great state, is a courageous American. While you Missourians can make a special claim upon him, I know that he is ^a product of America from border to border. He is a democratic, sincere man.

The determination and courage which Jackson and his friends were all of the people who were displayed in fighting the people's battles was devoted to the public welfare. As Franklin

Roosevelt once remarked of Andrew Jackson,

"It seemed sometimes that all were against him -- all but the people of the United States." As President, Jackson was the people's President.

Coming from the then West he represented the whole country, and in so doing he was fearless.

He was not strong physically, but in spirit his

strength was the strength of ten, because his

heart held an unbounded honesty-of-purpose. That

heart was also full of humanity to blend with the

efficiency and self-discipline of a Major General.

DRAFT W.B.L.
JACKSON DAY SPEECH
ST. LOUIS
4-2-46

~~Jackson's 1946 Platform for the People~~
~~The Will of the People~~
~~The People's Party~~ The People's Principles

It is reported that the parting advice

Andrew Jackson received from his mother was

"Make friends by being honest; keep them by

being steadfast; be truthful; be sincere; be

brave." Many years afterwards Jackson said,

"Gentlemen, those words have been the law of

my life."

The enemies which Jackson made by never

compromising these principles were many; all

those who sought to gain for themselves at the

expense of the common good joined forces against

him. The friends which he made stood by him,

for his friendships were established upon a

sound base, ~~And the persons that were his~~

Treasury Dept.
Washington

For Release, 7:00 P.M., C.S.T.
saturday, april 6, 1946

press service
No. V-289

(The following address by Secretary Vinson
before the Democratic City Committee of
St. Louis at the Jefferson Hotel, St. Louis,
Missouri, is scheduled for delivery at
7:00 P.M., C.S.T., Saturday, April 6, 1946,
and is for release at that time.)

TREASURY DEPARTMENT

Washington

FOR RELEASE, 7:00 P.M., C.S.T.,
Saturday, April 6, 1946

Press Service
No. V-289

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The enemies which Jackson made by never compromising these principles were many; all those who sought to gain for themselves at the expense of the common good joined forces against him. The friends which he made stood by him, for his friendships were established upon a sound base, and his friends were all of the people who were devoted to the public welfare. As Franklin Roosevelt once remarked of Andrew Jackson, "It seemed sometimes that all were against him -- all but the people of the United States." As President, Jackson was the people's President.

Coming from the then West he represented the whole country, and in so doing he was fearless. He was not strong physically, but in spirit his strength was the strength of ten, because his heart held an unbounded honesty-of-purpose. That heart was also full of humanity to blend with the efficiency and self-discipline of a Major General.

The determination and courage which Jackson displayed in fighting the people's battles was really the determination and courage of the American people themselves. This same determination and courage in forwarding the cause of the people was outstanding in the Democratic Administrations of Jefferson, Cleveland, Wilson, and Roosevelt, and is now being so eminently displayed under the brave leadership of President Truman.

President Truman, a great son of your great state, is a courageous American. While you Missourians can make a special claim upon him, I know that he is product of America from border to border. He is a democratic, sincere man. He has the ability to weigh experience, to apply what he has learned in

practical solutions for the problems of the day. He has vision, accepts responsibility, and through all runs a sterling honesty-of-purpose. President Truman, like Jackson, is the people's President. He believes in and he is carrying out the principles and policies of his great predecessor. Every one of his Cabinet officials was a leader in the Roosevelt team.

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There is a great deal of loose talk these days which has the effect, whether intended or not, of engendering fear in the hearts of the peoples of the world -- fear as to what the future holds in store for them. Many, of little faith, or by design, are wondering out loud whether the end of this war is only an armistice of armed conflict by a crippled and exhausted world.

I reject utterly and completely the notion that the people of our nation have any justifiable ground for fear. The problems of the day, moreover, cannot be met as well in an atmosphere of fear. And the position of all peoples throughout the world is not basically different from our own. I am confident that real folks all over the world have essentially the same hopes and wishes as we do. They all want to live together in freedom, peace, and security.

The people of America are meeting the problems of peace with the same courage and determination as they met the problems of war, and they are doing this under the leadership of President Truman and the Democratic Party. At the head of that Democratic Party is another outstanding Missourian, Robert Hannegan.

He is a straightforward, honest man. He is a hard worker and is no fair weather worker. He has been called upon to face many difficult situations and he has always emerged as their master. Each task has added to his stature. With all of his dynamic ability is included a great spirit of courage. His loyalty is unsurpassed and he is an outstanding team player. In this connection, I call attention to the fact that you can call the roll of the Cabinet heads and you will find each and every one playing on the team. This team is carrying out the principles and policies established by Franklin Delano Roosevelt under the able generalship of Harry S. Truman.

These leaders know, as our people know, that the attainment of world peace is not the automatic result of winning the war. The people know that peace as well as prosperity does not come to those who merely sit and wait. Instead, the people know in their hearts that we must wage peace as we have waged war; it must be a full effort; we must attack on all fronts; and we must be ever vigilant.

Being ever vigilant to wage a total peace includes military preparedness against war. We seek preparedness not because we are pessimistic. But we know that war is not an Act of God. We know that it is up to us as mortal beings to have war or peace. We must seek and employ every means to wage a total peace. A strong United States is a significant part of the program that makes more possible a lasting peace. The international hoodlum may be deterred in his nefarious plans if the consequences are written in plain language. We must include preparedness in our total effort to wage a total peace. It is good to remember this today, for today is Army Day.

There is today a fundamental change in our concept of peace. It is of paramount importance that those who represent the people appreciate this fundamental change. Our dictionaries define "peace" as "the absence or cessation of war, strife or discord". Our literature, our histories, our newspapers and our conversation have almost universally emphasized the passive and negative features of the word "peace". It has the same lack of dynamic qualities that we ascribe to the word "darkness" in defining it as "the absence of light". This negative and passive concept of "peace" is on the go. It must be totally routed. "Peace" no longer can have the connotation of "inaction" or of "rest". America and the whole world must forge a new definition of "peace", one that portrays the dynamic qualities of "peace"; that brings home to every man, woman and child - and more particularly their leaders, for I believe the people already know - the fact that "peace" does not mean "inaction" but rather "action"; that it does not mean "rest" but rather "work". To me the true concept of "peace" is well described by the thought of President Truman that, "We must wage total peace just as we waged total war".

In waging this "total peace" it is imperative that we keep in mind that like "total war" total peace has many fronts. Total war is not merely the armed conflict of two nations or two military forces. Total war means conflict at every level. It means a war fought between forces on a national political plane, which we call the "diplomatic" front. It means a war fought also on the monetary and trade front, which we call "economic warfare". It means a war fought on the propoganda front, which we call "psychological warfare". It means a war fought out in the production lines, which we call the "home front". It means war on every front known to mankind. That is precisely why we call it "total war".

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We must forever bear in mind the fact that armed conflict in this war followed the Axis dictators' attacks on the economic front, on the psychological front, on the political front, and on the home front. Thus, while we tend to associate the beginning of the war with Hitler's invasion of Poland, this was really only the final phase of a war commenced years earlier. The economic warfare of the 1930's, for example, was part of the master plan for aggression by Germany and Japan.

The peoples of the world have begun to realize how many neighbors they really have. We have learned that the first outbreak of civil war, of savagery or oppression anywhere in the world will sooner or later, and usually sooner, affect us. And we have learned that international peace and prosperity are indivisible, that they must go hand in hand. We have learned the hard way, by bitter experience.

It is only in a prosperous world, a world free from the ravages of economic insecurity, that we can have the conditions necessary for a stable, enduring world peace. Each country must do its share in creating a prosperous world. You cannot raise a new generation dedicated to peace in the ruins of bombed-out cities. You cannot maintain American production and employment in the midst of world-wide depression. The world looks to us for leadership. Let us set the example in doing our share to build a prosperous America and to create a prosperous world. But more, by building a prosperous America and a prosperous world we are making the biggest contribution to world peace that can be made. With God's help, let us wage total peace like we waged total war.

The Democratic Administration has taken and is taking many steps designed to carry out the will of the American people for a peaceful and prosperous world. We know that there must be economic reconstruction in the war-torn countries of Europe and Asia. Capital must be provided to supplement their shattered resources in order that they can restore their economy. With their farms and factories improved, they can produce more. The peace and prosperity of the post-war period will depend in large measure on the attainment by all countries of full production and high levels of income.

Prosperity in this country and throughout the world also depends upon the channels of trade and commerce being open, carrying a high level of profitable foreign trade. Economic warfare over limited trade is no foundation upon which to erect a structure of lasting peace. Rather our goal and the goal of every country must be to eliminate the economic irritations and to increase substantially the trade of the world so that all can have more of a far greater total.

These things can be accomplished only by genuine wholehearted cooperation among nations. To bring them about, we have proposed and there have been created by the United Nations the means for continuing cooperation through the International Bank for Reconstruction and Development, and through the International Monetary Fund. The United States has proposed, in addition, an International Trade Organization.

I should like to say here and now that the people of St. Louis did their part, and a large part it was, in helping to bring the World Bank and the World Fund into being. You demonstrated in a dramatic way what happens when the people really make their voice heard.

At the Inaugural Meeting of the Board of Governors of the World Fund and Bank, recently concluded at Savannah, Georgia, forty nations put their heads together and agreed upon all steps necessary for these institutions to begin operations. Through these institutions, we hope to lay a solid foundation for international economic cooperation, just as through the United Nations Organization we hope to provide the basis for international political cooperation.

An essential and integral part of our program for international economic cooperation is the proposed Financial Agreement with Great Britain. This proposed Agreement is now before the Congress for approval. This Agreement, if approved, will mean much to American business, agriculture, and labor.

The Financial Agreement is a sound investment in world peace and prosperity. American business will reap dividends through its access to world markets on a fair and equal basis. Every section of this country, every sector of our economy has, in the end, a vital interest in our world trade. The Financial Agreement will open markets in England and many other countries to our exporters. This means more exports for our farmers and manufacturers, more jobs for our workers, more profits for business, and a higher income for all of our people.

The Agreement provides, as we desire, the prompt removal of currency restrictions that impede our trade. Moreover, Britain promises to avoid trade controls that discriminate against American products. Britain agrees with us on the principles of fair trade practices which are to be effectuated by a proposed international trade organization. The whole agreement is one further step in our effort to put into effect the determination of our people for a world in which nations work and live together in peace and prosperity.

The program of the Democratic Administration on the home front is just as bold and dynamic as our international program. And our domestic program is as essential to the winning of the peace as it is to making a better America. We know today, what we should have long known, that our programs in the domestic field and in the foreign field are interdependent.

The fear-mongers are at work today on the home front just as they are at work on the world front. The "bogey" of the spread of communism and fascism in the United States is raising its ugly head again. But we know that it is chiefly those who have no faith in America and the American way of doing things or who are misinformed who entertain any such fear.

If we make the American system of free enterprise work here at home in time of peace with the same outstanding success that it achieved in time of war, we need have no reason to fear the propaganda of any system that promises a short-cut to Utopia. Our answer to any such threat is production to capacity in peace as we have produced to capacity in war, providing full employment and a better life for all. This we cannot so well achieve if we live in fear of war or in fear of this or in fear of that. I have no fear that the American people will ever live in fear.

There are those among us, however, who unwittingly play into the hands of the fear-mongers. These are the persons who have a defeatist attitude with respect to our economic system. They tell us, for example, that the free enterprise system makes periods of unemployment necessary. The American people, however, will not be taken in by the assertions of either the fear-mongers or the defeatists. They have greater faith in the American system than that. They will not be placed in the false dilemma of choosing between full employment and a free society. They know that depressions are not the price of freedom. And they know that those who think this way are doing no favor to the cause of freedom.

Our system of free enterprise has enabled the United States to out-produce every other country in the world and to win this most destructive of all wars with a minimum loss of American lives and the maximum reliance on the products of industry. Our system of free enterprise will build us an even greater nation. The American system of free enterprise will enable us to win the peace even though some of those who claim to love it so dearly keep insisting that it must produce depressions to realize its natural beauty.

There are even those among us who claim that the goal of 2,700,000 new homes by the end of 1947 - which is the goal set by the Democratic Administration - is too high. Certainly, the goal which we have set for housing is no more beyond the capacity of America than the goals which were set for guns and ships and tanks and planes during the war. You remember what the faint-hearted said when this Administration said 25,000 planes a year. You will recall what the pessimists said when the goal was raised to 50,000. And finally you will remember that those who lacked vision regarded 100,000 planes a year as fantastic. Yet, we did cross that goal line.

If we who represent the people show the same courage and determination in attacking the housing problem as the American people showed in attacking the problems of war, and as the American people are prepared to show in attacking the problems of peace, then we will reach our goal.

Another important matter which the defeatists among us are trying to block involves the issue as to whether in this great land of ours millions of workers should receive only 40 cents an hour which is \$16 a week, which is less than \$850 a year. Persons can debate for hours about the so-called economic merits of an increase in the minimum wage. But the

big point to remember is the improvement of the American standard of living, and of permitting all some respectable share in it. The American people want the minimum wage lifted, and your Administration is carrying out the will of the people.

Andrew Jackson was great in action, great in courage, and great in a deep underlying sense of the rights of man. It has been said of him that he would take initiative and accept responsibility by the carload. Like Jackson, President Truman is not afraid to take action and accept responsibility. He knows that the people of America are not afraid.

The hope of tomorrow rests with you, the people. You know your way, and the road ahead is straight and broad although there are many hills to climb. The Democratic Party will continue to help you attain the goals fixed by your considered judgment.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 9, 1946.

Press Service

V-290

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated April 11 and to mature July 11, 1946, which were offered on April 5, 1946, were opened at the Federal Reserve Banks on April 8.

The details of this issue are as follows:

Total applied for - \$2,050,149,000
 Total accepted - 1,317,056,000 (includes \$44,353,000 entered on a fixed-price basis at 99.905 and accepted in full)
 Average price - 99.905/4 Equivalent rate of discount approx. 0.375% per annum
 Range of accepted competitive bids:
 High - 99.907 Equivalent rate of discount approx. 0.368% per annum
 Low - 99.905 " " " " " " " " " " 0.376% " "

(59 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	\$ 14,125,000	\$ 9,082,000
New York	1,526,871,000	956,241,000
Philadelphia	40,515,000	34,302,000
Cleveland	27,295,000	20,776,000
Richmond	16,430,000	13,396,000
Atlanta	12,775,000	12,525,000
Chicago	291,598,000	180,247,000
St. Louis	20,060,000	13,295,000
Minneapolis	1,745,000	1,745,000
Kansas City	17,190,000	15,222,000
Dallas	12,260,000	9,800,000
San Francisco	69,285,000	50,425,000
TOTAL	\$2,050,149,000	\$1,317,056,000

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That position of pre-eminence in the financial and economic field brings with it important responsibilities. Whether we like it or not, leadership in international economic affairs is now ours.

The world urgently depends upon us to fulfill our obligation of world leadership. It depends upon us to expand and pursue a policy of enlightened self-interest, a policy that in the long run will operate to the advantage of the American people even more than to that of foreign countries. Other countries may stand to lose more from depression and political insecurity, but we stand most to gain from world peace and world prosperity.

The proposed loan to the United Kingdom is a good example of an American policy of enlightened self-interest. It is precisely the sort of investment we should make under present circumstances and the kind of investment which will yield benefits far in excess of the interest payments we are scheduled to receive.

If Congress approves the Agreement, we shall be doing a great service to the rest of the world and we shall be doing a greater service to ourselves, ~~even though the risk of partial default some time in the next fifty years is not a small one.~~

Our program for international economic cooperation depends on having England adopt the fair trade and currency policies for which we stand. England's actions set the pattern for the whole British Empire and the sterling area. These countries account for more than a third of the international trade of the entire world. These countries are our best customers. American producers, the producers in all countries, need a fair and equal chance in these markets and in all the markets of the world.

A world that trades on a fair basis is a prosperous world. A prosperous world is likely to be a peaceful world. That is why the Financial Agreement with England is a vital part of our whole program for peace and prosperity.

So far I have been speaking entirely of the direct trade benefits to the United States that will result from the adoption of the Financial Agreement. But it would be unfortunate to assume that such gains are the only, or even the chief benefits.

We must remember that the United States is the leading financial country in the world. It is by far the richest in productive power, in technical skills, and in business know-how. We have more gold than the rest of the world put together; and we can out-produce, out-sell and out-finance any other nation or even almost any combination of nations.

This program recognizes that it is not enough to get countries to agree on political cooperation. That is important of course. But we must do more than that. We must support all our efforts for peace by providing an environment of stability and order in international economic relations. We must remove the economic causes of conflict. In such an environment, peace can flourish.

The United Nations have gone a long way toward establishing such an economic foundation for peace. They have agreed on cooperative measures to provide the capital for restoring the economies of war-torn countries. They have agreed on the principles of fair currency practice essential to international trade and investment. And they are now considering the adoption of principles of fair trade practice that will reduce the barriers and eliminate the restrictions that prevent an expansion of world trade. This is a program in which the people of all countries have placed their hopes for orderly and beneficial economic relations.

This credit will remain open for use by England until 1951. She must then begin to repay the credit with interest at 2 percent. The repayment will be in the form of 50 equal annual payments covering principal and interest. The payment of principal due each year must be paid without qualification. However, if world trade should become severely depressed, the interest [due in that year would be waived, but payment of interest] would be resumed as soon as trade recovers.]

As you can see, the credit is not a gift. It will have to be repaid with interest. And the credit will not mean that England can import all she wants. Consumption in England will still have to be kept down to something like war-time austerity.

And now I come to my last point. The Financial Agreement with England is an essential part of our program for a peaceful and prosperous world.

The people of the United States and the United Nations have agreed on a program in which countries cooperate to maintain peace and prosperity. The United Nations Organization, with its Security Council, General Assembly, International Court of Justice, and Social and Economic Council, constitutes one side of this program. The Food and Agricultural Organization, the International Monetary Fund and the International Bank for Reconstruction and Development, and the proposed International Trade Organization constitute another side of the same program.

6. England will support the American proposal for an International Trade Organization to reduce trade barriers and eliminate trade restrictions. In this way England supports our policy of expanded trade, with all countries having access to world markets on fair terms.

In the long run, these fair trade and currency practices will help England, too. With expanded world trade, British exporters will find better markets. But it will take several years before British exports are increased sufficiently to bring her foreign exchange receipts up to the necessary level. *credit*
~~In the meantime, England needs credit if she is to secure the imports essential to her people.~~

England can undertake the various measures to liberate trade channels that I have just referred to only if she can get help in paying for her essential imports while her trade is being restored. Part of the help she will get from other countries. But most of it can come only from the United States.

This is the second problem that is met by the Financial Agreement. If Congress approves the Agreement, the United States will open a line of credit of \$^{750,000,000}~~3 3/4~~ billion against which England can draw to pay for her imports. None of the credit can be used to pay any of Britain's outstanding debts. These will have to be met from other resources. The credit we are proposing to extend to her can be used only for imports and other current payments.

2. Within a year Britain will dissolve the dollar pool. The money that the sterling area countries get for their exports to the United States could be spent here without getting an allocation from England. That means that India could use dollars to buy American machinery instead of being forced to buy English machinery.

3. Exports of goods and services from the United States to England will be paid for in dollars, or if paid in pounds, the money can be converted into dollars by American exporters. That means the American individuals and companies which in the past have experienced considerable difficulty in getting their current earnings from Britain will now be paid in dollars.

4. The blocked sterling balances will be settled by England and the countries concerned. Any payments on these balances, whether now or in later years, will, however, be free for making purchases in any country, including the United States. That means that countries owning those balances can buy more from us, while England can sell more for cash.

5. England's import controls will be administered in a manner which does not discriminate against American products. That means England will not keep out American fruits and nuts while permitting these same products to be purchased from Portugal, Egypt or India.

Britain, therefore, needs credit; that fact is inescapable. Two alternatives are available. Either the British can receive some assistance from outside the sterling area and abandon the war-time restrictions; or they can continue and extend these restrictions, pull in still further their already tight belt, and force additional assistance from the sterling area. This latter course would seriously impede world recovery, and our own trade. In our own interest we must make it possible for England to abandon the war-time currency and trade restrictions and join with us and the United Nations in a program of international economic cooperation.

The Financial Agreement meets these two problems in a manner that is advantageous to both countries. Under the Agreement England undertakes to remove the restrictions that stifle trade and the discriminations that put our producers at a disadvantage in all British markets. Here is what England will do:

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1. Within a year England agrees to make all sterling arising from current trade convertible. If Mexico and Egypt export to England they will be able to use the money they get to buy the currency of any country. That means they could convert the sterling into dollars and buy radios or refrigerators or machine tools, in the United States.

Here are the essential facts. The war has seriously impaired England's international economic position. In the next few years, England cannot earn enough to pay for her most essential imports.

Because her industries were converted to war production, the quantity of British exports by the end of the war was only one-third as much as in pre-war years. British net income from foreign investments is now only half of what it was before the war because some of these investments had to be sold and because England incurred a large foreign debt. The British merchant marine is not yet up to its pre-war level. Every important source of British income from abroad has been substantially curtailed.

Because of her reduced receipts of foreign exchange, and her heightened expenditures, it is inevitable that England will have to pay out during the next few years much more than she can now afford, even if they maintain a very restricted standard of living. The total deficit during the next few years in the British international accounts has been variously estimated at \$4^{000,000,000} to \$6^{000,000,000} billion or even more. We estimate that it will be 3 to 5 years before British receipts of foreign exchange will equal her out-payments.

Though, eventually, most of the dollars will find their way back to the United States, the way in which they do so -- whether to purchase gold, or invest in our securities, or as deposits in our banks, or the purchase of certain materials rather than others -- does make a difference to us. It does mean that many American producers are not getting a fair chance to sell in sterling area markets.

Along with these financial controls imposed by Britain, there are direct controls of imports in all sterling area countries. And these controls, like import licenses, are used to cut down the amount of imports that must be paid for in foreign exchange. In practice, this meant keeping to a minimum imports from countries that had to be paid for with dollars.

One of our objectives in the negotiations was to secure agreement on the prompt elimination of these war-time restrictions, so that American exporters could have access to all the markets of the world on a fair and equal basis. Neither England nor the sterling area countries want to keep these restrictions. But England will have to continue these restrictions unless she can find some other means of securing the imports which provide the bread and the work for her people. And that is the second problem underlying the Financial Agreement.

The sterling area dollar pool likewise is harmful to us. It came about this way. England had to buy goods outside the sterling area. Many commodities we shipped to England had to be paid for by England in dollars. And that was true in other countries, too. To pay for these goods England had to mobilize all her dollar resources. The British sold many of their American investments and got dollars in this way. And England arranged to have the dollar receipts of the sterling area countries pooled in London and allocated by London.

For example, when an Indian exporter sells goods in the United States, he turns the dollars over to the Reserve Bank of India. These dollars are then sold to England for sterling. And this happens in all of the sterling area countries that have net dollar receipts. In this way, all the dollar holdings of the sterling area are pooled *and* in London. ~~Then, when a country in the sterling area needs dollars, it applies to London. The dollars are then~~ allocated on the basis of the most essential needs. To conserve dollars, funds are not allocated to buy goods in the United States that can be secured in any sterling area country. The American producers of those particular goods are shut out of the sterling area markets.

That brings us to blocked sterling. England had to go on buying goods in the sterling area countries and meeting the costs of her armies in India, Egypt and other countries. England bought the goods and met her war expenses in these countries by paying in sterling. But England couldn't allow those countries to convert the sterling they received into dollars. England just didn't have enough gold and dollar reserves. Nor could England permit them to buy British goods with the sterling. She could not spare exports to those countries. She needed all her productive resources to conduct the war. So the countries acquiring sterling could not even use much of it to spend in England. In effect, the sterling those countries received was for the most part blocked from use, though substantial amounts were used to pay off loans or buy back British held foreign securities.

The amount of such blocked sterling accumulated during the war was enormous. They now amount to more than \$13 billion. What is done about these blocked sterling balances will mean a good deal to American trade. We don't want England saying to India and the other countries holding blocked sterling: "You can have these balances freed only to buy goods in England." We don't want India or Egypt to keep saying to us: "We would like to buy American goods, but we cannot afford it. Most of our reserves are blocked in England, and we can use it only to buy British products." But that is exactly what will happen if those blocked balances are not properly settled.

You hear a good deal about these war-time restrictions - particularly the sterling area, blocked sterling and the dollar pool. A brief explanation of how they operate will show how they affect American business.

The sterling area includes the countries of the British Empire, except Canada, and some countries in the Near East and elsewhere. They do much of their business with England, and they keep most of their monetary reserves in the form of sterling in England. Before the war, these reserves could be used to buy goods all over the world - in the United States, Latin America, the Far East, anywhere. If Australia wanted to buy American cotton before the war, it sold sterling for dollars.

During the war, however, the sterling area took on some new features. Because England didn't have enough gold and dollar reserves, she could no longer permit the free conversion of sterling reserves into dollars. She was forced to make sterling inconvertible. That meant Australia couldn't use her sterling to buy American cotton. She could use her sterling only in the sterling area; she could buy cotton in India or Egypt. In short, while trade among the sterling area countries could continue, trade of the sterling area countries with the United States was restricted.

The pre-war balance between British receipts - in-payments from abroad - and expenditures - out-payments abroad - was completely disrupted. You know the reasons. Even before the war, the growing tension required huge British purchases in this country for rearmament. Her gold and dollar holdings fell from more than \$4 billion to about \$2-1/2 billion between the Munich crisis and the invasion of Poland. When the war began, Britain's demand for imports greatly increased, and she had to finance a part of the war effort of various parts of the British Empire. At the same time her foreign exchange receipts - her exports, her income from investments and her shipping services - were drastically curtailed. So great was the resultant drain on her cash reserves that by the time we began our lend-lease aid, her remaining gold and dollar holdings were almost all used up.

