

Treas  
HJ  
10  
A13P4  
V.68

TREASURY DEPARTMENT

First National Bank of New York, Inc. v. United States	1
July 20, 1967	2-412
Second National Bank of New York, Inc. v. United States	2
July 20, 1967	2-412
Third National Bank of New York, Inc. v. United States	3
July 20, 1967	2-412
Fourth National Bank of New York, Inc. v. United States	4
July 20, 1967	2-412
Subscription Rights in U.S. Securities	5
July 20, 1967	2-124
Amendment to Treasury and Department of State Act of 1966	6
July 21, 1967	2-412
State and Financial	7
August 1, 1967	2-412
Bill drafted	8
August 1, 1967	2-412
Underlying authority from House	9
August 1, 1967	2-412
Executive Committee	10
August 1, 1967	2-412
Admiral Parley/Hunter, Coast Guard Anniversary	11
August 1, 1967	2-412
Bill drafted	12
August 1, 1967	2-412
State and Financial	13
August 1, 1967	2-412
Bill drafted	14
August 1, 1967	2-412
State and Financial	15
August 1, 1967	2-412
Bill drafted	16
August 1, 1967	2-412
State and Financial	17
August 1, 1967	2-412
Bill drafted	18
August 1, 1967	2-412
State and Financial	19
August 1, 1967	2-412
Bill drafted	20
August 1, 1967	2-412
State and Financial	21
August 1, 1967	2-412
Bill drafted	22
August 1, 1967	2-412
State and Financial	23
August 1, 1967	2-412
Bill drafted	24
August 1, 1967	2-412
State and Financial	25
August 1, 1967	2-412

U.S. Treasury Dept.

Press Releases  
11-412

**LIBRARY  
ROOM 5030**

**JUN 14 1972**

**TREASURY DEPARTMENT**

TABLE OF CONTENTS

Plan to reward employees for suggestions . . . . .	1
July 30, 1947           S-409	
Import controls removed on securities . . . . .	2
July 25, 1947           S-410	
Food broker pays \$192,000 for tax evasion; other cases . . . .	4
July 30, 1947           S-411	
Domestic coinage . . . . .	6
July 29, 1947           S-412	
Subscription figures on 7/8% Certificates, Series G-1948 . . .	8
July 30, 1947           S-413	
Amendment to Provisional Regulations of Gold Act of 1934 . . .	9
July 31, 1947           S-414	
Banks and financial institutions to cash Leave Bonds . . . . .	12
August 1, 1947          S-415	
Bill offering . . . . .	13
August 1, 1947          S-416	
Counterfeit currency from Europe . . . . .	14
August 8, 1947          S-417	
Rum-running violations . . . . .	17
August 4, 1947          S-418	
makes public Snyder	
Admiral Farley/letter, Coast Guard anniversary . . . . .	21
August 4, 1947          S-419	
Bill tenders . . . . .	22
August 5, 1947          S-420	
Record breaking recoveries from tax evaders during 1947 fiscal	24
August 10, 1947         S-421	
Debt limitation . . . . .	26
August 7, 1947          S-422	
Bill offering . . . . .	27
August 8, 1947          S-423	
Bill tenders . . . . .	28
August 12, 1947         S-424	
Bill offering . . . . .	29
August 15, 1947         S-425	
10-month 7/8% Certificate offering . . . . .	30
August 18, 1947         S-426	



Market transactions . . . . .		31
August 15, 1947	S-427	
Customs: Cotton . . . . .		32
August 13, 1947	S-428	
Customs: Philippine commodities . . . . .		34
August 13, 1947	S-429	
Customs: Quota commodities . . . . .		35
August 13, 1947	S-430	
Customs: Wheat . . . . .		36
August 13, 1947	S-431	
Conference between British and U S Officials, economic conditions		37
August 18, 1947	S-432	
Bill tenders . . . . .		39
August 19, 1947	S-433	
\$75,000 salary list . . . . .		40
August 26, 1947	S-434	
Restrictions withdrawn on check collections in enemy territory		98
August 19, 1947	S-435	
Statistics of Income, 1944, Part 1 . . . . .		99
August 21, 1947	S-436	
7/8% Certificate offering, Series H-1948 . . . . .		105
August 20, 1947	S-437	
Dalton-Snyder Letters; excessive drains on dollar . . . . .		108
Bill offering . . . . .		111
August 22, 1947	S-438	
Joint session NAC-UK delegation . . . . .		112
August 22, 1947	S-439	
Snyder pleased with cooperation on Leave Bonds . . . . .		113
August 23, 1947	S-440	
Joint session NAC-UK delegation . . . . .		114
August 22, 1947	S-441	
Bill offering . . . . .		115
August 26, 1947	S-442	
Bill tenders . . . . .		116
August 26, 1947	S-443	

Tax evaders operate in black markets . . . . .	117
August 27, 1947           S-444	
Italy added to released block accounts . . . . .	119
August 29, 1947           S-445	
Ammonium nitrate; Texas City disaster . . . . .	120
August 30, 1947           S-446	
Three tax consultants appointed; study of tax system . .	124
September 2, 1947         S-447	
Subscription figures on 7/8 % Certificates . . . . .	125
August 29, 1947           S-448	
1-1/2% Certificate offering, Series B-1948 . . . . .	126
September 2, 1947         S-449	
Bill tenders . . . . .	129
August 30, 1947           S-450	
Federal Estate and Gift Taxes . . . . .	130
September 10, 1947        S-451	
McKinney & Co. appointed to survey Customs . . . . .	132
September 3, 1947         S-452	
Bill offering . . . . .	133
September 5, 1947         S-453	
Further details on 2-1/2 nonmarketable bonds . . . . .	134
September 5, 1947         S-454	
National bank assets . . . . .	137
September 9, 1947         S-455	
Debt limitation . . . . .	141
September 9, 1947         S-456	
Cotton quota filled . . . . .	142
September 8, 1947         S-457	
Bill tenders . . . . .	143
September 9, 1947         S-458	
Customs: Wheat . . . . .	144
September 10, 1947        S-459	
Customs: Philippine commodities . . . . .	145
September 10, 1947        S-460	
Customs: Quota commodities . . . . .	146
September 10, 1947        S-461	

Customs: Cotton . . . . .	147
September 10, 1947    S-462	
Bill offering . . . . .	149
September 12, 1947    S-463	
Subscription figures on 1 % Certificates, Series B-1948 . .	150
September 12, 1947    S-464	
Market transactions . . . . .	151
September 15, 1947    S-465	
Bill tenders . . . . .	152
September 16, 1947    S-466	
Cotton quotas filled . . . . .	153
September 15, 1947    S-467	
Entries and withdrawals of cotton . . . . .	154
September 17, 1947    S-468	
Bill offering . . . . .	155
September 19, 1947    S-469	
1 % Certificate offering, Series J-1948 . . . . .	156
September 22, 1947    S-470	
Bonds issued-Redeemed during August . . . . .	159
Official circular governing Series A-1965 bonds . . . . .	160
September 22, 1947-    S-471	
Ebasco Co. to make study of Coast Guard . . . . .	175
September 19, 1947    S-472	
Bill tenders . . . . .	176
September 23, 1947    S-473	
Global quota of cotton filled . . . . .	177
September 24, 1947    S-474	
Bill offering . . . . .	178
September 26, 1947    S-475	
National bank earnings . . . . .	179
September 29, 1947    S-476	
Amendment to S-474 on cotton quota filled . . . . .	182
September 26, 1947    S-477	

Bill tenders . . . . . 183  
 September 30, 1947 S-478

Revocation of Gen. License No. 50 . . . . . 184  
 September 30, 1947 S-479

Wiggins address, American Bankers Association, Atlantic City 185  
 October 1, 1947 S-480

Subscription figures on 1% Certificates . . . . . 196  
 September 30, 1947 S-481

Federal Retail Excise Taxes . . . . . 197  
 October 6, 1947 S-482

oOo

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, July 30, 1947

Press Service  
No. S-409

Secretary Snyder announced today that the Treasury Department has put into effect a plan through which civilian employees of its various bureaus and divisions who make meritorious suggestions resulting in improvements or economies in the operations of the Department, may be eligible to receive cash awards ranging from \$10 to \$1,000.

Legislation enacted by the Congress last year, and an Executive Order subsequently issued by the President, authorized the various Government departments and agencies to establish the practice of employee awards. The legislation limits the amount that can be paid by the Treasury Department to a total of not more than \$25,000 in any one fiscal year. A further limitation provides that an award cannot be paid for a suggestion representing a part of an employee's duties.

Local suggestion committees have been established throughout the departmental and field organizations of the Treasury. Under the plan, officially known in the department as "The Cash Awards for Suggestions Program", ideas submitted by employees will first be considered by local committees and then referred to the departmental committee for final action. Every suggestion will be evaluated, and no suggestion can be rejected until it has been passed on by the departmental committee to see if it has possible value in other parts of the Treasury Department or elsewhere in the Government.

Any employee whose suggestion is adopted for use will receive at least the minimum award of \$10.

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, July 25, 1947

Press Service  
No. S-410

Secretary of the Treasury Snyder announced the removal of the import controls on all securities except certain "scheduled securities" set forth in a list issued today by the Treasury Department as part of an amendment to General Ruling No. 5.

Under the amended controls, persons bringing American securities or foreign dollar bonds into the United States from abroad and persons to whom such securities are mailed or otherwise sent directly from a foreign country are required to ascertain whether the securities are included in the list of "scheduled securities" and, if so, to deposit them with the Federal Reserve Bank of New York. In addition, any individual who has actual knowledge that securities received by him in a domestic transaction, whether for himself or for any other person, are on the list of "scheduled securities" is also required to forward such securities to the Federal Reserve Bank of New York unless such securities are returned in accordance with the provisions of the general ruling to the person in the United States from whom received. If the securities are so returned, the last person in the United States to whom they are returned is required to deposit them with the Federal Reserve Bank.

It was also pointed out that persons who are offered or tendered "scheduled securities" and who refuse to accept them having actual knowledge that such securities are on the list are required to file a report with the Federal Reserve Bank of New York with respect thereto.

The provisions of the amended general ruling, it was emphasized, apply to "scheduled securities" coming to the United States from Great Britain, Canada, Newfoundland, Bermuda, and the Philippines, as well as from other foreign countries. Previously, securities coming from the named areas were, in general, exempted from the import controls. The change respecting the Philippines was made by amendment of General Ruling No. 18.

Coupons appertaining to "scheduled securities" are themselves considered "scheduled securities" under the amended general ruling.



- 2 -

General License No. 87 was also amended so as to lift the prohibition under Sec. 2A(2) of Executive Order No. 8389 upon the acquisition by persons in the United States of securities not physically in this country, other than "scheduled securities". Acquisition of the latter is still prohibited. The previous provisions of General License No. 87 which exempted certain securities from General Ruling No. 5 are now unnecessary because of today's amendment to that ruling, and accordingly, they were deleted.

Attention was also called to the provisions of Public Circular No. 35 issued today. In this connection, Treasury officials emphasized that the amendments of General Ruling No. 5 and of General License No. 87 in no way affect the status of blocked property located in the United States nor do they authorize any transfer of interest, directly or indirectly, in such blocked property.

oCo

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, July 30, 1947.

Press Service  
No. S-411

Secretary Snyder told today of a Southern food broker who will pay \$192,000 in taxes and penalties and serve a prison term if convicted on contemplated criminal charges for the folly of his belief that government agents weren't smart enough to see through his maze of fraudulent bookkeeping.

The man had concealed approximately \$225,000 of profits in recent years by a highly intricate series of false entries on his company's books and had boasted to his employees that: "There is nobody in the Bureau of Internal Revenue smart enough to check these books."

Mr. Snyder singled this case out for special comment as a tribute to the tireless and ingenious work of the Treasury investigators who successfully match wits daily with the most cunning law violators in the country.

The incident, however, was only one of scores of cases reported to the Secretary by George J. Schoeneman, Commissioner of Internal Revenue, from the nationwide drive against tax evaders.

Other interesting cases include:

A self-styled "tax expert" in a large midwestern city who will be prosecuted for a particularly vicious scheme by which he prepared false refund claims for clients and then pocketed the refunds himself. This man, a former WPA laborer who operated in the front room of a tailor shop, would fake refund claims by inventing "dependents" for his customers. Then the "expert" would substitute his own address for the taxpayer's address on the return. When the refund check arrived at the "expert's" address, he would forge the taxpayer's endorsement, cash the check, and keep the money. His practice was discovered on the complaint of one of the taxpayers.

An eastern toy manufacturer has been assessed \$800,000 and faces prosecution for income tax evasion. This man had attempted to cover up huge amounts of profits by writing large "expense" checks to himself and relatives. He also charged the cost of his personal rare coin collection to the company's expense records.

A midwestern cannery concern has been assessed over \$2,000,000 for taxes and penalties after discovery of concealed profits in a secret bank account.

An assessment of nearly \$1,130,000 and prosecution face the manufacturer of a precision instrument in one of the South Atlantic States.

Two physicians in neighboring midwestern states recently made voluntary disclosures and paid up tax delinquencies of \$42,000 and \$44,000, respectively.

The Collector of Internal Revenue in one state reports large amounts of evaded taxes being collected as the result of a local drive on cleaning and dyeing establishments.

- 2 -

Three liquor retailers who had gotten rich in the black market recently supplied their own evidence of tax evasion when they reported to local police that burglars had stolen \$37,000 from one of their homes and \$87,000 from another home.

An eastern poultry processor was found to have concealed nearly a half million dollars of profits in secret bank accounts and has been assessed \$400,000.

oOo

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Tuesday, July 29, 1947.

Press Service  
No. S-412

Domestic coinage at the United States Mints during the fiscal year 1947, ending June 30, totaled 2,016,485,295 pieces with a value of \$77,066,507.50, according to a report made public today by Nellie Tayloe Ross, Director of the Mint.

Coinage of one-cent pieces and dimes showed increases over the records for the fiscal year 1946. Fewer half dollars, quarters and nickels were minted. The totals for the fiscal year 1946 were 1,658,127,100 pieces with a value of \$78,003,170.

Half dollars coined during the fiscal year 1947 included the Iowa Centennial and the Booker T. Washington commemorative coins.

The Mint continued heavy production of military decorations for the Army, Navy, Coast Guard and Marines, wartime awards of these decorations having piled up a considerable backlog of orders for them which the Mint has not yet been able to fill completely.

Gold medals authorized by Congress for General George C. Marshall, Admiral Ernest J. King, General John J. Pershing and the late Brigadier General William Mitchell are now in process of completion. They will be presented by the President.

The Mint manufactured 333,964,363 coins for foreign governments during the fiscal year. The countries which placed these orders were Colombia, Cuba, Dominican Republic, Ecuador, Ethiopia, Netherlands East Indies, Panama, Saudi Arabia, and Venezuela.

The attached table gives details of the coinage executed by the various Mints during the fiscal year.



COINAGE OF THE UNITED STATES, BY MINTS, DURING THE FISCAL YEAR 1947.

Denomination	Philadelphia	San Francisco	Denver	Total Value	Total Pieces
SILVER					
Half dollars - Regular - - - - -	\$6,183,000.00	- - - - -	\$2,563,850.00	\$8,746,850.00	17,493,700
" " - Commemorative:					
Iowa Centennial - - - - -	50,028.50	- - - - -	- - - - -	50,028.50	100,057
Booker T. Washington - - -	500,273.00	\$250,139.50	100,056.50	850,469.00	1,700,938
Quarter dollars - - - - -	10,013,000.00	1,051,000.00	2,078,100.00	13,142,100.00	52,568,400
Dimes - - - - -	22,545,000.00	1,607,000.00	5,794,700.00	29,946,700.00	299,467,000
Total silver - - - - -	39,291,301.50	2,908,139.50	10,536,706.50	52,736,147.50	371,330,095
MINOR					
Five-cent pieces - - - - -	6,113,600.00	1,113,000.00	2,621,910.00	9,848,510.00	196,970,200
One-cent pieces - - - - -	8,495,000.00	2,323,000.00	3,663,850.00	14,481,850.00	1,448,185,000
Total minor - - - - -	14,608,600.00	3,436,000.00	6,285,760.00	24,330,360.00	1,645,155,200
Total domestic coinage - - -	53,899,901.50	6,344,139.50	16,822,466.50	77,066,507.50	2,016,485,295

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Wednesday, July 30, 1947

Press Service  
No. S-413

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series G-1948, to be dated August 1, 1947.

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 &amp; Allotted</u>
Boston	\$ 17,693,000
New York	649,743,000
Philadelphia	20,365,000
Cleveland	34,076,000
Richmond	10,690,000
Atlanta	30,950,000
Chicago	135,505,000
St. Louis	30,445,000
Minneapolis	32,544,000
Kansas City	65,256,000
Dallas	23,293,000
San Francisco	72,173,000
Treasury	2,105,000
TOTAL	<u>\$1,124,838,000</u>

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Thursday, July 31, 1947

Press Service  
No. S-414

The Treasury Department has given notice in the Federal Register of July 31, 1947, that it is considering the amendment of the Provisional Regulations issued under the Gold Reserve Act of 1934. A hearing, under the Administrative Procedure Act, will be held on August 11, 1947, at which interested persons may appear.

The Treasury Department proposes to amend the regulations so that licenses for the exportation of gold for industrial, professional, or artistic purposes will be restricted to semi-processed gold. If these amendments are put into effect, licenses for the private export of bar gold will no longer be issued.

Under present regulations licenses are also granted for the exportation of any gold refined from imported gold-bearing material. The Treasury proposes to restrict the granting of such licenses to gold refined in this country on a consignment basis, provided the subsequent exportation of the refined gold is to be made to the consignor of the gold-bearing material, or to persons designated by him. Such exportations will also be subject to the requirement that the gold-bearing material has been exported from the country of origin and the gold refined therefrom is to be imported into the country of designation in accordance with the laws and regulations of such countries.

The proposed changes in the regulations are in furtherance of the gold policy of the United States and of the objectives of the International Monetary Fund. The Secretary of the Treasury and the Board of Governors of the Federal Reserve System on July 18, 1947 requested all American banks, businesses and individuals to refrain from using their facilities and funds for carrying out gold transactions at premium prices. The response to this request has been most encouraging. The Treasury Department believes that the proposed changes in the regulations will, with the continued cooperation of American business, assure compliance with the United States Government's gold policy and will contribute to international monetary cooperation. Other members of the Fund are also taking measures to implement the Fund's objectives with respect to gold.

The notice appearing in the Federal Register follows:

## TREASURY DEPARTMENT

(31 CFR, PART 54)

Export of Gold and Re-export of Gold Refined from  
Imported Gold-Bearing MaterialsNotice of Proposed Rule Making

Notice is hereby given, pursuant to the Administrative Procedure Act, approved July 11, 1946, that the Secretary of the Treasury, with the approval of the President, proposes to amend the Provisional Regulations issued under the Gold Reserve Act of 1934 (48 Stat. 337). In this connection, a hearing will be held in Room 4426 of the Treasury Department, 15th and Penna. Ave., N.W., Washington, D.C., on August 11, 1947, beginning at 10:00 A.M., E.D.T., at which interested parties will be afforded an opportunity to present their views.

Persons desiring to be heard must notify the Secretary of the Treasury, attention Director of the Office of International Finance, prior to 5:15 P.M., August 7, 1947. It is requested that such persons also submit, in writing, a summary of their views prior to the date of the hearing. Persons not desiring to appear personally may submit a written statement of their views or arguments prior to the date of the hearing. All views, arguments, etc. should be submitted in quadruplicate.

The proposed amendments will provide in substance that:

1. Export licenses on form TGL-15 shall be issued with the approval of the Secretary of the Treasury only for the exportation of semi-processed gold upon application made on form TG-15 showing to the satisfaction of the Mint and the Secretary of the Treasury that the export or transport from the continental United States is for a specific and customary industrial, professional or artistic use, and not for the purpose of using or holding or disposing of such semi-processed gold beyond the limits of the continental United States as, or in lieu of, money, or for the value of its gold content; and

2. Export licenses on form TGL-16 for the exportation of gold refined from imported gold-bearing material shall be issued only upon condition that the importer has no right, title or interest to the gold refined from the imported gold-bearing material, that the refined gold remains the property of the foreign exporter and is to be re-exported to such exporter, or pursuant to his order, and that the exportation of

- 2 -

such gold-bearing material from the country of origin and the importation of such refined gold into the country or countries of destination are authorized under the applicable laws and regulations of such countries.

The proposed amendments are to be issued under the authority contained in section 3 of the Gold Reserve Act of 1934 (48 Stat. 340, 31 U.S.C. 442).

/s/ Joseph J. O'Connell, Jr.  
Acting Secretary of the Treasury



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 1, 1947.

Press Service  
No. S-415

Secretary Snyder announced today that arrangements have been completed for banks and other financial institutions throughout the country to cash Armed Forces Terminal Leave Bonds on and after September 2, 1947.

These institutions will cash the bonds as agents of the Treasury without cost to the veterans. For the protection of the owners of the bonds the Treasury has asked that banks require presentation of original discharge or separation papers as a means of identification. If there are unusual circumstances where original discharge or separation papers are not available the Treasury has requested paying agents to exercise extra care and diligence to see that the right person gets the money.

In this connection, all institutions acting as paying agents for the Treasury have been reminded of the fact that Armed Forces Terminal Leave Bonds cannot be sold, transferred or hypothecated for loans and they have been specially cautioned against cashing the bonds for anyone other than the person whose name is inscribed on the bond.

The Secretary of the Treasury also urges veterans to consider carefully the fine quality of the security they are holding before turning it in for cash. It is a demand obligation of the Government carrying an exceptionally high rate of interest.

There is no time limit within which a veteran must cash his bond, nor is there need for even the slightest delay in getting cash for his bond when he needs it. All he needs to do is to present it to an authorized paying agent with proper identification papers; meanwhile the bond will increase in value since it continues to draw interest at the rate of two and one-half percent per annum until it is paid any time prior to maturity.

Bonds should not be sent to the War, Navy or the Treasury Department, or the Veteran's Administration for cash redemption but should be presented to local banks and financial institutions which are authorized to act as paying agents for the Treasury.

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 1, 1947

Press Service  
No. S-416

The Secretary of the Treasury, by this public notice, invites tenders for \$1,100,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing August 7, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 7, 1947, and will mature November 6, 1947, 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 daylight saving time, Monday, August 4, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 7, 1947, in cash or

other immediately available funds or in a like face amount of Treasury bills maturing August 7, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, August 8, 1947

Press Service  
No. S-417

An influx of counterfeit American currency from Europe has helped push bogus money seizures toward pre-war proportions, James J. Maloney, Chief of the United States Secret Service reported today.