With the war on, England took strong measures to mobilize and conserve foreign exchange reserves for essential war purposes and to exclude or limit imports not urgently needed. These war-time currency and trade measures are still in effect.

We recognize that they were necessary in the war emergency. But we also know that in time of peace such measures can be harmful to world trade and prosperity. One of our objectives in the discussions with the British on the financial agreement was to secure the speedy removal of these war-time currency and trade restrictions.

Before the war, England was the largest importing country in the world. She has for generations depended heavily upon imports for her standard of living. She bought overseas most of the food for her people and the raw materials for her industries. Her whole economy was geared to earn enough from her foreign business to pay for these essentials of her economic life. She paid for half of her imports by exports of manufactured products; another fourth of her imports was paid for with the net proceeds from her foreign investments, and the remaining quarter was paid for out of income from her shipping, insurance, banking, brokerage and other services. She earned more from her shipping and world banking services than any other country, and had much larger foreign investments than any other country. /

Foreign trade played so vital a role in British economic life that her very stability and prosperity rested upon her ability to keep these sources of income high. And keep them high she did.

That was her situation before 1939. Six years of war wrought some drastic changes in that picture.

The Following address by Mr. Harry D. White, Assistant Secretary of the Treasury, is scheduled for delivery at luncheon meeting of the Civitan Club, Mayflower Hotel, at 12:30, ^{April 9, 1946}
Anglo-American Financial Agreement

V-291

from
I am glad to have the opportunity to discuss with you today the very important matter of the Anglo-American Financial Agreement.

It is before just such a group as yours that great public issues should be discussed. Informing the thinking citizens about what is being done on important problems and why it is being done is a vital part of the democratic process. The democratic process does not consist of simply submitting proposals to Congress. The final test of a policy should be understanding and approval by the people. It should be so in the case of the Anglo-American Financial Agreement.

You will want to know what are the problems that lie behind the Financial Agreement with England. And you will want to know how the Agreement meets these problems. Most of all you will want to know the significance of this Agreement to our whole program of building a peaceful and prosperous world.

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Tuesday, April 9, 1946

Press Service
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You hear a good deal about these war-time restrictions - particularly the sterling area, blocked sterling and the dollar pool. A brief explanation of how they operate will show how they affect American business.

The sterling area includes the countries of the British Empire, except Canada, and some countries in the Near East and elsewhere. They do much of their business with England, and they keep most of their monetary reserves in the form of sterling in England. Before the war, these reserves could be used to buy goods all over the world - in the United States, Latin America, the Far East, anywhere. If Australia wanted to buy American cotton before the war, it sold sterling for dollars.

During the war, however, the sterling area took on some new features. Because England didn't have enough gold and dollar reserves, she could no longer permit the free conversion of sterling reserves into dollars. She was forced to make sterling inconvertible. That meant Australia couldn't use her sterling to buy American cotton. She could use her sterling only in the sterling area; she could buy cotton in India or Egypt. In short, while trade among the sterling area countries could continue, trade of the sterling area countries with the United States was restricted.

That brings us to blocked sterling. England had to go on buying goods in the sterling area countries and meeting the costs of her armies in India, Egypt and other countries. England bought the goods and met her war expenses in these countries by paying in sterling. But England couldn't allow those countries to convert the sterling they received into dollars. England just didn't have enough gold and dollar reserves. Nor could England permit them to buy British goods with the sterling. She could not spare exports to those countries. She needed all her productive resources to conduct the war. So the countries acquiring sterling could not even use much of it to spend in England. In effect, the sterling those countries received was for the most part blocked from use, though substantial amounts were used to pay off loans or buy back British-held foreign securities.

The amount of such blocked sterling accumulated during the war was enormous. They now amount to more than \$13 billion. What is done about these blocked sterling balances will mean a good deal to American trade. We don't want England saying to India and the other countries holding blocked sterling: "You can have these balances freed only to buy goods in England." We don't want India or Egypt to keep saying to us: "We would like to buy American goods, but we cannot afford it. Most of our reserves are blocked in England, and we can use it only to buy British products." But that is exactly what will happen if those blocked balances are not properly settled.

The sterling area dollar pool likewise is harmful to us. It came about this way. England had to buy goods outside the sterling area. Many commodities we shipped to England had to be paid for by England in dollars. And that was true in other countries, too. To pay for these goods England had to mobilize all her dollar resources. The British sold many of their American investments and got dollars in this way. And England arranged to have the dollar receipts of the sterling area countries pooled in London and allocated by London.

For example, when an Indian exporter sells goods in the United States, he turns the dollars over to the Reserve Bank of India. These dollars are then sold to England for sterling. And this happens in all of the sterling area countries that have net dollar receipts. In this way, all the dollar holdings of the sterling area are pooled and allocated on the basis of the most essential needs. To conserve dollars, funds are not allocated to buy goods in the United States that can be secured in any sterling area country. The American producers of those particular goods are shut out of the sterling area markets.

Though, eventually, most of the dollars will find their way back to the United States, the way in which they do so - whether to purchase gold, or invest in our securities, or as deposits in our banks, or the purchase of certain materials rather than others - does make a difference to us. It does mean that many American producers are not getting a fair chance to sell in sterling area markets.

Along with these financial controls imposed by Britain, there are direct controls of imports in all sterling area countries. And these controls, like import licenses, are used to cut down the amount of imports that must be paid for in foreign exchange. In practice, this meant keeping to a minimum imports from countries that had to be paid for with dollars.

One of our objectives in the negotiations was to secure agreement on the prompt elimination of these war-time restrictions, so that American exporters could have access to all the markets of the world on a fair and equal basis. Neither England nor the sterling area countries want to keep these restrictions. But England will have to continue these restrictions unless she can find some other means of securing the imports which provide the bread and the work for her people. And that is the second problem underlying the Financial Agreement.

Here are the essential facts. The war has seriously impaired England's international economic position. In the next few years, England cannot earn enough to pay for her most essential imports.

Because her industries were converted to war production, the quantity of British exports by the end of the war was only one-third as much as in pre-war years. British net income from foreign investments is now only half of what it was before the war because some of these investments had to be sold and because England incurred a large foreign debt. The British merchant marine is not yet up to its pre-war level. Every important source of British income from abroad has been substantially curtailed.

Because of her reduced receipts of foreign exchange, and her heightened expenditures, it is inevitable that England will have to pay out during the next few years much more than she can now afford, even if they maintain a very restricted standard of living. The total deficit during the next few years in the British international accounts has been variously estimated at \$4,000,000,000 to \$6,000,000,000, or even more. We estimate that it will be 3 to 5 years before British receipts of foreign exchange will equal her out-payments.

Britain, therefore, needs credit; that fact is inescapable. Two alternatives are available. Either the British can receive some assistance from outside the sterling area and abandon the war-time restrictions; or they can continue and extend these restrictions, pull in still further their already tight belt, and force additional assistance from the sterling area. This latter course would seriously impede world recovery, and our own trade. In our own interest we must make it possible for England to abandon the war-time currency and trade restrictions and join with us and the United Nations in a program of international economic cooperation.

The Financial Agreement meets these two problems in a manner that is advantageous to both countries. Under the Agreement England undertakes to remove the restrictions that stifle trade and the discriminations that put our producers at a disadvantage in all British markets. Here is what England will do:

1. Within a year England agrees to make all sterling arising from current trade convertible. If Mexico and Egypt export to England they will be able to use the money they get to buy the currency of any country. That means they could convert the sterling into dollars and buy radios or refrigerators, or machine tools, in the United States.

2. Within a year Britain will dissolve the dollar pool. The money that the sterling area countries get for their exports to the United States could be spent here without getting an allocation from England. That means that India could use dollars to buy American machinery instead of being forced to buy English machinery.

3. Exports of goods and services from the United States to England will be paid for in dollars, or if paid in pounds, the money can be converted into dollars by American exporters. That means the American individuals and companies which in the past have experienced considerable difficulty in getting their current earnings from Britain will now be paid in dollars.

4. The blocked sterling balances will be settled by England and the countries concerned. Any payments on these balances, whether now or in later years, will, however, be free for making purchases in any country, including the United States. That means that countries owning those balances can buy more from us, while England can sell more for cash.

5. England's import controls will be administered in a manner which does not discriminate against American products. That means England will not keep out American fruits and nuts while permitting these same products to be purchased from Portugal, Egypt or India.

6. England will support the American proposal for an International Trade Organization to reduce trade barriers and eliminate trade restrictions. In this way England supports our policy of expanded trade, with all countries having access to world markets on fair terms.

In the long run, these fair trade and currency practices will help England, too. With expanded world trade, British exporters will find better markets. But it will take several years before British exports are increased sufficiently to bring her foreign exchange receipts up to the necessary level.

England can undertake the various measures to liberate trade channels that I have just referred to only if she can get help in paying for her essential imports while her trade is being restored. Part of the help she will get from other countries. But most of it can come only from the United States.

This is the second problem that is met by the Financial Agreement. If Congress approves the Agreement, the United States will open a line of credit of \$3,750,000,000, against which England can draw to pay for her imports. None of the credit can be used to pay any of Britain's outstanding debts. These will have to be met from other resources. The credit we are proposing to extend to her can be used only for imports and other current payments.

This credit will remain open for use by England until 1951. She must then begin to repay the credit with interest at 2 percent. The repayment will be in the form of 50 equal annual payments covering principal and interest. The payment of principal due each year must be paid without qualification. However, if world trade should become severely depressed, the interest due in that year would be waived, but payment of interest would be resumed as soon as trade recovers.

As you can see, the credit is not a gift. It will have to be repaid with interest. And the credit will not mean that England can import all she wants. Consumption in England will still have to be kept down to something like war-time austerity.

And now + come to my last point. The Financial Agreement with England is an essential part of our program for a peaceful and prosperous world.

The people of the United States and the United Nations have agreed on a program in which countries cooperate to maintain peace and prosperity. The United Nations Organization, with its Security Council, General Assembly, International Court of Justice, and Social and Economic Council, constitutes one side of this program. The Food and Agricultural Organization, the International Monetary Fund and the International Bank for Reconstruction and Development, and the proposed International Trade Organization constitute another side of the same program.

This program recognizes that it is not enough to get countries to agree on political cooperation. That is important, of course, But we must do more than that. We must support all our efforts for peace by providing an environment of stability and order in international economic relations. We must remove the economic causes of conflict. In such an environment, peace can flourish.

The United Nations have gone a long way toward establishing such an economic foundation for peace. They have agreed on cooperative measures to provide the capital for restoring the economies of war-torn countries. They have agreed on the principles of fair currency practice essential to international trade and investment. And they are now considering the adoption of principles of fair trade practice that will reduce the barriers and eliminate the restrictions that prevent an expansion of world trade. This is a program in which the people of all countries have placed their hopes for orderly and beneficial economic relations.

Our progress for international economic cooperation depends on having England adopt the fair trade and currency policies for which we stand. England's actions set the pattern for the whole British Empire and the sterling area. These countries account for more than a third of the international trade of the entire world. These countries are our best customers. American producers, the producers in all countries, need a fair and equal chance in these markets and in all the markets of the world.

A world that trades on a fair basis is a prosperous world. A prosperous world is likely to be a peaceful world. That is why the Financial Agreement with England is a vital part of our whole program for peace and prosperity.

So far I have been speaking entirely of the direct trade benefits to the United States that will result from the adoption of the Financial Agreement. But it would be unfortunate to assume that such gains are the only, or even the chief benefits.

We must remember that the United States is the leading financial country in the world. It is by far the richest in productive power, in technical skills, and in business know-how. We have more gold than the rest of the world put together; and we can out-produce, out-sell and out-finance any other nation or even almost any combination of nations.

That position of pre-eminence in the financial and economic field brings with it important responsibilities. Whether we like it or not, leadership in international economic affairs is now ours.

The world urgently depends upon us to fulfill our obligation of world leadership. It depends upon us to expand and pursue a policy of enlightened self-interest, a policy that in the long run will operate to the advantage of the American people even more than to that of foreign countries. Other countries may stand to lose more from depression and political insecurity, but we stand most to gain from world peace and world prosperity.

The proposed loan to the United Kingdom is a good example of an American policy of enlightened self-interest. It is precisely the sort of investment we should make under present circumstances and the kind of investment which will yield benefits far in excess of the interest payments we are scheduled to receive.

If Congress approves the Agreement, we shall be doing a great service to the rest of the world and we shall be doing a greater service to ourselves.

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V-292

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liminary figures
consumption during
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Quantity in Pounds
AS OF March 30, 1946

Signatory Countries:

Brazil	732,661,862
Colombia	341,757,714
Costa Rica	12,818,107
Cuba	177
Dominican Republic	14,794,179
Ecuador	8,925,157
El Salvador	16,334,301
Guatemala	40,892,479
Haiti	14,579,679
Honduras	4,395,211
Mexico	26,007,491
Nicaragua	7,120,421
Peru	2,184,162
Venezuela	23,459,369

Non-Signatory Countries:

21,658,377

TOTAL

1,267,588,686

V-292

FOR IMMEDIATE RELEASE

April 9, 1946

10

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of March 30, 1946
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Signatory Countries:

Brazil	732,661,862
Colombia	341,757,714
Costa Rica	12,818,107
Cuba	177
Dominican Republic	14,794,179
Ecuador	8,925,157
El Salvador	16,334,301
Guatemala	40,892,479
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Nicaragua	7,120,421
Peru	2,184,162
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21,658,377

TOTAL

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, April 10, 1946

Press Service
 No. V-292

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Venezuela	23,459,369
<u>Non-Signatory Countries:</u>	<u>21,658,377</u>
TOTAL	1,267,588,686

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V-293

figures showing the limitations provided for periods to March 30,

guy

: Unit	: Imports as of
: of	: March 30,
Quantity:	1946

or sour	Calendar Year	3,000,000	Gallon	2,638
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	637
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	15,000,000	Pound	12,416,533
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000	Pound	Quota filled
other		60,000,000	Pound	220,989
Cuban filler tobacco unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (Unstemmed Quota equivalent)	filled
Red cedar shingles	Calendar Year	1,396,423	Square	377,770
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000	Gallon	41,954
Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of			
	March	17,500	Number	
	Canada	17,500	Number	5,133
	Other than Canada	7,500	Number	906
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	59

FOR IMMEDIATE RELEASE
April 9, 1946.

V-293

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to March 30, 1946, inclusive, as follows:

Commodity	Established Quota	Unit	Imports as of
	Period and Country:	Quantity:	March 30, 1946
Whole Milk, fresh or sour	Calendar Year	3,000,000 Gallon	2,638
Cream, fresh or sour	Calendar Year	1,500,000 Gallon	637
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	15,000,000 Pound	12,416,533
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000 Pound	Quota filled
other		60,000,000 Pound	220,989
Cuban filler tobacco unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000 Pound	(Unstemmed Quota equivalent) filled
Red cedar shingles	Calendar Year	1,396,423 Square	377,770
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000 Gallon	41,954
Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of March	17,500 Number	
	Canada	17,500 Number	5,133
	Other than Canada	7,500 Number	906
Tails	12 months from Dec. 1, 1945	5,000 Piece	-
Paws, heads or other separated parts	"	500 Pound	490
Piece plates	"	550 Pound	-
Articles, other than piece plates	"	500 Unit	59

TREASURY DEPARTMENT
Washington

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Wednesday, April 10, 1946

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Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	2,638
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	637
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	15,000,000	Pound	12,416,533
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000	Pound	Quota filled 220,989
other		60,000,000	Pound	
Cuban filler tobacco un- stemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (Unstemmed Quota equivalent)	filled
Red cedar shingles	Calendar Year	1,396,423	Square	377,770
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Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of March Canada Other than Canada	17,500 7,500	Number Number	5,133 906
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	59

FOR IMMEDIATE
April 9, 1946

The Bureau
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Country of Origin	wheat, and similar wheat products		wheat, and similar wheat products	
	Established Quota	Imports May 29, 1945, to March 30, 1946	Established Quota	Imports May 29, 1945, to Mar. 30, 1946
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,425	3,815,000	1,296,669
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,296,903</u>

V-294

FOR IMMEDIATE RELEASE,
April 9, 1946

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, 1945, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1945, to March 30, 1946	Established Quota	Imports May 29, 1945, to Mar. 30, 1946
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,425	3,815,000	1,296,669
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,296,903</u>

TREASURY DEPARTMENT

Washington

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Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established : Quota	Imports May 29, 1945, to March 30, 1946	Established : Quota	Imports May 29, 1945, to March 30, 1946
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,425	3,815,000	1,296,669
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,425</u>	<u>4,000,000</u>	<u>1,296,903</u>

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 ~~COTTON STRIPS MADE FROM COTTONS HAVING A STAPLE OF LESS THAN 1-3/16 INCHES IN LENGTH~~ 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, 1945 to Mar. 30, 1946	ESTABLISHED : 33-1/3% of Total Quota	Imports : Sept. 20, 1945 to Mar. 30, 1/1946
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

April 9, 1946

The Bureau
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as amended by
29, 1942, during

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Country of
Origin

: Established: 20, 1945, to : Quota : 20, 1945, to
: Quota : Mar. 30, 1946 45,656,420 : Mar. 30, 1946

Egypt and the Anglo- Egyptian Sudan.....	783,816	-	-	15,278,689
Peru.....	247,952	237,814	-	6,454,102
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
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 <u>1/</u>	21,321	-	-	-
Nigeria.....	5,377	-	-	-
Other British West Africa <u>2/</u>	16,004	-	-	-
Other French Africa <u>3/</u> ..	689	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,535,797	45,656,420	21,732,792

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

V-293295

Customs announced today that preliminary reports from the customs show imports of cotton and cotton waste chargeable to the import quotas established by the President's proclamations of September 5, 1939, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to **March 30, 1946**.

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, 1945, to Mar. 30, 1946	Imports Sept. 20, 1945, to Mar. 30, 1946	Established: 20, 1945, to Mar. 30, 1946	Imports Sept. 20, 1945, to Mar. 30, 1946
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	15,278,689	-
Peru.....	247,952	237,814	6,454,102	-
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
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	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,535,797	45,656,420	21,732,792

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

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, April 10, 1946

Press Service
 No. V - 295

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, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to March 30, 1946.

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, 1945, to Mar. 30, 1946	Established Quota	Imports Sept. 20, 1945, to Mar. 30, 1946
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	15,278,689	-
Peru.....	247,952	237,814	6,454,102	-
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	-	-
Union of Soviet Socialist Republics...	475,124	-	-	-
Argentina.....	5,203	-	-	-
Haiti.....	237	-	-	-
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	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,535,787	45,656,420	21,732,792

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

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 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, 1945 : to Mar. 30, 1946:	: ESTABLISHED : 33-1/3% of : Total Quota	: Imports : Sept. 20, 1945 : to Mar. 30, 1/1946
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

ALPHA

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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.

ALPHA

- 2 -

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 \$200,000 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 April 18, 1946.

~~(7)~~
The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 12, 1946

(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000, 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 April 18, 1946, and will mature July 18, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, April 15, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
FRIDAY, APRIL 12, 1946

Press Service
No. V-296

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, 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 April 18, 1946, and will mature July 18, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 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 April 18, 1946.

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.

b. Salary increases which might be the FUTURE BASIS for higher price ceilings or increased costs on government contracts--Employer may make any increase he desires, but should file a notice of such increases, within 30 days after the increases are reflected in his payroll, with the regional Salary Stabilization office. The filing of this notice will preserve the right of the employer to subsequently seek formal approval of the increases so that the increases may be then used as the basis for higher price ceilings.

c. Salary increases which will be the basis for HIGHER PRICE CEILINGS or higher costs on government contracts--Some of these increases are considered, for the purpose of applying to OPA, to be automatically approved without any notice or request to Salary Stabilization. In other cases these increases must receive prior approval from Salary Stabilization in order to be considered by OPA.

Those increases which are considered to be automatically approved include: Approved or lawful increases made prior to February 14, 1946, or increases definitely committed prior to February 14 and actually put into effect prior to March 15, 1946; increases in accordance with a salary rate schedule or plan (including a bonus plan) which was lawfully in effect before August 18, 1945; increases pursuant to a governmental recommendation in a wage controversy announced before February 14, 1946; increases by an employer having eight or less employees in a single business; limited vacation pay and differential pay for night shifts; limited increases to employees under the Commissioner's jurisdiction equal to the dollar amount of increases granted other employees of the same employer under an industry pattern approved by the National Wage Stabilization Board.

Upon application of the employer, approval will be given for: increases consistent with the general pattern of salary adjustments in a particular industry or locality; increases to correct inequities between related industries when the inequities interfere with effective transition to a peacetime economy; increases to compensate for the 33 per cent increase in the cost of living between January 1, 1941, and September 1945; increases to correct substandards of living; other types of increases, not elsewhere covered, as provided in the standards in effect on August 17, 1945.

Complete provisions of the revised regulations will be found in Treasury Decision 5506, as published in The Federal Register.

TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington 25, D. C.

For Release

Morning News
April, 1946.

Saturday, April 13, 1946

Press Service
No V-297

Joseph D. Nunan, Jr., Commissioner of Internal Revenue, today liberalized and clarified his Salary Stabilization Regulations in accord with the wage and salary policies recently determined by the President and the Director of Economic Stabilization. The Commissioner's regulations apply to salaries in excess of \$5,000 and also to lower salaries paid to administrative, executive and professional employees who are not represented by labor organizations.

In general, the Commissioner explained, his Salary Stabilization Regulations (not to be confused with any of his tax regulations) restrict salary increases only in the case of employers who, either presently or in the future, may use such salary increases as a basis for seeking higher price ceilings from the Office of Price Administration, or to increase costs to the government on government contracts. These regulations no longer affect the deductibility of salaries for income tax purposes, except in the one instance of an existing employer who, in setting up a new plant or department, raises salaries above prevailing levels in his industry or locality.

Therefore, the general effect of these regulations is to permit employers complete freedom of action to fix salaries in businesses whose products and services either are outside of OPA price ceilings or for which no price ceiling increase will be asked. In cases involving higher price ceilings or increased costs on government contracts, the revised regulations grant automatic approval without application in certain routine instances, but require formal application for approval in other instances.

The principal provisions of the revised regulations are:

1. UNLAWFUL SALARIES--The only unlawful salaries are those established, without prior approval of the Salary Stabilization Unit, in a new plant or department of an existing employer at rates in excess of those prevailing in the industry or locality. Such salaries may be disallowed as deductions on the employer's income tax return.

2. LAWFUL SALARIES--All salaries other than those mentioned in the preceding paragraph are lawful (deductible for income tax by the employer, unless "unreasonable" according to traditional income tax standards). However, in order to be considered as the basis for higher OPA price ceilings or increased costs on government contracts, they must comply with the following rules:

a. Salary increases which will NOT be used as a basis for higher price ceilings or increased costs on government contracts--Employer may make any increase he desires, without any application or formality, whatsoever.

TREASURY DEPARTMENT
Bureau of Internal Revenue
Washington 25, D. C.

FOR RELEASE MORNING NEWSPAPERS,
Saturday, April 13, 1946

Press Service
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Complete provisions of the revised regulations will be found in Treasury Decision 5506, as published in the Federal Register.

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involves more than a political struggle among economic groups to push the burden of taxes off onto each other. The future development of the economy, the intensity of boom and depressions, the size of business concerns, and the volume of business and employment may all be importantly affected, indeed, almost certainly will be importantly affected by the sort of tax policies that are adopted for the postwar period. It is, accordingly, of great importance that tax issues be considered in the light of the best economic knowledge. We should hope and strive to raise and keep the level of tax controversy above narrow self-interest and group interest and all work together to promote the national interest.

the social security payroll taxes are taxes in every sense of the word, including their impact on the economy and their implications for the equity of the tax structure. Their relation to each other and to the general revenue structure should not be overlooked.

Conclusion

Any or all of the tax issues which I have discussed may arise in the consideration of postwar tax revision. It may be expected that most of them will come up for consideration. However, these are not all of the problems and not even all of the major problems which are likely to arise. Thus, for example, the question of taxing business operations carried on by tax-exempt organizations will no doubt be considered. There are also many minor substantive, technical, and administrative changes that will be proposed by taxpayers or others for consideration. It would be possible to fill several pages listing such issues but I obviously cannot do so at this time.

It is clear that the problems of taxation are not all behind us. The tax problems ahead have a serious bearing for the future of the economy. Tax policy

of the enforcement authorities to prevent the illicit manufacture and distribution of liquor. Some of the excise taxes such as that applying to transportation of property are largely business costs and thus enter into the general price level. Still other excises apply to certain durable goods, such as electrical appliances and business machines, and were imposed partially to discourage consumption during the war.

In addition to issues concerning the relative amount of revenue to be derived from the excise taxes, the choice of excises to be retained, and the rates to be applied, there will be less important issues in some cases, such as whether the tax should be at the manufacturer's level or the retail level. ✓

Payroll Taxes

The payroll taxes for the financing of social security are an important element of the tax system which I shall not discuss at this time. They are in a somewhat special class and are affected by considerations which do not arise in the case of most other taxes. It should be pointed out, however, that

In a number of situations the estate tax, the gift tax, and the income tax do not fit together smoothly. For example, income from property recognized as transferred for purposes of gift tax may still be attributed to the donor for purposes of the income tax. Finally, the present relation of the State death taxes to Federal death taxes is not very logical since the 80-percent credit of State taxes against the Federal tax is based on the rates and exemptions of the Revenue Act of 1926 which bear relatively little relation to present exemptions and rates, particularly rates in the higher brackets.

Excise Taxes

The excise tax yield in the fiscal year 1945 was about \$6 billion, slightly over half of which came from the taxes on liquor and tobacco. Many of the excise taxes which were imposed or increased during the war may be considered unsuitable for a peacetime period. Accordingly, the excise taxes will undoubtedly be reconsidered in the postwar tax revision. In the case of the liquor tax, one of the factors determining the tax rate will be the effect of the rate on the ability

The question arises as to whether these taxes should be made a more important revenue source by lowering exemptions and applying higher rates. Proposals along these lines would certainly meet with objections in some quarters where it is felt that the rates are already too high and should be reduced. It is probable that the levels of estate and gift taxes are more closely related to general social policy than to tax policy.

Aside from the question of rates and exemptions there are important questions concerning the kinds of transfers subject to the estate tax. The use of life estates and trusts and other devices creates substantial gaps in the estate tax base in that the benefits of the property may be enjoyed by more than two generations with only one tax. The present relation of gift taxes to estate taxes makes it possible for those persons who are able to divide the distribution of their property between gifts and their estates to greatly reduce the total tax. An integration of the gift and estate taxes into a single tax has frequently been suggested as a means of remedying this situation.

the taxes on single persons above those due under the present system.

Perhaps the family-income question will limp along as it has in the past, but it would seem that with the higher rates, accessions to the group of community-property States, and the possible spread of family partnerships and other methods of tax avoidance, the problem is one which should be faced in the near future.

ESTATE AND GIFT TAXES

There appears to be no great amount of general public agitation for revision of the estate and gift taxes. Perhaps this is due to the fact that the estate tax is levied only at death and falls on only about one percent of adult deaths, while the gift tax similarly reaches perhaps an even smaller proportion of individuals. The combined revenue yield of the estate and gift taxes is less than the liquor tax or the tobacco tax. In the fiscal year 1945, estate and gift taxes produced about $1\frac{1}{2}$ percent of the total Federal revenue.

Some years ago, the Treasury Department proposed compulsory joint returns as a solution for the problems of taxing family income. Compulsory joint returns would treat all families alike regardless of whether the income originated in the property and efforts of the husband, the wife, or both of them. However, if compulsory joint returns were in force, two single persons who married might after marriage have to pay higher total taxes than they did before on the same total income. This prospect gave rise to great opposition on the ground that compulsory joint returns discriminated against marriage and the family. ~~Compulsory~~ Needless to say, the proposal for compulsory joint returns was defeated.

Another approach is possible to the family-income problem, namely, to allow universal division of income between husband and wife in all States. This would have results similar in some respects to those of compulsory joint returns and opposite in other respects. All families would be treated alike but most married couples would pay lower taxes than today at any given rate schedule while single persons would not. Rate increases to make up the loss of revenue would increase

a dilemma. It is a dilemma which cannot be solved by lowering everyone's taxes; obviously the money must come from somewhere.

Family Incomes

A somewhat less important income tax problem is also likely to arise, namely, the problem of taxing the income of families. Like many other tax problems, this one is becoming more acute with the passage of time and is accentuated by high tax rates. The married couples in community property States have long enjoyed an advantage in Federal taxation which persons in the common-law States have contended is far out of proportion to any difference in the actual status of members of the family. On the other hand, in common-law States the practice has been common to reduce income taxes by making gifts of property from one spouse to the other. More recently many family partnerships have been set up, often in an effort to split the income. Perhaps the Supreme Court's recent decisions will discourage this practice, but it is not clear just where the line can or should be drawn.

the tax rates for the bottom brackets in order to prevent undue reduction of consumer purchasing power. There will be demands to decrease the rates on the lower middle class on the ground that this class is the backbone of democracy and that our society is headed for trouble if the middle class is discouraged or destroyed. There will be demands to decrease the rates of taxation on executives in order to restore their incentives to take risks and expand their businesses and undertake more difficult jobs. To this end, there will undoubtedly be demands for a substantial earned income credit to reduce the tax on compensation and other earned income below the tax on investment income. However, there will also be demands to decrease the tax rates on income from investments in order to encourage people to take risks and put their money in new investments. Undoubtedly I have missed some of the important demands. In other words, every group can and does make the argument that lower taxes on its particular segment of income ^{are} ~~is~~ important for the sound economic growth of the Nation. These conflicting views present

Income Tax Rates and Exemptions

Still another solution for the capital gains tax problem which is sometimes proposed is that the differential between the rate imposed on capital gains and that imposed on other income be eliminated or reduced by lowering the taxes on other income. This problem of rate reduction is, of course, a general problem and not one limited to the solution of the capital gains tax problem. Undoubtedly in any postwar tax revision there will be demands for individual income tax reduction at many different points. Some will stress reduction for the bottom incomes, others for the middle incomes, still others for the highest incomes; some for earned incomes and others for investment incomes. We may be sure that everyone will have a very strong argument demonstrating the economic desirability of his proposal.

Thus, there will be demands to raise the personal and dependent exemptions on the ground that present exemptions are below the minimum living standard, especially for single individuals and small families. There will be demands to raise the exemptions and lower

Certainly none of the many proposals for changing the capital gains tax system would satisfy all of these people. It has been proposed to subject capital gains to full taxation, allowing full deduction for losses, with averaging over a period of years. It has been proposed to accrue the increases in value and the decreases in value and tax them prior to realization. It has been proposed to separate realized capital gains and losses completely from other income and to subject them to a separate rate schedule. It has been proposed to continue the present taxing method, on the one hand, with a longer holding period and higher rates, and on the other hand, with a shorter holding period and lower rates. Finally, it has been proposed to completely exempt capital gains from taxation.

The capital gains tax field thus does not appear to be a good place to take a dogmatic position. Perhaps it would be feasible to approach the problem through new methods of classifying capital gains, recognizing differences in assets, in the causes of the gains, and in their significance for the economy. I hasten to say I have no practical suggestions along this line but the difficulties of the past suggest the desirability of some kind of new approach for the future.

held until death, a major violation in the ability-to-pay principle. A person close to the security markets may conclude that the capital gains tax discourages the sale of securities and that it therefore accentuates and prolongs speculative booms. Another person, looking at the same situation, may conclude that the differentially low rate of capital gains taxation induces people to buy securities as the easiest way to make net income after taxes and thus causes or stimulates the boom. Still another person may think what happens to the stock market to be of little consequence to the country as a whole and accordingly would not let the effects of the capital gains tax on the market weigh much in his judgment. One person may deplore the inducement that the differentially low capital gains tax rate presents to high-income executives, causing them to resign their positions and seek their fortunes by building up businesses of their own, which they may keep until death or sell subject to the capital gains tax rates. Another person may think this result is desirable in stimulating the growth of new businesses. Still other persons may be distressed by the efforts -- many of them successful -- which are being made to transform ordinary income into capital gains and thus escape the higher rates.

postwar tax revision. Few provisions of the income tax law have been more frequently changed or given rise to more dissatisfaction than those relating to capital gains and losses. The story of the blind men and the elephant is peculiarly applicable to capital gains and losses. There are so many different ways of looking at them which affect the attitudes towards their taxation. Thus, one person watching the rise and fall in security values may conclude that capital gains are not income at all but accretions to capital and that as such they should not be taxed. Another person, observing the fur coats, jewelry, entertainment, trips to Florida, and other expenditures being financed from capital gains will be convinced that capital gains are certainly income, at least in the minds of the people who receive them. A person whose job is to maintain investment portfolios in the best possible condition and who must constantly buy and sell securities with this in mind will see in the tax on capital gains an obstacle to sound investment policy. A person who is sensitive to inequities may see in the failure ever to tax as income the capital gains which accrue on securities

being spread relatively evenly over a period of years. Authors, actors, professional men, and businessmen alike often work for many years for a moderate return and finally make a "killing" in some one or two years. While on the average their income remains moderate for the particular year, it extends to the higher brackets and they may derive relatively little from it net of tax.

Unfortunately, the application of averaging plans thus far devised would greatly complicate the income tax system. Perhaps averaging would be worth the additional complication, not only because it would reduce inequities but also because it would reduce to some extent business risks.

Capital Gains and Losses

A particular type of income for which averaging has been proposed is capital gains. Capital gains taxed in the year of realization have often accrued over a long period of years. Averaging would spread the income and thus in some cases reduce the tax. Quite aside from averaging, however, a reexamination of the taxation of capital gains and losses may occur in connection with

the effect of averaging is to prevent the bunching of income received in specific years and taxed in the absence of averaging at higher bracket rates. Incomes from nonbusiness sources receive no tax relief from these carryovers.

A recent proposal is to allow a carryback and a carryover of unused exemptions somewhat analagous to the carryback and carryforward of business losses. Thus, if a family in one year has income less than the personal and dependent exemptions, while in the next year it has income in excess of such exemptions and accordingly subject to tax, the unused exemption of the earlier year could be carried forward and offset against the taxable income of the later year. The carryback and carryover of unused exemptions would, of course, benefit only those individuals whose incomes in some years fall below the exemption level, but there are millions of such families.

There are many individuals who do not have business losses and whose incomes do not fall below the exemption level who nevertheless pay higher taxes because their incomes are bunched in occasional years instead of

received in a steady stream. Conceivably, the taxes on widely fluctuating income may be more than the total income over a period of years.

Our tax system has already taken into account these defects by introducing elements of averaging. Business incomes and losses are averaged to the extent that losses may be carried back for two years and carried forward for two years. There are also minor specific provisions, notably the option to lawyers and some other groups to average income where income earned over a period of 36 months or longer is received in concentrated form.

Further extension of the averaging principle may be considered in postwar tax revision. Thus longer carryovers of business losses have been proposed, although in part the lengthening of the period would be for the purpose of replacing the two-year carryback which has proved defective in a number of respects. A carryover of losses is, of course, not the equivalent of complete averaging for businesses. Both individuals and corporations are subject to progressive rates and

by reducing the corporate tax rate and the individual tax rate. These and other methods of taxing corporations have been proposed and are under consideration. There seems to be wide disagreement even, and perhaps I should say particularly, among businessmen as to which method would in the long run have relatively the most desirable effect on the economy.

Averaging of Income

One reason for concern about corporation taxation is the belief that business expansion and the willingness to take risks are reduced thereby. This reason, as well as others, also underlies proposals for the more effective averaging of income over a period of years. The income accounting period under our income tax system is, of course, a 12-month calendar or fiscal year. The accounting year is defective in that there are many items of income and expense which cannot readily be attributable to any specific one-year period. Perhaps more important is the fact that with the one-year accounting period fluctuating incomes commonly pay more taxes than if the same total amount of income is

bond interest is now deductible. This has been objected to in some quarters because of its resemblance to the undistributed profits tax.

Another proposed method is the partial exemption of dividends received by stockholders so as to allow for the tax paid by the corporation. This has a number of disadvantages, among them the fact that where the corporation succeeded in shifting its tax the stockholder would be receiving a special tax reduction not available to anyone else.

Still another proposal is to treat the corporation tax as a withholding tax and to treat dividend income for tax purposes in a manner similar to salaries and wages. That is, the tax would be computed to the stockholder on the basis of gross dividends before the withholding of tax and the stockholder would be given a tax credit for the tax withheld and paid on his behalf by the corporation. This method is followed in Great Britain.

There are, of course, many people who would prefer to make no change in the structure whatever, allowing the double taxation to continue but reducing its scope

altogether. These proposals not only reflect a lack of political reality but also leave unsolved the problem of the accumulation of untaxed profits in the corporation. Proposals for repeal of corporate taxation are sometimes accompanied by proposals for forcing profits out of the corporation./

Another proposal would tax corporations like partnerships, that is, the corporation would pay no tax as such but stockholders would be taxed on their distributive share of the undistributed profits of the corporation. This also seems an unrealistic proposal, especially if applied to larger corporations with many stockholders. For one thing, the tracing of the eventual owners of the undistributed profits would be an extremely complicated matter with respect to many corporations. Moreover, many stockholders would be placed in the embarrassing position of having taxes to pay without any satisfactory method of getting funds with which to pay them.

A third proposal is to permit corporations to deduct in whole or in part the dividends they pay on preferred stock and common stock in the same manner as

To the extent to which there is double taxation of corporate profits income earned through corporations is taxed at substantially higher rates than is other income, and the distribution of the tax is not in accordance with a system of progressive rates.

Where corporate profits are not distributed, the income earned through the corporation is in numerous cases taxed at highly favorable rates in comparison with business income earned through proprietorships or partnerships, and in comparison with other income.

Correcting the situation is not a simple problem. The prices of outstanding corporate securities have become adjusted to the present tax system. A substantial reduction of the so-called double tax would give undeserved windfalls to the many owners of these securities who purchased them under the expectation of taxes no more favorable than those imposed under existing law. The future investment in new corporations, however, will depend on a prospect of income sufficient to pay both the corporate tax and the individual tax.

You are no doubt familiar with most of the proposed plans for revising the corporate tax structure. At one extreme are proposals to repeal the corporate tax

to read a Treasury position into my remarks, especially since many of the matters are still in the study stage which must precede, or at any rate ought to precede, the determination of an official position.

Corporation Taxes

A problem which has received a great deal of consideration both inside and outside of the Government concerns the position of the corporation in the tax structure. It is generally recognized that the present methods of taxing corporate income leave much to be desired. Where corporate profits are distributed to stockholders an element of so-called "double taxation" results since the corporate income is subject to tax once at the corporate level, and the remaining income again at the individual level. The extent to which this double taxation is real as well as apparent depends in large part on the extent to which the corporation is able to shift its taxes to other people, for example, workers or customers. If there is complete shifting the double taxation disappears and if there is partial shifting the double taxation is reduced.

of current estimate has proved worrisome to some people, which is probably due to an imperfect knowledge of the alternative methods of estimating which are allowed. But there are great advantages. The current payment system is more convenient, makes payment easier, and results in more complete collection. There are occasional complaints but it is my impression that employers, employees, and professional people alike are in general well pleased with the system and would not wish to see it repealed. It is important to live up to the spirit of the current payment system as well as to its letter by keeping genuinely current throughout the year and not merely catching up by the end of the year. The people who are most pleased with the system seem to be those who deliberately overpay their tax so that they are certain to be out of debt to the Government for tax liability.

Although it would be foolhardy to forecast probable postwar tax revisions, it may be helpful to examine briefly some of the questions or issues that are likely to come up for consideration. I hope you will not try

there by political pressure brought to bear by interested taxpayers. That kind of an anomaly is very hard to get out of the tax system.

One of the revolutionary innovations of the wartime period is our system of current individual income tax payment, including the withholding by employers of tax on salaries and wages, and the estimating and current quarterly payment of tax on income not subject to withholding. The first official recommendation for withholding was probably that of the Secretary of the Treasury, Mr. Morgenthau, in November 1941. Withholding entered the tax system in a small way with the Victory tax in January 1943 and was put on substantially the present basis in July 1943 by the Current Tax Payment Act. This act also provided for the system of estimate, as well as a method of transition from the old to the new collection method.

These new methods of income tax payment are not perfect. The withholding system tends to keep a person from having a clear knowledge of his income on the one hand and of his income taxes on the other. The system

lag in public understanding. I suspect that people would rather not have their attention called to taxes by frequent changes, especially those that are in an upward direction.

Occasionally people who ought to know better talk as if they expect a brand new and entirely different tax system to result from postwar tax revision. Such expectations are not justified. The pessimistic statement from the Bible that "There is no new thing under the sun" is almost true of taxation. There have been constructive developments and there will no doubt be new ones hereafter, but there is nothing known now to justify the idea of a radical change in the forms of taxes. The present Federal tax system has been developed over a quarter of a century or more and is the result of a ^{great} good deal of thought and effort on the part of many people. The best taxes known in the world today are by and large being used by the Federal Government. They contain many curious anomalies but with minor exceptions these are not there either by accident or because of ignorance, but have been put

However, even for them simplicity may not be an unmixed blessing. It is often attainable only at the sacrifice of equity and perhaps of desirable economic objectives. The complexities of the individual income tax are due in very large measure to the demands of taxpayers for an income tax which will be as fair as it is possible to make it.

Another factor not to be overlooked is that the postwar tax structure will be limited in part by the machinery and procedure through which changes in tax laws must be made. An idea that has been proposed frequently of late is that tax rates and exemptions should be rapidly moved up and down as economic conditions change in order to offset such changes. This proposal has been given the name "flexible" taxation. It is an attractive idea and some day it may be a reality. But traditional procedure for changing tax rates and exemptions do not lend themselves to the kind of speed required for flexible taxation and even if they did the public would undoubtedly be bewildered and resentful at being forced to adjust themselves to frequent changes. At best there is often a considerable

In emphasizing equity and economic objectives, we should not lose sight of the importance of administration. Many a tax that looks ideal on paper is worthless because it cannot be administered by a reasonable expenditure of Government expense and taxpayer inconvenience. The latter is particularly important, for a tax measure cannot be expected to continue to operate effectively if the taxpayer is unable to comply with it by a reasonable amount of time and effort. I do not have time here to discuss the possibility of simplification in the postwar tax system. I should like to point out, however, that simplicity for the many is much more important than simplicity for the few. Many of the more complicated provisions of the tax laws apply to relatively few taxpayers who have large and complex businesses and can afford to employ the professional talent necessary to prepare the necessary accounts and returns. Much more important than simplifying those provisions is simplification affecting the multitudes of small taxpayers who should have a tax system which does not require them to employ professional tax experts.

problem of promoting and maintaining a high level of business activity and employment. We have by no means forgotten the long period of deflation and depression which marked the greater part of the 1930's. Accordingly, when postwar tax revisions are made, an important objective will undoubtedly be to remove restrictions that reduce the volume of business activity and employment. There are a number of ways in which taxes may reduce the volume of business activity and employment. An obvious one is by repressing demand, both consumer demand for goods and services and investment demand for labor, materials, and capital goods. Without a high level of consumer demand and investment demand, markets will be inadequate to absorb the goods poured out at a high level of production and employment, with deflation and depression the inevitable result. Accordingly, tax revision should be made with an eye to minimizing the repression on consumer and investment demand. I am quite aware that this is much easier to say than it is to carry out in a tax program. The clear implication is that the heaviest taxes should rest on savings which are not used to create demand for newly produced capital, but a practical tax to achieve this result has not yet been developed, or at any rate has not come to our attention.

Taxation has another bearing on inflation. The best preventive and cure of inflation is to increase production. Tax policy can contribute to this end by minimizing the restrictions which taxes place on production.

I do not want to leave the impression that taxation is in itself a sufficient method of combatting inflation. For one thing, public resistance to increasing taxes when they are needed for inflation control may make their effective use impossible. Moreover, taxation is too unrefined an instrument for certain kinds of inflationary situations. Thus, after a great war the extent of the shortages of different goods and services vary so widely that no general impact on purchasing power could meet the problems existing in different industries. Under these circumstances specific control measures are required in addition to a general anti-inflationary fiscal policy.

Although over the last few years we have continually had to face the threat of inflation, over our national economic history as a whole this has been a relatively uncommon condition. Much more common has been the

"The tax structure that the Government can best live with will produce the revenue needed to carry on the functions of Government. It will distribute taxes in a manner designed to serve the ends of national economic policy. It will be made up of taxes which can be administered fairly and economically.

"The tax structure which the economy can best live and prosper with will rely on those tax measures which strengthen the forces making for a high level of national income and that tend to offset the forces making for instability in our economy."

One of the economic objectives of tax policy which is particularly important at this time is to combat inflationary pressure. Throughout the war, as well as at the present time, the demand, especially for consumers' goods and services, has been excessive in relation to supply, with resulting pressure towards inflationary increases in prices. Taxes help to combat inflationary pressure by draining off spendable funds into the Treasury and thereby reducing the demand for goods. When the source of the demand is governmental expenditure in excess of revenue, taxes are particularly appropriate as a method of combatting inflationary forces.

In view of the undesirability of tax reduction, this is not the time for structural revision either since most, if not all plans, for the postwar structural revision of the Federal tax system would involve reduction of revenues.

This does not imply any abandonment of the idea that postwar tax revision will be needed. Rather it suggests that the present is a good time to examine the problems of postwar tax revision.

Let us pass in brief review the objectives to be achieved in a revision of the tax system. In his 1945 Annual Report, Secretary of the Treasury Vinson outlined these objectives as follows:

"Broadly stated, our objective is a tax structure with which the taxpayer, the Government, and the national economy can live and prosper.

"The tax structure that taxpayers, both individual and corporate, can best live with will meet the test of fairness by relying on levies based on ability to pay. It will leave the individual adequate incentive to risk his funds in productive enterprise. It will be made up of taxes which are easy to understand and simple and convenient to pay.

We are still very much in the period of transition. Government expenditures are declining more rapidly than was expected but are still a long way above the probable postwar level. Inflationary pressures are very strong and the problem of holding the price line and maintaining a stabilized economy continue to be serious.

As the prospects of achieving a balanced budget approaches, with the possibility of having a budgetary surplus, there are some demands for further tax reduction. Surely it is not a crime for the Federal Government to have a budgetary surplus and the retirement of debt which it makes possible. A time of strong inflationary forces when incomes are high is the ideal time for a budgetary surplus. In a statement last Thursday (April 11, 1946), President Truman said: "It is the aim of our fiscal policy to balance the budget for 1947 and to retire national debt in boom times such as these. In our present fight against inflation, fiscal policy has a vital role to play. A continuation of our present policy, which is to maintain the existing tax structure for the present, and to avoid nonessential expenditures, is the best fiscal contribution we can make to economic stability."

THE ROAD AHEAD IN TAXATION

The year 1946 may well turn out to be a quiet year with respect to tax legislation. This is not a forecast. The unexpected happens too often in taxation to permit forecasts. It is only a projection into the future on the basis of events to date.

It is not surprising that this should be a quiet tax year. The tax problems of transition were promptly attacked in the Tax Adjustment Act of 1945 and the Revenue Act of 1945. The former made currently available for the reconversion period postwar tax benefits which had been provided in wartime revenue acts. The Revenue Act of 1945 repealed the excess profits tax, the capital stock tax, and the automobile use tax, and reduced personal and corporate income taxes. By and large the changes made in the tax laws of 1945 were designed to promote reconversion and the expansion of peacetime business. They were measures for the transition period and were not looked upon as accomplishing postwar tax revision.

TREASURY DEPARTMENT

Washington

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(The following address by Roy Blough, Assistant to the Secretary, before the Twelfth Eastern Spring Conference, Controllers Institute of America, at the Waldorf Astoria Hotel, New York City, is scheduled for delivery at 9:30 A.M., E.S.T., Monday, April 15, 1946, and is for release at that time.)

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Another factor not to be overlooked is that the postwar tax structure will be limited in part by the machinery and procedure through which changes in tax laws must be made. An idea that has been proposed frequently of late is that tax rates and exemptions should be rapidly moved up and down as economic conditions change in order to offset such changes. This proposal has been given the name "flexible" taxation. It is an attractive idea and some day it may be a reality. But traditional procedures for changing tax rates and exemptions do not lend themselves to the kind of speed required for flexible taxation and even if they did the public would undoubtedly be bewildered and resentful at being forced to adjust themselves to frequent changes. At best there is often a considerable lag in public understanding. I suspect that people would rather not have their attention called to taxes by frequent changes, especially those that are in an upward direction.

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A problem which has received a great deal of consideration both inside and outside of the Government concerns the position of the corporation in the tax structure. It is generally recognized that the present methods of taxing corporate income leave much to be desired. Where corporate profits are distributed to stockholders an element of so-called "double taxation" results since the corporate income is subject to tax once at the corporate level, and the remaining income again at the individual level. The extent to which this double taxation is real as well as apparent depends in large part on the extent to which the corporation is able to shift its taxes to other people, for example, workers or customers. If there is complete shifting the double taxation disappears and if there is partial shifting the double taxation is reduced.

To the extent to which there is double taxation of corporate profits income earned through corporations is taxed at substantially higher rates than is other income, and the distribution of the tax is not in accordance with a system of progressive rates.

Where corporate profits are not distributed, the income earned through the corporation is in numerous cases taxed at highly favorable rates in comparison with business income earned through proprietorships or partnerships, and in comparison with other income.

Correcting the situation is not a simple problem. The prices of outstanding corporate securities have become adjusted to the present tax system. A substantial reduction of the so-called double tax would give undeserved windfalls to the many owners of these securities who purchased them under the expectation of taxes no more favorable than those imposed under existing law. The future investment in new corporations, however, will depend on a prospect of income sufficient to pay both the corporate tax and the individual tax.

You are no doubt familiar with most of the proposed plans for revising the corporate tax structure. At one extreme are proposals to repeal the corporate tax altogether. These proposals not only reflect a lack of political reality but also leave unsolved the problem of the accumulation of untaxed profits in the corporation. Proposals for repeal of corporate taxation are sometimes accompanied by proposals for forcing profits out of the corporation.

Another proposal would tax corporations like partnerships, that is, the corporation would pay no tax as such but stockholders would be taxed on their distributive share of the undistributed profits of the corporation. This also seems an unrealistic proposal, especially if applied to larger corporations with many stockholders. For one thing, the tracing of the eventual owners of the undistributed profits would be an extremely complicated matter with respect to many corporations. Moreover, many stockholders would be placed in the embarrassing position of having taxes to pay without any satisfactory method of getting funds with which to pay them.

A third proposal is to permit corporations to deduct in whole or in part the dividends they pay on preferred stock and common stock in the same manner as bond interest is now deductible. This has been objected to in some quarters because of its resemblance to the undistributed profits tax.

Another proposed method is the partial exemption of dividends received by stockholders so as to allow for the tax paid by the corporation. This has a number of disadvantages, among them the fact that where the corporation succeeded in shifting its tax the stockholder would be receiving a special tax reduction not available to anyone else.

Still another proposal is to treat the corporation tax as a withholding tax and to treat dividend income for tax purposes in a manner similar to salaries and wages. That is, the tax would be computed to the stockholder on the basis of gross dividends before the withholding of tax and the stockholder would be given a tax credit for the tax withheld and paid on his behalf by the corporation. This method is followed in Great Britain.