Chief Maloney reported to Secretary Snyder that such seizures of bills and coins during the fiscal year ended June 30, totalled \$256,000, of which some \$60,000 represented counterfeits made abroad. Total seizures the previous fiscal year were \$75,000. There were 92 arrests and 69 convictions for counterfeiting in 1947.

Practically all of the alien contraband, which came in on the persons of seamen and other travellers, or in mail or bank remittances from abroad, was detected and removed from circulation before it could reach United States storekeepers. The notes were usually of poor quality types known to the Service before the war, but there was evidence of some new counterfeiting activity both at home and abroad.

Chief Maloney also reported that theft and forgery of Government checks and bonds continued to mount. He urged owners of Government obligations to exercise great care to prevent such thefts; and merchants, banks and other handlers to require positive identification of persons presenting such obligations for payment.

The Secret Service head pointed out that recent legislation enacted by the Congress and signed by the President makes Terminal Leave Bonds held by former service men eligible for redemption after September 1, thus widening the field for criminal depredations. Mr. Maloney said banks can insure themselves against major losses if they will insist on veteran discharge papers as identification before cashing this type of bond. It also would be to the advantage of the veteran to have with him separation papers when cashing Terminal Leave Bonds.

During the year just closed, the Service investigated some 28,000 forged Treasury checks, totaling \$2,000,000, and obtained nearly 2,000 arrests and convictions. They completed investigations of 16,000 forged bonds, with a maturity value of \$1,800,000, and reported some 300 arrests and convictions in these cases.

Enforcement work of the Secret Service during the year produced several bizarre features. One was the appearance on the West Coast of hand-drawn notes reminiscent of the operations of the notorious "Jim the Penman" in the late 1800's.

The modern artist was skillful enough to pass nine of his \$5 and \$10 bills on unwary shopkeepers. He is being sought by the Treasury agents. "Jim the Penman", whose real name was Emanuel Ninger, produced remarkably deceptive \$100 notes over a period of years, working in a secret attic studio in his home in a suburb of New York City. He fell to grief when he plunked down one of his bills on a wet bar in payment for a glass of beer. The ink ran, and the bartender held Ninger, and called the police.

Another unusual case, in which a dead woman "indorsed" a check, involved a \$40 pension payment made out to the aged, illiterate widow of a Cheyenne Indian who served the Army as a scout during the Indian wars. She had indorsed all her checks by thumbprints.. Two days after the woman died, relatives took her newly arrived check to the funeral home, borrowed an ink pad, and affixed the thumbprint to make the check negotiable.

The expedient was discovered, and payment on the check was stopped by the Treasury. The relatives agreed to work out the amount for the merchant to whom they had tendered the check in payment for a grocery bill owed by the dead woman.

One youthful forger donned women's clothes to obtain a job as a maid in a rooming house, where he was able to pilfer Government bonds belonging to tenants.

Among forgers arrested was Alfred B. Parkhurst, of Cambridge, Massachusetts, son of a Harvard University official. Parkhurst stole more than 50 Government checks from Harvard students before he was apprehended. He was sentenced to two years in Federal prison, and subsequently to 2½ to 4 years additional on State charges.

Juveniles continued to dominate the theft and forgery racket. One highly organized ring of 15 to 18-year-olds operating in Brooklyn, represented almost the entire catalogue of social problems, including a "Fagin" mother who demanded a part of the proceeds of the depredations of her three children. Sentences of up to three years in prison were imposed on the group.

One 19-year-old seaman stole a number of blank Treasury checks from his paymaster, and went on a three-State \$13,000 spending spree before being arrested by the Service. He drew a five-year prison sentence.

Secret Service agents spent two and a half years tracking down the foster parents of a young soldier's wife, the parents not only allegedly having secretly appropriated and cashed the wife's allotment checks while her husband was fighting in the Pacific, but absconded with the couple's son, then 2½ years old, when the imminent return of the soldier threatened exposure. The young father saw his son for the first time when he flew to Alaska after the apprehension of the couple.

Treasury agents often were only hours behind the foster parents and the child in a search that extended through many States, and into Central America and Mexico. The trio finally was traced to an Alaska-bound boat, and the fugitives were apprehended after they landed at Juneau. Forgery charges have been filed against the woman. The pair had resorted to elaborate efforts to prevent apprehension, including transshipment of letters to be mailed from places remote from their hideouts.

The most ambitious domestic currency counterfeiting case smashed by the Secret Service during the year brought a five-year prison term to the ringleader, Joseph Paternoster. Seven accomplices received sentences ranging from two years' probation to five years' imprisonment. Undercover operations by an agent who worked his way into the confidence of the gang broke the case, and culminated in seizure, at Newark, New Jersey, of \$110,000 in bogus \$20 notes.

Kenneth Edward Stevens, alias Edward Hanley, was given a four-year prison term on a plea of guilty after agents and Gary, Indiana, police arrested him as the "lone wolf" maker of another bogus \$20 note.

A different type of counterfeiting sent John James O'Grady, 47 years old, to prison under a 33-year sentence. O'Grady, who has a long criminal record, was arrested at Fargo, North Dakota, on May 24, for issuing checks purported to be drawn on the United States Navy. He victimized storekeepers in some 17 cities before he was apprehended in the uniform of a Naval warrant officer. The 33-year sentence imposed upon him is one of the heaviest on record for such an offense.



Washington

FOR RELEASE, AFTERNOON NEWSPAPERS,  
Monday, August 4, 1947.

Press Service  
No. S-418

Treasury agents encountered a more desperate type of lawbreaker, reminiscent of the violence of the old rum-running days, during the 1947 fiscal year, reports of enforcement heads to Secretary Snyder today revealed.

Two Treasury investigators were slain while carrying out their duties, both of them from ambush. In a third case a combined Narcotics-Customs squad was forced to shoot it out with international dope smugglers on the California-Mexican border, an encounter which saw the Treasury car riddled with bullets, but without an officer being touched; while two, and possibly three of the smugglers were fatally wounded.

In addition, warfare broke out within and between gangster groups, particularly narcotics violators, with a number of assassinations removing principals in cases which were under investigation by Treasury officers. These slayings occurred on both sides of the Mexican border, as well as in a number of interior cities.

The situation was particularly tense along the United States-Mexican border where rival gangs were battling for power at the same time that United States and Mexican authorities were conducting a vigorous campaign to break up their activities.

One of the Treasury officers slain was a Customs patrol inspector, Clarence J. Trask, who was ambushed and killed on the Arizona border on April 8, 1947. Trask was on watch for suspected liquor smugglers when he was slain.

The other agent killed was Melvin J. Clark, an Alcohol Tax Unit investigator, who was shot to death while participating with other officers in a raid on an illicit distillery, near Homer, Georgia, on June 17, 1947. Following an intensive manhunt by posses organized by local, state and federal officers, three brothers, alleged operators of the still, were arrested and one of them has been charged with the murder of Investigator Clark. Two other men are accused of complicity in the operation of the illicit distillery.

Harry J. Anslinger, Commissioner of Narcotics, and Edson J. Shamhart, Deputy Commissioner of Customs, today revealed the details of the "western thriller" investigation that culminated in what is designated in Department files as the "Affray at Woodbine Check."

Woodbine Check is an obstruction, or drop, in the All-American Canal, seven miles west of Calexico, California, some fifty yards north of the International Boundary line.

In May 1947, following the annual harvest of the illicit opium crop in Mexico, Customs officers learned of the presence in Calexico of traffickers who were offering huge amounts of narcotics for sale.

It was decided to attempt to round up the entire gang, rather than to depend upon catching the contraband piecemeal as runners tried to get it across the border, and an attempt at undercover infiltration was decided upon.

Customs and Narcotics officers planned the strategy, and a seasoned and versatile Narcotics agent was assigned to the difficult and dangerous job of working his way into the confidence of the international smugglers, who were reputedly headed by one Jesus Demara, alias Chiguili, self-styled Al Capone of lower California. The man has a reputation as a bank robber and all around bad man.

The undercover agent appeared in Calexico equipped with a background as a "big Hollywood buyer" of narcotics. Representatives of Mexican narcotics smuggling organizations lost no time in seeking him out. In fact, one of the difficulties was that several competing brokers, some of whom may have been hoping to deliver the same lot of dope, engaged in a contest for the business.

Long-drawn-out negotiations followed. The Treasury agent had to be equipped with a flash bank roll -- \$2,500 made up to simulate \$25,000 -- and he was in constant danger of being killed for his money.

Dissension among the smugglers added to the difficulties of the agent. One sale of opium to the undercover investigator failed to materialize when a woman employed to bring in the dope was caught by Customs officers in a routine inspection. Many false appointments were made by the smugglers as tests.

Finally, on the afternoon of June 22, 1947, the band gave short notice of intention to deliver a fortune in dope, 138 cans of smoking opium, at the Woodbine Check.

It was known that the smugglers were heavily armed, and the flat terrain at the spot made it virtually impossible for fellow officers to take advance positions, and afford any protection to the Narcotics agent. The possibilities of ambush were well understood by the Treasury men, but they decided to accept the risk.

Since automobiles seldom visit the spot, only one car could be sent in, or the gangsters would be suspicious. However, it was found possible to send two Customs officers with rifle and field glasses to a building several hundred yards from the rendezvous, and they rendered valuable support to the Treasury force in the battle that followed.

It was decided to conceal as many men as possible in the car to be used by the undercover agent. One Customs officer was hidden in the trunk compartment. The rear seat was removed, and two Customs officers and another Narcotics agent were concealed under blankets and suitcases. These men were armed with pistols and riot guns.

The agent who had conducted the negotiations with the smugglers drove to the meeting place about 7 o'clock in the evening, left the car and walked some 50 paces to meet three of the smugglers who had appeared on the bank of the canal. They had automatic pistols strapped around their waists. Any slip at that point would have been fatal to the agent, as he was between his supporting officers and the smugglers.

On the pretense that his money was in the trunk of the car, the Treasury agent maneuvered the smugglers, one of whom had the dope in a sack, to the back of the automobile, and signalled to the concealed officers. As they sprang out, the smugglers started shooting as they retreated, and the battle was on.

Other smugglers who had been concealed on the canal bank opened fire with rifles. One smuggler who carried the sack of narcotics dropped to the ground, and remained there throughout the engagement. He and the narcotics were captured. Treasury agents saw several of the gangsters go down, as if hit. Treasury agents exposed themselves to direct fire to maneuver for vantage spots. The firing continued until dark, when the smugglers fled across the border, carrying their casualties.

Treasury officers later obtained positive evidence that at least two, and perhaps three of the gang died of their wounds. A few hours after the fight, the chief of police of the Mexican town of Mexicali was found slain, and it is believed there may have been some connection between the two incidents. The smugglers possibly believed the Mexican officer had aided the United States officers in their investigation.

A second alleged member of the smuggling gang later was arrested on the American side of the border. Indictments against Jesus Demara and five alleged associates have been returned by a federal grand jury at Los Angeles.

This spectacular case accounted for one of a number of important narcotics seizures on the border.

The sentencing, on a plea of guilty, of Roy Dudley Linville, of Phoenix, Arizona, to a 10-year prison term for narcotics trafficking was particularly gratifying to agents, as he was considered a major international violator. A long and difficult undercover investigation by Narcotics Agent John H. Van Treel, who died shortly after completing the case, brought Linville to book after he had successfully avoided conviction for a number of years.

The 1947 fiscal year saw a revival of illicit narcotics shipments from Europe, a number of seizures of raw opium, smoking opium and heroin being identified as of European origin. Customs officers at New York made two of the largest heroin seizures in many years.

The Bureau of Narcotics, concentrating on interior traffickers, completed important cases against major violators on both coasts, and in Texas and North Carolina.



- 4 -

Statistics for the year showed a slight increase in seizures at ports and borders, and a decrease in interior points, with the combined figure of 5,957 ounces, compared with 8,782 ounces in the 1946 fiscal year.

Total seizures of bulk marihuana were 23,488 ounces in 1947, compared to 13,513 ounces in 1946.

The Bureau of Narcotics reported a continuing increase in the number of violators arrested, 2,855 persons in 1947, compared with 2,620 in 1946.

Commissioner Anslinger reported that narcotics in the illicit traffic continued scarce, with prices high; and that this scarcity was reflected in a large number of thefts from legitimate suppliers, as well as numerous prescription frauds.

oOo

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Monday, August 4, 1947

Press Service  
No. S-419

Secretary Snyder today made public the following letter to Admiral Joseph F. Farley, Commandant of the United States Coast Guard, in observation of the one hundred and fifty-seventh anniversary of that service:

On the occasion of the one hundred and fifty-seventh anniversary of the founding of the United States Coast Guard, I take great pleasure in extending to you, and to all officers and men under your command, my sincere and hearty congratulations.

The achievements of the Coast Guard during the long years of its service to the nation are deserving of the highest praise. During the recent conflict, the Coast Guard made vital contributions to the defeat of the common enemy and the deeds of heroism performed in that war testify to the valor and devotion to duty that have always characterized the personnel of the Coast Guard.

With an enviable war record behind it the Coast Guard has again returned to its humane peacetime mission, that of maritime safety. These peacetime operations are of the greatest importance to the safety and prosperity of the United States.

The Treasury Department is proud of the Coast Guard and I extend our best wishes for the future.

Sincerely,

(Signed) John W. Snyder  
Secretary of the Treasury

oOo

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, August 5, 1947

Press Service  
 No. S-420

The Secretary of the Treasury announced last evening that the tenders for \$1,100,000,000, or thereabouts, of 91-day Treasury bills to be dated August 7 and to mature November 6, 1947, which were offered on August 1, 1947, were opened at the Federal Reserve Banks on August 4.

The details of this issue are as follows:

Total applied for - \$1,601,741,000  
 Total accepted - 1,103,077,000 (includes \$19,812,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
 Average price - 99.813 Equiv. rate of discount approx. 0.740% per annum

Range of accepted competitive bids:

High - 99.874 Equiv. rate of discount approx. 0.498% per annum  
 Low - 99.810 " " " " " " 0.752% " "

(28 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	\$ 1,325,000	\$ 1,325,000
New York	1,434,412,000	1,013,132,000
Philadelphia	15,186,000	4,150,000
Cleveland	1,230,000	958,000
Richmond	5,235,000	5,235,000
Atlanta	2,655,000	2,619,000
Chicago	108,098,000	50,602,000
St. Louis	2,205,000	2,205,000
Minneapolis	4,065,000	3,921,000
Kansas City	8,350,000	6,910,000
Dallas	13,530,000	8,010,000
San Francisco	5,450,000	4,010,000
<b>TOTAL</b>	<b>\$1,601,741,000</b>	<b>\$1,103,077,000</b>

o0o

## TREASURY DEPARTMENT

Washington

FOR RELEASE NEWSPAPERS  
Sunday, August 10, 1947

Press Service  
No. S-421

Treasury law enforcement efforts directed to the protection of the revenues were featured during the 1947 fiscal year by record breaking recoveries from combined income tax investigative efforts of Intelligence Agents, Revenue Agents, and Deputy Collectors of the Bureau of Internal Revenue.

Secretary Snyder today reported, on the basis of reports from Internal Revenue Commissioner George J. Schoeneman, total additional assessments of taxes over and above original returns filed by taxpayers, plus penalties, were \$1,938,183,000, compared with \$1,280,218,000 in the 1946 fiscal year.

At the same time, Acting Commissioner Frank Dow reported that activities of the Bureau of Customs directed to the protection of Customs revenues uncovered false and fraudulent declarations on imported merchandise having a forfeiture value of more than \$1,500,000, as well as substantial recoveries in forfeited merchandise and penalties from casual smuggling attempts by persons crossing the borders or entering at air and seaports.

These attempts to enter merchandise without payment of duty increased with expanding world travel, with small and highly valued articles such as watches, jewelry, perfumes and such being involved most frequently. Increased international air travel gave Customs a new enforcement problem. However, officials reported no evidence of large scale, organized smuggling attempts.

The Alcohol Tax Unit of the Bureau of Internal Revenue, responsible for safeguarding revenues from alcoholic beverage taxes, reported some \$2,000,000 recovery from property seized and taxes and penalties assessed. However, largely due to effective enforcement of sugar rationing and raw materials controls, illicit distilling operations as reflected by seizures and arrests declined, with arrests and convictions at the lowest in any year since the repeal of prohibition.

Deputy Commissioner of Internal Revenue Carroll E. Mealey, reported seizures of stills, mash and automobiles used in illicit operations were the lowest since the fiscal year 1943, which followed the imposition of sugar rationing.

Still seizures during the fiscal year 1947 were 6,053, compared to 6,641 in 1946; and arrests totalled 7,864, compared with 8,246 in 1946.



Sugar rationing to consumers ended in June, and Mr. Mealey reported evidence of an upward trend at the year end in illicit distillery operations. With the further removal of controls in July, the Unit prepared to combat increasing pressure from this source.

The Unit continued to bring to book wartime black market liquor operators, with 49 persons convicted during the year for such violations. The joint OPA-Alcohol Tax sugar program during the year resulted in the conviction of 193 persons and the suspension of more than 500 merchants from dealing in sugar.

The Alcohol Tax Unit continued its campaign to safeguard the public from dangerous weapons brought in as trophies of war, conducting some 43,000 investigations under the National Firearms Act which it enforces. These efforts resulted in registration of 4,000 automatic weapons, seizure of 800, and the rendering inoperative of 2,500.

W. H. Woolf, Chief of the Intelligence Unit of the Bureau of Internal Revenue, which is spearheading the Treasury's drive against tax evaders, reported record breaking figures for cases under investigation, indictments and convictions.

He reported that the Intelligence Unit, in cooperation with Revenue Agents and deputy collectors investigated 4,125 cases of apparent tax fraud; that in cases recommended for criminal prosecution, 334 persons were indicted, while 182 out of 190 individuals brought to trial were convicted.

This phase of the Bureau's tax enforcement alone resulted in additional taxes and penalties assessed of \$200,000,000.

Typical cases closed during the year included a North Carolina couple and the wife's mother convicted for tax fraud in connection with a booming business supplying beer and other merchandise in the vicinity of an Army camp; and a candy and liquor store proprietor in Nebraska who profited tremendously from a similar proximity to an Army air base.

A New York war contractor was assessed additional taxes and penalties in excess of half a million dollars and given a suspended prison sentence and a heavy fine. He understated his business income by charging off lavish personal expenses on company records.

Two Oklahoma hotel men were given three year prison terms, and fined \$10,000 each for frauds that also involved more than half a million dollars in taxes and penalties; and a Texas liquor dealer was given an 8 year term in a case that involved nearly a million dollars in black market profits.

A Colorado dealer in agricultural products was given a fifteen months' prison term, and faced additional taxes and penalties in excess of \$800,000.

Other criminal cases involved professional men, gamblers, slot machine operators, restaurant and night club proprietors, a chicken hatchery business, jewelers, a nursery operator, and many others.

One important series of excise tax cases broke up a scheme devised by a group of furriers in an attempt to defraud the Government; and other cases involved failure of employers to account for taxes withheld from employees wages.

STATUTORY DEBT LIMITATION

AS OF JULY 31, 1947

August 7, 1947

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 \$275,000,000,000 outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount."

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	\$275,000,000,000
Outstanding July 31, 1947	
Obligations issued under Second Liberty Bond Act, as amended	
Interest-bearing	
Treasury bills.....	\$ 15,756,473,000
Certificates of indebtedness	25,122,224,000
Treasury notes.....	<u>13,734,134,100</u> \$ 54,612,831,100
Bonds	
Treasury.....	119,322,877,950
Savings (current redemp. value)	51,551,548,503
Depository.....	328,509,500
Armed Forces Leave.....	<u>1,823,793,975</u> 173,026,729,928
Special Funds	
Certificates of indebtedness	14,306,250,000
Treasury notes.....	<u>14,210,130,000</u> 28,516,380,000
Total interest-bearing.....	256,155,941,028
Matured, interest-ceased.....	216,574,371
Bearing no interest	
War savings stamps.....	68,091,480
Excess profits tax refund bonds	17,736,331
Special notes of the United States:	
Internat'l Bank for reconst. and Development series....	415,785,000
Internat'l Monetary Fund series	<u>1,694,000,000</u> 2,195,612,811
Total.....	<u>258,568,128,210</u>
Guaranteed obligations (not held by Treasury)	
Interest-bearing	
Debentures: F.H.A. ....	34,116,636
Demand obligations: C.C.C. ...	<u>39,720,140</u> 73,836,776
Matured, interest-ceased.....	6,134,500
	<u>79,971,276</u>
Grand total outstanding.....	<u>258,648,099,486</u>
Balance face amount of obligations issuable under above authority...	<u>16,351,900,514</u>
Reconciliation with Statement of the Public Debt - July 31, 1947 (Daily Statement of the United States Treasury August 4, 1947)	
Outstanding -	
Total gross public debt.....	259,447,739,778
Guaranteed obligations not owned by the Treasury.....	<u>79,971,276</u>
Total gross public debt and guaranteed obligations.....	259,527,711,054
Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>879,611,568</u>
	<u>258,648,099,486</u>



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 8, 1947

Press Service  
No. S-423

The Secretary of the Treasury, by this public notice, invites tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing August 14, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 14, 1947, and will mature November 13, 1947, 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 daylight saving time, Monday, August 11, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on

August 14, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 14, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory of supplementary thereto. 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 of Branch.

000



TREASURY DEPARTMENT

28

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, August 12, 1947

Press Service  
No. S-424

The Secretary of the Treasury announced last evening that the tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated August 14 and to mature November 13, 1947, which were offered on August 8, 1947, were opened at the Federal Reserve Banks on August 11.