There are, of course, many people who would prefer to make no change in the structure whatever, allowing the double taxation to continue but reducing its scope by reducing the corporate tax rate. These and other methods of taxing corporations have been proposed and are under considerations. There seems to be wide disagreement even, and perhaps I should say particularly, among businessmen as to which method would in the long run have relatively the most desirable effect on the economy.

Averaging of Income

One reason for concern about corporation taxation is the belief that business expansion and the willingness to take risks are reduced thereby. This reason, as well as others, also underlies proposals for the more effective averaging of income over a period of years. The income accounting period under our income tax system is, of course, a 12-month calendar or fiscal year. The accounting year is defective in that there are many items of income and expense which cannot readily be attributable to any specific one-year period. Perhaps more important is the fact that with the one-year accounting period fluctuating incomes commonly pay more taxes than if the same total amount of income is received in a steady stream. Conceivably, the taxes on widely fluctuating income may be more than the total income over a period of years.

Our tax system has already taken into account these defects by introducing elements of averaging. Business income and losses are averaged to the extent that losses may be carried back for two years and carried forward for two years. There are also minor specific provisions, notably the option to lawyers and some other groups to average income where income earned over a period of 36 months or longer is received in concentrated form.

Further extension of the averaging principle may be considered in postwar tax revision. Thus longer carryovers of business losses have been proposed, although in part the lengthening of the period would be for the purpose of replacing the two-year carryback which has proved defective in a number of respects. A carryover of losses is, of course, not the equivalent of complete averaging for businesses. Both individuals and corporations are subject to progressive rates and the effect of averaging is to prevent the bunching of income received in specific years and taxed, in the absence of averaging, at higher bracket rates. Incomes from nonbusiness sources receive no tax relief from these carryovers.

A recent proposal is to allow a carryback and a carryforward of unused exemptions somewhat analogous to the carryback and carryforward of business losses. Thus, if a family in one year has income less than the personal and dependent exemptions, while in the next year it has income in excess of such exemptions and accordingly subject to tax, the unused exemption of the earlier year could be carried forward and offset against the taxable income of the later year. The carryback and carryover of unused exemptions would, of course, benefit only those individuals whose incomes in some years fall below the exemption level, but there are millions of such families.

There are many individuals who do not have business losses and whose incomes do not fall below the exemption level who nevertheless pay higher taxes because their incomes are bunched in occasional years instead of being spread relatively evenly over a period of years. Authors, actors, professional men, and businessmen alike often work for many years for a moderate return and finally make a "killing" in some one or two years. While on the average their income remains moderate, for the particular year it extends to the higher brackets, and they may derive relatively little from it net of tax.

Unfortunately, the application of averaging plans thus far devised would greatly complicate the income tax system. Perhaps averaging would be worth the additional complication, not only because it would reduce inequities but also because it would reduce to some extent business risks.

Capital Gains and Losses

A particular type of income for which averaging has been proposed is capital gains. Capital gains taxed in the year of realization have often accrued over a long period of years. Averaging would spread the income and thus in some cases reduce the tax. Quite aside from averaging, however, a reexamination of the taxation of capital gains and losses may occur in connection with postwar tax revision. Few provisions of the income tax law have been more frequently changed or given rise to more dissatisfaction than those relating to capital gains and losses. The story of the blind men and the elephant is peculiarly applicable to capital gains and losses. There are so many different ways of looking at them which affect the attitudes towards their taxation. Thus, one person watching the rise and fall in security values may conclude that capital gains are not income at all but accretions to capital and that as such they should not be taxed. Another person, observing the fur coats, jewelry, entertainment, trips to Florida, and other expenditures being financed from capital gains will be convinced that capital gains are certainly income, at least in the minds of the people who receive them. A person whose job is to maintain investment

portfolios in the best possible condition and who must constantly buy and sell securities with this in mind will see in the tax on capital gains an obstacle to sound investment policy. A person who is sensitive to inequities may see in the failure ever to tax as income the capital gains which accrue on securities held until death, a major violation in the ability-to-pay principle. A person close to the security markets may conclude that the capital gains tax discourages the sale of securities and that it therefore accentuates and prolongs speculative booms. Another person, looking at the same situation, may conclude that the differentially low rate of capital gains taxation induces people to buy securities as the easiest way to make net income after taxes and thus causes or stimulates the boom. Still another person may think what happens to the stock market to be of little consequence to the country as a whole and accordingly would not let the effects of the capital gains tax on the market weigh much in his judgment. One person may deplore the inducement that the differentially low capital gains tax rate presents to high-income executives, causing them to resign their positions and seek their fortunes by building up businesses of their own, which they may keep until death or sell subject to the capital gains tax rates. Another person may think this result is desirable in stimulating the growth of new businesses. Still other persons may be distressed by the efforts -- many of them successful -- which are being made to transform ordinary income into capital gains and thus escape the higher rates.

Certainly none of the many proposals for changing the capital gains tax system would satisfy all of these people. It has been proposed to subject capital gains to full taxation, allowing full deduction for losses, with averaging over a period of years. It has been proposed to accrue the increases in value and the decreases in value and tax them prior to realization. It has been proposed to separate realized capital gains and losses completely from other income and to subject them to a separate rate schedule. It has been proposed to continue the present taxing method, on the one hand, with a longer holding period and higher rates, and on the other hand, with a shorter holding period and lower rates. Finally, it has been proposed to completely exempt capital gains from taxation.

The capital gains tax field thus does not appear to be a good place to take a dogmatic position. Perhaps it would be feasible to approach the problem through new methods of classifying capital gains, recognizing differences in assets, in the causes of the gains, and in their significance for the economy. I hasten to say I have no practical suggestions along this line but the difficulties of the past suggest the desirability of some kind of new approach for the future.

Income Tax Rates and Exemptions

Still another solution for the capital gains tax problem which is sometimes proposed is that the differential between the rate imposed on capital gains and that imposed on other income be eliminated or reduced by lowering the taxes on other income. This problem of rate reduction is, of course, a general problem and not one limited to the solution of the capital gains tax problem. Undoubtedly in any postwar tax revision there will be demands for individual income tax reduction at many different points. Some will stress reductions for the bottom incomes, others for the middle incomes, still others for the highest incomes; some for earned incomes and others for investment incomes. We may be sure that everyone will have a very strong argument demonstrating the economic desirability of his proposal.

Thus, there will be demands to raise the personal and dependent exemptions on the ground that present exemptions are below the minimum living standard, especially for single individuals and small families. There will be demands to raise the exemptions and lower the tax rates for the bottom brackets in order to prevent undue restriction of consumer purchasing power. There will be demands to decrease the rates on the lower middle class on the ground that this class is the backbone of democracy and that our society is headed for trouble if the middle class is discouraged or destroyed. There will be demands to decrease the rates of taxation on executives in order to restore their incentives to take risks and expand their businesses and undertake more difficult jobs. To this end, there will undoubtedly be demands for a substantial earned income credit to reduce the tax on compensation and other earned income below the tax on investment income. However, there will also be demands to decrease the tax rates on income from investments in order to encourage people to take risks and put their money in new investments. Undoubtedly I have missed some of the important demands. In other words, every group can and does make the argument that lower taxes on its particular segment of income are important for the sound economic growth of the Nation. These conflicting views present a dilemma. It is a dilemma which cannot be solved by lowering everyone's taxes; obviously the money must come from somewhere.

Family Incomes

A somewhat less important income tax problem is also likely to arise, namely, the problem of taxing the income of families. Like many other tax problems, this one is becoming more acute with the passage of time and is accentuated by high tax rates. The married couples in community property States have long enjoyed an advantage in Federal taxation which persons in the common-law States have contended is far out of proportion to any difference

in the actual status of members of the family. On the other hand, in common-law States the practice has been common to reduce income taxes by making gifts of property from one spouse to the other. More recently many family partnerships have been set up, often in an effort to split the income. Perhaps the Supreme Court's recent decisions will discourage this practice, but it is not clear just where the line can or should be drawn.

Some years ago, the Treasury Department proposed compulsory joint returns as a solution for the problems of taxing family income. Compulsory joint returns would treat all families alike regardless of whether the income originated in the property and efforts of the husband, the wife, or both of them. However, if compulsory joint returns were in force, two single persons who married might after marriage have to pay higher total taxes than they did before on the same total income. This prospect gave rise to great opposition on the ground that compulsory joint returns discriminated against marriage and the family. Needless to say, the proposal for compulsory joint returns was defeated.

Another approach is possible to the family-income problem, namely, to allow universal division of income between husband and wife in all States. This would have results similar in some respects to those of compulsory joint returns and opposite in other respects. All families would be treated alike but most married couples would pay lower taxes than today at any given rate schedule while single persons would not. Rate increases to make up the loss of revenue would increase the taxes on single persons above those due under the present system.

Perhaps the family-income question will limp along as it has in the past, but it would seem that with the higher rates, accessions to the group of community-property States, and the possible spread of family partnerships and other methods of tax avoidance, the problem is one which should be faced in the near future.

Estate and Gift Taxes

There appears to be no great amount of general public agitation for revision of the estate and gift taxes. Perhaps this is due to the fact that the estate tax is levied only at death and falls on only about one percent of adult deaths, while the gift tax similarly reaches perhaps an even smaller proportion of individuals. The combined revenue yield of the estate and gift taxes is less than the liquor tax or the tobacco tax. In the fiscal year 1945, estate and gift taxes produced about one and one-half percent of the total Federal revenue.

The question arises as to whether these taxes should be made a more important revenue source by lowering exemptions and applying higher rates. Proposals along these lines would certainly meet with objections in some quarters where it is felt that the rates are already too high and should be reduced. It is probable that the levels of estate and gift taxes are more closely related to general social policy than to tax policy.

Aside from the question of rates and exemptions there are important questions concerning the kinds of transfers subject to the estate tax. The use of life estates and trusts and other devices creates substantial gaps in the estate tax base in that the benefits of the property may be enjoyed by more than two generations with only one tax. The present relation of gift taxes to estate taxes makes it possible for those persons who are able to divide the distribution of their property between gifts and their estates to greatly reduce the total tax. An integration of the gift and estate taxes into a single tax has frequently been suggested as a means of remedying this situation.

In a number of situations the estate tax, the gift tax, and the income tax do not fit together smoothly. For example, income from property recognized as transferred for purposes of gift tax may still be attributed to the donor for purposes of the income tax. Finally, the present relation of the State death taxes to Federal death taxes is not very logical since the 80-percent credit of State taxes against the Federal tax is based on the rates and exemptions of the Revenue Act of 1926 which bear relatively little relation to present exemptions and rates, particularly rates in the higher brackets.

Excise Taxes

The excise tax yield in the fiscal year 1945 was about \$6 billion, slightly over half of which came from the taxes on liquor and tobacco. Many of the excise taxes which were imposed or increased during the war may be considered unsuitable for a peacetime period. Accordingly, the excise taxes will undoubtedly be reconsidered in the postwar tax revision. In the case of the liquor tax, one of the factors determining the tax rate will be the effect of the rate on the ability of the enforcement authorities to prevent the illicit manufacture and distribution of liquor. Some of the excise taxes such as that applying to transportation of property are largely business costs and thus enter into the general price level. Still other excises apply to certain durable goods, such as electrical appliances and business machines, and were imposed partially to discourage consumption during the war.

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V-302

figures
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in Pounds
As of April 6, 1946

Signatory Countries:

Brazil	748,828,796
Colombia	365,198,063
Costa Rica	13,826,433
Cuba	183
Dominican Republic	14,976,767
Ecuador	9,038,457
El Salvador	16,732,992
Guatemala	46,291,513
Haiti	14,579,688
Honduras	4,909,512
Mexico	28,310,877
Nicaragua	7,880,827
Peru	2,285,700
Venezuela	23,796,991

Non-Signatory Countries:

21,653,101

TOTAL

1,318,309,900

FOR IMMEDIATE RELEASE

April 16, 1946

V-302

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 6, 1946
Signatory Countries:	
Brazil	748,828,796
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Costa Rica	13,826,433
Cuba	183
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Peru	2,285,700
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Non-Signatory Countries:	<u>21,653,101</u>
TOTAL	1,318,309,900

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 16, 1946

Press Service
No. V-301

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated April 18 and to mature July 18, 1946, which were offered on April 12, 1946, were opened at the Federal Reserve Banks on April 15.

The details of this issue are as follows:

Total applied for - \$1,989,724,000
Total accepted - 1,310,259,000 (includes \$47,202,000 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 - 99.907 Equivalent rate of discount approx 0.368% per annum
Low - 99.905 " " " " " " 0.376% per annum
(61 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	\$ 17,890,000	\$ 11,923,000
New York	1,476,493,000	957,560,000
Philadelphia	21,495,000	17,205,000
Cleveland	13,240,000	13,240,000
Richmond	17,710,000	16,150,000
Atlanta	3,216,000	3,216,000
Chicago	291,445,000	181,816,000
St. Louis	15,654,000	10,779,000
Minneapolis	15,070,000	10,858,000
Kansas City	37,505,000	30,953,000
Dallas	6,410,000	6,020,000
San Francisco	73,596,000	50,539,000
TOTAL	\$1,989,724,000	\$1,310,259,000

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 16, 1946.

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Low - 99.905 " " " " " " 0.376% " "

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

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St. Louis	15,654,000	10,779,000
Minneapolis	15,070,000	10,858,000
Kansas City	37,505,000	30,953,000
Dallas	6,410,000	6,020,000
San Francisco	73,596,000	50,539,000
TOTAL	\$1,989,724,000	\$1,310,259,000

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Monday, April 15, 1946.

Press Service
No. V-300

During the month of March, 1946, there were no market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts, Secretary Vinson announced today.

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Mr. Shaffer

TREASURY DEPARTMENT

TO *Mr Shaffer*

April 5, 1946

*For release
to the press*

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ed securities of the
and other accounts.

*WJ
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Joseph Greenberg

Greenberg
Director of Accounts

MR. HEFFELFINGER

April 5, 1946

TO MR. BARTELT:

There were no market transactions during the month of March, 1946, in direct and guaranteed securities of the Government for Treasury investment and other accounts.

(Sgd) Joseph Greenberg

Joseph Greenberg
Assistant Commissioner of Accounts

CC to: Mr. Heffelfinger
Mr. Shaeffer
Miss Sanford

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPER,
Saturday, April 13, 1946.

Press Service
No. V-299

Secretary of the Treasury Vinson today announced that no exchange offering will be made to the holders of the Treasury Certificates of Indebtedness of Series D-1946, which will mature May 1, 1946, in the amount of \$1,579,292,000. These certificates will be redeemed in cash when they mature.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Saturday, April 13, 1946.

Press Service

V-299

Secretary of the Treasury Vinson today announced that no exchange offering will be made to the holders of the Treasury Certificates of Indebtedness of Series D-1946, which will mature May 1, 1946, in the amount of \$1,579,292,000. These certificates will be redeemed in cash when they mature.

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In addition to issues concerning the relative amount of revenue to be derived from the excise taxes, the choice of excises to be retained, and the rates to be applied, there will be less important issues in some cases, such as whether the tax should be at the manufacturer's level or the retail level.

Payroll Taxes

The payroll taxes for the financing of social security are an important element of the tax system which I shall not discuss at this time. They are in a somewhat special class and are affected by considerations which do not arise in the case of most other taxes. It should be pointed out, however, that the social security payroll taxes are taxes in every sense of the word, including their impact on the economy and their implications for the equity of the tax structure. Their relation to each other and to the general revenue structure should not be overlooked.

Conclusion

Any or all of the tax issues which I have discussed may arise in the consideration of postwar tax revision. It may be expected that most of them will come up for consideration. However, these are not all of the problems and not even all of the major problems which are likely to arise. Thus, for example, the question of taxing business operations carried on by tax-exempt organizations will no doubt be considered. There are also many minor substantive, technical, and administrative changes that will be proposed by taxpayers or others for consideration. It would be possible to fill several pages listing such issues but I obviously cannot do so at this time.

It is clear that the problems of taxation are not all behind us. The tax problems ahead have a serious bearing for the future of the economy. Tax policy involves more than a political struggle among economic groups to push the burden of taxes off onto each other. The future development of the economy, the intensity of booms and depressions, the size of business concerns, and the volume of business and employment may all be importantly affected, indeed, almost certainly will be importantly affected by the sort of tax policies that are adopted for the postwar period. It is, accordingly, of great importance that tax issues be considered in the light of the best economic knowledge. We should hope and strive to raise and keep the level of tax controversy above narrow self-interest and group interest and all work together to promote the national interest.

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Tuesday, April 16, 1946

Press Service
 No. V-302

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Venezuela	23,796,991
Non-Signatory Countries:	<u>21,653,101</u>
TOTAL	1,318,309,900

TREASURY DEPARTMENT
Washington

Release Morning Newspapers,
FOR ~~IMMEDIATE~~ RELEASE,
Friday, April 19, 1946.

Press Service
No. V-303

The Secretary of the Treasury announced today that proposals are being invited for furnishing distinctive paper required for printing currency and public debt securities of the United States for the fiscal year 1947, for which bids will be opened at the Treasury Department on May 15, 1946.

The estimated quantity of paper required for currency is 92,500,000 sheets, or about 1117 tons, and for public debt securities 19,400,000 sheets, or about 364 tons.

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TREASURY DEPARTMENT

Washington

FOR RELEASE MORNING NEWSPAPERS,
Friday, April 19, 1946

Press Service
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sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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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 \$200,000 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 April 25, 1946.

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

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 19, 1946
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Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, April 22, 1946. 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.

Tom
[Signature]
v-304

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 19, 1946

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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 \$200,000 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 April 25, 1946.

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

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

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Treasury Department
Washington

Note To Correspondents:

Secretary Vinson today presented the attached statement to the Senate Finance Committee in the course of its consideration of Senator Byrd's bill to reduce the public debt limit.

Secretary Vinson suggested that the limit on the face amount of Government obligations be reduced to \$285,000,000,000.

Senator Byrd then asked Secretary Vinson if he would be agreeable to a debt limit figure of \$275,000,000,000 under which obligations redeemable prior to maturity at the option of the holder would be computed on the basis of their current redemption value rather than their face amount. The Secretary said that so far as he was concerned the two figures would mean about the same thing and that he would accept Senator Byrd's suggestion.

Chas P Shaeffer
Director of Public Relations

April 23, 1946.

present level of \$ ^{000,000,000} 300 billion dollars. I should like to suggest further that we take this matter up again ~~about~~ *something* ~~eight or nine months from now -- say, right after the start~~ *next year* ~~of the year.~~ I am hopeful that a further reduction will be feasible at that time.

In closing, I should like to emphasize the importance of maintaining a strong tax structure in order to pay off debt as rapidly as possible at the present time. This has the added advantage of combating inflationary pressures and will help us stabilize the economy at the present high level of production and employment.

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April 22, 1946.

Chas P. Shaaffer
Director of Public Relations

April 23, 1946

The reason I have discussed these matters in detail today is that I want to make a particular point to you; that is, the Government's fiscal outlook is good at this time, its debt is in good shape, and we are managing it well.

In setting a figure for the debt limitation, an adjustment must be made between the present outstanding debt and the amount of the statutory debt limitation. The principal item relates to the unearned discount of approximately ^{#11,000,000,000} ~~billion dollars~~ on United States savings bonds. The law requires the inclusion of United States savings bonds at full maturity value for debt limitation purposes; whereas, the debt itself includes these bonds at any given time at their current redemption value.

On the other hand, there is about ^{#1,000,000,000} ~~one billion dollars~~ of debt items which are not subject to the statutory debt limitation. The attached summary and reconciliation may be helpful in this connection. It shows the exact relationship on March 31 between the gross public debt of ^{#600,000,000} ~~276.6 billion~~ dollars and ^{#300,000,000} ~~286.3 billion dollars~~ under the statutory debt limitation.

In view of these facts, therefore, I should like to suggest to your committee that the bill provide for a reduction in the debt limit to ^{#000,000,000} ~~285 billion dollars~~ from the

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In this connection, I have been very much pleased -- as I know you have been -- by the continued improvement in the Federal budgetary situation. Revenues for the fiscal year 1946 have proved to be considerably higher than we had originally anticipated. This has occurred because the reconversion of our economy from war to peace was more rapid than even our most optimistic hopes.

On the expenditure side of the picture, the Government has been reducing its expenditures as rapidly as possible, and more rapidly than originally expected. The expenditures of the Government reached a high of ~~\$9,7 billion~~ ^{\$700,000,000} dollars last June. By March of this year, they had fallen to under ~~4 billion~~ ^{\$4,000,000,000} dollars, and the decrease is continuing, so that average monthly expenditures in the fiscal year 1947 will be quite a bit lower than the March level.

As the President announced ten days ago, we are well on the way toward a balanced budget because of the strides we have made toward full peacetime production.

"It is the aim of our fiscal policy", the President said, "to balance the budget for 1947 and to retire national debt in boom times such as these. In our present fight against inflation, fiscal policy has a vital role to play. A continuation of our present policy, which is to maintain the existing tax structure for the present, and to avoid non-essential expenditures, is the best fiscal contribution we can make to economic stability."

we find it convenient and desirable. Every movement on this account has its effect on the financial markets, because the public debt is so intimately woven into the entire financial structure of our country. On the occasion of each maturity of a public debt obligation, I have found it necessary, therefore, to go over in detail the information in the Treasury on a number of factors. First of all, there are matters with respect to the ownership of the securities and the effect that repayment of these obligations would have on the money markets. I also have to go over the Treasury's current cash position and investigate the prospective cash outlook before determining how much of the maturity, if any, should be paid off.

bonds which have been on continuous sale for over ten years, and savings notes which are used primarily as tax anticipation instruments).

The Government has, instead, been paying off maturing securities with a considerable degree of rapidity. On March 1, the Treasury paid off ~~one billion~~ ^{\$1,000,000,000} dollars of maturing certificates. On March 15, it paid off ~~1.8 billion~~ ^{\$800,000,000} dollars of maturing bonds and notes. On April 1, it paid off ~~two billion~~ ^{\$2,000,000,000} dollars of maturing certificates. We have already announced that on May 1, the Treasury will pay off an additional ~~1.6 billion~~ ^{600,000,000} dollars of certificates.

After these transactions have been completed, and after allowing for such other public debt transactions as have occurred during this period, the public debt will show an aggregate reduction of ~~7 billion~~ ^{\$7,000,000,000} dollars in the short period of two months between February 28 -- the date on which the last of the Victory Loan money was paid into the Treasury -- and May 1.

The size of the Treasury's cash balance will permit us to pay off other maturing securities from time to time as

similarly, about 80 percent of securities held by nonfinancial corporations mature within this period of time.

On the other hand, in the case of insurance companies and savings banks, long-term securities predominate. About 75 percent of the holdings of these two groups of investors do not mature until after ten years. The amount of the debt held by the different classes of investors and the composition of their holdings will, naturally, shift with the passage of time and the changing character of our economy. This means that the debt will have to be tailored to meet these shifting demands. This is part of the policy of flexible debt management.

✓ I have gone into these matters in some detail because I want to make clear that the Treasury planned its post-war management of the debt from the beginning. ~~During the last few months,~~ ^{*now*} the Treasury ~~has been~~ reducing the debt; and it has so managed its debt operations that the entire reduction has been effected in bank holdings. In fact, the reports of leading commercial banks and of the Federal Reserve ^{*following our April debt payoff*} Banks indicated a combined reduction in holdings of Government securities in excess of the total debt reduction ^{*since the end of last year,*} ~~during the period~~

The reduction of the bank-held debt has come about directly as a result of the application to debt repayment of a part of the cash balance that was left over from the Victory Loan. Since that Loan closed, the Government has not sold any securities to the public in order to raise new money (except savings

the public debt that occurred in the last six years represented these types of securities. Today, those securities cannot move into bank portfolios.

This was planning on the part of the Treasury, and I believe it was wise planning. Today, holders of savings bonds who need money can come directly to the Treasury and get it through the facilities of the savings bond redemption agents. That was planning too; and there is no selling of securities on the market by small investors. There is no repetition of the pressure on bond prices that occurred after the first World War. Prices of Liberty bonds fell to a low of 82 in the Spring of 1920. As this occurred, many people sold their securities in the fear of further losses; while others found it necessary to get their money, regardless of price. Now, the small holders of savings bonds are protected against price risks because the bonds are redeemable according to the values set forth on their face.

There was also planning by the Treasury with respect to the particular length of maturity of the issues that were sold to the various classes of investors. A conscious effort was made to fit the debt to the needs of those investor classes. Accordingly, about 90 percent of the securities held by commercial and Federal Reserve Banks mature within ten years;

Debt management is a subject that many people are just beginning to think about, but it is a subject that the Treasury has been doing something about since the very beginning of the war.


You can't defer the planning of post-war public debt management until the debt has grown from ^{000,000,000} \$48 billion ~~dollars~~ to ^{000,000,000} \$280 billion ~~dollars~~. You have to plan that management as and when the debt is actually incurred. ~~The Treasury knew this, and kept this fact in mind constantly throughout the period 1940 to 1945.~~

At the outset, for example, it was decided that the various classes of investors should be sold securities which fitted their requirements. This meant that they should have the particular types of securities that would best suit them and that they should have the particular length of maturities that they needed.

p3 To give the various classes of investors the various securities required, a broad list of issues was offered by the Treasury. Some of these securities were of the savings bond type that were not transferrable, and were redeemable on demand. Some of these securities were transferrable in the market, but were restricted as to bank ownership for a period of years. More than half of the total increase in

This does not mean to say that I am against having a debt limit. On the contrary, the Treasury has always believed -- and I too have believed both when I've been in and out of the Treasury -- that a debt limit is a good thing to have. Its existence requires the officials of the Treasury to come to the Congress from time to time, particularly, as in the past, when fundamental changes in the debt structure are going on and to set forth before Congressional committees the detail of the public debt picture. In my opinion, the review of the situation that results is beneficial.

The point that I want to make is only that the limit in itself does not reduce the debt, and that the limit should not be set so low that it will remove from the Treasury some of the flexibility that it needs in current public debt management operations. I believe the present bill sets the limit a little too low; and I shall give you some figures on this in a few minutes. Before I do so, however, I should like to make a few comments on the subject of public debt management.



must, of necessity, go up. If, on the other hand, there are more than enough funds available from taxes and receipts to meet the expenditures authorized by Congress, then the Treasury is able to take some of this surplus and use it to pay off some of its securities. Under these circumstances, the public debt will go down.

In the final analysis, therefore, it should be clearly understood that the amount of the public debt is determined by Congress and is the end result at the Treasury of the appropriation and the revenue legislation.

There may, it is true, be some fluctuation in the volume of the public debt in extraordinary periods of short duration when the size of the Treasury's cash balance is being increased or is being decreased significantly. But, in the final analysis and for periods of extended duration, the debt will decrease if revenues exceed expenditures; and, conversely, the debt will increase if expenditures exceed revenues. The debt limit is, therefore, not the controlling factor. The existing limitation has not meant that the public debt is a penny higher today than it otherwise would have been; neither is it a penny lower.

I am appearing here today to give you my views on S. 1760, a bill to decrease the debt limit of the United States from ~~\$300 billion dollars~~^{000,000,000} to ~~\$275 billion dollars~~^{000,000,000}.

I am in complete accord with the purpose of this bill, and I wish to say so clearly at the beginning of my statement. Not only do I think that the public debt should be reduced, but I also think that it should be reduced as rapidly as possible consistent with the maintenance of maximum employment and production in the economy; and as Secretary of the Treasury I am here to tell you that it is the Administration's objective to do so.

However, I feel I should mention at the outset that the debt limit should not be viewed apart from all of the factors that cause the debt to go up on one occasion and go down on another. The amount of the public debt is a residual figure. Changes in it come about only after the Treasury has taken into account all of the Government's receipts from taxes and other sources in relation to the volume of expenditures that have been authorized by Congress.

If there are not enough funds available from receipts, money must be borrowed by the Treasury to augment its cash balance so that the expenditure checks can be paid as they are presented. Under the circumstances, the public debt

TREASURY DEPARTMENT

Washington

NOTE TO CORRESPONDENTS:

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Chas. P. Shaeffer
Director of Public Relations

April 23, 1946.

TREASURY DEPARTMENT

Washington

Statement by Fred M. Vinson, Secretary of
the Treasury, before the Senate Committee
on Finance

10:30 A.M., Tuesday, April 23, 1946

I am appearing here today to give you my views on S. 1760, a bill to decrease the debt limit of the United States from \$300,000,000,000 to \$275,000,000,000.

I am in complete accord with the purpose of this bill, and I wish to say so clearly at the beginning of my statement. Not only do I think that the public debt should be reduced, but I also think that it should be reduced as rapidly as possible consistent with the maintenance of maximum employment and production in the economy; and as Secretary of the Treasury I am here to tell you that it is the Administration's objective to do so.

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If there are not enough funds available from receipts, money must be borrowed by the Treasury to augment its cash balance so that the expenditure checks can be paid as they are presented. Under the circumstances, the public debt must, of necessity, go up. If, on the other hand, there are more than enough funds available from taxes and receipts to meet the expenditures authorized by Congress, then the Treasury is able to take some of this surplus and use it to pay off some of its securities. Under these circumstances, the public debt will go down.

In the final analysis, therefore, it should be clearly understood that the amount of the public debt is determined by Congress and is the end result at the Treasury of the appropriation and the revenue legislation.

There may, it is true, be some fluctuation in the volume of the public debt in extraordinary periods of short duration when the size of the Treasury's cash balance is being increased or is being decreased significantly. But, in the final analysis and for periods of extended duration, the debt will decrease if revenues exceed expenditures; and, conversely, the debt will increase if expenditures exceed revenues. The debt limit is, therefore, not the controlling factor. The existing limitation has not meant that the public debt is a penny higher today than it otherwise would have been; neither is it a penny lower.

This does not mean to say that I am against having a debt limit. On the contrary, the Treasury has always believed -- and I too have believed both when I've been in and out of the Treasury -- that a debt limit is a good thing to have. Its existence requires the officials of the Treasury to come to the Congress from time to time, particularly, as in the past, when fundamental changes in the debt structure are going on, and to set forth before Congressional committees the detail of the public debt picture. In my opinion, the review of the situation that results is beneficial.

The point that I want to make is only that the limit in itself does not reduce the debt, and that the limit should not be set so low that it will remove from the Treasury some of the flexibility that it needs in current public debt management operations. I believe the present bill sets the limit a little too low; and I shall give you some figures on this in a few minutes. Before I do so, however, I should like to make a few comments on the subject of public debt management. Debt management is a subject that many people are just beginning to think about, but it is a subject that the Treasury has been doing something about since the very beginning of the war.

You can't defer the planning of post-war public debt management until the debt has grown from \$48,000,000,000 to \$280,000,000,000. You have to plan that management as and when the debt is actually incurred.

At the outset, for example, it was decided that the various classes of investors should be sold securities which fitted their requirements. This meant that they should have the particular types of securities that would best suit them and that they should have the particular length of maturities that they needed.

To give the various classes of investors the various securities required, a broad list of issues was offered by the Treasury. Some of these securities were of the savings bond type that were not transferable, and were redeemable on demand. Some of these securities were transferable in the market, but were restricted as to bank ownership for a period of years. More than half of the total increase in the public debt that occurred in the last six years represented these types of securities. Today, those securities cannot move into bank portfolios.

This was planning on the part of the Treasury, and I believe it was wise planning. Today, holders of Savings Bonds who need money can come directly to the Treasury and get it through the facilities of the Savings Bond redemption agents. That was planning too; and there is no selling of securities on the market by small investors. There is no repetition of the pressure on bond prices that occurred after the first World War. Prices of Liberty Bonds fell to a low of 82 in the Spring of 1920. As this occurred, many people sold their securities in the fear of further losses; while others found it necessary to get their money, regardless of price. Now, the small holders of Savings Bonds are protected against price risks because the bonds are redeemable according to the values set forth on their face.

There was also planning by the Treasury with respect to the particular length of maturity of the issues that were sold to the various classes of investors. A conscious effort was made to fit the debt to the needs of those investor classes. Accordingly, about 90 percent of the securities held by commercial and Federal Reserve Banks mature within ten years; similarly, about 80 percent of securities held by nonfinancial corporations mature within this period of time.

On the other hand, in the case of insurance companies and savings banks, long-term securities predominate. About 75 percent of the holdings of these two groups of investors do not mature until after ten years. The amount of the debt held by the different classes of investors and the composition of their holdings will, naturally, shift with the passage of time and the changing character of our economy. This means that the debt will have to be tailored to meet these shifting demands. This is part of the policy of flexible debt management.

I have gone into these matters in some detail because I want to make clear that the Treasury planned its post-war management of the debt from the beginning. The Treasury is now reducing the debt; and it has so managed its debt operations that the entire reduction has been effected in bank holdings. In fact, the reports of leading commercial banks and of the Federal Reserve Banks following our April 1 debt payoff indicated a combined reduction in holdings of Government securities in excess of the total debt reduction since the end of last year.

The reduction of the bank-held debt has come about directly as a result of the application to debt repayment of a part of the cash balance that was left over from the Victory Loan. Since that Loan closed, the Government has not sold any securities to the public in order to raise new money (except Savings Bonds which have been on continuous sale for over ten years, and Savings Notes which are used primarily as tax anticipation instruments).

The Government has, instead, been paying off maturing securities with a considerable degree of rapidity. On March 1, the Treasury paid off \$1,000,000,000 of maturing certificates. On March 15, it paid off \$1,800,000,000 of maturing bonds and notes. On April 1, it paid off \$2,000,000,000 of maturing certificates. We have already announced that on May 1, the Treasury will pay off an additional \$1,600,000,000 of certificates.

After these transactions have been completed, and after allowing for such other public debt transactions as have occurred during this period, the public debt will show an aggregate reduction of \$7,000,000,000 in the short period of two months between February 28 -- the date on which the last of the Victory Loan money was paid into the Treasury -- and May 1.

The size of the Treasury's cash balance will permit us to pay off other maturing securities from time to time as we find it convenient and desirable. Every movement on this account has its effect on the financial markets, because the public debt is so intimately woven into the entire financial structure of our country. On the occasion of each maturity of a public debt obligation, I have found it necessary, therefore, to go over in detail the information in the Treasury on a number of factors. First of all, there are matters with respect to the ownership of the securities and the effect that repayment of these obligations would have on the money markets. I also have to go over the Treasury's current cash position and investigate the prospective cash outlook before determining how much of the maturity, if any, should be paid off.

In this connection, I have been very much pleased -- as I know you have been -- by the continued improvement in the Federal budgetary situation. Revenues for the fiscal year 1946 have proved to be considerably higher than we had originally anticipated. This has occurred because the reconversion of our economy from war to peace was more rapid than even our most optimistic hopes.

On the expenditure side of the picture, the Government has been reducing its expenditures as rapidly as possible, and more rapidly than originally expected. The expenditures of the Government reached a high of \$9,700,000,000 last June. By March of this year, they had fallen to under \$4,000,000,000, and the decrease is continuing, so that average monthly expenditures in the fiscal year 1947 will be quite a bit lower than the March level.

As the President announced ten days ago, we are well on the way toward a balanced budget because of the strides we have made toward full peacetime production.

"It is the aim of our fiscal policy", the President said, "to balance the budget for 1947 and to retire national debt in boom times such as these. In our present fight against inflation, fiscal policy has a vital role to play. A continuation of our present policy, which is to maintain the existing tax structure for the present, and to avoid nonessential expenditures, is the best fiscal contribution we can make to economic stability."

The reason I have discussed these matters in detail today is that I want to make a particular point to you; that is, the Government's fiscal outlook is good at this time, its debt is in good shape, and we are managing it well.

In setting a figure for the debt limitation, an adjustment must be made between the present outstanding debt and the amount of the statutory debt limitation. The principal item relates to the unearned discount of approximately \$11,000,000,000 on United States Savings Bonds. The law requires the inclusion of United States Savings Bonds at full maturity value for debt limitation purposes; whereas, the debt itself includes these bonds at any given time at their current redemption value.

On the other hand, there is about \$1,000,000,000 of debt items which are not subject to the statutory debt limitation. The attached summary and reconciliation may be helpful in this connection. It shows the exact relationship on March 31 between the gross public debt of \$276,600,000,000 and \$286,300,000,000 under the statutory debt limitation.

In view of these facts, therefore, I should like to suggest to your committee that the bill provide for a reduction in the debt limit to \$285,000,000,000 from the present level of \$300,000,000,000. I should like to suggest further that we take this matter up again sometime next year.

In closing, I should like to emphasize the importance of maintaining a strong tax structure in order to pay off debt as rapidly as possible at the present time. This has the added advantage of combating inflationary pressures and will help us stabilize the economy at the present high level of production and employment.

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STATUTORY DEBT LIMITATION
AS OF MARCH 31, 1946

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate \$300,000,000,000 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	\$300,000,000,000
Outstanding March 31, 1946	
Obligations issued under Second Liberty Bond Act, as amended	
Interest-bearing	
Bonds	
Treasury.....	\$121,177,405,350
Savings (maturity value)*	59,463,150,700
Depositary.....	451,317,000
Adjusted Service.....	<u>500,157,956</u>
	\$181,592,031,006
Treasury notes.....	37,545,296,200
Certificates of indebtedness	49,114,483,000
Treasury bills.....	<u>17,047,223,000</u>
Total interest-bearing.....	<u>285,299,033,206</u>
Matured, interest-ceased.....	238,299,056
Bearing no interest	
War Savings Stamps.....	112,335,135
Excess profits tax refund bonds	<u>109,154,539</u>
Total	<u>221,489,674</u>
Total	<u>285,758,821,936</u>

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate \$300,000,000,000 outstanding at any one time."

Guaranteed obligations (not held by Treasury)	286,311,897,669
Interest-bearing	
Debentures: F.H.A.	40,386,936
Demand obligations: C.C.C.	<u>501,322,322</u>
Total	<u>541,709,258</u>
Matured, interest-ceased.....	<u>11,366,475</u>
Total	<u>553,075,733</u>
Grand total outstanding.....	<u>286,311,897,669</u>
Balance face amount of obligations issuable under above authority.	<u>13,688,102,331</u>

Reconciliation with Statement of the Public Debt - March 31, 1946
(Daily Statement of the United States Treasury, April 1, 1946)

Outstanding March 31, 1946	
Total gross public debt.....	276,012,418,847
Guaranteed obligations not owned by the Treasury.....	<u>553,075,733</u>
Total gross public debt and guaranteed obligations.....	276,565,494,580
Add - unearned discount on U.S. Savings Bonds	
(Difference between maturity value and current redemption value)	10,730,071,856
Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>983,668,767</u>
Total	<u>9,746,403,089</u>
Total interest-bearing.....	<u>285,758,821,936</u>

* Approximate face or maturity value; current redemption value
\$48,733,078,843.

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 23, 1946.

Press Service

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated April 25 and to mature July 25, 1946, which were offered on April 19, 1946, were opened at the Federal Reserve Banks on April 22.

The details of this issue are as follows:

Total applied for - \$1,902,106,000
 Total accepted - 1,315,262,000 (includes \$42,492,000 entered on a fixed-price basis at 99.905 and accepted in full)
 Average price - 99.905/4 Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.907 Equivalent rate of discount approx. 0.368% per annum
 Low - 99.905 " " " " " " 0.376% " "

(66 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	\$ 8,100,000	\$ 5,788,000
New York	1,416,213,000	959,385,000
Philadelphia	24,786,000	19,652,000
Cleveland	20,295,000	20,295,000
Richmond	11,020,000	10,000,000
Atlanta	7,620,000	7,620,000
Chicago	298,588,000	199,648,000
St. Louis	15,480,000	11,162,000
Minneapolis	2,730,000	2,730,000
Kansas City	29,015,000	25,343,000
Dallas	11,010,000	8,630,000
San Francisco	57,249,000	45,009,000
TOTAL	\$1,902,106,000	\$1,315,262,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS
Tuesday, April 23, 1946

Press Service
 No. V-306

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated April 25 and to mature July 25, 1946, which were offered on April 19, 1946, were opened at the Federal Reserve Banks on April 22.

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Atlanta	7,620,000	7,620,000
Chicago	298,588,000	199,648,000
St. Louis	15,480,000	11,162,000
Minneapolis	2,730,000	2,730,000
Kansas City	29,015,000	25,343,000
Dallas	11,010,000	8,630,000
San Francisco	57,249,000	45,009,000
TOTAL	<u>\$1,902,106,000</u>	<u>\$1,315,262,000</u>

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

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ity in Pounds
AS OF April 13, 1946

Signatory Countries:

Brazil	773,131,639
Colombia	381,747,812
Costa Rica	15,349,681
Cuba	185
Dominican Republic	15,744,046
Ecuador	9,092,857
El Salvador	20,387,918
Guatemala	48,469,960
Haiti	14,756,066
Honduras	5,076,821
Mexico	38,143,872
Nicaragua	11,010,384
Peru	2,285,700
Venezuela	24,965,435

Non-Signatory Countries:

21,653,186

TOTAL

1,381,815,562

FOR IMMEDIATE RELEASE

April 23, 1946

Tuesday

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 13, 1946
Signatory Countries:	
Brazil	773,131,639
Colombia	381,747,812
Costa Rica	15,349,681
Cuba	185
Dominican Republic	15,744,046
Ecuador	9,092,857
El Salvador	20,387,918
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Mexico	38,143,872
Nicaragua	11,010,384
Peru	2,285,700
Venezuela	24,965,435
Non-Signatory Countries:	<u>21,653,186</u>
TOTAL	1,381,815,562

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Tuesday, April 23, 1946

Press Service
 No. V-307

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 13, 1946
Signatory Countries:	
Brazil	773,131,639
Colombia	381,747,812
Costa Rica	15,349,681
Cuba	185
Dominican Republic	15,744,046
Ecuador	9,092,857
El Salvador	20,387,918
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Mexico	38,143,872
Nicaragua	11,010,384
Peru	2,285,700
Venezuela	24,965,435
Non-Signatory Countries:	<u>21,653,186</u>
TOTAL	1,381,815,562

FOR IMMEDIATE RELEASE

Wednesday, April 24, 1946

V-308

The Treasury was fully informed of the proposal to eliminate the preferential discount rate, Secretary ~~the~~ Vinson, said today.

In a letter of April 19, to Secretary Vinson, the Federal Reserve Board gave assurance that the elimination of the preferential discount rate will not be allowed to disturb the security markets.

Secretary Vinson stated that the Treasury has been and is concerned to see that the reconversion of industry, which has progressed so rapidly, should not be disturbed by uncertainty in the money markets.

Secretary Vinson pointed out that in the past two months the Treasury has been paying off the debt, with particular emphasis on the debt held by the banks. By May 1st the Treasury will have paid off nearly \$7 ^{000,000,000} billion of maturing obligations without disturbing the money markets.

The Treasury will continue its orderly repayment of the debt as rapidly as its financial position permits, Secretary Vinson said.

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, April 24, 1946

Press Service
No. V-308

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The Treasury will continue its orderly repayment of the debt as rapidly as its financial position permits, Secretary Vinson said.

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- 3 -

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.

ALPHA

- 2 -

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 \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 2, 1946.

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

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 26, 1946

V-309

(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000, 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 May 2, 1946, and will mature August 1, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, April 29, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, April 26, 1946

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, 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 May 2, 1946, and will mature August 1, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 2, 1946.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance,

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

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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 30, 1946.

Press Service

V-310

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated May 2 and to mature August 1, 1946, which were offered on April 26, 1946, were opened at the Federal Reserve Banks on April 29.

The details of this issue are as follows:

Total applied for - \$1,850,058,000
Total accepted - 1,309,246,000 (includes \$43,723,000 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 - 99.907 Equivalent rate of discount approx. 0.368% per annum
Low - 99.905 " " " " " " 0.376% " "

(69 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	\$ 7,690,000	\$ 5,830,000
New York	1,412,780,000	986,711,000
Philadelphia	23,375,000	17,485,000
Cleveland	6,307,000	6,307,000
Richmond	8,800,000	8,180,000
Atlanta	9,970,000	9,970,000
Chicago	286,860,000	200,296,000
St. Louis	17,691,000	13,258,000
Minneapolis	4,840,000	4,282,000
Kansas City	22,575,000	17,987,000
Dallas	5,940,000	5,630,000
San Francisco	43,230,000	33,310,000
TOTAL	\$1,850,058,000	\$1,309,246,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, April 30, 1946

Press Service
 No. V-310

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Philadelphia	23,375,000	17,485,000
Cleveland	6,307,000	6,307,000
Richmond	8,800,000	8,180,000
Atlanta	9,970,000	9,970,000
Chicago	286,860,000	200,296,000
St. Louis	17,691,000	13,258,000
Minneapolis	4,840,000	4,282,000
Kansas City	22,575,000	17,987,000
Dallas	5,940,000	5,630,000
San Francisco	43,230,000	33,310,000
TOTAL	\$1,850,058,000	\$1,309,246,000

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PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS
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As of April 20, 1946

Signatory Countries:

Brazil	812,214,803
Colombia	386,297,143
Costa Rica	15,882,322
Cuba	192
Dominican Republic	15,744,049
Ecuador	9,092,857
El Salvador	20,799,072
Guatemala	48,700,652
Haiti	15,270,184
Honduras	5,076,821
Mexico	39,434,490
Nicaragua	11,825,512
Peru	2,383,232
Venezuela	27,196,616

Non-Signatory Countries:

TOTAL

21,953,200
1,431,871,145

V-311

FOR IMMEDIATE RELEASE
April 30, 1946

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 20, 1946
Signatory Countries:	
Brazil	812,214,803
Colombia	386,297,143
Costa Rica	15,882,322
Cuba	192
Dominican Republic	15,744,049
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Peru	2,383,232
Venezuela	27,196,616
Non-Signatory Countries:	<u>21,953,200</u>
TOTAL	1,431,871,145

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Tuesday, April 30, 1946

Press Service
 No. V-311

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<u>Signatory Countries:</u>	
Brazil	812,214,803
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Costa Rica	15,882,322
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Dominican Republic	15,744,049
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Guatemala	48,700,652
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Nicaragua	11,825,512
Peru	2,383,232
Venezuela	27,196,616
<u>Non-Signatory Countries:</u>	<u>21,953,200</u>
TOTAL	1,431,871,145

Please send 15 copies of this
release to Mrs. Beardsley
Room 403 Wilkins Building

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quota of 15,000,000 pounds of fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for: cod, haddock, hake, pollock, cusk, and rosefish, entitled to entry for consumption at 1-7/8 cents per pound during the calendar year 1946 has been increased to 20,380,724 pounds.

The Canadian Trade Agreement of November 25, 1938, prescribes that if the average apparent annual consumption of such fish in the United States during the 3 calendar years preceding the year in which such fish were entered, or withdrawn from warehouse for consumption, exceeds 100,000,000 pounds, an additional quantity of such fish equal to the amount by which 15 per centum of such average apparent annual consumption exceeds the 15,000,000 pounds may be entered, or withdrawn from warehouse, for consumption in that year at the 1-7/8 cents per pound rate. It has been determined that the average annual consumption of such fish for the calendar years 1943, 1944, and 1945 was 135,871,495 pounds.

RECEIVED
FISH AND FISHERIES
DEPARTMENT
WASHINGTON, D. C.
JUN 1 1946

FOR IMMEDIATE RELEASE

V-312

The Bureau of Customs announced today that the tariff-rate quota of 15,000,000 pounds of fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for: cod, haddock, hake, pollock, cusk, and rosefish, entitled to entry for consumption at 1-7/8 cents per pound during the calendar year 1946 has been increased to 20,380,724 pounds.

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CUSTOMS OFFICE

MAY 1 1946

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Thursday, May 2, 1946

Press Service
No. V-312

The Bureau of Customs announced today that the tariff-rate quota of 15,000,000 pounds of fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for: cod, haddock, hake, pollock, cusk, and rosefish, entitled to entry for consumption at 1-7/8 cents per pound during the calendar year 1946 has been increased to 20,380,724 pounds.

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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.

ALPHA

- 2 -

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 \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 9, 1946.

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

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TREASURY DEPARTMENT

Washington

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FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 3, 1946

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The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000, 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 May 9, 1946, and will mature August 8, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, May 6, 1946. 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.

[Handwritten signature]

TREASURY DEPARTMENT
Washington

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Friday, May 3, 1946

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

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Manager of the Engineering Laboratories and Standards Department of Westinghouse Electric Corporation; C. L. Warwick, Secretary of the American Society for Testing Materials; and Warren N. Watson, Secretary of the Manufacturing Chemists Association.

The Council will serve in an advisory capacity to the Federal Specifications Board, composed of representatives from ten Government agencies and established last August by Clifton E. Mack, Director of the Treasury's Procurement Division. The Board, in cooperation with the Standards Branch of the Procurement Division, prepares purchase specifications for supplies used by the Federal Government.

TREASURY DEPARTMENT
Washington

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FOR IMMEDIATE RELEASE,

~~Monday, May 6, 1946~~
Friday, May 3, 1946

Press Service
No. 2V-31X

Leaders in industry and in nationally recognized technical and professional societies will assist in the development of Federal Specifications, Secretary ~~of the Treasury Fred M.~~ Vinson announced today. Chosen for their outstanding contributions in the field of industrial standards and specifications, they will serve as members of a newly created Industry Advisory Council to the Federal Specifications Board.

By thus gaining the viewpoint and technical participation of industry, the Government seeks to develop Federal Specifications which conform both to its own requirements and to industrial practice.

Through establishment of the Council and effective medium is provided for bringing together the mutual interests of the Government and industry and for keeping the Government informed of new developments, improved practices and manufacturing processes, the Secretary said.

At the same time he announced the appointment of Howard ^{Coonley} ~~Gonley~~ as Chairman of the Council for a one-year term. Mr. ^{Coonley} ~~Gonley~~ is Chairman of the Executive Committee of the American Standards Association and member of the Board of the Walworth Company.

Other members, also serving at the Secretary's request, are: P. G. Agnew, Vice President and Secretary of the American Standards Association; Clarence L. Collens, Chairman of the Board of the Reliance Electric and Engineering Company, representing the National Electrical Manufacturers Association; L. A. Danso, Chairman of the Metallurgical Committee of General Motors, representing the Society of Automotive Engineers; Vincent dePaul Goubeau, General Purchasing Agent and Director of Materials of the Radio Corporation of America; Clifford B. LePage, Assistant Secretary of the American Society of Mechanical Engineers; Harold S. Osborn, Chief Engineer of American Telephone and Telegraph Company; Thomas Spooner,

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Friday, May 3, 1946

Press Service
No. V-314

Leaders in industry and in nationally recognized technical and professional societies will assist in the development of Federal specifications, Secretary Vinson announced today. Chosen for their outstanding contributions in the field of industrial standards and specifications, they will serve as members of a newly created Industry Advisory Council to the Federal Specifications Board.

By thus gaining the viewpoint and technical participation of industry, the Government seeks to develop Federal specifications which conform both to its own requirements and to industrial practice.

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The Council will serve in an advisory capacity to the Federal Specifications Board, composed of representatives from ten Government agencies and established last August by Clifton E. Mack, Director of the Treasury's Procurement Division. The Board, in cooperation with the Standards Branch of the Procurement Division, prepares purchase specifications for supplies used by the Federal Government.