The details of this issue are as follows:

Total applied for - \$1,668,267,000  
Total accepted - 1,201,158,000 (includes \$22,907,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
Average price - 99.813 Equiv. rate of discount approx. 0.741% per annum

Range of accepted competitive bids:

High - 99.905 Equiv. rate of discount approx. 0.376% per annum  
Low - 99.810 " " " " " " 0.752% " "

(46 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	\$ 1,985,000	\$ 1,607,000-
New York	1,529,900,000	1,127,651,000
Philadelphia	13,388,000	2,740,000
Cleveland	2,470,000	1,722,000
Richmond	1,410,000	1,410,000
Atlanta	3,032,000	3,011,000
Chicago	91,259,000	39,163,000
St. Louis	4,205,000	3,989,000
Minneapolis	1,695,000	1,317,000
Kansas City	6,993,000	6,880,000
Dallas	4,265,000	4,057,000
San Francisco	7,665,000	7,611,000
<b>TOTAL</b>	<b>\$1,668,267,000</b>	<b>\$1,201,158,000</b>

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, August 15, 1947

Press Service  
No. S-425

The Secretary of the Treasury, by this public notice, invites tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing August 21, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 21, 1947, and will mature November 20, 1947, 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 daylight saving time, Monday, August 18, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals)

of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 21, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 21, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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  
Monday, August 18, 1947

Press Service  
No. S-426

Secretary Snyder announced today that the Treasury would offer on August 20 a 10-month  $7/8$  percent certificate in exchange for the  $7/8$  percent certificates maturing September 1, 1947, in the sum of \$2,341,000,000.

The Secretary also stated that early in September the Treasury would offer a 12- $1/2$  month 1 percent note in exchange for the  $1-1/4$  percent and  $1-1/2$  percent Treasury notes falling due September 15, 1947, amounting to \$1,687,000,000 and \$2,707,000,000, respectively.

He further indicated that the Treasury Department will offer in the latter part of September a 2- $1/2$  percent non-marketable bond, dated October 1, 1947, subscriptions to which will be confined, in general, to institutional investors holding savings, insurance, and pension funds, and commercial banks holding savings deposits. Subscriptions to the new issue will be limited in accordance with a formula which will be announced later.

The Secretary pointed out that United States Savings Bonds paying 2.9 percent interest on amounts up to \$3,750 a year and 2- $1/2$  percent interest on further amounts up to an additional \$100,000 a year are already available to individuals and other classes of investors, and that the offering of these securities will be continued. He said that it was his intention to supplement such issues by the offering of securities suitable primarily for institutional investment whenever the situation warrants such action.

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, August 15, 1947

Press Service  
No. S-427

During the month of July, 1947, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of \$609,139,700, Secretary Snyder announced today.

oOo

TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Wednesday, August 13, 1947

Press Service  
No. S-428

32

The Bureau of Customs announced today that preliminary data on imports of cotton and cotton waste chargeable to the quotas established by the President's proclamation of September 5, 1939, as amended, for the period September 20, 1946, to August 2, 1947, are as follows:

COTTON (other than linters)  
(In pounds)

Country of Origin	Under 1-1/8" other than rough or harsh		1-1/8" or more but less than 1-11/16" 4/		Less than 3/4" harsh or rough 5/	
	Established Quota	Imports Sept. 20, 1946, to Aug. 2, 1947	Imports Sept. 20, 1946, to Aug. 2, 1947	Imports Sept. 20, 1946, to Aug. 2, 1947	Imports Sept. 20, 1946, to Aug. 2, 1947	Imports Sept. 20, 1946, to Aug. 2, 1947
Egypt and the Anglo-Egyptian Sudan.....	783,816	12,164	36,415,174	-	-	-
Peru.....	247,952	247,952	9,209,346	-	-	-
British India...	2,003,483	1,167,578	-	-	41,215,358	-
China.....	1,370,791	344	-	-	-	-
Mexico.....	8,883,259	8,883,259	-	-	-	-
Brazil.....	618,723	618,723	-	-	-	-
Union of Soviet Socialist Republics.....	475,124	25,348	31,900	-	-	-
Argentina.....	5,203	5,081	-	-	-	-
Haiti.....	237	-	-	-	-	-
Ecuador.....	9,333	-	-	-	-	-
Honduras.....	752	-	-	-	-	-
Paraguay.....	871	-	-	-	-	-
Colombia.....	124	-	-	-	-	-
Iraq.....	195	-	-	-	-	-
British East Africa.....	2,240	-	-	-	-	-
Netherlands East Indies.....	71,388	-	-	-	-	-
Barbados.....	-	-	-	-	-	-
Other British West Indies 1/..	21,321	-	-	-	-	-
Nigeria.....	5,377	-	-	-	-	-
Other British West Africa 2/..	16,004	-	-	-	-	-
Other French Africa 3/.....	689	-	-	-	-	-
Algeria and Tunisia	-	-	-	-	-	-
Kuwait.....	-	-	-	-	237,600	-
	14,516,882	10,960,449	45,656,420	-	41,452,958	-

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

2/ Other than Gold Coast and Nigeria.

3/ Other than Algeria, Tunisia, and Madagascar.

4/ Established Quota - 45,656,420.

5/ Established Quota - 70,000,000.

\* See Footnote next page.

- 2 -

COTTON WASTES  
(In pounds)

COTTON CARD STRIPS made from cotton 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: 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:

Country of Origin	: Established : TOTAL QUOTA	: Total imports : Sept. 20, 1946, : to Aug. 2, 1947	: Established : 33-1/3% of : Total Quota	: Imports : Sept. 20, 1946 : to Aug. 2, 1947
				1/
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	69,757	-	-
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	6,347	-	-
Cuba.....	6,544	-	-	-
Germany.....	76,329	-	25,443	-
Italy.....	21,263	-	7,088	-
Totals	5,482,509	145,731	1,599,886	-

1/ Included in total imports, column 2.

\* The President's proclamation of June 9, 1947, prescribed a supplemental quota of 23,094,000 pounds of cotton having a staple of 1-3/8 inches or more but less than 1-11/16 inches in length for the period June 14 to September 20, 1947, which quota was filled on June 23, 1947.

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Wednesday, August 13, 1947.

Press Service  
 No. S-429

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities on which quotas were prescribed by the Philippine Trade Act of 1946, from January 1, 1947, to August 2, 1947, inclusive, as follows:

Products of Philippine Islands :	<u>Established Quota</u> Quantity	Unit of Quantity	:Imports as of :August 2, 1947
Buttons	850,000	Gross	64,551
Cigars	200,000,000	Number	3,128,434
Coconut Oil	448,000,000	Pound	14,773,902
Cordage	6,000,000	"	1,363,756
Rice	1,040,000	"	50
Sugars, refined ) unrefined)	1,904,000,000	"	_____
Tobacco	6,500,000	"	762,662



## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
 Wednesday, August 13, 1947

Press Service  
 No. S-430

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 August 2, 1947, inclusive, as follows:

Commodity	Established Quota	Unit	Imports as of Aug. 2, 1947
Commodity	Period and Country	Quantity	Quantity
Whole Milk, fresh or sour	Calendar year	3,000,000 Gallon	3,742
Cream, fresh or sour	Calendar year	1,500,000 Gallon	969
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	23,906,423 Pound	14,057,399
White or Irish potatoes: certified seed	12 months from Sept. 15, 1946	90,000,000 Pound	Quota Filled
other		60,000,000 Pound	Quota Filled
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	1,380,300 Square	1,097,705
Molasses and sugar sirups containing soluble non-sugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000 Gallon	364,881

Washington

FOR IMMEDIATE RELEASE,  
Wednesday, August 13, 1947

Press Service  
No. S-431

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, 1947, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established : Quota (Bushels)	Imports May 29, 1947, to August 2, 1947 (Bushels)	Established : Quota (Pounds)	Imports May 29, 1947 to Aug. 2, 1947 (Pounds)
Canada	795,000	7	3,815,000	339,897
China	—	—	24,000	4,400
Hungary	—	—	13,000	—
Hong Kong	—	—	13,000	—
Japan	—	—	8,000	—
United Kingdom	100	—	75,000	—
Australia	—	—	1,000	—
Germany	100	—	5,000	—
Syria	100	—	5,000	—
New Zealand	—	—	1,000	—
Chile	—	—	1,000	—
Netherlands	100	—	1,000	—
Argentina	2,000	—	14,000	—
Italy	100	—	2,000	—
Cuba	—	—	12,000	—
France	1,000	—	1,000	—
Greece	—	—	1,000	—
Mexico	100	—	1,000	—
Panama	—	—	1,000	—
Uruguay	—	—	1,000	—
Poland and Danzig	—	—	1,000	—
Sweden	—	—	1,000	—
Yugoslavia	—	—	1,000	—
Norway	—	—	1,000	—
Canary Islands	—	—	1,000	—
Rumania	1,000	—	—	—
Guatemala	100	—	—	—
Brazil	100	—	—	—
Union of Soviet Socialist Republics	100	—	—	—
Belgium	100	—	—	—
	<u>800,000</u>	<u>7</u>	<u>4,000,000</u>	<u>344,297</u>

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Monday, August 18, 1947

Press Service  
No. S-432

The conference between British and U. S. officials opened today at 3 P.M. in the National Advisory Council Conference Room in the Treasury Department to discuss such British economic conditions as affect the Anglo-American loan agreement.

Those in attendance were:

United States Delegation

Treasury Department

Secretary Snyder  
Mr. Frank A. Southard, Jr.

State Department

Mr. Robert A. Lovett  
Mr. Williard Thorp

Commerce Department

Mr. David Bruce  
Mr. Clarence Blau

Federal Reserve Board

Mr. M. S. Szymczak  
Mr. Burke Knapp

Export-Import Bank

Mr. Wm. McChesney Martin, Jr.  
Mr. Herbert Gaston



## British Delegation

Sir Wilfred Eady	}	Treasury
Mr. A. T. K. Grant		
Sir Edmund Hall-Patch	)	Foreign Office
Mr. H. J. B. Lintott	)	Board of Trade
Mr. P. S. Beale	}	Bank of England
Mr. L. P. Thompson-McCausland		
Sir Gordon Munro	)	U. K. Treasury Delegation
Sir John Balfour	)	Charge d'Affaires, British Embassy, Washington
Mr. Edgar Jones	}	U. K. Treasury Delegation
Mr. Allan Christelow		

The initial meeting was of a procedural or organizational character. Arrangements for technical discussions were made.

The British officials sketched, in general, the economic developments of the British since the signing of the loan agreement.

Further discussions are scheduled for tomorrow afternoon.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, August 19, 1947

Press Service  
No. S-433

The Secretary of the Treasury announced last evening that the tenders for \$1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated August 21 and to mature November 20, 1947, which were offered August 15, 1947, were opened at the Federal Reserve Banks on August 18.

The details of this issue are as follows:

Total applied for - \$1,633,803,000  
Total accepted - 1,201,036,000 (includes \$20,971,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Average price - 99.813 Equivalent rate of discount approx. 0.741% per annum

Range of accepted competitive bids: (Excepting two tenders totaling \$100,000)

High - 99.825 Equivalent rate of discount approx. 0.692% per annum

Low - 99.810 Equivalent rate of discount approx. 0.752% per annum

(54 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	\$ 1,095,000	\$ 1,095,000
New York	1,497,255,000	1,136,540,000
Philadelphia	12,305,000	2,110,000
Cleveland	1,965,000	1,719,000
Richmond	3,685,000	3,685,000
Atlanta	1,340,000	1,340,000
Chicago	74,616,000	25,476,000
St. Louis	2,707,000	2,569,000
Minneapolis	1,760,000	1,530,000
Kansas City	8,680,000	8,577,000
Dallas	3,985,000	3,985,000
San Francisco	24,410,000	12,410,000
TOTAL	\$1,633,803,000	\$1,201,036,000

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, August 26, 1947

Press Service  
No. S-434

Secretary Snyder today made public, in accordance with a provision of the Internal Revenue Code, a list of individuals receiving from corporations compensation for personal services in excess of \$75,000 for the calendar year 1945 and fiscal years ending in 1946, and supplemental reports for the calendar year 1943 and fiscal years ended in 1944, and for the calendar year 1944 and fiscal years ended in 1945.

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

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

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

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

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



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>CALIFORNIA</u>						
K. ARAKELIAN, INC. Arakelian, Eddie K.	6/30/46		85,210.42			85,210.42
BANK OF AMERICA N. T. & S. A. Giannini, L. M.	12/31/45	75,000.00			4,747.00	79,747.00
BULLOCK'S, INC. Howd, O. B.	1/31/46	30,000.00			53,200.00	83,200.00
		75,000.00			20,000.00	95,000.00
CATALINA, INC. Stewart, Edgar W.	7/31/46	9,000.00			68,361.53	77,361.53
CONSOLIDATED VULTEE AIRCRAFT CORP. Laddon, I. M.	11/30/46	80,000.00			6.45	80,006.45
		80,000.00			6.45	80,006.45
THE EMPORIUM CAPWELL COMPANY Civelli, J. S.	1/31/46	24,000.00			62,197.83	86,197.83
		40,000.00			82,825.77	122,825.77
		35,000.00			95,403.56	130,403.56
FAMOUS ARTISTS CORPORATION Feldman, Chas. Kenneth	6/30/46	82,425.00				82,425.00
FOX INTER-MOUNTAIN AMUSEMENT CORP. Ricketson, F. H., Jr.	12/31/45	64,900.00			27,574.97	92,474.97
FOX WEST COAST AGENCY CORPORATION Skouras, Charles P.	12/31/45	130,000.00				130,000.00
HEARST CONSOLIDATED PUBLICATIONS, INC. Hearst, William Randolph	12/31/45	100,000.00				100,000.00
HEARST PUBLICATIONS, INC. Hearst, William Randolph	12/31/45	100,000.00				100,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>CALIFORNIA (Cont.)</u>						
LOCKHEED AIRCRAFT CORPORATION	12/31/45					
Barker, C. A., Jr.		89,432.36				89,432.36
Gross, Robert E.		123,313.24				123,313.24
LOS ANGELES TURF CLUB, INC.	6/30/46					
Strub, Charles H.		12,000.00		529,412.77		541,412.77
MERCHANT CALCULATING MACHINE COMPANY	12/31/45					
Cooke, Dwight R.			85,800.92			85,800.92
MONOGRAM PICTURES CORPORATION	6/30/46					
Broidy, S.		20,800.00	36,264.04	21,724.34		78,788.38
NATIONAL THEATRES AMUSEMENT CO., INC.	12/31/45					
Skouras, Charles P.					438,143.60	438,143.60
PACIFIC GAS AND ELECTRIC COMPANY	12/31/45					
Black, James B.		75,000.00			2,160.00	77,160.00
PHIL BERG-BERT ALLENBERG, INC.	12/31/45					
Allenberg, Bertram		116,750.00			500.82*	117,250.82
Berg, Phil		102,750.00			341.03*	103,091.03

\* These items represent premiums on life insurance carried on the lives of these individuals by trustees under Declaration of Pension Trust for the Employees of Phil Berg-Bert Allenberg, Incorporated.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>CALIFORNIA (Cont.)</u>						
HAL ROACH STUDIOS, INC. Bendix, William	8/31/46	25,916.67		8,938.91	115,411.06	150,266.64
ROSENBERG BROTHERS & COMPANY Oppenheimer, Arthur C.	5/31/46	25,000.08		134,353.24		159,353.32
<u>SIGNAL OIL AND GAS COMPANY AND SUBSIDIARIES</u> Mosher, S. B.	12/31/45	54,000.00		30,000.00*	585.00*	84,585.00

Notes: Item 4 does not include additional bonus of \$30,000.00 which, although based upon 1945 profits, was not allocated or paid to S. B. Mosher until April, 1946.

Item 5 does not include a traveling and entertainment allowance of \$12,000.00 paid to S. B. Mosher in 1945.

VANGUARD FILMS, INC. Agnew, Neil F.	12/31/45	70,425.00			67,100.00	137,525.00
Hecht, Ben		93,333.34				93,333.34
O'Shea, Daniel T.		52,166.67		25,000.00		77,166.67
Rogers, Ginger					117,159.44	117,159.44
Schary, Dore		111,083.32			59,719.69	170,803.01
Vidor, King		86,666.67				86,666.67



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>CONNECTICUT</u>						
REMINGTON ARMS COMPANY, INC. Davis, C. K.	12/31/45	40,596.00		41,250.00	240.00	82,086.00
UNITED AIRCRAFT CORPORATION Rentschler, Frederick B.	12/31/45	75,000.00			3,850.00	78,850.00
<u>DELAWARE</u>						
AMERICAN SUPPLIERS, INC. Lipscomb, James E., Jr.	12/31/45	120,000.00				120,000.00
AMERICAN VISCOSE CORPORATION Appleton, William C.	12/31/45	75,000.00		25,000.00		100,000.00
Griffin, Frank H.		60,000.00		20,000.00		80,000.00
BENEFICIAL MANAGEMENT CORPORATION Watts, Charles H.	12/31/45	105,300.04				105,300.04
THE COCA-COLA COMPANY Brock, Pope F.	12/31/45	80,000.00			700.00	80,700.00
Jones, Harrison		80,000.00			500.00	80,500.00
E. I. du PONT de NEMOURS & CO. Brown, J. Thompson	12/31/45	50,000.04		62,733.00	600.00	113,333.04
Carpenter, Walter S., Jr.		150,000.00			550.00	150,550.00
Crane, Jasper E.		50,000.04		62,733.00	500.00	113,233.04
du Pont, Henry B.		50,000.04		50,173.50	550.00	100,723.54
Echols, Angus B.		57,999.96		67,733.00	600.00	126,332.96
Harrington, Willis F.		50,000.04		62,733.00	600.00	113,333.04
King, Kenneth T.		16,556.00		72,090.38		88,646.38
McCoy, John W.		50,000.04		62,733.00	550.00	113,283.04
Robinson, Edmund G.		46,512.00		50,173.50	600.00	97,285.50
Stine, Charles M. A.		25,000.02		60,233.00	500.00	85,733.02
Wardenburg, Frederic A.		42,600.00		48,173.50	450.00	91,223.50
Yancey, Edward B.		50,000.04		56,933.13	600.00	107,533.17
Yerkes, Leonard A.		39,876.00		52,173.50	450.00	92,499.50

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>DELAWARE (Cont.)</u>						
HERCULES POWDER COMPANY Higgins, Charles A.	12/31/45	60,000.00		21,900.00		81,900.00
THE LAMBERT COMPANY Johnston, John L.	12/31/45	100,000.00				100,000.00
<u>GEORGIA</u>						
AMERICAN ASSOCIATED COMPANIES, INC. May, Armand	9/30/46	25,000.00		68,596.56		93,596.56
RICH'S, INC. Neely, Frank H.	1/31/46	58,541.62		30,000.00	5,600.00	94,141.62
Rich, Walter H.		60,000.00		30,000.00	5,600.00	95,600.00
<u>ILLINOIS</u>						
AMERICAN STEEL FOUNDRIES Drever, Thomas	9/30/46	60,000.00		18,000.00		78,000.00
B AND K MANAGEMENT CORPORATION Balaban, John	12/31/45	104,000.00				104,000.00
JOHN BLAIR AND COMPANY Blair, John P.	12/31/45	12,000.00	80,896.71	1,000.00		93,896.71
Bolling, George W.		6,000.00	69,408.70	500.00		75,908.70
BORG-WARNER CORPORATION Ingersoll, R. C.	12/31/45	59,500.00		35,975.00	450.00	95,925.00
BRINK'S, INCORPORATED Allen, Frank	12/31/45	85,000.00			1,650.00	86,650.00
Allen, John D.		85,000.00			1,650.00	86,650.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>ILLINOIS (Cont.)</u>						
BURGESS-NORTON MANUFACTURING COMPANY Smith, H. D.	12/31/45	3,000.00	97,636.18	2,500.00		103,136.18
BUTLER BROTHERS Freeman, Thomas B.	12/31/45	50,000.00		50,000.00		100,000.00
CARON SPINNING COMPANY Caron, O. J.	12/31/45	24,999.96		84,218.70		109,218.66
CENTRAL STEEL AND WIRE COMPANY Lowenstine, Mandel	12/31/45	66,000.00		18,000.00		84,000.00
CHICAGO FLOWER GROWERS, INC. Klingsporn, Paul R.	6/30/46	3,940.00	74,245.42			78,185.42
CONTAINER CORPORATION OF AMERICA Paepcke, Walter P.	12/31/45	75,000.00			55,000.00	130,000.00
CONTINENTAL GRAIN COMPANY Bissell, E. V. M. Schilthuis, W. C.	5/31/46					110,423.15 110,480.81
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO Cummings, Walter J.	12/31/45	150,000.00			1,150.00	151,150.00
CRANE COMPANY Collier, J. H.	12/31/45	50,000.00		30,000.00	650.00	80,650.00
R. R. DONNELLEY & SONS COMPANY Zimmermann, H. P.	12/31/45	24,200.00		100,000.00		124,200.00
THE REUBEN H. DONNELLEY CORPORATION Andersen, Albert M. Bamforth, Arthur H. Gumnison, Raymond M. Harrington, David L. Lillyblade, Clarence O.	12/31/45	7,020.00 19,500.00 25,000.00 10,800.00 19,500.00		81,443.90 64,833.64 64,833.63 73,533.64 64,833.64		88,463.90 84,333.64 89,833.63 84,333.64 84,333.64