STATUTORY DEBT LIMITATION
AS OF APRIL 30, 1946

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate \$300,000,000,000 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 \$300,000,000,000
Outstanding April 30, 1946

Obligations issued under Second Liberty Bond Act, as amended

Interest-bearing

Bonds

Treasury.....	\$121,177,390,350	
Savings (maturity value)*....	59,467,937,900	
Depository.....	436,360,000	
Adjusted Service.....	<u>500,157,956</u>	\$181,581,846,206

Treasury notes.....	37,497,041,800	
Certificates of indebtedness...	47,038,623,000	
Treasury Bills.....	<u>17,053,747,000</u>	<u>101,589,411,800</u>
Total interest-bearing.....		283,171,258,006

Matured, interest-ceased.....		202,829,858
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Bearing no interest

War Savings Stamps.....	104,496,699	
Excess profits tax refund bonds	<u>81,638,681</u>	<u>186,135,380</u>
Total.....		<u><u>283,560,223,244</u></u>

Guaranteed obligations (not held by Treasury)

Interest-bearing

Debentures: F.H.A.	41,066,086	
Demand obligations: C.C.C. ...	<u>492,214,135</u>	533,280,221
Matured, interest-ceased.....		<u>10,783,425</u>
		<u><u>544,063,646</u></u>

Grand total outstanding.....		<u>284,104,286,890</u>
Balance face amount of obligations issuable under above authority.....		<u>15,895,713,110</u>

Reconcilement with Statement of the Public Debt - April 30, 1946
(Daily Statement of the United States Treasury, May 1, 1946)

Outstanding April 30, 1946

Total gross public debt.....		273,898,483,634
Guaranteed obligations not owned by the Treasury.....		<u>544,063,646</u>
Total gross public debt and guaranteed obligations.....		274,442,547,280
Add - unearned discount on U.S. Savings Bonds (Difference between maturity value and current redemption value)	10,640,061,735	

Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>978,322,125</u>	<u>9,661,739,610</u>
		<u><u>284,104,286,890</u></u>

* Approximate face or maturity value; current redemption value \$48,827,876,165

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[Handwritten signatures]

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- 31 -


This is because so many people think that the danger has completely passed. We have nearly won the battle of peacetime production and reconversion, just as we won the battle of production for war.

We must not lose the fruits of that victory now by ruinous inflation which can only end in depression, unemployment and economic stagnation. Above all, let us keep faith with the American people who fought and worked to preserve a sound and strong America.

That's because all of us have a stake in an economy that works, an economy that is stable. Inflation now means deflation later; and deflation means depression.


Every worker, every farmer and every businessman suffers from depression. He suffers in unemployment and in lower pay; he suffers in unsalable surpluses and in unremunerative prices; he suffers in decreased production and in unprofitable business. *end page 6*

The danger of inflation is far greater today than it was in time of war.




There are millions of people in this position -- school teachers and white collar workers whose wages rise little and late; old people who after a lifetime of work live in modest retirement on their limited savings; disabled veterans, and the widows and orphans of our fighting men who depend on their small pensions to keep them going. These are the folks who feel inflation first and most.

Let's make no mistake about it. In the end, everybody suffers from inflation.




But if we remove price controls too soon, these same savings will be used to bid up prices before goods have been produced to match the demand. This inflationary process can have only one result: the destruction of the savings of our people and, in the end, a disastrous depression.

Rising prices will hit a lot of people hard. No Senator needs to be told how quickly even a slow rise in prices eats into a fixed income.



What we do on price control during the next year will determine whether this great backlog of demand will bring prosperity or inflation. If we keep price controls a little longer -- and keep them really effective -- the accumulated savings of the public can result in a sustained demand for houses, automobiles, refrigerators and other goods for many years to come.



We must extend the Price Control Act, and we must extend it without crippling amendments.

I have great faith in the practical common sense of our people. They responded throughout the war to every appeal for more production, more taxes and more saving. The workers in the factories and farms, and the men and women in the fighting forces saved a very large part of their incomes. They are saving now. These savings are part of the great backlog of demand that can keep American production going.

The Treasury is going to continue to sell savings bonds to the people. When we ask the people to put their savings into these bonds, we must also give them the assurance that their savings will have 100 cents of buying power for every dollar. We must and will keep faith with the bondholders who have put their trust in the Government. The bonds they buy and hold help keep down inflation. They are doing their part in the fight. We must do ours.




In the past two months, we have reduced the public debt by \$7 ^{000,000,000} billion from surplus funds in the Treasury; and this reduction will continue in an orderly way as rapidly as our finances permit.

In meeting maturing obligations, we have been particularly concerned to pay off the securities held by the banks. The only new securities issued since the Victory Loan Drive have been savings bonds and tax savings notes. We have continued to press the sale of savings bonds because they are one of the best ways to fight inflation.

end of page 5

The net receipts of the United States Government for the month of March -- the last major tax month -- amounted to ^{700,000,000} \$5.7 billion, a decline from the same month last year of only about 17 percent.


As a result of these rapidly declining expenditures and well-maintained receipts, the Treasury showed a surplus of receipts in each of the months of February and March. There will be some net deficit during the remainder of this fiscal year; but the budgetary outlook for 1947 is very good.



Our fiscal policy is an important part of the program to fight inflation.


The total expenditures of the Federal Government in April of last year amounted to \$8,^{550,000,000}~~8~~ billion. This April they were \$4,^{200,000,000}~~2~~ billion, a shrinkage of nearly 50 percent. This rapid decrease will continue until we are on a peacetime basis.

In the meantime, revenues have held up remarkably well. The reason for this is -- as the President has said -- ". . . we are well on the highroad to full peacetime production".




Not until there is a full flow of goods available for sale to consumers can we safely dispense with price controls. That will probably take another year.

The other side of this return of our economy to peacetime production -- the side with which I am particularly concerned as Secretary of the Treasury -- is that the Government is moving rapidly toward a balanced budget. We are reducing Government expenditures and paying off Government debt.




Some of the goods produced are not going to consumers right now. They are going into tools and machines and working stocks for new and increased peacetime production. This is especially true of the durable goods. That is one reason the danger of inflation has not passed. It will not pass until we have finished the reconversion of production and filled the pipe line through which goods flow from the producer to the consumer.



That's because the public is earning more money than ever before in peacetime and wants to consume more than ever before. Folks who never had a proper diet are buying meat and milk and eggs. Folks who never could afford nice clothes and stockings are buying -- or trying to buy -- suits and dresses and nylons. I think it's all to the good to see this great demand. We can produce enough to meet it. But it will take time, particularly because the public has been short of these goods for five years, and because we are just returning to peacetime production.


Retail sales in this country in the first quarter of 1946 were at an annual rate of \$89.5^{500,000,000} ~~billion~~ -- 60 percent more in dollar value and 22 percent more in volume than 1941. When you exclude the durable goods which are only beginning to come on the market, the increase in dollar value of retail sales is more than 85 percent and the increase in physical volume more than 40 percent.

Of course, there is a scarcity of many goods, despite the record volume of retail sales.




The basic inflationary pressures had their origin in the compelling necessity of devoting half of our production to war purposes for nearly four years. The war ended only eight months ago. In these few months since VJ-Day we have reached a level of civilian production never before equalled in this country. And this stream of production is steadily rising day by day.

Some people have asked where the production is going.




That statement still holds. You do not want it, and I do not want it. The President does not want it. We have been trying all along to get rid of price controls as soon as it is possible to do so without inflation. But we must be patient. We cannot gamble with the future of the American people.

The problems which the OPA has to meet are temporary in character. We are dealing with these problems in the one way that will finally solve them --- by production.




There is no basis for the fear that price control of the sort exercised by OPA will become part of our permanent economic structure. The problems with which OPA is now dealing are caused by the transition from a wartime to a peacetime economy.

At the same time that I told your Committee, in the Spring of 1944, that a one-year extension of price control after the war would probably not be enough to solve our transition problems, I also assured you that OPA would not become a permanent part of our economy.



We cannot afford to have half a million families lose their farms in the aftermath of another inflation. We cannot afford to have 20,000 bankruptcies a year because prices are first inflated and then collapse. That is why it is necessary to extend price control at this time. We must not repeat the mistake we made after the last war. *end page 3*

But I want to emphasize equally strongly that the extension of OPA is only temporary.




Industrial production fell 33 percent.

We saw the effects of this deflation on the farms and in the factories. Net


farm incomes dropped from ~~\$8.8 billion~~^{800,000,000} in 1919 to less than ~~\$3 billion~~^{500,000,000} in 1921.

Factory employment fell over 30 percent during this period, and factory payrolls fell nearly 50 percent.

We do not want to repeat that performance. We do not have to. Our duty is to see that these same tragic events do not happen this time.



Shortly after the Armistice, such price controls as had existed during the last war were abolished. We all know what happened. Prices rose for another year and a half at an even faster rate than during the war. By 1920, living costs were 108 percent above 1914. And then came the collapse. Prices took a nose dive, as they always do after an inflation. The price of corn fell 78 percent, cotton 75 percent, tobacco 70 percent, hogs 66 percent, wheat 65 percent, and so for other products.




For this reason, price control in World War I was started too late and applied ineffectively. Except in special areas, such as food and fuel, it never operated under a clear-cut legislative sanction. As a consequence, prices rose twice as much in World War I as in World War II, although the war was much shorter and inflationary pressures were only one-half as great. I say only half as great, because about 25 percent of the national production went into the war effort at the peak of World War I, as compared with about 50 percent at the peak of World War II.

This is the temptation which faces us today, and the temptation which we must avoid.

We must profit by experience. We have learned much from the experience of World War I in many fields. We can learn much from it in the field of price control also. In World War I, little reliance was put on the direct control of prices and production. Too many people accepted as dogma the doctrine that the Government could do nothing to control production and prices.


They continue until we can finish tooling up for peacetime production; they continue until we can get the members of the armed forces back into industry; they continue until we can fill up the long pipe lines between the first stages of production and the ultimate consumer; they continue until we can satisfy the most urgent demands which have been pent up during the war. *end page 2*

Yes, the inflationary pressures continue for some time after the war, but the temptation to relax and let down our guard is great.



These price controls are still necessary during the reconversion period. I told this Committee over two years ago, when you were considering the extension of the Price Control Act in the Spring of 1944, that an extension of the Act for a longer period than one year after the war would probably be necessary. As I said at that time, ". . . the most serious days will be the postwar days on the economic front".

The inflationary pressures which are generated by war continue during the reconversion period.



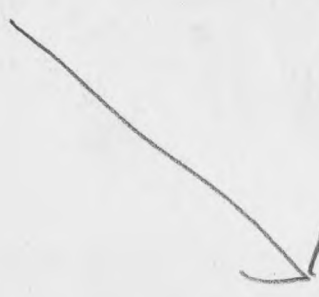
The people were paid for producing war goods for the Government as well as civilian goods for the people. No wonder they could not buy as much of everything as they would ordinarily have liked. Half of the income of the people could not be spent if inflation was to be avoided. Through heavy taxation and through voluntary saving, consumer spending was kept down throughout the war. Price controls prevented a shortage of goods from leading to the competitive bidding up of prices.

They lead to speculation and hoarding of materials. They create maladjustments in the whole structure of production and prices.

Our price control during the war made it possible to get full production and to hold in check the powerful wartime forces of inflation. During the war, 12,000,000 ~~million~~ of our most productive young men and women were taken out of agriculture and industry to go into the armed forces. About half of our total production went to war.


When production must be increased quickly and shifted to new lines, some increase in costs is inevitable. Price increases sufficient to compensate for such increases in costs are necessary to let production go forward. Such price rises serve a useful function.

But price increases beyond the amount necessary to get the maximum possible output are inflationary. They decrease production instead of increasing it. Such price rises serve no useful function.




In fact, we would not have been successful in achieving our war production goals if we had permitted runaway prices. It is in itself a great accomplishment to have increased our total production by about 75 percent and to have put nearly all of this increase into the war effort. To have done this with a moderate rise in prices is almost a miracle. page one

It is impossible to avoid some rise in prices under war conditions.




The years that lie ahead hold for our people the promise of the greatest peacetime production and the highest living standards the world has ever known. But the coming year is also filled with danger. The prospect for material abundance could be changed to one of want and despair if we do not win this last round in the fight against inflation.

We won the battle of production during the war and we held prices within reasonable limits.



We in the Administration and you in Congress have worked together on these problems of the American people. Your Committee has dealt with some of the most important legislation of the war and postwar period. I am very glad to appear before you to discuss the number one domestic problem with which we must deal right now -- the problem of price control and inflation.

This can be a great era of American achievement.



Statement by Fred M. Vinson, Secretary of
the Treasury, before the Senate Committee
on Banking and Currency
~~10:30 A.M.~~, May 7, 1946

10.30 AM

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There are many problems that must still

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The American people have done a
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918

Treasury Department

Date.....1

To:

E. M. Bernstein
Assistant to the Secretary

We are living in a critical period of American history. We have fought successfully the greatest of all wars. We shall soon have completed the reconversion of our economy to peace. There are many problems that must still be met before we have safely passed through the dangerous aftermath of war.

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TREASURY DEPARTMENT

Washington

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The problems which the OPA has to meet are temporary in character. We are dealing with these problems in the one way that will finally solve them -- by production. The basic inflationary pressures had their origin in the compelling necessity of devoting half of our production to war purposes for nearly four years. The war ended only eight months ago. In these few months since VJ-Day we have reached a level of civilian production never before equalled in this country. And this stream of production is steadily rising day by day.

Some people have asked where the production is going. Retail sales in this country in the first quarter of 1946 were at an annual rate of \$89,500,000,000 -- 60 percent more in dollar value and 22 percent more in volume than 1941. When you exclude the durable goods which are only beginning to come on the market, the increase in dollar value of retail sales is more than 85 percent and the increase in physical volume more than 40 percent.

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The other side of this return of our economy to peacetime production - the side with which I am particularly concerned as Secretary of the Treasury - is that the Government is moving rapidly toward a balanced budget. We are reducing Government expenditures and paying off Government debt. Our fiscal policy is an important part of the program to fight inflation.

The total expenditures of the Federal Government in April of last year amounted to \$8,000,000,000. This April they were \$4,200,000,000, a shrinkage of nearly 50 percent. This rapid decrease will continue until we are on a peacetime basis.

In the meantime, revenues have held up remarkably well. The reason for this is - as the President has said - ". . . we are well on the highroad to full peacetime production." The net receipts of the United States Government for the month of March - the last major tax month - amounted to \$5,700,000,000, a decline from the same month last year of only about 17 percent.

As a result of these rapidly declining expenditures and well-maintained receipts, the Treasury showed a surplus of receipts in each of the months of February and March. There will be some net deficit during the remainder of this fiscal year; but the budgetary outlook for 1947 is very good. In the past two months, we have reduced the public debt by \$7,000,000,000 from surplus funds in the Treasury; and this reduction will continue in an orderly way as rapidly as our finances permit.

In meeting maturing obligations, we have been particularly concerned to pay off the securities held by the banks. The only new securities issued since the Victory Loan Drive have been savings bonds and tax savings notes. We have continued to press the sale of savings bonds because they are one of the best ways to fight inflation.

The Treasury is going to continue to sell savings bonds to the people. When we ask the people to put their savings into these bonds, we must also give them the assurance that their savings will have 100 cents of buying power for every dollar. We must and will keep faith with the bondholders who have put their trust in the Government. The bonds they buy and hold help keep down inflation. They are doing their part in the fight. We must do ours. We must extend the Price Control Act, and we must extend it without crippling amendments.

I have great faith in the practical common sense of our people. They responded throughout the war to every appeal for more production, more taxes and more saving. The workers in the factories and farms, and the men and women in the fighting forces saved a very large part of their incomes. They are saving now. These savings are part of the great backlog of demand that can keep American production going.

What we do on price control during the next year will determine whether this great backlog of demand will bring prosperity or inflation. If we keep price controls a little longer - and keep them really effective - the accumulated savings of the public can result in a sustained demand for houses, automobiles, refrigerators and other goods for many years to come. But if we remove price controls too soon, these same savings will be used to bid up prices before goods have been produced to match the demand. This inflationary process can have only one result: the destruction of the savings of our people and, in the end, a disastrous depression.

Rising prices will hit a lot of people hard. No Senator needs to be told how quickly even a slow rise in prices eats into a fixed income. There are millions of people in this position - school teachers and white collar workers whose wages rise little and late; old people who after a lifetime of work live in modest retirement on their limited savings; disabled veterans, and the widows and orphans of our fighting men who depend on their small pensions to keep them going. These are the folks who feel inflation first and most.

Let's make no mistake about it. In the end, everybody suffers from inflation. That's because all of us have a stake in an economy that works, an economy that is stable. Inflation now means deflation later; and deflation means depression. Every worker, every farmer and every businessman suffers from depression. He suffers in unemployment and in lower pay; he suffers in unsalable surpluses and in unremunerative prices; he suffers in decreased production and in unprofitable business.

The danger of inflation is far greater today than it was in time of war. This is because so many people think that the danger has completely passed. We have nearly won the battle of peacetime production and reconversion, just as we won the battle of production for war. We must not lose the fruits of that victory now by ruinous inflation which can only end in depression, unemployment and economic stagnation. Above all, let us keep faith with the American people who fought and worked to preserve a sound and strong America.

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 7, 1946.

Press Service

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated May 9 and to mature August 8, 1946, which were offered on May 3, 1946, were opened at the Federal Reserve Banks on May 6.

The details of this issue are as follows:

Total applied for - \$1,961,048,000
 Total accepted - 1,308,242,000 (includes \$42,473,000 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 - 99.908 Equivalent rate of discount approx. 0.364% per annum
 Low - 99.905 " " " " " " 0.376% " "

(64 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	\$ 7,520,000	\$ 5,252,000
New York	1,464,853,000	963,641,000
Philadelphia	76,665,000	52,149,000
Cleveland	21,020,000	15,581,000
Richmond	8,695,000	7,831,000
Atlanta	9,717,000	9,467,000
Chicago	283,393,000	184,393,000
St. Louis	5,125,000	4,225,000
Minneapolis	14,060,000	10,460,000
Kansas City	18,905,000	16,025,000
Dallas	10,660,000	8,500,000
San Francisco	40,435,000	30,715,000
TOTAL	\$1,961,048,000	\$1,308,242,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 7, 1946

Press Service
 No. V-317

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated May 9 and to mature August 8, 1946, which were offered on May 3, 1946, were opened at the Federal Reserve Banks on May 6.

The details of this issue are as follows:

Total applied for - \$1,961,048,000
 Total accepted - 1,308,242,000 (includes \$42,473,000 entered on a fixed-price basis at 99.905 and accepted in full)
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Range of accepted competitive bids:

High - 99.908 Equivalent rate of discount approx. 0.364% per annum
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(64 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	\$ 7,520,000	\$ 5,252,000
New York	1,464,853,000	963,641,000
Philadelphia	76,665,000	52,149,000
Cleveland	21,020,000	15,584,000
Richmond	8,695,000	7,831,000
Atlanta	9,717,000	9,467,000
Chicago	283,393,000	184,393,000
St. Louis	5,125,000	4,225,000
Minneapolis	14,060,000	10,460,000
Kansas City	18,905,000	16,025,000
Dallas	10,660,000	8,500,000
San Francisco	40,435,000	30,715,000
	<hr/>	<hr/>
TOTAL	\$ 1,961,048,000	\$ 1,308,242,000

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

1-318

eliminary figures
consumption during
lows:

Country of Production	Quantity in Pounds As of April 27, 1946
Signatory Countries:	
Brazil	830,951,054
Colombia	395,908,884
Costa Rica	17,712,325
Cuba	242
Dominican Republic	16,144,183
Ecuador	9,092,857
El Salvador	29,242,827
Guatemala	49,266,546
Haiti	15,270,186
Honduras	5,076,821
Mexico	41,844,029
Nicaragua	11,969,736
Peru	2,383,232
Venezuela	30,364,485
Non-Signatory Countries:	22,724,945
TOTAL	1,477,952,352

FOR IMMEDIATE RELEASE
May 7, 1946

V-318

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 27, 1946
Signatory Countries:	
Brazil	830,951,054
Colombia	395,908,884
Costa Rica	17,712,325
Cuba	242
Dominican Republic	16,144,183
Ecuador	9,092,857
El Salvador	29,242,827
Guatemala	49,266,546
Haiti	15,270,186
Honduras	5,076,821
Mexico	41,844,029
Nicaragua	11,969,736
Peru	2,383,232
Venezuela	30,364,485
Non-Signatory Countries:	22,724,945
TOTAL	1,477,952,352

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Thursday, May 9, 1946

Press Service
No. V-318

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 27, 1946
<hr/>	
Signatory Countries:	
Brazil	830,951,054
Colombia	395,908,884
Costa Rica	17,712,325
Cuba	242
Dominican Republic	16,144,183
Ecuador	9,092,857
El Salvador	29,242,827
Guatemala	49,266,546
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Mexico	41,844,029
Nicaragua	11,969,736
Peru	2,383,232
Venezuela	30,364,485
Non-Signatory Countries:	22,724,945
	<hr/>
TOTAL	1,477,952,352

v-319

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

guy

figures showing the
awn from warehouse, for
President's proclamation
nations of April 13, 1942,
9, 1945, as follows:

Wheat flour, semolina,
crushed or cracked
wheat, and similar
wheat products

Country of Origin	Established : Imports		Established : Imports	
	Quota	May 29, 1945, to Apr. 27, 1946	Quota	May 29, 1945, to Apr. 27, 1946
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	794,426	3,815,000	1,323,176
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,426</u>	<u>4,000,000</u>	<u>1,323,410</u>

FOR IMMEDIATE RELEASE,
May 8, 1946

V-319

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, 1945, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota (Bushels)	Imports May 29, 1945, to Apr. 27, 1946 (Bushels)	Established Quota (Pounds)	Imports May 29, 1945, to Apr. 27, 1946 (Pounds)
Canada	795,000	794,426	3,815,000	1,323,176
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-	-	-
	<u>800,000</u>	<u>794,426</u>	<u>4,000,000</u>	<u>1,323,410</u>

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Thursday, May 9, 1946.

Press Service
No. V-319

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, 1945, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established : Quota (Bushels)	Imports : May 29, 1945, to : April 27, 1946 (Bushels)	Established : Quota (Pounds)	Imports : May 29, 1945, to : April 27, 1946 (Pounds)
Canada	795,000	794,426	3,815,000	1,323,176
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	234
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	-
Ganary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	<u>800,000</u>	<u>794,426</u>	<u>4,000,000</u>	<u>1,323,410</u>

FOREIGN FUNDS CONTROL

To: *Mr. Shaeffer 4408 Main*
 (1) (Room) (Bldg.)
 (2) (Room) (Bldg.)
 (3) (Room) (Bldg.)

PARTMENT
 ton

OK.

Press Service
 No. V-320

*This has been completely
 cleared for issuance
 April 26th.
 (Initial copy in
 Foreign Funds Files)*

today that Czechoslovakia and
 st of countries whose blocked
 certification procedure of General
 f Czechoslovakia and the Institut
 been designated by the Czechoslovak
 vely, as the certifying agents under

milar to those written in connection
 previously named in General License
 Minister of Finance, and Mr. Dupong,
 nister of Finance, have advised
 n transfers of funds to the United
 property in their countries belong-
 be treated as favorably as that of
 les of the letters are available at
 t, Chicago and San Francisco.

From: *M. B. Bell 4/18* (Date)
 (Room) (Bldg.)

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS
Friday, April 26, 1946

OK.
Press Service
No. V-320

Secretary Vinson announced today that Czechoslovakia and Luxembourg have been added to the list of countries whose blocked accounts may be released under the certification procedure of General License No. 95. The National Bank of Czechoslovakia and the Institut Belgo-Luxembourgeois du Change have been designated by the Czechoslovak and Luxembourg Governments, respectively, as the certifying agents under the license.

In exchanges of letters similar to those written in connection with the defrosting of the countries previously named in General License No. 95, Dr. Srobar, the Czechoslovak Minister of Finance, and Mr. Dupong, the Luxembourg Prime Minister and Minister of Finance, have advised Secretary Vinson that restrictions on transfers of funds to the United States will be liberalized and that property in their countries belonging to United States nationals will be treated as favorably as that of nationals of any other country. Copies of the letters are available at the Federal Reserve Banks of New York, Chicago and San Francisco.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS
Friday, April 26, 1946

Press Service
No. V-320

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1-321

figures showing the
 limitations provided for
 periods to April 27,

WHEN THIS RELEASE HAS BEEN MIMEOGRAPHED,
 PLEASE FORWARD 8 COPIES TO ROOM 403, WILKINS BLDG.

: Unit	: Imports as
: of	: of April 27,
Quantity	: 1946

0 Gallon	3,232
0 Gallon	729

eggy

	Calendar Year	20,380,724 ^{1/}	Pound	16,361,627
White or Irish potatoes: certified seed other	12 months from Sept. 15, 1945	90,000,000 60,000,000	Pound Pound	Quota filled 229,965
Cuban filler tobacco un- stemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (Unstemmed equivalent)	Quota filled
Red cedar shingles	Calendar Year	1,396,423	Square	525,154
Molasses and sugar sirups containing soluble non- sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000	Gallon	56,155
Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of April Canada Other than Canada	17,500 7,500	Number Number	7,722 548
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	62

^{1/} Quota increased per T.D. 51448.

May 8, 1946

1-321

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to April 27, 1946, inclusive, as follows:

Commodity	Established Quota	Unit	Imports as
	Period and Country:	Quantity	of April 27, 1946
Whole Milk, fresh or sour	Calendar Year	3,000,000 Gallon	3,232
Cream, fresh or sour	Calendar Year	1,500,000 Gallon	729
Fish, fresh or frozen filleted, etc., cod haddock, hake, pollock, cusk, and rosefish	Calendar Year	20,380,724 ^{1/} Pound	16,361,627
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000 Pound	Quota filled
other		60,000,000 Pound	229,965
Cuban filler tobacco unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000 Pound (Unstemmed equivalent)	Quota filled
Red cedar shingles	Calendar Year	1,396,423 Square	525,154
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000 Gallon	56,155
Silver or black foxes, furs, and articles: valued under \$250 each	Month of April	17,500 Number	7,722
and whole furs and skins	Canada	7,500 Number	548
	Other than Canada		
Tails	12 months from Dec. 1, 1945	5,000 Piece	-
Paws, heads or other separated parts	"	500 Pound	490
Piece plates	"	550 Pound	-
Articles, other than piece plates	"	500 Unit	62

^{1/} Quota increased per T.D. 51448.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, May 9, 1946.