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>ILLINOIS (Cont.)</u>						
EVERSHARP, INCORPORATED Straus, Martin L., II	2/28/46	60,996.00		55,788.50		116,784.50
FAIRBANKS, MORSE AND COMPANY Morse, Robert H.	12/31/45	75,000.00		92,938.62	3,000.00	170,938.62
THE FIRST NATIONAL BANK OF CHICAGO Brown, Edward Eagle	12/31/45	85,000.00			4,275.00	89,275.00
GREAT LAKES CARBON CORPORATION Skakel, George	10/31/46	75,000.00		40,000.00		115,000.00
HART SCHAFFNER & MARX Kestnbaum, M.	11/30/46	73,056.66			25,000.00	98,056.66
HOUSEHOLD FINANCE CORPORATION HENDERSON, B. E.	12/31/45	112,000.00		11,200.00	38.28	123,238.28
INLAND STEEL COMPANY Sykes, Wilfred	12/31/45	50,000.00		30,000.00		80,000.00
INTERNATIONAL HARVESTER COMPANY McCaffrey, J. L.	10/31/46	81,902.17		24,570.00	1,470.00	107,942.17
McCormick, Fowler		99,999.96		30,000.00	1,550.00	131,549.96
INTERNATIONAL MINERALS & CHEMICAL CORP. Ware, Louis	6/30/46	50,000.00		50,000.00	1,200.00	101,200.00
LION MANUFACTURING CORPORATION Lyon, Stuart G.	12/31/45		77,776.42			77,776.42
LUMBERMENS MUTUAL CASUALTY COMPANY Kemper, James S.	12/31/45	60,000.00			178,131.97	238,131.97
MARS, INCORPORATED Mars, Mrs. E. V.	12/31/45	120,000.00				120,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>ILLINOIS (Cont.)</u>						
W. H. MINER, INCORPORATED	12/31/45					
Johnson, George A.		49,140.00		36,099.00		85,239.00
Withall, A. P.		50,000.00	124,538.41			174,538.41
MONTGOMERY WARD & COMPANY, INC.	1/31/46					
Avery, S. L.		99,999.98			1,100.00	101,099.98
NATIONAL DIE CASTING COMPANY	12/31/45					
Johnson, H. C.		79,200.00				79,200.00
NORRIS GRAIN COMPANY	3/31/46					
Lipsey, David H.		12,000.00	4,158.40		123,371.89	139,530.29
NORTHWEST ENGINEERING COMPANY	12/31/45					
Houston, L. E.		50,000.00			50,000.00	100,000.00
REPUBLIC FOOD PRODUCTS COMPANY	12/31/45					
Clair, J. M.		26,100.00		62,620.00		88,720.00
C. A. ROBERTS COMPANY	12/31/45					
Kaiser, A. A.		82,506.80				82,506.80
ROCHE, WILLIAMS & CLEARY, INC.	12/31/45					
Porter, Richard A.			79,827.66			79,827.66
SEARS ROEBUCK AND COMPANY	1/31/46					
Barrows, A. S.		75,000.00		35,000.00		110,000.00
Houser, T. V.		59,999.94		20,000.00		79,999.94
Wood, R. E.		67,773.08		15,000.00		82,773.08
A. E. STALEY MANUFACTURING COMPANY	12/31/45					
Staley, A. E., Jr.		48,000.00		50,000.00		98,000.00
SUPERIOR PACKING COMPANY	10/31/46					
Loewenstein, Ira		79,500.00				79,500.00
SWIFT AND COMPANY	12/31/45					
Holmes, John		85,000.00				85,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>ILLINOIS (Cont.)</u>						
TRIBUNE COMPANY	12/31/45					
Campbell, C. M.		73,937.34		26,934.50		100,871.84
Rose, L. H.		78,392.00		42,676.00		121,068.00
CHICAGO TRIBUNE-NEW YORK NEWS SYNDICATE, INCORPORATED	12/31/45					
Gould, Chester		6,500.00			71,439.18	77,939.18
Gray & Gray		13,000.00			82,800.07	95,800.07
NEWS SYNDICATE COMPANY, INCORPORATED	12/31/45					
Clarke, R. W.		67,200.00		36,300.00		103,500.00
Flynn, F. M.		67,200.00		36,300.00		103,500.00
Hollis, R. C.		67,200.00		36,300.00		103,500.00
UNITED DRILL AND TOOL CORPORATION	12/31/45					
Kearins, M. J.		25,000.00			56,005.98	81,005.98
VICTOR MANUFACTURING & GASKET CO.	12/31/45					
Victor, John H.		75,000.08		3,950.89	50.00	79,000.97
THE WANDER COMPANY	12/31/45					
Johnston, Hart		30,000.00		57,697.15		87,697.15
McMillan, James G.		39,999.96		96,161.91		136,161.87
<u>INDIANA</u>						
MEAD JOHNSON AND COMPANY	12/31/45					
Johnson, Lambert D.		40,331.59		75,351.38		115,682.97
<u>IOWA</u>						
THE REGISTER AND TRIBUNE COMPANY	12/31/45					
Martin, Henry P., Jr.		6,588.95	70,212.47			76,801.42



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>KANSAS</u>						
THE KANSAS MILLING COMPANY	5/31/46					
Jackman, D. S.		12,000.00			73,013.90	85,013.90
Magill, R. Ward		12,000.00			73,013.90	85,013.90
<u>LOUISIANA</u>						
HIGGINS INDUSTRIES, INCORPORATED	12/31/45					
Higgins, Andrew J.		83,333.33				83,333.33
<u>MARYLAND</u>						
ACACIA MUTUAL LIFE INSURANCE COMPANY	12/31/45					
Montgomery, William		75,000.00			150.00	75,150.00
COMMERCIAL CREDIT COMPANY	12/31/45					
Duncan, A. E.		85,000.00				85,000.00
<u>MASSACHUSETTS</u>						
AMERICAN BOSCH CORPORATION	12/31/45					
Hess, Donald P.		35,000.00		45,000.00		80,000.00
AMERICAN OPTICAL COMPANY	12/31/45					
Cozzens, C. O.		90,000.00				90,000.00
THE ATLANTIC LUMBER COMPANY	12/31/45					
French, Edward V.		136,393.69				136,393.69
McHugh, Thomas J.		136,393.69				136,393.69
E. B. BADGER & SONS COMPANY	12/31/45					
Badger, Erastus B.		18,000.00	69,204.97		1,323.34	88,528.31
Hall, Walter T.		18,000.00	69,204.97		1,189.33	88,394.30
Peters, William A., Jr.		18,000.00	69,204.97		1,031.39	88,236.36

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MASSACHUSETTS (Cont.)</u>						
H. P. CARVER CORPORATION Carver, Harold P.	3/31/46	1,000.00	\$1,171.32	48,500.00		110,671.32
THE FIRST BOSTON CORPORATION Addinsell, Harry M.	12/31/45	45,000.00			47,490.00	92,490.00
Coggeshall, James Jr.		36,000.00			40,705.70	76,705.70
Lanston, Aubrey G.		27,504.00			127,373.00	154,877.00
Macomber, John R.		40,500.00			47,490.00	87,990.00
Pope, Allan M.		45,000.00			47,490.00	92,490.00
THE KEYSTONE CORPORATION OF BOSTON Cusack, W. C.	12/31/45		76,985.66			76,985.66
Rehm, Theo. A.		4,950.00	87,273.45	46,111.73		138,335.18
Sholley, S. L.		9,450.00	237,034.15			246,484.15
DR. FRANK H. LAHEY Lahey, Dr. Frank H.	12/31/45	110,000.00				110,000.00
MASSACHUSETTS INVESTORS TRUST Griswold, Merrill	12/31/45	87,373.61				87,373.61
PACKARD MILLS, INC. Hubbard, Ralph K.	12/31/45	26,400.00	61,112.79	20,000.00		107,512.79
POTTER DRUG & CHEMICAL CORPORATION Best, Samuel M.	12/31/45	25,000.00			73,507.85	98,507.85
LAWRENCE T. RITCHIE COMPANY Ritchie, Lawrence T.	12/31/45	7,800.00			69,385.42	76,185.42
C. H. SPRAGUE & SON COMPANY Bowditch, R. L.	12/31/45					81,000.00
HOLLAND, H. B.						104,500.00
TRANSIT BUS SALES, INCORPORATED Steeves, Henry A.	12/31/45	77,200.00				77,200.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MASSACHUSETTS (Cont.)</u>						
UNITED SHOE MACHINERY CORPORATION Winslow, Sidney W., Jr.	2/28/46	100,000.08				100,000.08
U. S. BRANCH OF THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED Stone, Edward C.	12/31/45	81,000.00			122,226.33	203,226.33
<u>MICHIGAN</u>						
BOHN ALUMINUM & BRASS CORPORATION Behn, Charles B.	12/31/45	50,000.00		50,000.00	200.00	100,200.00
Markey, P. A.		50,000.00		49,000.00	370.00	99,370.00
CHRYSLER CORPORATION Hutchinson, B. E.	12/31/45	90,000.00			900.00	90,900.00
Keller, K. T.		100,000.00			900.00	100,900.00
Weckler, H. L.		72,000.00		25,000.00	400.00	97,400.00
Zeder, F. M.		85,000.00			350.00	85,350.00
The amounts shown above do not include any part of the payments by Chrysler Corporation in 1945 to First Adjustment Chrysler Management Trust or Executive Chrysler Management Trust.						
THE DOW CHEMICAL COMPANY Dow, Willard H.	5/31/46	100,000.00				100,000.00
HARRY FERGUSON, INCORPORATED Kyes, Roger M.	12/31/45	100,000.00				100,000.00
FORD MOTOR COMPANY Bricker, M. L.	12/31/45	87,569.42				87,569.42
Craig, B. J.		136,624.92				136,624.92
Ford, Henry II		140,004.21				140,004.21



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MICHIGAN (Cont.)</u>						
FRUEHAUF TRAILER COMPANY	12/31/45					
Fruehauf, Harvey C.		70,000.00		30,000.00		100,000.00
Fruehauf, Roy A.		49,000.08		30,000.00		79,000.08
GENERAL MOTORS CORPORATION	12/31/45					
Anderson, Harry W.		40,333.30		52,953.68		93,286.98
Archer, Thomas P.		90,000.00		74,999.93	1,100.00	166,099.93
Armstrong, William F.		55,000.00		49,767.80		104,767.80
Badgley, Ollie V.		33,249.96		42,121.70		75,371.66
Bradley, Albert		100,000.00		127,503.15	6,622.25	234,125.40
Brown, Donaldson		100,000.00		72,068.93	1,200.00	173,268.93
Burke, Francis L.		38,890.01		38,298.65		77,188.66
Codrington, George W.		50,000.00		51,042.15		101,042.15
Coyle, Marvin E.		100,000.00		97,555.93	700.00	198,255.93
Crawford, James M.		38,666.65		43,396.05		82,062.70
Curtice, Harlow H.		90,000.00		88,635.48	1,200.00	179,935.48
Donner, Frederic G.		54,696.99		70,157.40	1,100.00	125,954.39
Dreystadt, Nicholas		60,000.00		66,971.53		126,971.53
Earl, Harley J.		75,000.00		47,856.28		122,856.28
Evans, Ronald K.		65,000.00		81,626.55		146,626.55
Goad, Louis C.		55,416.63		74,999.93	2,400.00	132,816.56
Godfrey, Edward R.		45,333.32		43,396.05		88,729.37
Hogan, Henry M.		50,000.00		60,539.78		110,599.78
Holler, William E.		60,000.00		48,493.45		108,493.45
Hunt, Ormond E.		100,000.00		127,503.15	1,000.00	228,503.15
Johnson, Earle F.		60,000.00		68,245.88		128,245.88
Kettering, Charles F.		100,000.00		100,104.63	700.00	200,804.63
Kingler, Harry J.		70,000.00		52,953.68		122,953.68

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS*	OTHER ** COMPEN- SATION	TOTAL
<u>MICHIGAN (Cont.)</u>						
<u>GENERAL MOTORS CORPORATION (Cont.)</u>	12/31/45					
Kunkle, Bayard D.		60,000.00		76,529.15		136,529.15
McCuen, Charles L.		75,000.00		67,608.70		142,608.70
Newill, Edward B.		40,333.30		43,396.05		83,729.35
Osborn, Cyrus R.		46,333.31		43,396.05		89,729.36
Skinner, Sherrod E.		60,000.00		62,511.30		122,511.30
Sloan, Alfred P., Jr.		200,000.00			1,000.00	201,000.00
Smith, John Thomas		100,000.00		72,068.93	1,000.00	173,068.93
Williams, William C., Jr.		55,000.00		76,529.15		131,529.15
Wilson, Charles E.		150,000.00		152,990.15	1,000.00	303,990.15
Young, Orville W.		40,333.30		38,298.65		78,631.95

\* Includes the total value of Bonus Awards granted for 1944, partly in General Motors Corporation Common stock and partly in cash, payable August 13, 1945. The stock portion of the awards was computed at \$67.125 per share, the closing market price of General Motors Corporation Common stock on August 13, 1945, as evidenced by the New York Stock Exchange.

\*\* Covers allowance for living expenses

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MICHIGAN (Cont.)</u>						
HOLLAND FURNACE COMPANY Cheff, P. T.	12/31/45	30,000.00		58,300.00	2,400.00	90,700.00
HUDSON MOTOR CAR COMPANY Barit, A. E.	12/31/45	90,000.00				90,000.00
LYON, INCORPORATED Lyon, G. A.	12/31/45	50,000.00		40,000.00		90,000.00
MONROE AUTO EQUIPMENT COMPANY McIntyre, B. D.	6/30/46	1,819.92	80,563.19			82,383.11
McIntyre, C. S.		1,560.00	80,563.19			82,123.19
McIntyre, W. D.		1,819.92	80,563.19			82,383.11
NATIONAL BANK OF DETROIT McLucas, W. S.	12/31/45	50,000.00			33,650.00	83,650.00
PALMER-BEE COMPANY Bee, George A.	12/31/45	37,384.80	73,388.85			110,773.65
McBride, Jesse E.		26,169.60	55,041.63			81,211.23
REO MOTORS, INCORPORATED Hund, Henry E.	12/31/45	40,800.00		70,000.00		110,800.00
SQUARE D COMPANY Magin, F. W.	12/31/45	45,000.00		72,147.59		117,147.59
S. S. KRESGE COMPANY Williams, R. R.	12/31/45	89,250.00				89,250.00



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MINNESOTA</u>						
ARCHER-DANIELS-MIDLAND COMPANY	12/31/45					
Collins, Henry W.		25,000.00		50,000.04		75,000.04
Smith, Werner		40,000.00		43,100.00		83,100.00
POWERS DRY GOODS COMPANY, INC.	1/31/46					
Olson, Dodrick		36,000.00			64,000.00	100,000.00
THE J. R. WATKINS COMPANY	12/31/45					
King, E. L., Jr.		60,000.00		40,000.00		100,000.00
<u>MISSOURI</u>						
ANHEUSER-BUSCH, INCORPORATED	12/31/45					
Busch, Adolphus, III		85,000.08		60,000.00		145,000.08
J. A. FOLGER & COMPANY	12/31/45					
Atha, R. E.		21,000.00		79,030.15		100,030.15
FOX MIDWEST AMUSEMENT CORPORATION	12/31/45					
Rhoden, Elmer C.		39,000.00		71,230.50	7,800.00	118,030.50
JAMES R. KEARNEY CORPORATION	12/31/45					
Kearney, James R., Sr.		75,000.00		14,607.63		89,607.63
LAWTON BYRNE BRUNER INSURANCE AGENCY COMPANY	12/31/45					
Farrington, T. L.				77,973.71		77,973.71
Lawton, C. S.				109,352.42		109,352.42

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MISSOURI (Cont.)</u>						
THE MAY DEPARTMENT STORES COMPANY	1/31/46					
Brunmark, W. J.		50,000.00		50,000.00		100,000.00
Dauby, Jerome		10,000.00		75,000.00	25.00	85,025.00
Dauby, Nathan L.				100,000.00	25.00	100,025.00
Geller, David		14,000.00		70,256.86		84,256.86
Gries, Lincoln		20,000.00		65,000.00	100.00	85,100.00
May, Morton J.		100,000.00			150.00	100,150.00
May, Tom		32,500.00		67,500.00	50.00	100,050.00
Rosenberg, Sam		23,000.00		77,000.00	125.00	100,125.00
Salomon, Fred Z.		10,000.00		90,000.00	175.00	100,175.00
Strauss, Leonard		20,000.00		80,000.00	225.00	100,225.00
THE PULITZER PUBLISHING COMPANY	12/31/45					
Pulitzer, Joseph		100,000.00	65,530.84			165,530.84
SOUTHERN COMFORT CORPORATION	12/31/45					
Fouke, L. R.		5,000.00	214,750.74			219,750.74
Fouke, P. B.			175,068.53			175,068.53
Fowler, F. E., Jr.		10,000.00	365,616.92			375,616.92
<u>NEW HAMPSHIRE</u>						
EXETER MANUFACTURING COMPANY	9/30/46					
Kent, Hervey		16,000.00		60,000.00		76,000.00
<u>NEW JERSEY</u>						
AMERICAN HOME PRODUCTS CORPORATION	12/31/45					
Brush, Alvin G.		50,000.00		25,000.00	15,000.00	90,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW JERSEY (Cont.)</u>						
BENGUE, INCORPORATED Seltzer, Theodore	12/31/45	13,000.00	248,250.92			261,250.92
BRISTOL-MYERS COMPANY Bristol, Henry P.	12/31/45	60,000.00		27,845.86	268.75	88,114.61
Bristol, Lee H.		49,999.92		27,845.86		77,845.78
Bristol, William M., Jr.		49,999.92		27,845.86	268.75	78,114.53
HAHNE AND COMPANY Buck, Junior C.	1/31/46	30,000.00			70,000.00	100,000.00
HOFFMANN-LA ROCHE, INC. Barell, E. C.	12/31/45					102,936.45
Barney, L. D.						77,107.46
Bobst, E. H.						150,000.00
Ritz, H.						82,373.45
JOHNSON & JOHNSON Johnson, R. W.	12/31/45	75,000.00		28,000.00		103,000.00
Smith, G. F.		18,504.00		74,425.00		92,929.00
NEW JERSEY WORSTED MILLS Haltermann, Frederick W.	12/31/45	12,000.00		67,139.10		79,139.10
NIXON NITRATION WORKS Nixon, Stanhope	12/31/45		87,881.03			87,881.03
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA D'Olier Franklin	12/31/45	100,000.00				100,000.00
THE REISS-PREMIER CORPORATION Hirsch, Rudolph	12/31/45	50,000.00		25,547.14		75,547.14



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW JERSEY (Cont.)</u>						
THE SINGER MANUFACTURING COMPANY Sir Douglas Alexander, Bart.	12/31/45	100,000.00				100,000.00
UNITED STATES PIPE AND FOUNDRY COMPANY Russell, N. F. S.	12/31/45	60,000.00			21,941.00*	81,941.00
*Added compensation amounting to \$21,691 was paid January 24, 1946.						
YARDLEY OF LONDON, INCORPORATED Felt, Dudley P. Smith, Cecil	12/31/45	25,000.00 25,000.00	87,903.50 61,660.42			112,903.50 86,660.42
<u>NEW YORK</u>						
J. N. ADAM & COMPANY Holder, A. O.	1/31/46	45,000.00		55,000.00		100,000.00
AIR REDUCTION COMPANY, INC. Adams, C. E.	12/31/45	65,000.00		54,000.00	1,150.00	121,050.00
ALLIED CHEMICAL & DYE CORPORATION Atherton, H. F.	12/31/45	125,000.00				125,000.00
ALLIED STORES CORPORATION Broidy, Edward W. Coons, Albert Lawrie, Walter H. McCarthy, C. E. Puckett, B. Earl Pyke, Robert W.	1/31/46	26,000.00 26,000.00 24,000.00 13,000.00 35,833.32 26,000.00		107,714.00 75,465.62 170,045.22 83,465.72 85,000.00 75,752.43	40.00 200.00 220.00 10,200.00 100.00	133,754.00 101,665.62 194,045.22 96,685.72 131,033.32 101,852.43
AMERICAN BRAKE SHOE COMPANY Given, William B., Jr.	12/31/45	75,000.00		20,000.00		95,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
AMERICAN BROADCASTING COMPANY, INC. La Roche, Chester J.	12/31/45	84,375.00				84,375.00
Woods, Mark		75,000.00		10,000.00		85,000.00
AMERICAN CAN COMPANY Black, Carlyle H.	12/31/45	85,000.00			4,700.00	89,700.00
Figgis, Dudley W.		125,000.00			4,000.00	129,000.00
Sullivan, Maurice J.		150,000.00			4,100.00	154,100.00
AMERICAN CYANAMID & CHEMICAL CORP. Derby, H. L.	12/31/45	44,928.00		36,065.62		80,993.62
AMERICAN CYANAMID COMPANY Bell, W. B.	12/31/45	75,000.00		124,849.13		199,849.13
Cooper, K. F.		43,200.00		34,578.48		77,878.48
AMERICAN FLANGE & MANUFACTURING COMPANY, INCORPORATED Parish, Richard L.	11/30/46	125,000.00				125,000.00
AMERICAN LEAGUE BASEBALL CLUB OF NEW YORK, INCORPORATED MacPhail, L. S.	12/31/45	50,000.00		60,319.61		110,319.61
AMERICAN LOCOMOTIVE COMPANY Dickerman, William C.	12/31/45	84,375.00			1,271.00	85,646.00
Fraser, Duncan W.		90,000.00			1,413.00	91,413.00
AMERICAN TELEPHONE & TELEGRAPH CO. Cooper, C. P.	12/31/45	99,999.96			1,700.00	101,699.96
Gifford, W. S.		206,250.00			3,300.00	209,550.00
THE AMERICAN TOBACCO COMPANY Hahn, Paul M.	12/31/45	50,000.00*		28,985.52		78,985.52
Hill, George W.		120,000.00		48,309.20		168,309.20
Riggio, Vincent		50,000.00		28,985.52		78,985.52

\*Less: Salary paid to Paul M. Hahn by The American Tobacco Company but billed to a subsidiary company.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
AMERICAN WEEKLY, INCORPORATED Berkowitz, Mortimer	12/31/45	52,166.64	100,000.00			152,166.64
AMERICAN WOOLEN COMPANY Pendleton, Moses	12/31/45	125,000.00			600.00	125,600.00
C. C. ANDERSON STORES COMPANY Hinshaw, Ezra B.	1/31/46	15,000.00		101,123.49		116,123.49
ATHERTON & CURRIER, INCORPORATED Atherton, J. W.	12/31/45	12,000.00	63,694.65			75,694.65
BANKERS TRUST COMPANY Colt, S. Sloan	12/31/45	100,100.00			3,950.00	104,050.00
HERMAN BASCH & COMPANY, INC. Nauen, Ernest	12/31/45	24,999.98		70,738.91	3,000.00	98,738.89
Vort, Paul William		24,999.98		70,738.91	3,000.00	98,738.89
BELL AIRCRAFT CORPORATION Bell, Lawrence D.	12/31/45	94,999.99		50.00	24,896.79	119,946.78
Carmichael, James V.		75,000.00		15.00		75,015.00
Whitman, Ray P.		57,500.04		50.00	23,617.12	81,167.16

Included in column 5 is the contribution made by the Corporation to a trust fund which forms a part of a pension plan for the benefit of employees. The amount included for Lawrence D. Bell is \$23,396.79 and for Ray P. Whitman is \$22,117.12.