Press Service
No. V-321

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under trade agreements, from the beginning of the quota periods to April 27, 1946, inclusive, as follows:

Commodity	: : Established Quota : Period and Country:	: : Quantity : Quantity	: Unit : of : Quantity	: Imports as : of April 27, : 1946
Whole Milk, fresh or sour	Calendar Year	3,000,000	Gallon	3,232
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	729
Fish, fresh or frozen filleted, etc., cod haddock, hake, pollock, cusk, and rosefish	Calendar Year	20,380,724 ^{1/}	Pound	16,361,627
White or Irish potatoes: certified seed	12 months from Sept. 15, 1945	90,000,000	Pound	Quota filled
other		60,000,000	Pound	229,965
Cuban filler tobacco un- stemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco	Calendar Year	22,000,000	Pound (Unstemmed Quota equivalent)	filled
Red cedar shingles	Calendar Year	1,396,423	Square	525,154
Molasses and sugar sirups containing soluble non- sugar solids equal to more than 6% of total soluble solids	Calendar Year	1,500,000	Gallon	56,155
Silver or black foxes, furs, and articles: Foxes valued under \$250 each and whole furs and skins	Month of April Canada Other than Canada	17,500 7,500	Number Number	7,722 548
Tails	12 months from Dec. 1, 1945	5,000	Piece	-
Paws, heads or other separated parts	"	500	Pound	490
Piece plates	"	550	Pound	-
Articles, other than piece plates	"	500	Unit	62

^{1/} Quota increased per T. D. 51448.

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 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, 1945 to Apr. 27, 1946	ESTABLISHED : 33-1/3% of Total Quota	IMPORTS : Sept. 20, 1945 to Apr. 27, 1/1946
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

May 7, 1946

V-292

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, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to April 27, 1946.

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, 1945, to April 27, 1946	Quota	Established: 20, 1945, to April 27, 1946	Quota
Egypt and the Anglo-Egyptian Sudan.....	783,816	-	19,714,179	-
Peru.....	247,952	239,079	6,593,292	-
British India.....	2,003,483	1,796,001	-	-
China.....	1,370,791	-	-	-
Mexico.....	8,883,259	8,883,259	-	-
Brazil.....	618,723	618,723	100	-
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	-	-	1
Algeria and Tunisia.....	-	-	-	-
	14,516,882	11,537,062	45,656,420	26,307,572

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

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, May 9, 1946

Press Service
No. V-322

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, as amended by the proclamations of December 19, 1940, March 31, 1942, and June 29, 1942, during the period September 20, 1945, to April 27, 1946.

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, 1945, to April 27, 1946:	: Imports Sept. 20, 1945, to April 27, 1946:	: Established: 20, 1945, to Apr. 27, 1946:	: Imports Sept. 20, 1945, to Apr. 27, 1946:
Egypt and the Anglo-				
Egyptian Sudan.....	783,816	---	19,714,179	
Peru.....	247,952	239,079	6,593,292	
British India.....	2,003,483	1,796,001	-	
China.....	1,370,791	-	-	
Mexico.....	8,883,259	8,883,259	-	
Brazil.....	618,723	618,723	100	
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	-	1	
Algeria and Tunisia.....	-	-	-	
	14,516,882	11,537,062	45,656,420	26,307,572

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

COTTON CARD STRIPS made from cottons having a staple of less than 1-3/16 inches in length, 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 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, 1945, to Apr. 27, 1946:	ESTABLISHED : 33-1/3% of Total Quota	IMPORTS : Sept. 20, 1945, to Apr. 27, 1946, <u>1/</u>
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	-	-	-
France.....	227,420	-	75,807	-
British India.....	69,627	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	69,627	1,599,886	-

1/ Included in total imports, column 2.

ALPHA

- 3 -

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.

ALPHA

- 2 -

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 \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 16, 1946.

~~(7)~~
The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be

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V-323

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, May 10, 1946

(1)

The Secretary of the Treasury, by this public notice, invites tenders for \$ 1,300,000,000, 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 May 16, 1946, and will mature August 15, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, May 13, 1946. 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.

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, 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 May 16, 1946, and will mature August 15, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on May 16, 1946.

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 NEWSPAPERS,
Tuesday, May 14, 1946.

Press Service

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated May 16 and to mature August 15, 1946, which were offered on May 10, 1946, were opened at the Federal Reserve Banks on May 13.

The details of this issue are as follows:

Total applied for - \$1,900,939,000
Total accepted - 1,301,341,000 (includes \$40,866,000 entered on a fixed-price basis at 99.905 and accepted in full)
Average price - 99.905 1/2 Equivalent rate of discount approx. 0.375% per annum

Range of accepted competitive bids:

High - 99.908 Equivalent rate of discount approx. 0.364% per annum
Low - 99.905 " " " " " " 0.376% " "

(66 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	\$ 9,900,000	\$ 6,908,000
New York	1,469,893,000	991,233,000
Philadelphia	30,918,000	24,798,000
Cleveland	12,355,000	10,655,000
Richmond	14,064,000	12,364,000
Atlanta	12,905,000	9,505,000
Chicago	270,244,000	181,232,000
St. Louis	5,255,000	4,405,000
Minneapolis	2,495,000	2,495,000
Kansas City	12,500,000	10,800,000
Dallas	13,400,000	10,816,000
San Francisco	47,010,000	36,130,000
TOTAL	\$1,900,939,000	\$1,301,341,000

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TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 14, 1946

Press Service
 No. V-324

The Secretary of the Treasury announced last evening that the tenders for \$1,300,000,000, or thereabouts, of 91-day bills to be dated May 16 and to mature August 15, 1946, which were offered on May 10, 1946, were opened at the Federal Reserve Banks on May 13.

The details of this issue are as follows:

Total applied for - \$1,900,939,000
 Total accepted - 1,301,341,000 (includes \$40,866,000 entered on a fixed-price basis at 99.905 and accepted in full)
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Range of accepted competitive bids:

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Boston	\$ 9,900,000	\$ 6,908,000
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Philadelphia	30,918,000	24,798,000
Cleveland	12,355,000	10,655,000
Richmond	14,064,000	12,364,000
Atlanta	12,905,000	9,505,000
Chicago	270,244,000	181,232,000
St. Louis	5,255,000	4,405,000
Minneapolis	2,495,000	2,495,000
Kansas City	12,500,000	10,800,000
Dallas	13,400,000	10,816,000
San Francisco	47,010,000	36,130,000
TOTAL	\$1,900,939,000	\$1,301,341,000

This is a world in which all countries must share the same destiny. It will be peace and prosperity for all, or war and depression for all. We cannot escape from these problems by withdrawing from the world. Political or economic isolation is an anachronism; it is a dangerous policy because it is unreal. There is only one way to assure the security and welfare of this country. That is to face the world's problems and deal with them in cooperation with other countries.

oDo

I want to stress the importance of production and employment right here at home. The United States is the greatest single economic force in the entire world. The level of our national income is the determinant of world trade. If we maintain production and employment, world trade will flourish. The greatest contribution the United States can make to the peace and prosperity of the world is to keep America strong and prosperous and the advocate of justice in the council of the nations.

If we do not remove the irritations and alleviate the impediments to trade, we feed the greedy god of war and it largely nullify the other efforts we make toward a stable enduring peace. But if we meet our problems in the fields of international exchange and in world trade and build a sound economic order in the several United Nations and in the world, we create an atmosphere conducive to peace. And good economic relationships between nations can, in themselves, give us more than a fighting chance for lasting peace.

The Financial Agreement with England is an essential part of our whole program of international economic cooperation. This program of the United Nations is concerned with some of the most important problems of every day life. How we meet these problems will determine in large part whether the United States and the world will again go through devastating cycles of war and depression or whether at long last we realize the hope for peace and prosperity.

The Commerce Department estimates that about one-fourth of the proceeds of foreign loans will be spent on such products. In those cases allocation and export controls will prevent any undue drain on our domestic supply and assure the minimum essential needs of other countries.

In the end the way to beat the inflation problem is to produce enough goods. The Financial Agreement will encourage production in this country and abroad by removing the restrictions which hamper trade.

The total amount of credit to England under the Financial Agreement is less than one-half of one percent of the aggregate expenditures in this country in the next five years. A considerable part of the credit will be used in later years when the supply problem is less acute. Some of the credit will undoubtedly be used for goods that are in abundant supply. Inevitably, some of the credit will be needed for goods that are in scarce supply.

12
There are some people who recognize that it is in the interest of the United States to offer England the proposed credit, but they fear that the credit will add to inflationary pressures in this country. I am much concerned about the inflation problem. I know, from first-hand experience, how important the inflation problem is in this country. I believe that the credit to Britain will not materially increase the danger of inflation.

The International Bank will be the principal agency to facilitate foreign loans out of private capital for reconstruction and development.

In the emergency period, until the International Bank is in full operation, the Export-Import Bank will meet only the most urgent needs for reconstruction aid. It is the policy of this Government to make the agencies established by the United Nations the means for continuing cooperation on currency and investment problems, and to leave to these institutions the task of providing the funds necessary to implement this program.

The International Monetary Fund agreement permits the continued imposition of certain of these restrictions for as much as 5 years; in the Financial Agreement of December 6, 1945, the British agree to their removal within 1 year from the effective date of that Agreement. It is the view of the Council that the British case is unique and will not be a precedent for a loan to any other country."

Other countries will need help.

This help will be available to them from the institutions that are now in operation. The International Fund will provide help needed for currency stabilization.

No other country has the same crucial position in world trade as England. Because of the wide use of the pound sterling in world trade, the large proportion of the world's trade which is carried on by the countries of the British Empire, and the extreme dependence of England upon imports, the financial and commercial practices of Britain are of utmost significance in determining what kind of world economy we shall have. The early realization of the full objectives of the Bretton Woods program, including the elimination of exchange restrictions and other barriers to world trade and investment, requires an immediate solution to Britain's financial problem.

The approval of the Financial Agreement by Congress will assure the implementation of our whole international economic program.

11 / The credit to Britain cannot be a precedent for a loan to any other country. The National Advisory Council on International Monetary and Financial Problems has issued a statement of our foreign loan policy in which this is made clear. I read from that report:

"The proposed loan to Britain, requiring congressional authorization, is a special case, but one which is an integral part of the foreign economic program of this Government.

The rate of interest is reasonably close to the average cost of money to the Treasury.

This point will bear emphasis: the credit is only a part of the Financial Agreement. The purpose of the Financial Agreement is to enable England to participate fully in our international economic program. The full participation of Britain in this program is necessary if it is to become effective.

When we take into consideration the commitments we receive from England on her currency and trade policies, it becomes clear that the Agreement would amply repay the American people even if no interest were paid. And some would say we would have made a good investment if the whole sum were a gift.

As a matter of fact, the interest is substantial. If the credit were used in five equal annual amounts and all interest payments were met, the effective rate of interest under the Financial Agreement would be 1.83 percent, and over \$2.5 billion of interest would be paid.

If such an emergency situation develops, it is clearly in the interest of the United States to accept the principal and not to force a default which would have serious consequences to the world economy.

Naturally, the interest rate is less than Britain would have to pay on a strictly commercial loan obtained from bankers. The Financial Agreement, however, is much more than a loan. It is an Agreement on the major aspects of financial and commercial policy.

None of the credit can be used for paying off the blocked sterling balances or any of Britain's wartime debts; these obligations will have to be met from other resources.

Beginning in 1951, England will repay the credit over a 50-year period, with interest at 2 percent. The principal of the credit must be repaid without qualification. Under conditions of severe depression in world trade, the interest due in any given year may be waived under objective standards stated in the Agreement.

10

If Congress approves, the United States Government will open a line of credit of \$3-3/4 billion in favor of England. This credit can be drawn on by England until December 31, 1951, to purchase goods and services in the United States. It can also be used by England for meeting the transitional post-war deficit in her current balance of payments, and for helping England assume the obligations of multilateral trade.

These six commitments are important commitments. They represent a wholehearted adoption of the letter and spirit of the United Nations program for fair currency and trade practices. To carry out these commitments England will need help during the next few years. That help she will get from the credit under the Financial Agreement with the United States and, it should be added, from the same Financial Agreement with Canada.

Instead of being forced to spend the blocked sterling balances in England, the holders of these balances, like India and Egypt, will be free to buy goods wherever they prefer. American exporters will have a fair chance to export in these markets.

6. In addition, England has agreed to support the American proposal for an international trade organization to reduce trade barriers and eliminate trade discriminations. With England supporting this proposal, the forthcoming United Nations Trade Conference holds forth every prospect of success.

Each country in the sterling area will be completely free to use any dollars it earns to buy goods anywhere. India, for example, could use the dollars it gets for its exports to the United States and Latin America without turning over any part of them to England.

5. A settlement will be made by England with the countries holding blocked sterling balances. England has agreed that any payment in liquidation of these blocked balances can be used to buy goods in any country, including the United States.

9

3. Within a year, unless we agree to a temporary extension, England will remove all of the restrictions on the convertibility of sterling for ordinary current transactions. In practice, this will mean that the money that England pays to Canada, Australia and India for her imports will be converted by England into dollars and can be used by these countries to pay for goods they purchase in the United States.

4. Within a year, unless we agree to a temporary extension, England will dissolve the Sterling Area Dollar Pool.

2. For any goods or services purchased in the United States, England will pay in dollars or if payment is made in pounds, American exporters will be able to convert the sterling into dollars. That goes for American movies as well as American machinery. And it applies to income from American investments in England. No American firm need hesitate to do business with England for fear that its earnings cannot be transferred. American businessmen will be just as sure of payment in dollars from England as they were before the war.

Here is what the Financial

Agreement provides:

1. England will not discriminate against American products in any of her import controls. So long as she buys cotton or fruits abroad, she will not discriminate against the import of American cotton or fruits. If it becomes necessary for England to limit her agricultural or industrial imports, this will be done on a basis fair to all countries, including the United States.

After friendly discussions over several months, the American and British negotiators agreed that England would need a credit of \$3-3/4 billion from the United States. This credit, together with that from Canada, will enable England to continue her essential imports during the next few years, while removing the wartime currency and trade restrictions and discriminations. The Financial Agreement thus provides two things, a commitment to end discriminatory currency and trade practices and a credit to enable England to carry out the commitment.

They know that restrictions and discriminations stifle world trade and lead to conflicts which can have disastrous consequences. But Britain cannot abandon her wartime currency and trade restrictions unless she secures help, primarily from the United States and Canada. With such help, England would be able to put into effect the fair currency and trade standards which we have proposed and which she supports.

And it will also act as an encouragement to a Russian bloc. Such a development would be a menace to peace and prosperity everywhere. No country wants this kind of world; no country can afford this kind of world.

8 The British people have shown clearly their desire to cooperate in building a world in which trade can be carried on fully and fairly. The British people are with us in our effort to secure the widest possible flow of world trade by establishing stable and orderly conditions.

The great danger before us is the division of the world into conflicting blocs. In the economic sphere, we are trying to meet this problem through cooperation in the World Fund and Bank. If England adopts the fair currency and trade practices we have proposed, it may be possible to avoid the formation of a bloc outside the Fund and Bank under the leadership of a great power. But if England finds it necessary to keep her wartime restrictions, it will result in a British bloc and an American bloc.

During the war England imposed comprehensive currency and trade restrictions. These restrictions were one aspect, and a very necessary aspect, of Britain's wartime financing. What England did, in effect, was to create an economic bloc composed of the British Empire except Canada, and including a number of other countries, principally in the Middle East. This bloc is now in operation. If England cannot get help in meeting her import needs over the next few years, she will be forced to continue and even extend her wartime restrictions and discriminations.

But during this transition period,
the feeding of the British people
and the supplying of British industry
will result in a substantial need for
foreign credit.

The British can finance this
transitional need in one of two ways.
One is the road of economic blocs and
economic warfare. It is the road of
economic isolation. The other is
the road of Bretton Woods. It is the
road of international economic
cooperation.

9 The British people have industriously set about to restore their international economic position. They are reconverting their war industries to civilian production. They are making a determined effort to increase their industrial efficiency. They are exporting as much as they can without depriving themselves of the essentials of life. These are problems which the British people must work out for themselves over the next few years.

7

Before the war the British people were able to earn enough from their exports and their services to foreigners to purchase abroad the food and raw materials essential to their economy. In 1938, about one-half of Britain's imports was paid for by the export of British goods. About one-fourth was paid for by services of the British merchant marine, insurance companies, and other financial and commercial institutions. An additional one-fourth was paid for out of the net income of British capital investments abroad.

Meanwhile, Britain's earnings abroad from shipping and other services have also been sharply reduced. Because of enemy sinkings, the British merchant marine is one-fourth smaller than before the war, in spite of the large building program. The earnings from financial and commercial services have fallen off along with England's trade and shipping. With the recovery of world trade, these services will again expand and become an important part of England's foreign business.

Nevertheless, she had to draw heavily on her accumulated foreign exchange resources, and strain her credit abroad in order to secure her essential war imports. She sold \$4.5 billion of her foreign investments; she reduced her gold and dollar reserves by \$615 million; and she incurred foreign debts which now amount to more than \$13 billion, very largely blocked sterling balances held by foreigners in London. As a result of her war effort, Britain's international financial position deteriorated by about \$17 billion from 1939 to 1945.

She devoted every resource which she could mobilize to her defense and to the attack on the enemy. British exports fell until, by 1944, they were only 30 percent of their prewar volume. The men released from the export industries were put to work at war production or were inducted into the armed forces.

Lend-lease from the United States and Mutual Aid from Canada filled part of the gap between her wartime needs -- mostly for our common cause -- and her current supply of foreign exchange.

For five years, England was the principal target of the Luftwaffe, as well as the principal base of operations of the Western allies against Germany. Her life was at stake, and ours. The punishment which she took -- and which she handed out -- wrote stirring chapters in the history of free men.

I speak of this not as a reason for the Financial Agreement, because the Agreement looks to the present and the future, not to the past, but I speak of it to emphasize that during the war, England had little time to think of her export trade.

As a consequence, England is a great
importing country. She is the best
customer of the United States and of
a score of other countries. What ⁶
England does to eliminate wartime
currency and trade restrictions will
affect our trade and the trade of the
entire world.

England's international economic
position has been seriously distorted
by the war.

They cannot commit themselves to allowing American products into England on the same basis as imports from other countries when they do not have the dollars to pay for such imports. They cannot commit themselves to converting sterling into other currencies when they do not have the reserves necessary to do this.

England is a country that must live by imports. Two-thirds of the food consumed by the British people and virtually all of the basic raw materials, except coal, used in British industry must be purchased abroad.

It is another application of the old American doctrine of fair play and equal opportunity.

There is no doubt that the British Government and the British people favor this program. They recognize that such a program is in their interest as well as ours. Although the British want to adopt this program, they are not in a position without help to meet the obligations it entails.

The continuation of these wartime restrictions will reduce world trade and force it into uneconomic channels. There is only one desirable way to protect world trade from this result, and that is by establishing the currency and trade practices that we have proposed. These practices are based on the principle that the export markets of the world should remain open on fair and equal terms to the exporters of all countries.

If England says that these balances can be used only to buy goods in England, then the countries holding more than \$13 billion of these sterling balances will, in effect, be compelled to concentrate their purchases in England. American producers will have little chance to export to the countries holding blocked sterling. On the other hand, if the countries holding these balances can get them gradually converted into dollars, our exporters will be in a position to compete on fair and equal terms throughout the sterling area.

These balances were acquired as a result of their wartime exports to England or military expenditures made by England in India and the Middle East which were paid in sterling.

Because these sterling balances could not be converted into dollars or used to buy exports from England, they were called "blocked sterling balances".

What is done about the liquidation of these blocked sterling balances will make a big difference to American trade.

Some American exporters are in effect excluded from a large part of the world's markets. That is why we want the dollar pool brought to an end.

5/ Another danger to American trade is the large amount of blocked sterling. During the war the countries of the sterling area accumulated large sterling balances held as deposits in London banks or invested in British Treasury securities.

Under this arrangement a country of the sterling area that secures a surplus of dollars from exports to the United States transfers the dollars to England for a sterling deposit in London. The dollars are then allocated by London to the various members of the sterling area for the most essential purchases requiring payment in dollars. In practice, dollars are not allocated for buying American machinery or any other American goods which can be bought in England or anywhere in the sterling area.

Our producers are perfectly willing to sell their products in competition with the products of other countries, provided the buyer has a fair chance to select American goods on the basis of quality and price. But American producers will not have their fair chance to sell their products in the sterling area until the dollar pool is terminated.

The dollar pool is the wartime arrangement made by England to mobilize and conserve the dollar resources of all of the countries of the sterling area.

In half the trading area of the world, American products would be at a serious disadvantage in competing with the products of the sterling area countries. Our trade with Britain and the sterling area would become a mere trickle.

American exporters ask no special advantages in trading with foreign countries. They do ask that no discriminations be directed against them.

If sterling cannot be converted into dollars, England and the sterling area countries must concentrate on their trade with each other, not because their goods are better but because of monetary impediments. It will mean that Egyptian and Indian cotton will replace American cotton, Rhodesian and Near Eastern tobacco will replace American tobacco, and British automobiles and machinery will replace American automobiles and machinery.

Countries like Canada, the British Dominions, and the agricultural countries of Europe, which customarily have a large favorable balance of payments with England, would be unable to use the sterling they receive for their exports to pay for their imports in dollars from the United States. Our trade with these countries would have to be restricted because they would not have the means to pay us.

In brief, American export trade is directly dependent upon the convertibility of sterling into dollars.

~~X~~ During the war, sterling became an inconvertible currency. It could be used to make payments in the sterling area; but it could not be converted into dollars. If this wartime restriction is continued, serious limitations would be placed on our exports.

Consider what would happen if England should have to maintain the present currency and trade restrictions. American goods can be bought by foreign countries only with dollars. The only way to buy American cotton and wheat, American automobiles and machinery is to pay in dollars. If, and only if, sterling is convertible into dollars, can the holders of sterling buy our products. As a matter of fact, many countries can get the dollars they need to buy goods in America only with the money England pays them for the goods they sell to her.

Together these two countries do about one-third of the trade of the entire world. The countries closely linked in trade with England and the United States account for 75 percent of world trade. If these two countries were to adopt the same fair currency and trade practices, the rest of the world would inevitably follow. On the other hand, conflict between the United States and England on currency and trade policies would just as inevitably divide the world into economic blocs.

When countries exchange their surplus products they all gain because it makes possible increased production of their specialized products. This means more production and a higher level of income in the country which sells, as well as more goods and a better standard of living in the country which buys.

This program for the general welfare can be put into effect if the United Nations, and particularly the United States and England, adopt the same fair currency and trade practices.

In short, we must have a high level of trade between our nation and other nations to have full production, full employment, and a large national income in America. All sections of our country, all sectors of our economy are directly or indirectly dependent upon foreign trade.

International economic cooperation and the expansion of world trade are definitely in the interest of this country and all countries.

3/

Our trade cannot reach the high levels necessary for American prosperity if the world again resorts to currency and trade restrictions. Unless our exporters have access to world markets on fair and equal terms we will not be able to maintain our production in those fields in which we have long specialized -- growing cotton, tobacco and wheat; making automobiles, machinery and equipment.

From 1931 to 1934, our average sales were only \$473 million a year. The difficulty of finding markets abroad for our agricultural surplus was an important factor in the decline of nearly 60 percent in farm prices from 1928 to 1932. The depreciation in currencies was also an important element in this decline in farm prices. When the pound sterling, for example, depreciated from \$4.86 per pound to \$3.20, it put pressure on the prices of all American farm products sold in world markets.

Because of these measures the exports of the United States were harder hit than those of any other country. Our share of world exports, which in 19²8 was 15.8 percent of the world total of \$32.5 billion, fell in 1934 to 11.5 percent of the much smaller total of \$18.5 billion. This decline in our exports contributed to the severe depression in industry and the collapse in agriculture.

Our exports of wheat, cotton, tobacco and lard were particularly hard hit. From 1925 to 1928 we sold abroad on the average more than \$1,250 million of these four crops annually.

Our economy has always been dependent on foreign trade. It will be more dependent on exports and imports in the years ahead. We must buy abroad many of the raw materials for our industries and some important goods for our consumers. We must sell abroad a large part of our production, as much as 8 or 10 percent, to keep our agriculture and industry running.

Let's not forget the lesson of the decade before the war when our agriculture and industry suffered severely from trade and currency restrictions.

No one country can by itself deal with international economic problems, because they are not national in character. They are the responsibility of all countries. We have proposed, therefore, that the United Nations provide the means for continuing cooperation through the International Bank, the International Fund, and through an international trade organization.

The success of this program will mean a good deal to the United States.

2/

The Financial Agreement with England,
which you are now considering, is
above all for the purpose of
establishing a sound and fair basis
for world trade and in this way
lessening the dangers of political
and economic warfare.

This government has advocated
a program of international economic
cooperation to restore world trade
and to eliminate the currency and
trade discriminations that divide
nations into conflicting economic
blocs.

That is the responsibility of the United Nations -- and that means Russia and England, as well as the United States and the other countries. We must do this job.

We must have international cooperation on political problems. That is most important, but it is not enough. The economic causes of conflict must be eliminated. The every-day relations between the businessmen of all countries must be carried on in a fair and friendly way, conducive to good will and mutually beneficial trade.