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPE N- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
BEST AND COMPANY, INCORPORATED LeBoutillier, Philip	1/31/46	60,000.00		65,000.00	650.00	125,650.00
BLUE BELL, INCORPORATED Fox, J. C.	11/30/46					101,666.66
BOOK-OF-THE-MONTH CLUB, INC. Scherman, Harry	12/31/45	50,000.00		60,000.00	200.00	110,200.00
BROCKWAY MOTOR COMPANY, INC. Piroumoff, G. S.	12/31/45	30,000.00		47,000.00	20,000.00	97,000.00
CENTRAL HANOVER BANK AND TRUST CO. Gray, William S., Jr.	12/31/45	100,000.00			159.44	100,159.44
CHARLES STORES COMPANY, INC. Hornstein, B. S.	1/31/46	30,000.00			174,320.54	204,320.54
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK Aldrich, Winthrop W.	12/31/45	175,000.00			7,700.00	182,700.00
Campbell, H. Donald		100,000.00			7,800.00	107,800.00
CHEMICAL BANK & TRUST COMPANY Houston, Frank K.	12/31/45	75,000.00		3,450.00		78,450.00
CITIES SERVICE COMPANY Jones, W. Alton	12/31/45	150,000.00			180.00	150,180.00
COHN-HALL-MARX COMPANY (NEW YORK) Agate, Sanford S.	6/30/46	30,000.00		20,000.00	43,063.15	93,063.15
Copeland, Abbott J.		22,500.00			80,976.81	103,476.81
Deutsch, Melvin H.		20,000.00		25,000.00	37,980.96	82,980.96
Loewy, Edwin		25,000.00			89,771.06	114,771.06
Schwab, Jacob W.		100,000.00				100,000.00



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
COLUMBIA BROADCASTING SYSTEM, INC. Kesten, Paul W.	12/31/45					95,784.76
COLUMBIA PICTURES CORPORATION	6/30/46					
Briskin, Irving		78,000.00				78,000.00
Cohn, Harry		208,000.00			15,600.00	223,600.00
Cohn, Jack		117,000.00			13,000.00	130,000.00
Hall, Al		139,083.33				139,083.33
Hartman, Don		129,000.00				129,000.00
Hayworth, Rita		117,000.00				117,000.00
Kahane, B. B.		76,791.67				76,791.67
Montague, Abraham		81,000.00				81,000.00
Schneider, Abraham		84,283.34			8,233.33	92,516.67
Spingold, N. B.		84,645.83			5,200.00	89,845.83
Van Upp, Virginia		117,000.00				117,000.00
Vidor, Charles		91,666.67				91,666.67
COMMERCIAL INVESTMENT TRUST INC. Dietz, Arthur O.	12/31/45	100,000.08			120.00	100,120.08

In addition, contributions were made to an approved pension plan.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
CONSOLIDATED EDISON COMPANY OF NEW YORK, INCORPORATED AND ITS AFFILIATED COMPANIES Tapscott, Ralph H.	12/31/45	100,000.00			7,650.00	107,650.00
CORN EXCHANGE BANK TRUST COMPANY Sherer, Dunham B.	12/31/45	75,000.00			1,000.00	76,000.00
THE CROWELL-COLLIER PUBLISHING CO. Beck, Thomas H.	12/31/45	75,000.00		12,500.00	240.00	87,740.00
CURTISS-WRIGHT CORPORATION Vaughan, G. W.	12/31/45	75,100.00			5,206.00	80,306.00
DAZIAN'S, INCORPORATED Feinberg, George	12/31/45	87,633.80				87,633.80
Friedlander, Emil		92,833.80				92,833.80
DEVCO & RAYNOLDS COMPANY, INC. Dabney, W. C.	11/30/46	36,000.00		66,681.03		102,681.03
Mathews, W. H.		36,000.00		55,567.53		91,567.53
Pangborn, E. L.		30,000.04		55,567.53		85,567.57
Phillips, E. S.		50,000.00		81,499.03		131,499.03
Prindle, E. B.		25,000.00		55,567.53		80,567.53
L. S. DONALDSON COMPANY Brouillette, T. R.	1/31/46	18,000.00		62,960.13		80,960.13

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
DOUGHNUT CORPORATION OF AMERICA Levitt, A.	12/31/45	67,999.92		20,000.00		87,999.92
HERBERT DUBLER, INCORPORATED Wick, Alfred E.	4/30/46	5,220.00	22,033.49		58,968.81	86,222.30
THE DUPLAN CORPORATION Geier, Ernest C.	5/31/46	72,000.00		25,000.00		97,000.00
H. DUYS & COMPANY, INC. Steur, John A. C.	3/31/46				101,831.46*	101,831.46
* Includes \$10,000.00 paid on account of expenses						
EASTMAN KODAK COMPANY Chapman, Albert K.	12/31/45	73,961.55		14,022.01		87,983.56
Flint, Charles K.		64,749.99		14,565.00		79,314.99
Hargrave, Thomas J.		103,173.09		23,834.62		127,007.71
Mees, C. E. Kenneth		67,115.38		15,894.71		83,010.09
Sievers, Herman C.		72,115.44		17,119.71		89,235.15
ETHYL CORPORATION Webb, Earle W.	12/31/45	60,000.00		43,398.19		103,398.19
FAIRCHILD ENGINE & AIRPLANE CORP. Ward, J. Carlton, Jr.	12/31/45	100,884.85			600.00	101,484.85
GENERAL CABLE CORPORATION Palmer, D. R. G.	12/31/45	60,000.00		30,000.00		90,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
GENERAL ELECTRIC COMPANY Wilson, Charles E.	12/31/45	97,750.00			31,875.00	129,625.00
GENERAL FOODS CORPORATION Francis, Clarence	12/31/45	130,000.00				130,000.00
Igleheart, Austin S.		115,000.00				115,000.00
Young, Udell C.		85,000.00				85,000.00
GENERAL MOTORS ACCEPTANCE CORP. Schumann, John J., Jr.	13/31/45	65,000.00		39,955.31*	300.00	105,255.31
<p>* Includes the total value of Bonus Award granted for 1944, partly in General Motors Corporation Common stock and partly in cash, payable August 13, 1945. The stock portion of the award was computed at \$67.125 per share, the closing market price of General Motors Corporation Common stock on August 13, 1945, as evidenced by the New York Stock Exchange.</p>						
GIMBEL BROTHERS, INC. Eckhouse, Joseph L.	1/31/46	40,000.00		57,913.23		97,913.23
Gimbel, Bernard F.		100,000.00				100,000.00
W. T. GRANT COMPANY Fogler, Raymond H.	1/31/46	60,000.00		70,000.00		130,000.00



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
THE GREAT ATLANTIC & PACIFIC TEA COMPANY (NEW JERSEY)	2/28/46					
Adams, O. C.		100,121.00				100,121.00
Brooks, C. A.		100,121.00				101,121.00
Byrnes, W.		100,121.00			60.00	100,181.00
THE GROlier SOCIETY, INC.	12/31/45					
Harding, C. C.		5,200.00	80,512.78		27,444.86*	113,157.64
* Additional commission accrued						
GUARANTY TRUST COMPANY OF NEW YORK	12/31/45					
Cleveland, J. Luther		100,000.00			6,715.01	106,715.01
Conway, W. Palen		100,000.00			5,167.11	105,167.11
Stetson, Eugene W.		100,000.00			20,405.90	120,405.90
HANDY AND HERMAN	12/31/45					
Handy, C. W.		96,000.00				96,000.00
Niemeyer, G. H.		96,000.00				96,000.00
HARRIMAN RIPLEY & COMPANY, INC.	12/31/45					
Davis, Pierpont V.		50,000.00			34,350.00*	84,350.00
Ripley, Joseph P.		50,000.00			39,350.00*	89,350.00

\* The Additional Compensation Plan for officers is based on a fixed formula under the Plan applied to earnings for the entire year. The payment to officers is made as soon as practicable after January 1 following, when the earnings for the year have been ascertained.

NEW YORK MIRROR DEPARTMENT - THE HEARST CORPORATION	12/31/45					
Winchell, Walter		63,600.00	34,080.95			97,680.95

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
HEARST MAGAZINES, INC. Berlin, Richard E.	12/31/45	50,000.00		108,779.61		158,779.61
THE WILLIAM HENGERER COMPANY Hecht, Harold M.	1/31/46	30,000.00			70,000.00	100,000.00
HEYDEN CHEMICAL CORPORATION Armour, B. R.	12/31/45	15,000.00		99,095.70		114,095.70
HOYLAND STEEL COMPANY, INC. Hoyland, Colin G.	12/31/45	20,000.00	63,365.00			83,365.00
INGERSOLL-RAND COMPANY Doubleday, George	12/31/45	78,000.00				78,000.00
INTAGLIE SERVICE CORPORATION Pinover, Len S.	12/31/45	84,475.00				84,475.00
INTERNATIONAL BUSINESS MACHINES CORP. Kirk, Charles A.	12/31/45	60,000.00		30,000.00	8,635.75*	98,635.75
Nichol, Frederick W.		100,000.00		33,400.00	5,331.00*	138,731.00
Watson, Thomas J.		100,000.00			325,548.94*	425,548.94

\*Note: The above compensations are not inclusive of amounts paid as directors' fees.

INTERNATIONAL PAPER COMPANY Cullen, R. J.	12/31/45	102,499.92				102,499.92
Hinman, J. H.		76,666.72				76,666.72
JOHNS-MANVILLE CORPORATION Brown, Lewis H.	12/31/45	96,000.00			2,300.00	98,300.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
JOHNSON & HIGGINS	12/31/45					
Davey, W. N.		87,393.73			260.00	87,653.73
Hall, W. E.		79,902.84			220.00	80,122.84
Hunt, E. F.		79,902.84			200.00	80,102.84
Keegan, J. S.		79,902.84			220.00	80,122.84
La Boyteaux, W. H.		139,829.97			200.00	140,029.97
Lowe, Henry W.		87,393.73			220.00	87,613.73
JORDAN MARSH COMPANY	1/31/46					
Mitton, Edward R.		49,000.00		105,839.16		154,839.16
Thompson, Cameron S.		25,000.00		52,919.58		77,919.58
JOSKE BROTHERS COMPANY	1/31/46					
Calvert, James H.		24,000.00		140,978.31		164,978.31
JULIUS KAYSER & COMPANY	6/30/46					
Mueller, T. H.		37,500.00		98,115.00		135,615.00
KENNECOTT COPPER CORPORATION	12/31/45					
Stannard, E. T.		125,000.00			800.00	125,800.00
KRAFT FOODS COMPANY	12/31/45					
Kraft, J. H.		87,083.38				87,083.38
Pound, G. C.		77,083.30				77,083.30
THE LANDER COMPANY, INC.	12/31/45					
Oestreich, Charles H.		75,570.33*				75,570.00
* Includes salary and bonus.						
LENNEN & MITCHELL, INC.	12/31/45					
Lennen, P. W.		79,999.92		3,333.33		83,333.25
LONGINES-WITTNAUER WATCH COMPANY, INC.	3/31/36					
Cartoun, M. F.			133,015.29	10,000.00		143,015.29
Guilden, Morris		16,500.00	83,285.22			99,785.22
Heinmuller, J. P. V.		21,000.00	81,011.44	10,000.00		112,011.44
Perlman, Samuel		25,000.00	81,086.43	10,000.00		116,086.43

69



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
LORD & TAYLOR	1/31/46					
Dawley, M. E.		17,011.46			58,344.08	75,355.54
Hoving, Walter		70,000.00			65,000.00	135,000.00
Shaver, Dorothy		42,212.34			45,000.00	87,212.34
Sims, Van V.		31,477.14			45,000.00	76,477.14
R. H. MACY & COMPANY, INC.	12/31/45					90,280.00
Marks, Edwin I.						100,280.00
Straus, Jack I.						
MANUFACTURERS MACHINE & TOOL COMPANY, INCORPORATED	12/31/45					
Berger, Paul H.		83,200.00		15,000.00		98,200.00
MANUFACTURERS TRUST COMPANY	12/31/45					
Gibson, Harvey D.		87,156.63			1,149.00	88,305.63
Von Elm, Henry C.		73,846.26			2,355.00	76,201.26
CARL MARKS & COMPANY, INC.	12/31/45					
Marks, Carl		200,000.00				200,000.00
Zack, Abe		14,500.00		90,000.00		104,500.00
MAYFLOWER DOUGHNUT CORPORATION	12/31/45					
Black, B. C.		46,500.00		35,000.00		81,500.00
MCCALL CORPORATION	12/31/45					
Warner, William B.		75,000.00		62,787.26	800.00	138,587.26
METROPOLITAN LIFE INSURANCE COMPANY	12/31/45					
Lincoln, Leroy A.		125,000.00				125,000.00
PHILIP MORRIS & COMPANY, LTD., INC.	3/31/46					
Lyon, A. E.		100,000.00				100,000.00
NATIONAL BISCUIT COMPANY	12/31/45					
Tomlinson, P. E.		90,000.00			1,200.00	91,200.00
NATIONAL BROADCASTING COMPANY, INC.	12/31/45					
Trammell, Niles		80,208.33		15,000.00	200.00	95,408.33



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
THE NATIONAL CITY BANK OF NEW YORK	12/31/45					
Brady, William Gage, Jr.		99,999.84			4,900.00	104,899.84
Burgess, W. Randolph		79,999.92			3,700.00	83,699.92
Rentschler, Gordon S.		124,999.92			4,900.00	129,899.92
NATIONAL DAIRY PRODUCTS CORPORATION	12/31/45					
Van Bomel, L. A.		120,000.00			540.00	120,540.00
NATIONAL GYPSUM COMPANY	12/31/45					
Baker, Melvin H.		100,000.00				100,000.00
THE NEW JERSEY ZINC COMPANY	12/31/45					
Hayes, J. E.		76,500.00			2,530.00	79,030.00
NEW YORK TELEPHONE COMPANY	12/31/45					
Whitmore, Carl		74,250.00			1,560.00	75,810.00
THE NEW YORK TRUST COMPANY	12/31/45					
Bierwirth, John E.		84,416.67			4,900.00	89,316.67
PARAMOUNT PICTURES, INC.	12/29/45					
Balaban, Barney		156,000.00				156,000.00
Bracken, Edward V.		134,041.66				134,041.66
Brackett, Charles		119,000.00				119,000.00
Butler, Frank		117,000.00				117,000.00
Crosby, Bing		175,000.00				175,000.00
Cummings, Robert		110,000.00				110,000.00
De Havilland, Olivia		206,944.45				206,944.45
Donlevy, Brian		99,708.31				99,708.31
Farrow, John V.		132,333.33				132,333.33
Freeman, Y. Frank		130,000.00				130,000.00
Ginsberg, Henry		189,583.33				189,583.33
Goddard, Paulette		90,000.00				90,000.00
Hackett, Albert & Frances Goodrich		151,875.00				151,875.00
Howard, Dorothy (Dorothy Lamour)		112,372.00				112,372.00
Jones, Paul M.		91,000.00				91,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
PARAMOUNT PICTURES, INC. (Cont.)	12/29/45					
Keough, Austin C.		78,000.00				78,000.00
Ladd, Alan W.		107,000.00				107,000.00
Lanfield, Sidney		108,333.33				108,333.33
Leisen, Mitchell		180,202.57				180,202.57
MacGowan, Kenneth		78,000.00				78,000.00
Marshall, George		156,000.00				156,000.00
McCarey, Thomas Leo					355,426.61	355,426.61
Milland, Raymond		185,833.33				185,833.33
Miller, Seton I.		138,400.00				138,400.00
Reagan, Charles M.		81,735.14				81,735.14
Stanwyck, Barbara		140,000.00				140,000.00
Thornburg, Betty June (Betty Hutton)		102,583.33				102,583.33
Tugend, Harry		149,350.00				149,350.00
Tunberg, Karl O.		91,000.00				91,000.00
Wilder, Samuel Billy		100,666.67				100,666.67
Zukor, Adolph		104,000.00		50,000.00	5,400.00	159,400.00
PHELPS DODGE CORPORATION	12/31/45					
Cates, Louis S.		150,000.00			1,100.00	151,100.00
PHELPS DODGE COPPER PRODUCTS CORP.	12/31/45					
Brown, Wylie		82,050.32			1,200.00	83,250.32
THE A. POLSKY COMPANY	1/31/46					
McCormick, W. E.		14,999.92		67,329.29		82,329.21
RADIO CORPORATION OF AMERICA	12/31/45					
Folsom, Frank M.		75,000.00		15,000.00		90,000.00
Sarnoff, David		100,000.00		25.00		100,025.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
THE READER'S DIGEST ASSOCIATION, INC. Cole, Albert L. Payne, Kenneth W. Wallace, DeWitt	12/31/45	84,500.00 84,500.00 99,500.00		215.62		84,715.62 84,500.00 99,500.00
THE ROLLMAN & SONS COMPANY Jacobs, George B.	1/31/46	18,000.00		60,873.20		78,873.20
ROYAL TYPEWRITER COMPANY, INC. Cooke, C. B. Faustmann, E. C.	7/31/46	80,750.00 97,825.00				80,750.00 97,825.00
RUSSELL, BURDSALL & WARD BOLT AND NUT COMPANY Ward, Evans	6/30/46	22,500.00		105,245.27		127,745.27
RUSSELL & STOLL COMPANY, INC. Stoll, Albert F.	12/31/45	52,000.00	28,808.12			80,808.12
SAKS & COMPANY Gimbel, Adam L.	1/31/46	60,000.00		25,000.00		85,000.00
THE F. & M. SCHAEFER BREWING CO. Schaefer, F. M. E. Schaefer, R. J.	12/31/45	84,000.00 108,000.00			160.00 180.00	84,160.00 108,180.00
SCHINE CHAIN THEATRES, INC. Schine, J. M.	8/31/46	102,200.47				102,200.47
SENECA TEXTILE CORPORATION Egger, Luis G. Straus, Charles B.	6/30/46	30,000.00 45,999.94			81,004.93 123,456.09	111,004.93 169,456.03
SHELL OIL COMPANY, INC. Belither, S. Fraser, Alexander	12/31/45	60,000.00 70,000.00		30,000.00 30,000.00		90,000.00 100,000.00
SHELL UNION OIL CORPORATION van der Woude, R. G. A.	12/31/45	80,000.00		30,000.00		110,000.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
SIMPLICITY PATTERN COMPANY, INCORPORATED AND SUBSIDIARY COMPANY Shapiro, Joseph M.	12/31/45	60,000.00			52,002.75	112,002.75
SINCLAIR OIL CORPORATION Sinclair, H. F.	12/31/45	155,199.96			300.00	155,499.96
STANDARD OIL COMPANY (INC. IN NEW JERSEY) Abrams, F. W. Gallagher, R. W. Harden, Orville Holman, E.	12/31/45	72,857.14 100,000.00 90,000.00 100,000.00			5,877.73 10,658.35 5,995.00 6,658.34	78,734.87 110,658.35 95,995.00 106,658.34
STERN BROTHERS Riordan, William O.	1/31/46	49,999.92		50,000.00	180.00	100,179.92
TIME, INCORPORATED (NEW YORK) Stillman, Charles L.	12/31/45	50,000.00		30,613.33		80,613.33
THE TITCHE-GOETTINGER COMPANY Brown, William J.	1/31/46	18,000.00		84,298.13		102,298.13
TOBIN PACKING COMPANY, INC. Tobin, F. M.	10/31/46	61,250.00		90,000.00		151,250.00
TODD SHIPYARDS CORPORATION Reilly, John D.	12/31/45	115,776.45				115,776.45
TUBIZE RAYON CORPORATION Bassill, J. E.	12/31/45	75,000.00		7,500.00	161.28	82,661.28



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
TWENTIETH CENTURY-FOX FILM CORPORATION	12/29/45					
Bacher, William A.		78,000.00				78,000.00
Bacon, Lloyd		165,708.33				165,708.33
Boyer, Charles		135,000.00				135,000.00
Connors, Thomas J.		104,000.00			6,100.00	110,100.00
Cromwell, John		93,500.00				93,500.00
Cummings, Irving		96,333.25				96,333.25
Day, Richard W.		78,000.00				78,000.00
Faye, Alice		101,666.67				101,666.67
Foy, Bryan		169,000.00				169,000.00
Gordon, Mack		77,833.33				77,833.33
Goulding, Edmund		85,000.00				85,000.00
Grable, Betty		208,000.00				208,000.00
Hathaway, Henry		130,000.00				130,000.00
Haymes, Richard B.		143,333.33				143,333.33
Hoffenstein, Samuel		81,850.00				81,850.00
Humberstone, H. B.		87,250.00				87,250.00
James, Harry H.		121,666.67				121,666.67
Jessel, George A.		110,500.00				110,500.00
King, Henry		96,666.66				96,666.66
Lang, Walter R.		131,444.35				131,444.35
Lighton, Louis D.		155,666.67				155,666.67
Lubitsch, Ernst		130,000.00				130,000.00
MacMurray, Frederick		203,525.66				203,525.66
Mankiewicz, Joseph L.		182,000.00				182,000.00
Miranda, Carmen		115,000.00				115,000.00
Michel, William C.		73,708.33			6,800.00	80,508.33
Mitchell, Thomas		152,916.67				152,916.67
Moskowitz, Joseph		78,500.00				78,500.00
Newman, Alfred		93,862.68				93,862.68

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALNDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
TWENTIETH CENTURY-FOX FILM CORPORATION (Cont.)	12/29/45					
Nolan, Lloyd B.		81,891.67				81,891.67
O'Hara, Maureen		190,666.67				190,666.67
Perlberg, William		182,000.00				182,000.00
Power, Tyrone		110,400.00				110,400.00
Preminger, Otto		131,000.00				131,000.00
Ratoff, Gregory		150,500.00				150,500.00
Schreiber, Lew		87,000.00				87,000.00
Seaton, George E.		156,000.00				156,000.00
Skouras, Spyros P.		200,000.00			1,600.00	201,600.00
Stahl, John M.		178,916.67				178,916.67
Tierney, Gene		114,916.66				114,916.66
Trotti, Lamar		149,520.83				149,520.83
Zanuck, Darryl F.		260,000.00				260,000.00
UNDERWOOD CORPORATION (DELAWARE)	12/31/45					
Stowell, Leon C.						78,190.00
Wagoner, Phillip D.						139,190.00
UNION BAG & PAPER CORPORATION	12/31/45					
Calder, Alexander		85,000.00		35,061.04	750.00	120,811.04
UNION PACIFIC RAILROAD COMPANY AND AFFILIATED COMPANIES	12/31/45					
Charske, F. W.		75,000.00			3,875.00	78,875.00
Jeffers, W. M.		75,000.00			210.00	75,210.00
UNITED ARTISTS CORPORATION	12/31/45					
Sears, Gradwell L.		130,000.00		23,838.55		153,838.55
WAH CHANG TRADING CORPORATION	12/31/45					
Li, K. C.		4,500.00	120,500.00		80.00	125,080.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
WALLERSTEIN COMPANY, INC.	12/31/45					
Graf, William		60,000.00		21,000.00		81,000.00
Wallerstein, Leo		84,000.00		10,000.00		94,000.00
WALWORTH COMPANY	12/31/45					
Holton, W. B., Jr.		75,000.00			45,000.00	120,000.00
WESTERN ELECTRIC COMPANY, INC.	12/31/45					
Stoll, C. G.		90,000.00			1,320.00	91,320.00
THE WESTERN UNION TELEGRAPH COMPANY	12/31/45					
Williams, A. N.		68,333.33			8,515.00	76,848.33
R. C. WILLIAMS & COMPANY, INC.	4/30/46					
Jaburg, Hugo F.		52,000.00		50,000.00		102,000.00
Koerner, Irving A.		9,600.00	12,009.11		57,928.08	79,537.19
McMahon Joseph F.			76,469.63			76,469.63
Roer, Albert			128,663.52			128,663.52
F. W. WOOLWORTH COMPANY	12/31/45					
Cornwell, A. L.			94,209.01			94,209.01
Crowther, H. S.			80,484.29			80,484.29
Deyo, C. W.			250,974.50			250,974.50
O'Neil, H. E.			87,675.87			87,675.87
<u>NORTH CAROLINA</u>						
R. J. REYNOLDS TOBACCO COMPANY	12/31/45					
Williams, S. Clay		100,000.00				100,000.00
<u>OHIO</u>						
THE AMERICAN ROLLING MILL COMPANY	12/31/45					
Hook, Charles R.		82,693.00		65,645.12		148,338.12
Sebald, W. W.		49,005.71		39,387.07		88,392.78
Verity, Calvin		65,050.62		52,516.10		117,566.72

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>OHIO (Cont.)</u>						
BREWING CORPORATION OF AMERICA Bohannon, J. A.	9/30/46	36,000.00		67,101.06		103,101.06
CHAMPION SPARK PLUG COMPANY Stranahan, Frank D.	12/31/45	120,000.00				120,000.00
Stranahan, Robert A.		170,000.00				170,000.00
THE CROSLLEY CORPORATION Cosgrove, Raymond C.	12/31/45	49,999.92		40,000.00		89,999.92
DAVID DAVIES, INC. JAMESON, Harry W.	12/31/45	18,000.00		117,128.73		135,128.73
EATON MANUFACTURING COMPANY Eaton, J. O.	12/31/45	60,000.00		30,000.00		90,000.00
THE FOREST CITY PUBLISHING COMPANY Bellamy, Paul	12/31/45	17,950.00			101,179.17	119,129.17
Graham, Sterling E.		40,000.00			57,916.67	97,916.67
GENERAL MACHINERY CORPORATION Rentschler, G. A.	12/31/45	78,000.00			100.00	78,100.00
THE B. F. GOODRICH COMPANY Collyer, John L.	12/31/45	100,000.00				100,000.00
THE GRUEN WATCH COMPANY Katz, Benjamin S.	3/31/46	42,000.00		78,295.45		120,295.45
ROBERT HELLER & ASSOCIATES, INC. Heller, Robert	12/31/45	75,000.00			919.34*	75,919.34

\* Premium on life insurance - portion of Company's contribution to Pension Trust.

INDUSTRIAL RAYON CORPORATION Rivitz, Hiram S.	12/31/45	75,000.00		33,893.84		108,893.84*
--	----------	-----------	--	-----------	--	-------------

\*Note: This amount does not include an amount of \$26,106.16 paid by Industrial Rayon Corporation during 1945 into Industrial Rayon Corporation Employees' Pension Fund Trust for the benefit of this officer. This amount was not available to this officer during the year 1945.



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>OHIO (Cont.)</u>						
THE F. AND R. LAZARUS AND COMPANY Lazarus, Simon	1/31/46	100,000.00				100,000.00
THE LINCOLN ELECTRIC COMPANY Lincoln, J. F.	12/31/45	75,487.41				75,487.41
THE MIDLAND STEEL PRODUCTS COMPANY Kulas, E. J.	12/31/45					99,429.00
THE PHILIP CAREY MANUFACTURING CO. King, R. S.	12/31/45	45,000.00		33,878.89		78,878.89
THE PROCTER & GAMBLE COMPANY Barnes, F. M.	6/30/46	75,000.00		19,000.00		94,000.00
Brodie, R. K.		75,000.00		19,000.00		94,000.00
Deupree, R. R.		100,000.00		63,791.00		163,791.00
THE STANDARD OIL COMPANY (OHIO) Holliday, W. T.	12/31/45	120,000.00				120,000.00
THOMPSON PRODUCTS, INC. Crawford, F. C.	12/31/45	91,000.00			500.00	91,500.00
THE TIMKEN ROLLER BEARING COMPANY Umstatttd, William E.	12/31/45	144,563.32				144,563.32
THE WARNER & SWASEY COMPANY McDonald, L. D.	12/31/45	35,000.00		50,000.00		85,000.00
Stilwell, C. J.		45,000.00		60,000.00		105,000.00
THE WEATHERHEAD COMPANY Weatherhead, Albert J., Jr.	12/31/45	43,400.00		40,000.00		83,400.00
<u>OKLAHOMA</u>						
CONTINENTAL OIL COMPANY Moran, Dan	12/31/45	100,000.00			200.00	100,200.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>PENNSYLVANIA</u>						
ALUMINUM COMPANY OF AMERICA AND AFFILIATED CORPORATIONS	12/31/45					
Davis, Arthur V.		108,000.00				108,000.00
Gibbons, G. R.		75,400.00				75,400.00
Wilson, I. W.		76,000.00				76,000.00
ARMSTRONG CORK COMPANY	12/31/45					
Prentis, H. W., Jr.		125,000.00				125,000.00
THE AUTOCAR COMPANY	12/31/45					
Page, Robert P., Jr.		50,000.16		2,083.34	34,713.94	86,797.44
BETHLEHEM STEEL COMPANY (DELAWARE)	12/31/45					
Mackall, Paul		90,000.00		59,760.00		147,760.00
BETHLEHEM STEEL COMPANY (PENNSYLVANIA)	12/31/45					
Bent, Quincy		90,000.00		59,760.00		149,760.00
Berkeley, Norborne		50,000.00		47,742.00		97,742.00
Gross, J. M.		45,000.00		47,742.00		92,742.00
Grace, E. G.		150,000.00		71,645.00		221,645.00
Holton, C. R.		50,000.00		47,742.00		97,742.00
Homer, A. B.		40,000.00		59,760.00		99,760.00
Jacobs, M. L.		50,000.00		47,742.00		97,742.00
Larkin, J. M.		50,000.00		47,742.00		97,742.00
McMath, R. E.		60,000.00		59,760.00		119,760.00
Shick, F. A.		60,000.00		59,760.00		119,760.00
THE CURTIS PUBLISHING COMPANY OF PENNSYLVANIA	12/31/45					
Fuller, W. D.		77,197.14				77,197.14
ERIE FOUNDRY COMPANY	6/30/46					
Currie, D. A.		27,175.00	28,541.49	51,818.10		107,534.59

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>PENNSYLVANIA (Cont.)</u>						
GREAT LAKES STEEL CORPORATION Fink, G. R.	12/31/45	62,500.00		75,000.00		137,500.00
HEINTZ MANUFACTURING COMPANY Meinel, William J.	12/31/45	25,000.00		202,875.94		227,875.94
JOSEPH HORNE COMPANY Burchfield, W. H.	1/31/46	56,008.20		23,991.80		80,000.00
		52,980.72		27,019.28		80,000.00
KOPPERS COMPANY, INC. Williams, J. P., Jr.	12/31/45	90,000.00				90,000.00
NATIONAL STEEL CORPORATION Fink, G. R.	12/31/45	62,500.00		75,000.00	400.00	137,900.00
		26,666.64		50,000.00	300.00	76,966.64
		93,750.00		112,500.00	400.00	206,650.00
WEIR, E. T.						
THE PENNSYLVANIA RAILROAD COMPANY Clement, M. W.	12/31/45	110,000.00*			785.00	110,785.00
<p>* Because of restrictions imposed by Federal regulations, actually paid at the rate of \$110,000 per annum although the salary is \$125,000.</p>						
PITTSBURGH PLATE GLASS COMPANY Clause, R. L.	12/31/45	50,000.00			27,600.00	77,600.00
		53,750.00			27,600.00	81,350.00
HIGGINS, H. B.						
JACOB SIEGEL COMPANY Siegel, Jacob	1/31/45	90,000.00				90,000.00
SMITH, KLINE & FRENCH LABORATORIES Boyer, Francis	12/31/45	27,500.00		66,550.00		94,050.00
		30,000.00		72,600.00		102,600.00
KLINE, C. MAHLON						

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>PENNSYLVANIA (Cont.)</u>						
TASTY BAKING COMPANY	12/31/45					
Baur, P. J.		113,647.09				113,647.09
Morris, H. C.		113,637.09				113,637.09
JOHN WANAMAKER PHILADELPHIA	1/31/46					
Shipley, Charles R.		60,000.00		20,500.00*		80,500.00
<p>*Note: "Deferred bonuses payable in future years have not been taken into consideration in the preparation of this schedule, nor have payments to Connecticut General Life Insurance Company on account of premium on Group Annuity Contract of the corporation."</p>						
WEIRTON STEEL COMPANY	12/31/45					
Millsop, T. E.		33,666.72		50,000.00		83,666.72
WESTINGHOUSE ELECTRIC CORPORATION	12/31/45					
Bucher, George H.		95,000.00		45,000.00	1,800.00	141,800.00
Robertson, A. W.		150,025.00		47,000.00	1,650.00	198,675.00
<u>RHODE ISLAND</u>						
BRADFORD DYEING ASSOCIATION (U. S. A.)	11/30/46					
Summersby, George		30,000.00		55,000.00		85,000.00
LONSDALE COMPANY	12/31/45					
Burton, Harry H.		40,000.00		70,273.78		110,273.78
<u>SOUTH CAROLINA</u>						
ROCK HILL PRINTING & FINISHING CO.	12/31/45					
Joslin, Archie O.		48,750.00		62,718.80		111,468.80



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>TENNESSEE</u>						
TENNESSEE EASTMAN CORPORATION Wilcox, P. S.	12/31/45	76,400.01		13,164.13		89,564.14
<u>TEXAS</u>						
HUGHES TOOL COMPANY AND ITS SUBSIDIARY - GULF BREWING COMPANY Dietrich, Noah	12/31/45	19,999.92		60,000.00		79,999.92
Perelle, C. W.		88,986.11				88,986.11
HUMBLE OIL & REFINING COMPANY Wiess, H. C.	12/31/45	69,174.00			9,663.98	78,837.98
POLLOCK PAPER & BOX COMPANY Jacobs, Leslie L.	12/31/45	50,000.00		50,000.00		100,000.00
THE TEXAS COMPANY Klein, Harry T.	12/31/45	100,000.00				100,000.00
Rodgers, W. S. S.		125,000.00				125,000.00
<u>VERMONT</u>						
CHICAGO STOCK YARDS COMPANY Prince, Frederick Henry	12/31/45	100,000.00				100,000.00
E. B. & A. C. WRITING COMPANY Unsworth, Thomas A.	5/31/46	48,000.00		75,000.00		123,000.00
<u>VIRGINIA</u>						
NEWPORT NEWS SHIPBUILDING AND DRY DOCK COMPANY Ferguson, H. L.	12/31/45	40,000.00			85,504.35*	125,504.35

\*Note: Incentive additional compensation for and in respect of services rendered in 1944 paid in 1945.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>VIRGINIA (Cont.)</u>						
REYNOLDS METALS COMPANY Reynolds, R. S.	12/31/45	75,000.00			52,534.56	127,534.56
<u>WISCONSIN</u>						
THE ELECTRIC SPRAYIT COMPANY Deutsch, S.	12/31/45	18,923.20		68,360.00		87,283.20
THE FALK CORPORATION Falk, Harold S.	12/31/45	26,000.00		68,567.07		94,567.07
WESTERN PRINTING & LITHOGRAPHING CO. Benstead, H. M. Voight, Elmer G. Wadewitz, E. H. Wadewitz, W. R.	12/31/45	9,600.00	92,900.82			102,500.82
		9,600.00	105,957.93			115,557.93
		15,000.00	146,630.19			161,630.19
		9,600.00	114,737.89			124,337.89

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
REPORT OF PAYMENTS OF SALARY, COMMISSION BONUS OR OTHER COMPENSATION PAID IN EXCESS OF \$75,000.00 COMPILED FROM INCOME RETURNS, SCHEDULE F-1, FILED FOR THE CALENDAR YEAR 1943 AND FISCAL YEARS ENDED IN 1944 SUPPLEMENTAL NO. 3						
<u>DELAWARE</u>						
VICK CHEMICAL COMPANY	6/30/44					
Preyer, W. Y.		64,625.00		25,010.00	580.00	90,215.00
Richardson, H. S.		50,625.00		25,010.00	500.00	76,135.00
<u>NEW YORK</u>						
NESTLE'S MILK PRODUCTS, INC.	12/31/43					
Norton, D. F.		68,750.00	30,000.00			98,750.00
NORDA ESSENTIAL OIL AND CHEMICAL COMPANY, INCORPORATED	12/31/43					
Kohl, Hermann J.		15,000.00	76,229.45*			91,229.45
Rowse, William H.			59,010.00	18,225.00		77,235.00

\* Includes \$21,542.44 allocated as Traveling Expenses.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
REPORT OF PAYMENTS OF SALARY, COMMISSION BONUS OR OTHER COMPENSATION PAID IN EXCESS OF \$75,000.00 COMPILED FROM INCOME RETURNS, SCHEDULE F-1, FILED FOR THE CALENDAR YEAR 1944 AND FISCAL YEARS ENDED IN 1945. SUPPLEMENTAL NO. 2						
<u>ALABAMA</u>						
WATERMAN STEAMSHIP CORPORATION Roberts, E. A.	9/30/45	67,800.00		40,000.00	400.00	108,200.00
<u>CALIFORNIA</u>						
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION Giannini, L. M.	12/31/44	75,000.00		4,698.00		79,698.00
CONSOLIDATED VULTEE AIRCRAFT CORP. Laddon, I. M. Woodhead, Harry	11/30/45	85,000.00			6.25	85,006.25
DOUGLAS AIRCRAFT COMPANY, INC. Douglas, Donald W.	11/30/45	85,000.00			6.25	85,006.25
FAMOUS ARTISTS CORPORATION (FORMERLY THE FELDMAN-BLUM CORPORATION) Feldman, Charles Kenneth	6/30/45	116,000.00			400.00	116,400.00
HEARST PUBLICATIONS, INCORPORATED Hearst, William Randolph	12/31/44	105,166.50				105,166.50
		100,000.00				100,000.00



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>CALIFORNIA (Cont.)</u>						
NORTH AMERICAN AVIATION, INC. Atwood, J. L.	9/30/45	75,000.00			250.00	75,250.00
Kindelberger, J. H.		140,000.00			250.00	140,250.00
STANDARD OIL COMPANY OF CALIFORNIA Collier, Henry D.	12/31/44	123,555.20*				123,555.20
* Includes an annuity of \$3,629.60 monthly paid to Mr. Collier by Insurance Companies, under the Company's Annuity Plan.						
<u>CONNECTICUT</u>						
THE HOMELITE CORPORATION Abbott, J. Allan	12/31/44	5,500.00	72,740.36			78,240.36
<u>FLORIDA</u>						
GIBBS GAS ENGINE COMPANY OF FLORIDA Gibbs, George W.	12/31/44	35,000.00		50,000.00		85,000.00
<u>ILLINOIS</u>						
CRONAME, INCORPORATED Coolidge, E. C.	12/31/44	25,000.00	89,971.63			114,971.63
HARPER-WYMAN COMPANY Harper, Philip S.	12/31/44	175,414.49				175,414.49
LADY ESTHER, LTD. Busiel, Alfred	12/31/44	96,000.00				96,000.00
Busiel, Syma		96,000.00				96,000.00
W. H. MINER, INC. Withall, A. P.	12/31/44	50,000.00	144,264.03			194,264.03

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>ILLINOIS (Cont.)</u>						
J. P. SEEBURG CORPORATION Seeburg, J. P. Seeburg, N. Marshall	9/30/45	49,999.92		40,000.00		89,999.92
VICTOR MANUFACTURING AND GASKET COMPANY Victor, John H.	12/31/44	49,999.92		30,000.00		79,999.92
THE WANDER COMPANY McMillan, James G.	12/31/44	79,017.79			50.00	79,067.79
		40,000.00		61,514.18		101,514.18
<u>KANSAS</u>						
THE CESSNA AIRCRAFT COMPANY Wallace, Dwane L. Wallace, Dwight S.	9/30/45	52,000.00		46,000.00		98,000.00
		52,000.00		46,000.00		98,000.00
<u>MARYLAND</u>						
COMMERCIAL CREDIT COMPANY Duncan, A. E.	12/31/44	85,000.00				85,000.00
CROWN CORK & SEAL COMPANY, INC. McManus, Charles E.	12/31/44	100,000.00		8,333.33	125.00	108,458.33

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MASSACHUSETTS</u>						
THE KEYSTONE CORPORATION OF BOSTON	12/31/44					
Rehm, T. A.		6,600.00	78,482.53	42,541.25		127,623.78
Sholley, S. L.		12,600.00	195,539.07			208,139.07
LEVER BROTHERS COMPANY	6/30/45					
Countway, Francis A.		30,000.00		351,754.51		381,754.51
Lannefeld, Walter E.		78,339.88				78,339.88
Luckman, Charles		100,000.08				100,000.08
MASSACHUSETTS INVESTORS TRUST	12/31/44					
Griswold, Merrill					84,628.33	84,628.33
THOMPSON WIRE COMPANY	12/31/44					
Thompson, George M.		100,000.00				100,000.00
UNITED SHOE MACHINERY CORPORATION	2/28/45					
Winslow, Sidney W., Jr.		100,000.08				100,000.08
U. S. BRANCH OF THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LTD.	12/31/44					
Stone, Edward C.		81,000.00			121,703.36	202,703.36
<u>MICHIGAN</u>						
THE KAYDON ENGINEERING CORPORATION	12/31/44					
Frauenthal, A. H.		84,000.00				84,000.00
CHRYSLER CORPORATION	12/31/44					
Hutchinson, B. E.		90,000.00			850.00	90,850.00
Keller, K. T.		100,000.00			950.00	100,950.00
Zeder, Fred M.		85,000.00			500.00	85,500.00

The amounts shown above do not include any part of the payments by Chrysler Corporation in 1944 to Executive Chrysler Management Trust.



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>MICHIGAN (Cont.)</u>						
DETREX CORPORATION Emmett, Robert A.	12/31/44	50,500.00		25,000.00		75,500.00
NASH-KELVINATOR CORPORATION Mason, George W.	9/30/45	125,000.16				125,000.16
PALMER-BEE COMPANY Bee, George A.	12/31/44					90,233.01
<u>MINNESOTA</u>						
POWERS DRY GOODS COMPANY, INC. Olson, Dodrick	1/31/45	36,000.00			64,000.00	100,000.00
<u>MISSOURI</u>						
ANHEUSER-BUSCH, INCORPORATED Busch, Adolphus, III	12/31/44					145,000.08
THE MAY DEPARTMENT STORES COMPANY Brunmark, W. J.	1/31/45	50,000.04		50,000.00		100,000.04
Dauby, Jerome		10,000.00		75,000.00		85,000.00
Dauby, Nathan L.				100,000.00	25.00	100,025.00
Geller, David		14,000.00		69,847.41		83,847.41
Gries, Lincoln		20,000.00		65,000.00	100.00	85,100.00
May, Morton J.		100,000.00			200.00	100,200.00
May, Tom		32,499.96		67,500.00		99,999.96
Rosenberg, Sam		23,000.00		77,000.00	75.00	100,075.00
Salomon, Fred Z.		10,000.08		90,000.00	200.00	100,200.08
Strauss, Leonard		19,999.92		79,043.21	250.00	99,293.13



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW JERSEY</u>						
P. BALLANTINE & SONS Badenhausen, Carl W. Badenhausen, Otto A.	3/31/45	130,000.00		15,000.00		145,000.00
THE SINGER MANUFACTURING COMPANY Sir Douglas Alexander, Bart.	12/31/44	128,000.00		15,000.00		143,000.00
		100,000.00				100,000.00
<u>NEW YORK</u>						
B. ALTMAN & COMPANY Burke, John S.	1/31/45	75,000.00		30,000.00	90.00	105,090.00
AMERICAN SMELTING & REFINING COMPANY Guess, H. A.	12/31/44	76,687.50				76,687.50
ANACONDA COPPER MINING COMPANY Hobbins, James R.	12/31/44	80,000.00				80,000.00
Kelley, Cornelius F.		90,000.00				90,000.00
ATLAS CORPORATION Odlum, Floyd B.	12/31/44	100,000.00				100,000.00
BELL AIRCRAFT CORPORATION Bell, Lawrence D.	12/31/44	100,000.00		50.00	24,696.71*	124,746.71
Whitman, Ray P.		67,083.35		50.00	23,517.01*	90,650.36

\* Included is the contribution made by the Corporation to a trust fund which forms a part of a pension plan for the benefit of employees. The amount included for Lawrence D. Bell is \$23,396.71 and for Ray P. Whitman is \$22,117.01.