Maintaining peace requires constant vigilance by the people of all countries. We know, at long last, that enduring peace does not follow automatically the victory of our armed forces. Our people have learned that peace as well as prosperity does not come to those who merely sit and wait.

We must work for peace as we worked to win the war. We must all work, and work constantly, to settle the problems that might lead to conflict and war.

This is the one reward of victory
that our people and the people of
all the United Nations ask -- a
world in which countries work and
live together in peace and prosperity.

As you are well aware, world
peace and prosperity are interlinked.
The world cannot have a stable,
enduring peace while devastation and
hunger stalk the earth. This country
cannot prosper in a world torn by
fear and strife. No country, no
matter how big or strong, can remain
either in political or economic
isolation.

Treasury Department
Washington

I am very glad to appear before
this Committee and to explain what, in
my judgment, the proposed Financial
Agreement with the United Kingdom
means to America and to the world.

With the end of the war we in the
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power to achieve lasting peace and
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TREASURY DEPARTMENT

Washington

Statement by Fred M. Vinson, Secretary
of the Treasury, before the House
Committee on Banking and Currency.

10:30 A.M., Tuesday, May 14, 1946.

I am very glad to appear before this Committee and to explain what, in my judgment, the proposed Financial Agreement with the United Kingdom means to America and to the world.

With the end of the war we in the Administration and you in Congress have a new responsibility to our people. The sacrifices they have borne will have been largely meaningless unless we do all in our power to achieve lasting peace and sound prosperity. This is the one reward of victory that our people and the people of all the United Nations ask - a world in which countries work and live together in peace and prosperity.

As you are well aware, world peace and prosperity are interlinked. The world cannot have a stable, enduring peace while devastation and hunger stalk the earth. This country cannot prosper in a world torn by fear and strife. No country, no matter how big or strong, can remain either in political or economic isolation.

Maintaining peace requires constant vigilance by the people of all countries. We know, at long last, that enduring peace does not follow automatically the victory of our armed forces. Our people have learned that peace as well as prosperity does not come to those who merely sit and wait.

We must work for peace as we worked to win the war. We must all work, and work constantly, to settle the problems that might lead to conflict and war. That is the responsibility of the United Nations - and that means Russia and England, as well as the United States and the other countries. We must do this job.

We must have international cooperation on political problems. That is most important, but it is not enough. The economic causes of conflict must be eliminated. The every-day relations between the businessmen of all countries must be carried on in a fair and friendly way, conducive to good will and mutually beneficial trade.

The Financial Agreement with England, which you are now considering, is above all for the purpose of establishing a sound and fair basis for world trade and in this way lessening the dangers of political and economic warfare.

This Government has advocated a program of international economic cooperation to restore world trade and to eliminate the currency and trade discriminations that divide nations into conflicting economic blocs. No one country can by itself deal with international economic problems, because they are not national in character. They are the responsibility of all countries. We have proposed, therefore, that the United Nations provide the means for continuing cooperation through the International Bank, the International Fund, and through an international trade organization.

The success of this program will mean a good deal to the United States. Our economy has always been dependent on foreign trade. It will be more dependent on exports and imports in the years ahead. We must buy abroad many of the raw materials for our industries and some important goods for our consumers. We must sell abroad a large part of our production, as much as 8 or 10 percent, to keep our agriculture and industry running.

Let's not forget the lesson of the decade before the war when our agriculture and industry suffered severely from trade and currency restrictions. Because of these measures the exports of the United States were harder hit than those of any other country. Our share of world exports, which in 1928 was 16.8 percent of the world total of \$32.5 billion, fell in 1934 to 11.5 percent of the much smaller total of \$18.5 billion. This decline in our exports contributed to the severe depression in industry and the collapse in agriculture.

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Our trade cannot reach the high levels necessary for American prosperity if the world again resorts to currency and trade restrictions. Unless our exporters have access to world markets on fair and equal terms we will not be able to maintain our production in those fields in which we have long specialized - growing cotton, tobacco and wheat; making automobiles, machinery and equipment. In short, we must have a high level of trade between our nation and other nations to have full production, full employment, and a large national income in America. All sections of our country, all sectors of our economy are directly or indirectly dependent upon foreign trade.

International economic cooperation and the expansion of world trade are definitely in the interest of this country and all countries. When countries exchange their surplus products they all gain because it makes possible increased production of their specialized products. This means more production and a higher level of income in the country which sells, as well as more goods and a better standard of living in the country which buys.

This program for the general welfare can be put into effect if the United Nations, and particularly the United States and England, adopt the same fair currency and trade practices. Together these two countries do about one-third of the trade of the entire world. The countries closely linked in trade with England and the United States account for 75 percent of world trade. If these two countries were to adopt the same fair currency and trade practices, the rest of the world would inevitably follow. On the other hand, conflict between the United States and England on currency and trade policies would just as inevitably divide the world into economic blocs.

Consider what would happen if England should have to maintain the present currency and trade restrictions. American goods can be bought by foreign countries only with dollars. The only way to buy American cotton and wheat, American automobiles and machinery is to pay in dollars. If, and only if, sterling is convertible into dollars, can the holders of sterling buy our products. As a matter of fact, many countries can get the dollars they need to buy goods in America only with the money England pays them for the goods they sell to her. In brief, American export trade is directly dependent upon the convertibility of sterling into dollars.

During the war, sterling became an inconvertible currency. It could be used to make payments in the sterling area; but it could not be converted into dollars. If this wartime restriction is continued, serious limitations would be placed on our exports. Countries like Canada, the British Dominions, and the agricultural countries of Europe, which customarily have a large favorable balance of payments with England, would be unable to use the sterling they receive for their exports to pay for their imports in dollars from the United States. Our trade with these countries would have to be restricted because they would not have the means to pay us.

If sterling cannot be converted into dollars, England and the sterling area countries must concentrate on their trade with each other, not because their goods are better, but because of monetary impediments. It will mean that Egyptian and Indian cotton will replace American cotton, Rhodesian and Near Eastern tobacco will replace American tobacco, and British automobiles and machinery will replace American automobiles and machinery. In half the trading area of the world, American products would be at a serious disadvantage in competing with the products of the sterling area countries. Our trade with Britain and the sterling area would become a mere trickle.

American exporters ask no special advantages in trading with foreign countries. They do ask that no discriminations be directed against them. Our producers are perfectly willing to sell their products in competition with the products of other countries, provided the buyer has a fair chance to select American goods on the basis of quality and price. But American producers will not have their fair chance to sell their products in the sterling area until the dollar pool is terminated.

The dollar pool is the wartime arrangement made by England to mobilize and conserve the dollar resources of all of the countries of the sterling area. Under this arrangement a country of the sterling area that secures a surplus of dollars from exports to the United States transfers the dollars to England for a sterling deposit in London. The dollars are then allocated by London to the various members of the sterling area for the most essential purchases requiring payment in dollars. In practice, dollars are not allocated for buying American machinery or any other American goods which can be bought in England or anywhere in the sterling area. Some American exporters are in effect excluded from a large part of the world's markets. That is why we want the dollar pool brought to an end.

Another danger to American trade is the large amount of blocked sterling. During the war the countries of the sterling area accumulated large sterling balances held as deposits in London banks or invested in British Treasury securities. These balances were acquired as a result of their wartime exports to England or military expenditures made by England in India and the Middle East which were paid in sterling. Because these sterling balances could not be converted into dollars or used to buy exports from England, they were called "blocked sterling balances".

What is done about the liquidation of these blocked sterling balances will make a big difference to American trade. If England says that these balances can be used only to buy goods in England, then the countries holding more than \$13 billion of these sterling balances will, in effect, be compelled to concentrate their purchases in England. American producers will have little chance to export to the countries holding blocked sterling. On the other hand, if the countries holding these balances can get them gradually converted into dollars, our exporters will be in a position to compete on fair and equal terms throughout the sterling area.

The continuation of these wartime restrictions will reduce world trade and force it into uneconomic channels. There is only one desirable way to protect world trade from this result, and that is by establishing the currency and trade practices that we have proposed. These practices are based on the principle that the export markets of the world should remain open on fair and equal terms to the exporters of all countries. It is another application of the old American doctrine of fair play and equal opportunity.

There is no doubt that the British Government and the British people favor this program. They recognize that such a program is in their interest as well as ours. Although the British want to adopt this program, they are not in a position without help to meet the obligations it entails. They cannot commit themselves to allowing American products into England on the same basis as imports from other countries when they do not have the dollars to pay for such imports. They cannot commit themselves to converting sterling into other currencies when they do not have the reserves necessary to do this.

England is a country that must live by imports. Two-thirds of the food consumed by the British people and virtually all of the basic raw materials, except coal, used in British industry must be purchased abroad. As a consequence, England is a great importing country. She is the best customer of the United States and of a score of other countries.

What England does to eliminate wartime currency and trade restrictions will affect our trade and the trade of the entire world.

England's international economic position has been seriously distorted by the war. For five years, England was the principal target of the Luftwaffe, as well as the principal base of operations of the Western allies against Germany. Her life was at stake, and ours. The punishment which she took - and which she handed out - wrote stirring chapters in the history of free men.

I speak of this not as a reason for the Financial Agreement, because the Agreement looks to the present and the future, not to the past, but I speak of it to emphasize that during the war, England had little time to think of her export trade. She devoted every resource which she could mobilize to her defense and to the attack on the enemy. British exports fell until, by 1944, they were only 30 percent of their prewar volume. The men released from the export industries were put to work at war production or were inducted into the armed forces.

Lend-lease from the United States and Mutual Aid from Canada filled part of the gap between her wartime needs - mostly for our common cause - and her current supply of foreign exchange. Nevertheless, she had to draw heavily on her accumulated foreign exchange resources, and strain her credit abroad in order to secure her essential war imports. She sold \$4.5 billion of her foreign investments; she reduced her gold and dollar reserves by \$615 million; and she incurred foreign debts which now amount to more than \$13 billion, very largely blocked sterling balances held by foreigners in London. As a result of her war effort, Britain's international financial position deteriorated by about \$17 billion from 1939 to 1945.

Meanwhile, Britain's earnings abroad from shipping and other services have also been sharply reduced. Because of enemy sinkings, the British merchant marine is one-fourth smaller than before the war, in spite of the large building program. The earnings from financial and commercial services have fallen off along with England's trade and shipping. With the recovery of world trade, these services will again expand and become an important part of England's foreign business.

Before the war the British people were able to earn enough from their exports and their services to foreigners to purchase abroad the food and raw materials essential to their economy. In 1938, about one-half of Britain's imports was paid for by the export of British goods. About one-fourth was paid for by services of the British merchant marine, insurance companies, and other financial and commercial institutions. An additional one-fourth was paid for out of the net income of British capital investments abroad.

The British people have industriously set about to restore their international economic position. They are reconverting their war industries to civilian production. They are making a determined effort to increase their industrial efficiency. They are exporting as much as they can without depriving themselves of the essentials of life. These are problems which the British people must work out for themselves over the next few years. But during this transition period, the feeding of the British people and the supplying of British industry will result in a substantial need for foreign credit.

The British can finance this transitional need in one of two ways. One is the road of economic blocs and economic warfare. It is the road of economic isolation. The other is the road of Bretton Woods. It is the road of international economic cooperation.

During the war England imposed comprehensive currency and trade restrictions. These restrictions were one aspect, and a very necessary aspect, of Britain's wartime financing. What England did, in effect, was to create an economic bloc composed of the British Empire except Canada, and including a number of other countries, principally in the Middle East. This bloc is now in operation. If England cannot get help in meeting her import needs over the next few years, she will be forced to continue and even extend her wartime restrictions and discriminations.

The great danger before us is the division of the world into conflicting blocs. In the economic sphere, we are trying to meet this problem through cooperation in the World Fund and Bank. If England adopts the fair currency and trade practices we have proposed, it may be possible to avoid the formation of a bloc outside the Fund and Bank under the leadership of a great power. But if England finds it necessary to keep her wartime restrictions, it will result in a British bloc and an American bloc. And it will also act as an encouragement to a Russian bloc. Such a development would be a menace to peace and prosperity everywhere. No country wants this kind of world; no country can afford this kind of world.

The British people have shown clearly their desire to cooperate in building a world in which trade can be carried on fully and fairly. The British people are with us in our effort to secure the widest possible flow of world trade by establishing stable and orderly conditions. They know that restrictions and discriminations stifle world trade and lead to conflicts which can have disastrous consequences. But Britain cannot abandon her wartime currency and trade restrictions unless she secures help, primarily from the United States and Canada. With such help, England would be able to put into effect the fair currency and trade standards which we have proposed and which she supports.

After friendly discussions over several months, the American and British negotiators agreed that England would need a credit of \$3-3/4 billion from the United States. This credit, together with that from Canada, will enable England to continue her essential imports during the next few years, while removing the wartime currency and trade restrictions and discriminations. The Financial Agreement thus provides two things, a commitment to end discriminatory currency and trade practices and a credit to enable England to carry out the commitment.

Here is what the Financial Agreement provides:

1. England will not discriminate against American products in any of her import controls. So long as she buys cotton or fruits abroad, she will not discriminate against the import of American cotton or fruits. If it becomes necessary for England to limit her agricultural or industrial imports, this will be done on a basis fair to all countries, including the United States.

2. For any goods or services purchased in the United States, England will pay in dollars or if payment is made in pounds, American exporters will be able to convert the sterling into dollars. That goes for American movies as well as American machinery. And it applies to income from American investments in England. No American firm need hesitate to do business with England for fear that its earnings cannot be transferred. American businessmen will be just as sure of payment in dollars from England as they were before the war.

3. Within a year, unless we agree to a temporary extension, England will remove all of the restrictions on the convertibility of sterling for ordinary current transactions. In practice, this will mean that the money that England pays to Canada, Australia and India for her imports will be converted by England into dollars and can be used by these countries to pay for goods they purchase in the United States.

4. Within a year, unless we agree to a temporary extension, England will dissolve the Sterling Area Dollar Pool. Each country in the sterling area will be completely free to use any dollars it earns to buy goods anywhere. India, for example, could use the dollars it gets for its exports to the United States and Latin America without turning over any part of them to England.

5. A settlement will be made by England with the countries holding blocked sterling balances. England has agreed that any payment in liquidation of these blocked balances can be used to buy goods in any country, including the United States. Instead of being forced to spend the blocked sterling balances in England, the holders of these balances, like India and Egypt, will be free to buy goods wherever they prefer. American exporters will have a fair chance to export in these markets.

6. In addition, England has agreed to support the American proposal for an international trade organization to reduce trade barriers and eliminate trade discriminations. With England supporting this proposal, the forthcoming United Nations Trade Conference holds forth every prospect of success.

These six commitments are important commitments. They represent a whole hearted adoption of the letter and spirit of the United Nations program for fair currency and trade practices. To carry out these commitments England will need help during the next few years. That help she will get from the credit under the Financial Agreement with the United States and, it should be added, from the same Financial Agreement with Canada.

If Congress approves, the United States Government will open a line of credit of \$3-3/4 billion in favor of England. This credit can be drawn on by England until December 31, 1951, to purchase goods and services in the United States. It can also be used by England for meeting the transitional post-war deficit in her current balance of payments, and for helping England assume the obligations of multilateral trade.

None of the credit can be used for paying off the blocked sterling balances or any of Britain's wartime debts; these obligations will have to be met from other resources.

Beginning in 1951, England will repay the credit over a 50-year period, with interest at 2 percent. The principal of the credit must be repaid without qualification. Under conditions of severe depression in world trade, the interest due in any given year may be waived under objective standards stated in the Agreement. If such an emergency situation develops, it is clearly in the interest of the United States to accept the principal and not to force a default which would have serious consequences to the world economy.

Naturally, the interest rate is less than Britain would have to pay on a strictly commercial loan obtained from bankers. The Financial Agreement, however, is much more than a loan. It is an Agreement on the major aspects of financial and commercial policy. When we take into consideration the commitments we receive from England on her currency and trade policies, it becomes clear that the Agreement would amply repay the American people even if no interest were paid. And some would say we would have made a good investment if the whole sum were a gift.

As a matter of fact, the interest is substantial. If the credit were used in five equal annual amounts and all interest payments were met, the effective rate of interest under the Financial Agreement would be 1.83 percent, and over \$2.5 billion of interest would be paid. The rate of interest is reasonably close to the average cost of money to the Treasury.

This point will bear emphasis: the credit is only a part of the Financial Agreement. The purpose of the Financial Agreement is to enable England to participate fully in our international economic program. The full participation of Britain in this program is necessary if it is to become effective. The approval of the Financial Agreement by Congress will assure the implementation of our whole international economic program.

The credit to Britain cannot be a precedent for a loan to any other country. The National Advisory Council on International Monetary and Financial Problems has issued a statement of our foreign loan policy in which this is made clear. I read from that report:

"The proposed loan to Britain, requiring Congressional authorization, is a special case, but one which is an integral part of the foreign economic program of this Government. No other country has the same crucial position in world trade as England. Because of the wide use of the pound sterling in world trade, the large proportion of the world's trade which is carried on by the countries of the British Empire, and the extreme dependence of England upon imports, the financial and commercial practices of Britain are of utmost significance in determining what kind of world economy we shall have. The early realization of the full objectives of the Bretton Woods program, including the elimination of exchange restrictions and other barriers to world trade and investment, requires an immediate solution to Britain's financial problem. The International Monetary Fund agreement permits the continued imposition of certain of these restrictions for as much as 5 years; in the Financial Agreement of December 6, 1945, the British agree to their removal within 1 year from the effective date of that Agreement. It is the view of the Council that the British case is unique and will not be a precedent for a loan to any other country."

Other countries will need help. This help will be available to them from the institutions that are now in operation. The International Fund will provide help needed for currency stabilization. The International Bank will be the principal agency to facilitate foreign loans out of private capital for reconstruction and development. In the emergency period, until the International Bank is in full operation, the Export-Import Bank will meet only the most urgent needs for reconstruction aid. It is the policy of this Government to make the agencies established by the United Nations the means for continuing cooperation on currency and investment problems, and to leave to these institutions the task of providing the funds necessary to implement this program.

There are some people who recognize that it is in the interest of the United States to offer England the proposed credit, but they fear that the credit will add to inflationary pressures in this country. I am much concerned about the inflation problem. I know, from first-hand experience, how important the inflation problem is in this country. I believe that the credit to Britain will not materially increase the danger of inflation.

The total amount of credit to England under the Financial Agreement is less than one-half of one percent of the aggregate expenditures in this country in the next five years. A considerable part of the credit will be used in later years when the supply problem is less acute. Some of the credit will undoubtedly be used for goods that are in abundant supply. Inevitably, some of the credit will be needed for goods that are in scarce supply. The Commerce Department estimates that about one-fourth of the proceeds of foreign loans will be spent on such products. In those cases allocation and export controls will prevent any undue drain on our domestic supply and assure the minimum essential needs of other countries.

In the end the way to beat the inflation problem is to produce enough goods. The Financial Agreement will encourage production in this country and abroad by removing the restrictions which hamper trade.

The Financial Agreement with England is an essential part of our whole program of international economic cooperation. This program of the United Nations is concerned with some of the most important problems of every day life. How we meet these problems will determine in large part whether the United States and the world will again go through devastating cycles of war and depression or whether at long last we realize the hope for peace and prosperity.

If we do not remove the irritations and alleviate the impediments to trade, we feed the greedy god of war and largely nullify the other efforts we make toward a stable enduring peace. But if we meet our problems in the fields of international exchange and world trade and build a sound economic order in the several United Nations and in the world, we create an atmosphere conducive to peace. And good economic relationships between nations can, in themselves, give us more than a fighting chance for lasting peace.

I want to stress the importance of production and employment right here at home. The United States is the greatest single economic force in the entire world. The level of our national income is the determinant of world trade. If we maintain production and employment, world trade will flourish. The greatest contribution the United States can make to the peace and prosperity of the world is to keep America strong and prosperous and the advocate of justice in the council of the nations.

This is a world in which all countries must share the same destiny. It will be peace and prosperity for all, or war and depression for all. We cannot escape from these problems by withdrawing from the world. Political or economic isolation is an anachronism; it is a dangerous policy because it is unreal. There is only one way to assure the security and welfare of this country. That is to face the world's problems and deal with them in cooperation with other countries.

Mr. Wilson, himself the son of a Buffalo, New York, police officer, began his Treasury career in 1920 when he was appointed Special Agent of the Intelligence Unit, Bureau of Internal Revenue.

His service with the Intelligence Unit, where he also served under Mr. Irey, was highlighted by his work in the investigation of evasion of income taxes at Chicago which resulted in the conviction of Al Capone and other highly organized racketeers. He also figured prominently in the Lindbergh kidnaping case, helping to evolve and carry out the strategy which resulted ultimately in the conviction of the slayer Hauptmann.

Chief Wilson initiated the Secret Service educational program of crime prevention which has attracted international attention among police officers, educators, penologists and welfare organizations. He has been a leading advocate of a nationally coordinated attack on problems of juvenile delinquency.

Under his supervision of the Service, losses to the public from counterfeiting have dropped from figures in excess of a million dollars a year to less than \$30,000.

*cleared with:
New York Union
Mad Council
Joe Thurman
Joe O'Connell.
9.12.76*

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V-326

Secretary Vinson today announced that Frank J. Wilson, Chief of the United States Secret Service, has been temporarily detailed to act as Assistant to Elmer L. Irey, Chief Coordinator, in planning and directing the post-war program of the Treasury Enforcement Agencies.

Mr. Vinson said that the return from military service of many key men of the various agencies, many of them from vital intelligence assignments, now makes possible a long-planned general intensification of enforcement work which the manpower situation heretofore has not permitted.

The Secretary said that Mr. Wilson's long and distinguished career as a Treasury officer makes him peculiarly qualified to assist Mr. Irey in the new work in his office. While Mr. Wilson is on this assignment, James J. Maloney, now his Assistant, will be Acting Chief of the Secret Service.

The Coordination staff formulates and carries out policies of general application to the seven Treasury enforcement agencies, of which the Secret Service is one. It promotes cooperative activities in such matters as joint investigations and utilization of personnel and equipment, and supervises personnel character investigations and related activities for the Department.

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Tuesday, May 14, 1946.

Press Service
No. V-326

Secretary Vinson today announced that Frank J. Wilson, Chief of the United States Secret Service, has been temporarily detailed to act as Assistant to Elmer L. Irey, Chief Coordinator, in planning and directing the post-war program of the Treasury Enforcement Agencies.

Mr. Vinson said that the return from military service of many key men of the various agencies, many of them from vital intelligence assignments, now makes possible a long-planned general intensification of enforcement work which the manpower situation heretofore has not permitted.

The Secretary said that Mr. Wilson's long and distinguished career as a Treasury officer makes him peculiarly qualified to assist Mr. Irey in the new work in his office. While Mr. Wilson is on this assignment, James J. Maloney, now his Assistant, will be Acting Chief of the Secret Service.

The Coordination staff formulates and carries out policies of general application to the seven Treasury enforcement agencies, of which the Secret Service is one. It promotes cooperative activities in such matters as joint investigations and utilization of personnel and equipment, and supervises personnel character investigations and related activities for the Department.

Mr. Wilson, himself the son of a Buffalo, New York, police officer, began his Treasury career in 1920 when he was appointed Special Agent of the Intelligence Unit, Bureau of Internal Revenue.

His service with the Intelligence Unit, where he also served under Mr. Irey, was highlighted by his work in the investigation of evasion of income taxes at Chicago which resulted in the conviction of Al Capone and other highly organized racketeers. He also figured prominently in the Lindbergh kidnaping case, helping to evolve and carry out the strategy which resulted ultimately in the conviction of the slayer Hauptmann.

Chief Wilson initiated the Secret Service educational program of crime prevention which has attracted international attention among police officers, educators, penologists and welfare organizations. He has been a leading advocate of a nationally coordinated attack on problems of juvenile delinquency.

Under his supervision of the Service, losses to the public from counterfeiting have dropped from figures in excess of a million dollars a year to less than \$30,000.

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figures
during

Pounds
as of April 30, 1946

Signatory Countries:

Brazil	846,949,335
Colombia	398,124,277
Costa Rica	17,712,325
Cuba	253
Dominican Republic	17,435,643
Ecuador	9,092,827
El Salvador	29,349,095
Guatemala	49,244,857
Haiti	15,270,186
Honduras	5,076,821
Mexico	41,853,861
Nicaragua	11,969,736
Peru	2,383,232
Venezuela	32,903,317

Non-Signatory Countries:

26,992,409

TOTAL

1,504,358,174

The above data reflects the amount of coffee for which entries for consumption have been reported as of this date. As returned weights are reported and until the final reports for the period ending April 30 are completed, this release will be continued. The final release will be so indicated.

V-327

FOR IMMEDIATE RELEASE

May 14, 1946

13

The Bureau of Customs announced today preliminary figures showing the quantities of coffee entered for consumption during the period commencing October 1, 1945, as follows:

Country of Production	Quantity in Pounds As of April 30, 1946
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Brazil	846,949,335
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Costa Rica	17,712,325
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Peru	2,383,232
Venezuela	32,903,317
Non-Signatory Countries:	26,992,409
TOTAL	1,504,358,174

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Wednesday, May 15, 1946

Press Service
 No. V-327

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Mr. Shaeffer

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May 7, 1946

TO MR. BARTELT:

The following market transactions were made during the month of April, 1946, in direct and guaranteed securities of the Government for Treasury investment and other accounts:

Purchases	\$3,321,000
Sales	<u>none</u>
Net Purchases	<u><u>\$3,321,000</u></u>

(Sgd) Joseph Greenberg

Joseph Greenberg
Assistant Commissioner of Accounts

CC to: Mr. Heffelfinger
Mr. Shaeffer
Miss Sanford

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Wednesday, May 15, 1946.

Press Service
No. V-328

During the month of April, 1946, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of \$3,321,000, Secretary Vinson announced today.

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