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
BLUE BELL, INCORPORATED Fox, J. C.	11/30/45					101,666.64
BRISTOL-MYERS COMPANY - DELAWARE Bristol, H. P.	12/31/44	60,000.00		29,548.92		89,548.92
Bristol, L. H.		49,999.92		29,548.92		79,548.84
Bristol, W. M., Jr.		49,999.92		29,548.92		79,548.84
CENTRAL HANOVER BANK & TRUST COMPANY Gray, W. S., Jr.	12/31/44	100,159.44				100,159.44
COLUMBIA BROADCASTING SYSTEM, INC. Kesten, Paul W.	12/31/44					85,529.76
THE CROWELL-COLLIER PUBLISHING CO. Beck, Thomas H.	12/31/44	75,000.00		5,000.00	240.00	80,240.00
THE DIAMOND MATCH COMPANY Fairburn, W. A.	12/31/44	100,000.00				100,000.00
T. M. DUCHE & SONS, INCORPORATED Farquhar, R. V.	11/30/45	3,120.00			79,062.89	82,182.89
Graessle, W. F.		3,120.00			150,219.51	153,339.51
THE FLINTKOTE COMPANY Harvey, I. J., Jr.	12/31/44	75,000.00		14,400.00	750.00	90,150.00
GIMBEL BROTHERS, INC. Gimbel, Bernard F.	1/31/45	100,000.00				100,000.00
W. R. GRACE & COMPANY Iglehart, D. S.	12/31/44	48,000.00			34,383.33	82,383.33
THE HEARST CORPORATION Winchell, Walter	12/31/44	64,400.00	34,841.19			97,241.19
HUOK ATTRACTIONS, INC. Anderson, Marion	12/31/44					120,551.19

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
JOHNS-MANVILLE CORPORATION Brown, Lewis H.	12/31/44					98,500.00
CARL MARKS & COMPANY, INC. Marks, Carl	12/31/44	175,000.00				175,000.00
Zack, Abe		14,000.00		77,000.00		91,000.00
MCCAMPBELL & COMPANY, INCORPORATED Hughes, John Chambers	12/31/44	88,824.85				88,824.85
Mannion, Frank D.		88,824.85				88,824.85
McC Campbell, Leavelle		123,854.37				123,854.37
Stern, Raymond H.		88,824.85				88,824.85
NESTLE'S MILK PRODUCTS, INC. Norton, D. F.	12/31/44	68,750.00	30,000.00			98,750.00
NEW YORK LIFE INSURANCE COMPANY Harrison, George L.	12/31/44	85,000.00				85,000.00
REMINGTON RAND, INC. Knapp, Stanley M.	3/31/45	85,500.00			3,500.00	89,000.00
Rand, James H., Jr.		200,000.00			3,500.00	203,500.00
RUTHRAUFF & RYAN, INC. Ryan, Frederick B.	12/31/44	100,000.00				100,000.00
RUSSELL, BURDSALL & WARD BOLT AND NUT COMPANY Ward, Evans	6/30/45	22,500.00		100,963.01		123,463.01

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>NEW YORK (Cont.)</u>						
SINCLAIR OIL CORPORATION	12/31/44					
Sinclair, E. W.		74,999.97			550.00	75,549.97
Sinclair, H. F.		155,200.00			600.00	155,800.00
STANDARD OIL COMPANY (INC. IN NEW JERSEY)	12/31/44					
Gallagher, R. W.		100,000.00			11,805.04	111,805.04
Harden, Orville		90,000.00			3,427.00	93,427.00
Holman, E.		91,136.36			3,343.96	94,480.32
Pratt, W. E.		75,000.00			5,860.00	80,860.00
THORER & HOLLENDER, INC.	11/30/45					
Mahler, Curt		24,000.00		56,486.49		80,486.49
TUBIZE RAYON CORPORATION	12/31/44					
Bassill, J. E.		75,000.00		7,500.00		82,500.00
R. T. VANDERBILT COMPANY, INC.	12/31/44					
Somerville, A. A.		10,000.00	189,782.00			199,782.00
Vanderbilt, R. T.		175,000.00	55,000.00			230,000.00
YOUNG & RUBICAM, INC.	12/31/44					
Rubicam, Raymond		72,500.16		20,000.00		92,500.16
<u>OHIO</u>						
THE ELECTRIC AUTO-LITE COMPANY	12/31/44					
Martin, Royce G.		100,000.00		7,500.00	400.00	107,900.00
THE GLIDDEN COMPANY	10/31/45					
Joyce, Adrian D.		96,000.00			300.00	96,300.00



NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>OHIO (Cont.)</u>						
THE GOODYEAR TIRE & RUBBER COMPANY Litchfield, P. W. Thomas, E. J.	12/31/44	100,000.00 58,000.00		75,000.00 33,097.00		175,000.00 91,097.00
THE LEBLOND ENGINEERING COMPANY LeBlond, Harold	12/31/44	7,800.00		87,977.00		95,777.00
THE LINCOLN ELECTRIC COMPANY Lincoln, J. F.	12/31/44	81,311.67		1.00		81,312.67
THE NATIONAL ACME COMPANY Chapin, F. H.	12/31/44	38,000.00		42,000.00		80,000.00
THE STANDARD OIL COMPANY (OHIO) Holliday, W. T.	12/31/44	120,000.00				120,000.00
THOMPSON PRODUCTS, INC. Crawford, F. C.	12/31/44	90,999.96			550.00	91,549.96
<u>PENNSYLVANIA</u>						
THE BALDWIN LOCOMOTIVE WORKS Brinley, Charles E. Kelly, Ralph	12/31/44	60,000.00 60,000.00		15,800.00 15,800.00	650.00 600.00	76,450.00 76,400.00
BETHLEHEM STEEL COMPANY (PENNSYLVANIA) Bent, Quincy Berkeley, Norborne Grace, E. G. Gross, J. M. Holton, C. R. Homer, A. B. Jacobs, M. L. Larkin, J. M. McMath, R. E. Shick, F. A.	12/31/44	90,000.00 50,000.00 150,000.00 45,000.00 50,000.00 40,000.00 50,000.00 50,000.00 50,000.00 60,000.00 60,000.00		59,760.00 47,742.00 71,645.00 47,742.00 47,742.00 59,760.00 47,742.00 47,742.00 59,760.00 59,760.00		149,760.00 97,742.00 221,645.00 92,742.00 97,742.00 99,760.00 97,742.00 97,742.00 119,760.00 119,760.00

NAME OF CORPORATION AND OFFICERS OR EMPLOYEES	CALENDAR OR FISCAL YEAR ENDED	SALARY	COMMISSION	BONUS	OTHER COMPEN- SATION	TOTAL
<u>TEXAS</u>						
THE TEXAS COMPANY	12/31/44					
Klein, Harry T.		100,000.00				100,000.00
Rodgers, W. S. S.		125,000.00				125,000.00
<u>WEST VIRGINIA</u>						
HAZEL-ATLAS GLASS COMPANY	12/31/44					
Brady, Alfred F.			76,226.07			76,226.07

oOo

United States Savings Bonds Issued and Redeemed Through July 31, 1947

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	Percent Redeemed of Amount Issued
<u>Series A-D:</u>				
Series A-1935 (matured) ..	\$ 255	\$ 246	\$ 9	96.47%
Series B-1936 (matured) ..	463	435	28	93.95
Series C-1937 .....	587	375	3/ 211	63.88
Series C-1938 .....	661	153	509	23.15
Series D-1939 .....	1,023	209	814	20.43
Series D-1940 .....	1,207	225	982	18.64
Series D-1941 .....	521	86	435	16.51
Total Series A-D .....	4,717	1,729	2,988	36.65
<u>Series E:</u>				
Series E-1941 .....	1,465	322	1,142	21.98
Series E-1942 .....	6,631	2,263	4,368	34.13
Series E-1943 .....	10,851	4,390	6,461	40.46
Series E-1944 .....	12,682	5,212	7,470	41.10
Series E-1945 .....	9,905	3,820	6,085	38.57
Series E-1946 .....	4,344	1,051	3,293	24.19
Series E-1947 (7 months) ..	2,244	157	2,087	7.00
Total Series E .....	48,123	17,216	30,906	35.77
Total Series A-E .....	52,840	18,946	33,894	35.86
<u>Series F and G:</u>				
Series F and G-1941 .....	1,530	190	1,340	12.42
Series F and G-1942 .....	3,185	453	2,731	14.22
Series F and G-1943 .....	3,357	477	2,881	14.21
Series F and G-1944 .....	3,690	389	3,301	10.54
Series F and G-1945 .....	3,143	222	2,922	7.06
Series F and G-1946 .....	2,993	90	2,903	3.01
Series F and G-1947 (7 months) .....	1,643	2	1,641	.12
Total Series F and G .....	19,541	1,822	17,719	9.32
Unclassified sales and redemptions .....	111	135	-24	
Total All Series 4/ .....	72,492	20,903	51,589	28.83

1/ Includes accrued discount.

2/ Current redemption values.

3/ Includes matured bonds which have not been presented for payment.

4/ Includes Series A and B (matured), and therefore does not agree with totals under interest-bearing debt on Public Debt Statement.



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, August 19, 1947

Press Service  
No. S-435

Secretary of the Treasury Snyder announced today the lifting of Treasury Department restrictions on the payment and collection of checks, drafts and other payment instruments which have been within enemy or enemy-occupied territory prior to September 2, 1945.

He stated that the principal purpose underlying the restrictions on the negotiation of such instruments was to protect the interests of persons who had been forced by the enemy, through coercion or duress, to transfer or issue such instruments. However, since nearly two years have elapsed since the enemies' surrender, it is believed that a sufficient time has now been allowed for such persons or their representatives to take steps for their own protection.

Today's action was effected by the revocation of General Ruling No. 5A. Paragraphs 2(b) and 2(c) of the Ruling are now included in General License No. 88, as amended.

oOo



Washington

FOR RELEASE,  
Thursday, August 21, 1947

Press Service  
No. S-436

Secretary of the Treasury Snyder today made public a second group of tabulations which will appear in the report "Statistics of Income for 1944, Part 1." These data, comprising three tables for individual income tax returns and one table for taxable fiduciary income tax returns, are prepared under the direction of Commissioner of Internal Revenue George J. Schoeneman.

#### Individual income tax returns

Table 1 presents information from taxable individual returns classified by type of tax, that is, returns with normal tax and surtax and returns with alternative tax paid on capital gains held more than six months.

The normal tax rate is 3 percent on the normal tax net income, and the surtax rate is 20 percent on surtax net income not over \$2,000 increasing at graduated rates to 91 percent on surtax net income over \$200,000. However, the total tax computed without regard to tax credits can not exceed 90 percent of the net income. The normal tax and surtax are levied on income including the net gain or allowable loss from sales of capital assets unless the alternative tax relating to the gain is imposed.

Returns with normal tax and surtax include returns showing an alternative tax, referred to in Statistics of Income as optional tax, paid in lieu of normal tax and surtax. The optional tax is provided in supplement T of the Code, in the form of a tax table stating the tax liability for various adjusted gross income brackets, and may be used at the election of the taxpayer whose adjusted gross income from whatever source is less than \$5,000. The tax therein is computed at the same rates as are used for computing the tax in detail; and there are allowed the normal-tax exemption, the surtax exemptions for the number of persons with respect to whom surtax exemptions may be claimed, and the standard deduction which is 10 percent of the amount of the midpoint of each adjusted gross income bracket. This midpoint is also the base for the optional tax computation.

Returns with alternative tax are those showing an excess of net long-term capital gain over net short-term capital loss, on which the alternative tax liability is less than the regular normal tax and surtax liability computed on net income which includes the net gain from sales of capital assets. This alternative tax, not effective on surtax net income under \$16,000, is the sum of (1) a partial tax computed at the regular rates on net income reduced for this purpose by the excess of the net long-term capital gain over net short-term capital loss, and (2) 50 percent of such excess.

It should be noted that the effective tax rate in this table is computed on the basis of adjusted gross income, and is not comparable with the effective tax rate shown in former years.

Table 2 shows the frequency distribution of all individual returns for each specific source of income, for each type of tax payment, and for the tax overpayment, the amounts of which were tabulated in part 1, table 1 of a previous release dated June 25, 1947, Press Service No. S-366. These frequencies will be shown separately, in the report, for each of two types of returns, those with standard deduction and those with itemized deductions; also, for returns with itemized deductions, the frequency distribution of returns will be shown for each item of deduction; and, for returns with tax overpayment, the frequency distribution will be shown separately for returns with refunds claimed and for returns with a request for credit on 1945 estimated tax.

Table 3 shows by States the total number of returns, and amounts of salaries and wages, dividends and interest, adjusted gross income, and tax liability for individual returns with adjusted gross income. The segregation of returns by States and Territories is determined by the location of the collection district in which the return was filed, except that for the District of Columbia, the segregation is determined by the address of the taxpayer. Returns for the Territory of Alaska are filed in Washington; however, the sampling technique employed for 1944 does not permit separate tabulation of such returns.

The aggregate amounts in this table, but not the total number of returns, differ from corresponding amounts for individual returns with adjusted gross income presented elsewhere in this release and in the previous release. The difference is less than one percent in the case of salaries and wages and of adjusted gross income; and, in the case of dividends and interest and of tax liability, the difference is approximately 1.2 percent and 1.1 percent, respectively. This difference is the result of the use, for each of the various sampling strata, of an over-all national extension ratio for the purpose of all tables except the State table and a distinct extension ratio for each State for the purpose of the State table only. No difference occurs between the total number of returns with adjusted gross income by States and the corresponding number of returns in other tables inasmuch as the national universe for each stratum used in deriving the over-all national extension ratio equals the total of the State universes for that stratum.

Information regarding returns included in statistics, requirements for filing returns, changes in income tax law, adjusted gross income, deductions, exemptions, tax liability, tax payments, classification of returns, and a description of the sampling technique will be found in the previous release.

Taxable fiduciary income tax returns

There were 92,369 taxable fiduciary income tax returns, Form 1041, filed for the income year 1944 showing net income taxable to the fiduciary of \$357,016,642 and tax liability of \$131,077,704. As compared with last year, there is a decrease in number of returns of 4,787, or 4.9 percent; a decrease in net income of \$18,748,964, or 5.0 percent; and a decrease in tax liability of \$9,317,933, or 6.6 percent.

In the following comparison of 1944 and 1943 data from taxable fiduciary returns, the total income for 1943 is that for taxable fiduciary returns tabulated for Statistics of Income for 1943, adjusted by subtracting therefrom the net loss from sales of capital assets, net loss from sales of property other than capital assets, and net losses from business, from partnerships, and from rents and royalties.

Taxable fiduciary returns, 1944 and 1943: Summary data

(Money figures in thousands of dollars)

	:	:	: Decrease	
			: Number or	: Per-
	:	:	: amount	: cent
	:	:		
Number of returns.....	92,369	97,156	4,787	4.93
Total income.....	655,623	1/687,786	32,163,052	4.68
Net income taxable to the fiduciary.....	357,017	2/375,766	18,748,964	4.99
Tax liability (before credits)	131,078	140,396	9,317,933	6.64

For footnotes, see p.

The returns included in this report are only the taxable returns filed for estates and trusts. These returns are for the calendar year ending December 31, 1944, for other fiscal years ending within the period July 1944 through June 1945, and for part years with the greater portion of the accounting period in 1944. A negligible number of taxable returns for estates and trusts filed improperly on Form 1040 are included. Tentative returns are not included and amended returns are used only if the original returns are excluded. Statistical data are completely tabulated from each taxable fiduciary return, prior to audit by the Bureau of Internal Revenue.

A fiduciary return, Form 1041, is required for an estate if the gross income is \$500 or more; for a trust if the net income is \$100 or more or the gross income is \$500 or more regardless of the net income; and for every estate or trust of which any beneficiary is a nonresident alien. The rates of tax, the provisions respecting gross income to be reported, the deductions with certain exceptions, and the tax credits provided for individuals apply also to estates and trusts. Deductions for contributions without limitation, and for amounts distributable to beneficiaries are allowable in computing the net income on which the fiduciary is to be taxed. A credit of \$500 against the net income of an estate and \$100 against the



net income of a trust is allowed for the purpose of computing both the normal tax and the surtax. Tax liability of the fiduciary, not being subject to current collection, is due at the time the return is filed, after the close of the income year.

Total income, tabulated for taxable fiduciary returns for 1944, is the sum of dividends and interest, the net profits from rents and royalties, from trade or business, from partnership, from sales of capital assets or of other property, together with income from other fiduciaries and miscellaneous income, minus the net losses from rents and royalties, from trade or business, from partnership, and from sales of capital assets or of other property. This total income is conceptually comparable with the adjusted gross income tabulated for the individual returns for 1944, but is not comparable with the total income tabulated for taxable fiduciary returns in former years when losses reported under income were transferred to deductions.

Data for sources of income, total income, deductions, exemption, and tax are presented in table 4. In this table, net profits and net losses reported under income are tabulated in juxtaposition. When these positive and negative amounts are combined with the other items of income, the result is total income. Returns in this table are classified by total income classes based on the amount of tabulated total income. The total income classification is presented so that data from taxable fiduciary returns may be combined, if desired, with data from individual returns. In the published report, distribution of data in table 4 will be shown also by net income classes. No composite data for taxable fiduciary returns and individual returns will be shown for 1944 or subsequent years.



Table 1. - Taxable individual returns for 1944, by adjusted gross income classes and by type of tax: Number of returns, adjusted gross income, surtax exemption, tax liability before and after credits, tax credits, average tax, and effective tax rate

Adjusted gross income classes 3/	Total number of taxable returns	Adjusted gross income 4/	Amount of surtax exemption 5/	Taxable returns				Average tax 6/	Effective tax rate (percent) based on adjusted gross income	Returns with normal tax and surtax 7/									
				Total tax before credits	Credits for foreign tax paid and tax paid at source	Total tax after credits	Number of returns			Adjusted gross income 4/	Amount of surtax exemption 5/	Normal tax and surtax before credits	Credits for foreign tax paid and tax paid at source	Normal tax and surtax after credits	Average tax 6/	Effective tax rate (percent) based on adjusted gross income			
Taxable individual returns:																			
1 0.5 under 0.75	2,045,206	1,337,580	1,645,474	28,783	10	28,773	\$14	2.15	2,045,206	1,337,580	1,645,474	28,783	10	28,773	\$14	2.15	1		
2 0.75 under 1	2,950,919	2,586,259	2,659,601	117,595	7	117,588	40	4.55	2,950,919	2,586,259	2,659,601	117,595	7	117,588	40	4.55	2		
3 1 under 1.25	5,477,486	5,921,519	5,524,746	232,125	10	232,116	67	5.92	5,477,486	5,921,519	5,524,746	232,125	10	232,116	67	5.92	3		
4 1.25 under 1.5	5,512,445	4,825,893	5,537,341	352,828	5	352,824	100	7.31	5,512,445	4,825,893	5,537,341	352,828	5	352,824	100	7.31	4		
5 1.5 under 1.75	5,459,860	5,614,142	5,687,396	457,903	17	457,886	152	8.16	5,459,860	5,614,142	5,687,396	457,903	17	457,886	152	8.16	5		
6 1.75 under 2	5,405,802	6,374,685	5,852,444	588,291	52	588,240	167	8.91	5,405,802	6,374,685	5,852,444	588,291	52	588,240	167	8.91	6		
7 2 under 2.25	5,130,449	6,645,163	5,741,190	620,073	62	620,010	198	9.33	5,130,449	6,645,163	5,741,190	620,073	62	620,010	198	9.33	7		
8 2.25 under 2.5	2,870,005	6,811,467	5,722,221	644,492	73	644,419	225	9.46	2,870,005	6,811,467	5,722,221	644,492	73	644,419	225	9.46	8		
9 2.5 under 2.75	2,786,617	7,307,911	5,780,315	719,189	95	719,094	258	9.84	2,786,617	7,307,911	5,780,315	719,189	95	719,094	258	9.84	9		
10 2.75 under 3	2,514,455	7,222,747	5,585,983	736,173	33	736,140	293	10.19	2,514,455	7,222,747	5,585,983	736,173	33	736,140	293	10.19	10		
11 3 under 3.5	4,135,166	15,378,815	6,099,517	1,452,657	84	1,452,573	351	10.86	4,135,166	15,378,815	6,099,517	1,452,657	84	1,452,573	351	10.86	11		
12 3.5 under 4	2,785,527	10,394,197	4,277,725	1,209,653	64	1,209,589	454	11.64	2,785,527	10,394,197	4,277,725	1,209,653	64	1,209,589	454	11.64	12		
13 4 under 4.5	1,777,741	7,516,504	2,763,607	955,074	55	955,019	537	12.71	1,777,741	7,516,504	2,763,607	955,074	55	955,019	537	12.71	13		
14 4.5 under 5	1,039,236	4,915,701	1,581,894	671,189	49	671,120	646	13.65	1,039,236	4,915,701	1,581,894	671,189	49	671,120	646	13.65	14		
15 5 under 6	935,071	5,057,083	1,393,377	758,823	36	758,787	813	15.00	935,071	5,057,083	1,393,377	758,823	36	758,787	813	15.00	15		
16 6 under 7	417,756	2,693,021	581,101	452,712	87	452,645	1,084	16.81	417,756	2,693,021	581,101	452,712	87	452,645	1,084	16.81	16		
17 7 under 8	220,512	1,645,762	293,682	306,525	70	306,455	1,390	18.62	220,512	1,645,762	293,682	306,525	70	306,455	1,390	18.62	17		
18 8 under 9	151,103	1,279,043	196,311	255,407	66	255,341	1,690	19.96	151,103	1,279,043	196,311	255,407	66	255,341	1,690	19.96	18		
19 9 under 10	111,991	1,060,155	142,894	224,378	46	224,333	2,003	21.16	111,991	1,060,155	142,894	224,378	46	224,333	2,003	21.16	19		
20 10 under 11	88,911	931,357	113,761	206,934	135	206,799	2,326	22.20	88,911	931,357	113,761	206,934	135	206,799	2,326	22.20	20		
21 11 under 12	67,593	775,780	85,924	181,073	105	180,968	2,677	23.35	67,593	775,780	85,924	181,073	105	180,968	2,677	23.35	21		
22 12 under 13	57,375	715,970	72,269	174,423	80	174,343	3,039	24.35	57,375	715,970	72,269	174,423	80	174,343	3,039	24.35	22		
23 13 under 14	46,036	620,510	57,676	157,349	66	157,262	3,416	25.34	46,036	620,510	57,676	157,349	66	157,262	3,416	25.34	23		
24 14 under 15	38,563	558,495	47,994	147,581	31	147,550	3,826	26.42	38,563	558,495	47,994	147,581	31	147,550	3,826	26.42	24		
25 15 under 20	129,486	2,224,022	161,466	649,182	663	647,519	5,001	29.11	129,486	2,224,022	161,466	649,182	663	647,519	5,001	29.11	25		
26 20 under 25	67,537	1,504,311	82,551	505,865	392	505,473	7,484	33.60	67,537	1,504,311	82,551	505,865	392	505,473	7,484	33.60	26		
27 25 under 30	36,433	1,049,789	46,383	394,638	210	394,428	10,262	37.57	36,433	1,049,789	46,383	394,638	210	394,428	10,262	37.57	27		
28 30 under 40	41,610	1,430,927	48,759	598,518	466	598,052	14,373	41.79	41,610	1,430,927	48,759	598,518	466	598,052	14,373	41.79	28		
29 40 under 50	20,422	907,988	23,556	420,413	627	419,786	20,556	46.23	20,422	907,988	23,556	420,413	627	419,786	20,556	46.23	29		
30 50 under 60	11,844	645,765	13,265	321,167	697	320,470	27,058	49.65	11,844	645,765	13,265	321,167	697	320,470	27,058	49.65	30		
31 60 under 70	7,253	468,959	7,910	245,479	187	245,292	33,819	52.31	7,253	468,959	7,910	245,479	187	245,292	33,819	52.31	31		
32 70 under 80	4,668	348,712	5,086	191,397	374	191,223	40,922	54.78	4,668	348,712	5,086	191,397	374	191,223	40,922	54.78	32		
33 80 under 90	3,063	259,874	3,219	147,470	481	146,989	47,989	56.56	3,063	259,874	3,219	147,470	481	146,989	47,989	56.56	33		
34 90 under 100	2,135	202,711	2,223	118,530	306	118,224	55,374	58.32	2,135	202,711	2,223	118,530	306	118,224	55,374	58.32	34		
35 100 under 150	4,873	584,702	4,904	361,123	676	360,446	73,968	61.65	4,873	584,702	4,904	361,123	676	360,446	73,968	61.65	35		
36 150 under 200	1,565	287,591	1,495	174,340	293	174,045	111,211	65.04	1,565	287,591	1,495	174,340	293	174,045	111,211	65.04	36		
37 200 under 250	665	146,936	625	98,112	150	97,963	147,513	66.67	665	146,936	625	98,112	150	97,963	147,513	66.67	37		
38 250 under 300	351	95,709	328	65,650	157	65,493	186,591	68.43	351	95,709	328	65,650	157	65,493	186,591	68.43	38		
39 300 under 400	318	108,299	296	73,477	164	73,313	230,543	67.69	318	108,299	296	73,477	164	73,313	230,543	67.69	39		
40 400 under 500	155	68,726	144	48,325	125	48,200	310,971	70.13	155	68,726	144	48,325	125	48,200	310,971	70.13	40		
41 500 under 750	159	95,263	145	66,604	137	66,467	418,034	69.77	159	95,263	145	66,604	137	66,467	418,034	69.77	41		
42 750 under 1,000	62	53,754	50	37,663	327	37,538	602,197	69.46	62	53,754	50	37,663	327	37,538	602,197	69.46	42		
43 1,000 under 1,500	38	46,863	36	31,861	183	31,678	835,644	67.60	38	46,863	36	31,861	183	31,678	835,644	67.60	43		
44 1,500 under 2,000	13	21,226	13	15,215	55	15,178	1,264,832	71.51	13	21,226	13	15,215	55	15,178	1,264,832	71.51	44		
45 2,000 under 3,000	6	14,108	4	10,159	113	10,046	1,674,350	71.21	6	14,108	4	10,159	113	10,046	1,674,350	71.21	45		
46 3,000 under 4,000	2	6,366	3	4,918	75	4,843	2,421,665	76.08	2	6,366	3	4,918	75	4,843	2,421,665	76.08	46		
47 4,000 under 5,000	3	13,329	5	9,610	100	9,511	3,170,175	71.35	3	13,329	5	9,610	100	9,511	3,170,175	71.35	47		
48 5,000 and over	1	7,719	1	4,801	-	4,801	4,801,336	62.20	1	7,719	1	4,801	-	4,801	4,801,336	62.20	48		
49 Total taxable individual returns	42,354,468	114,761,335	51,606,896	16,224,728	8,327	16,216,401	533	14.13	42,354,468	114,761,335	51,606,896	16,224,728	8,327	16,216,401	533	14.13	49		

For footnotes, see p. 11

Table 1. - Taxable individual returns for 1944, by adjusted gross income classes and by type of tax: Number of returns, adjusted gross income, surtax exemption, tax liability before and after credits, tax credits, average tax, and effective tax rate - Continued

(Adjusted gross income classes and money figures, except average tax, in thousands of dollars)

Adjusted gross income classes <sup>3/</sup>	Number of returns	Adjusted gross income <sup>4/</sup>	Net income	Excess of net long-term capital gain over net short-term capital loss	Amount of surtax exemption <sup>5/</sup>	Returns with alternative tax <sup>8/</sup>		Credits for foreign tax paid and tax paid at source	Alternative tax after credits	Average tax <sup>6/</sup>	Effective tax rate (percent) based on adjusted gross income	
						Alternative tax before credits						
						Partial tax	50 percent of excess capital gain					
Taxable individual returns:												
1 Under 15	-	-	-	-	-	-	-	-	-	-	-	1
2 15 under 20	3,654	68,814	65,460	4,558	3,171	20,985	2,169	109	25,045	\$6,506	55.49	2
3 20 under 25	9,908	225,566	207,257	17,465	10,665	68,324	8,752	250	76,806	7,752	54.59	3
4 25 under 30	8,048	220,551	202,764	19,585	8,728	72,359	9,791	141	81,989	10,187	57.17	4
5 30 under 40	10,456	560,526	550,600	57,286	11,233	129,045	18,645	117	147,569	14,140	40.95	5
6 40 under 50	5,938	266,772	243,895	29,499	6,587	105,188	14,749	292	119,645	19,997	44.85	6
7 50 under 60	5,828	209,056	190,191	25,532	5,979	87,541	12,666	154	99,853	26,085	47.76	7
8 60 under 70	2,570	166,036	150,426	20,084	2,629	73,530	10,042	141	83,450	32,463	50.25	8
9 70 under 80	1,694	126,615	114,255	15,819	1,756	58,599	7,910	46	66,262	39,116	52.35	9
10 80 under 90	1,163	98,101	88,462	12,643	1,111	46,692	6,321	343	52,661	45,290	53.68	10
11 90 under 100	841	79,713	72,559	13,080	814	37,816	6,540	62	44,294	52,669	55.57	11
12 100 under 150	2,188	264,518	256,855	41,149	2,156	154,946	20,574	352	155,168	70,918	58.66	12
13 150 under 200	732	125,715	111,065	25,020	682	65,998	12,510	93	76,414	104,591	60.78	13
14 200 under 250	543	75,862	67,079	17,092	515	39,075	8,546	75	47,548	158,625	62.68	14
15 250 under 300	177	48,183	41,977	9,576	161	26,225	4,788	124	30,889	174,515	64.11	15
16 300 under 400	177	60,708	52,292	16,592	158	29,467	8,296	52	37,711	215,056	62.12	16
17 400 under 500	98	41,451	37,148	12,682	85	20,804	6,541	70	27,075	291,126	65.32	17
18 500 under 750	92	55,503	48,699	19,882	86	24,970	9,941	21	34,891	379,247	65.09	18
19 750 under 1,000	31	27,347	24,008	11,530	24	11,178	5,765	9	16,954	546,261	61.92	19
20 1,000 under 1,500	20	24,454	21,519	10,287	20	10,046	5,144	44	15,145	757,247	61.95	20
21 1,500 under 2,000	8	13,859	12,185	5,280	10	6,250	2,640	9	8,880	1,110,051	64.08	21
22 2,000 under 3,000	4	9,509	8,529	3,638	5	4,256	1,819	113	5,962	1,490,561	64.05	22
23 3,000 under 4,000	1	5,347	2,598	6	2	2,335	3	54	2,284	2,283,766	68.25	23
24 4,000 under 5,000	2	9,291	6,928	495	4	5,994	247	100	6,141	5,070,526	66.09	24
25 5,000 and over	-	-	-	-	-	-	-	-	-	-	-	25
26 Total taxable individual returns	51,995	2,578,897	2,356,329	368,354	54,176	1,079,187	184,177	2,769	1,260,595	24,245	48.88	26

For footnotes, see pp. 11





Table 3. - Individual returns with adjusted gross income for 1944,  
by States and Territories: Number of returns, salaries and wages,  
dividends and interest, adjusted gross income, and tax liability

(Money figures in thousands of dollars)

States and Territories	Number of returns	Salaries and wages <u>13/</u>	Dividends and interest <u>14/</u>	Adjusted gross income <u>4/</u>	Tax liability <u>15/</u>
Alabama	572,002	957,652	18,329	1,185,411	150,232
Arizona	160,415	289,559	9,187	384,422	48,950
Arkansas	294,518	395,841	11,799	581,338	65,437
California	3,955,568	8,083,038	302,111	10,649,860	1,544,444
Colorado	350,109	561,808	53,737	824,968	110,086
Connecticut	822,010	1,925,982	122,763	2,325,383	364,464
Delaware	118,873	268,558	30,443	339,264	68,106
District of Columbia	373,654	775,419	56,475	956,456	151,273
Florida	619,844	1,088,185	71,833	1,534,019	222,794
Georgia	682,269	1,121,884	43,637	1,421,316	177,956
Hawaii	172,862	570,150	9,648	476,099	72,651
Idaho	163,867	205,346	5,789	351,087	37,034
Illinois	3,281,341	6,954,457	273,268	8,702,045	1,297,781
Indiana	1,294,198	2,458,547	69,117	3,144,033	402,950
Iowa	782,428	909,405	36,964	1,665,934	190,061
Kansas	608,969	890,732	24,329	1,360,382	163,259
Kentucky	602,755	969,431	33,349	1,228,999	134,683
Louisiana	605,200	1,008,409	33,144	1,318,078	167,444
Maine	288,359	488,373	27,664	608,188	69,935
Maryland	867,185	1,808,053	80,084	2,211,779	310,888
Massachusetts	1,784,053	3,730,289	221,599	4,466,782	624,644
Michigan	2,215,631	5,204,857	145,914	6,237,693	909,432
Minnesota	897,451	1,307,375	58,573	1,890,787	237,630
Mississippi	261,609	372,121	10,405	523,596	59,698
Missouri	1,199,251	2,091,573	108,022	2,723,663	357,419
Montana	167,008	270,715	6,652	373,608	43,542
Nebraska	415,774	497,632	20,960	860,093	97,511
Nevada	55,601	111,716	7,403	154,191	25,419
New Hampshire	184,451	310,333	15,296	369,059	39,289
New Jersey	1,829,218	4,184,581	174,196	4,955,529	703,308
New Mexico	122,992	190,867	5,294	245,781	23,433
New York	5,599,607	12,399,395	765,816	15,653,778	2,435,681
North Carolina	761,289	1,133,225	46,139	1,483,498	163,057
North Dakota	160,511	133,086	3,717	332,683	32,856
Ohio	2,874,184	6,273,252	209,774	7,474,899	1,035,280
Oklahoma	500,026	799,714	23,384	1,115,362	133,151
Oregon	488,183	952,358	26,564	1,308,151	190,522
Pennsylvania	3,698,731	7,514,188	328,870	9,107,768	1,228,122
Rhode Island	297,295	593,083	33,255	750,029	103,401
South Carolina	372,504	549,982	12,846	691,358	64,716
South Dakota	159,583	131,609	3,607	277,578	25,124
Tennessee	694,233	1,103,028	39,712	1,406,248	159,812
Texas	1,947,800	3,127,032	99,806	4,351,859	559,973
Utah	194,344	379,080	8,428	457,892	49,717
Vermont	106,967	160,084	8,866	205,539	21,791
Virginia	775,479	1,415,962	57,108	1,709,021	208,124
Washington <u>16/</u>	896,870	1,801,088	45,261	2,301,808	331,918
West Virginia	480,479	925,144	23,162	1,072,958	112,127
Wisconsin	1,105,294	1,890,191	76,194	2,460,891	300,865
Wyoming	78,948	142,467	4,604	197,078	26,006
Total	46,919,590	91,224,713	3,862,899	116,406,018	16,034,025



Table 4. - Taxable fiduciary returns for 1944, by total income classes: Number of returns, sources of income, total income, deductions, balance income, amount distributable to beneficiaries, net income, exemption, and tax liability

(Total income classes and money figures in thousands of dollars)

Total income classes 17/	Total number of returns	Dividends and interest 18/	Rents and royalties 19/		Trade or business 20/		Partnership 21/		Sales or exchanges of capital assets 22/		Sales or exchanges of property other than capital assets 23/		Income from fiduciaries 24/	Miscellaneous income 25/	Total income 26/
			Net profit	Net loss	Net profit	Net loss	Net profit	Net loss	Net gain	Net loss	Net gain	Net loss			
Taxable fiduciary returns:															
1 Under 0.5	6,615	1,502	205	14	21	4	53	8	176	58	2	4	52	12	1,915
2 0.5 under 0.75	7,953	2,725	40	40	508	20	128	7	479	69	29	7	62	149	4,957
3 0.75 under 1	7,215	3,541	1,225	28	610	18	186	5	685	66	44	19	156	179	6,271
4 1 under 1.25	5,918	3,614	1,247	29	614	14	206	1	741	80	59	5	103	182	6,616
5 1.25 under 1.5	5,019	3,624	1,149	32	650	25	171	4	847	63	40	10	127	215	6,889
6 1.5 under 1.75	4,542	3,961	1,186	25	624	12	223	2	820	72	55	5	152	189	7,054
7 1.75 under 2	3,648	3,757	1,159	22	587	10	235	8	880	54	56	4	81	211	6,828
8 2 under 2.25	3,454	4,098	1,202	23	649	19	272	4	927	65	28	18	107	172	7,525
9 2.25 under 2.5	2,890	3,674	1,060	26	667	19	290	6	857	67	22	14	67	151	6,855
10 2.5 under 2.75	2,576	3,867	949	15	605	6	267	6	877	43	27	20	105	167	6,775
11 2.75 under 3	2,305	3,751	985	19	557	12	254	1	928	44	53	9	65	171	6,617
12 3 under 3.5	4,155	7,851	1,815	53	995	21	649	4	1,642	79	47	8	239	520	15,895
13 3.5 under 4	3,375	7,570	1,619	29	975	24	518	6	1,669	74	47	8	278	276	12,611
14 4 under 4.5	2,945	7,385	1,559	26	905	9	558	3	1,725	60	47	11	180	279	12,509
15 4.5 under 5	2,451	6,952	1,466	18	840	10	615	14	1,472	64	59	16	128	230	11,616
16 5 under 6	3,909	12,880	2,451	57	1,411	19	1,225	14	2,869	110	74	27	326	484	21,470
17 6 under 7	5,119	12,122	2,431	50	1,375	49	1,272	9	2,755	97	44	18	212	461	20,227
18 7 under 8	2,503	11,299	1,948	33	1,177	59	1,149	2	2,570	88	48	8	513	406	18,719
19 8 under 9	2,015	10,182	1,939	38	976	11	1,285	2	2,227	65	66	7	241	323	17,113
20 9 under 10	1,655	9,528	1,755	36	1,042	18	1,028	3	1,914	65	27	4	212	297	15,677
21 10 under 11	1,597	9,004	1,505	17	700	14	1,034	2	1,955	56	12	23	336	201	14,616
22 11 under 12	1,154	8,010	1,619	32	687	14	1,010	30	1,854	46	52	6	287	229	15,263
23 12 under 13	1,046	8,194	1,530	14	623	40	849	(54)	1,691	43	24	2	119	323	15,054
24 13 under 14	855	6,609	1,105	15	704	3	1,200	6	1,530	41	25	18	172	208	11,269
25 14 under 15	807	7,109	1,107	23	589	40	993	14	1,664	39	16	6	172	150	11,676
26 15 under 20	2,741	28,297	4,655	71	2,198	45	4,465	14	6,138	127	58	14	614	1,018	47,174
27 20 under 25	1,627	21,480	3,790	56	1,948	55	3,608	17	4,740	101	51	64	594	622	36,540
28 25 under 30	1,063	17,312	2,676	33	1,260	19	2,838	29	4,162	75	53	20	536	581	29,044
29 30 under 40	1,245	25,676	4,563	56	2,059	61	5,199	10	5,854	91	20	14	1,009	813	42,762
30 40 under 50	776	16,936	3,570	77	1,787	49	4,618	11	4,994	65	10	38	577	556	34,608
31 50 under 60	432	12,406	2,429	19	1,361	70	3,206	33	5,774	25	14	5	534	156	25,528
32 60 under 70	303	10,763	1,850	22	726	9	3,025	1	2,594	33	21	7	280	397	19,563
33 70 under 80	149	8,137	666	1	951	9	1,147	5	1,719	8	25	19	492	94	11,022
34 80 under 90	157	5,959	972	45	724	22	953	-	2,540	20	3	4	197	108	13,343
35 90 under 100	102	5,604	475	1	648	7	512	8	2,169	10	(54)	2	197	140	9,716
36 100 under 150	275	19,690	2,954	19	2,350	113	2,059	26	5,415	24	50	21	294	544	35,145
37 150 under 200	98	8,844	1,170	71	904	10	1,463	-	4,213	15	-	-	332	196	17,025
38 200 under 250	50	6,510	653	1	1,781	13	155	-	1,902	6	33	13	8	74	11,083
39 250 under 300	28	4,564	480	(54)	273	-	1,145	-	1,181	6	-	10	-	39	7,666
40 300 under 400	24	4,419	473	-	855	16	585	-	2,100	1	2	-	3	45	8,263
41 400 under 500	14	2,802	402	-	8	6	276	(54)	2,650	1	-	11	(54)	13	6,111
42 500 under 750	25	10,577	1,793	18	-	-	-	-	2,697	4	1	(54)	14	184	15,244
43 750 under 1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 1,000 under 1,500	4	1,880	1,060	23	1,186	-	-	-	1,356	-	-	48	-	1	5,412
45 1,500 under 2,000	2	3,135	14	-	-	5	-	-	69	-	-	3	-	2	5,211
46 2,000 under 3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47 3,000 under 4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48 4,000 under 5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49 5,000 and over	1	6,047	-	-	-	-	-	-	4	-	-	-	-	-	6,051
Total taxable fiduciary returns	92,369	383,785	68,604	1,188	40,128	996	50,715	516	95,562	2,220	1,242	567	9,311	11,562	655,623
Taxable fiduciary returns with total income under \$5,000	64,817	67,812	17,825	379	9,806	221	4,621	79	14,706	957	514	156	1,839	2,900	118,251
Taxable fiduciary returns with total income of \$5,000 and over	27,552	315,973	50,779	808	30,323	775	46,094	237	80,856	1,263	728	411	7,471	8,662	537,392

For footnotes, see p. 11

Table 4. - Taxable fiduciary returns for 1944, by total income classes: Number of returns, sources of income, total income, deductions, balance income, amount distributable to beneficiaries, net income, exemption, and tax liability - Continued

(Total income classes and money figures in thousands of dollars)

Total income classes 17/	Deduction for -			Total deductions	Balance income 50/	Amount distributable to beneficiaries	Net income 51/ taxable to the fiduciary	Amount of surtax exemption 52/	Tax liability 55/
	Inter-est 27/	Taxes 28/	Miscellaneous deductions 29/						
<b>Taxable fiduciary returns:</b>									
1 Under 0.5	6	36	97	140	1,774	156	1,659	665	225
2 0.5 under 0.75	19	89	133	242	4,715	385	4,331	2,690	377
3 0.75 under 1	41	186	231	459	5,812	743	5,069	2,362	622
4 1 under 1.25	49	227	278	553	6,062	985	5,077	1,866	736
5 1.25 under 1.5	58	251	308	597	6,292	1,517	4,975	1,524	791
6 1.5 under 1.75	70	243	319	632	6,422	1,435	4,987	1,261	854
7 1.75 under 2	72	253	339	664	6,162	1,570	4,592	1,061	810
8 2 under 2.25	74	252	356	682	6,643	1,732	4,911	976	904
9 2.25 under 2.5	62	250	362	654	6,201	1,753	4,448	804	859
10 2.5 under 2.75	83	212	348	644	6,130	1,797	4,333	688	842
11 2.75 under 3	70	216	340	626	5,991	1,898	4,094	635	802
12 3 under 3.5	112	380	665	1,157	12,238	4,129	8,109	1,031	1,654
13 3.5 under 4	135	365	590	1,090	11,520	3,959	7,561	824	1,585
14 4 under 4.5	122	376	627	1,125	11,585	3,984	7,400	703	1,588
15 4.5 under 5	99	293	565	957	10,661	3,857	6,825	578	1,500
16 5 under 6	198	589	1,147	1,934	19,536	7,436	12,101	922	2,735
17 6 under 7	205	523	895	1,623	18,604	7,078	11,526	723	2,708
18 7 under 8	160	445	883	1,486	17,234	6,761	10,472	574	2,548
19 8 under 9	132	374	813	1,519	15,794	6,324	9,470	465	2,386
20 9 under 10	154	387	726	1,267	14,411	5,748	8,663	381	2,250
21 10 under 11	147	376	644	1,167	13,449	5,388	8,061	312	2,155
22 11 under 12	123	348	558	1,029	12,234	4,810	7,424	264	2,058
23 12 under 13	142	337	623	1,102	11,951	5,158	6,793	229	1,924
24 13 under 14	117	319	485	921	10,548	4,493	5,855	190	1,704
25 14 under 15	141	259	513	913	10,763	4,433	6,330	179	1,902
26 15 under 20	360	1,147	2,168	3,675	43,499	18,694	24,805	587	7,989
27 20 under 25	410	972	1,514	2,897	33,443	14,162	19,281	356	6,935
28 25 under 30	333	620	1,379	2,332	26,711	11,347	15,365	214	6,051
29 30 under 40	475	990	2,205	3,670	39,091	16,804	22,288	264	9,545
30 40 under 50	403	808	1,520	2,731	31,877	13,936	17,941	158	8,418
31 50 under 60	312	619	1,010	1,941	21,587	8,651	12,936	91	6,551
32 60 under 70	204	466	1,164	1,834	17,728	8,040	9,689	69	5,107
33 70 under 80	137	297	553	987	10,035	4,448	5,586	34	3,050
34 80 under 90	180	280	700	1,160	12,183	5,843	6,340	29	3,487
35 90 under 100	122	233	598	752	8,963	3,717	5,246	21	2,908
36 100 under 150	565	719	1,939	3,223	29,920	14,915	15,004	61	8,926
37 150 under 200	369	338	869	1,575	15,450	5,697	9,753	23	6,051
38 200 under 250	412	237	350	999	10,085	5,821	4,263	12	2,628
39 250 under 300	249	198	470	917	6,749	1,964	4,785	7	3,486
40 300 under 400	400	149	458	1,005	7,258	3,488	3,771	5	2,448
41 400 under 500	3	113	182	298	5,813	3,026	2,787	3	1,509
42 500 under 750	671	222	455	1,348	13,898	8,151	5,746	5	4,291
43 750 under 1,000	-	-	-	-	-	-	-	-	-
44 1,000 under 1,500	31	85	199	315	5,097	2,598	2,498	1	1,737
45 1,500 under 2,000	2	6	233	240	2,971	2,868	103	(34)	56
46 2,000 under 3,000	-	-	-	-	-	-	-	-	-
47 3,000 under 4,000	-	-	-	-	-	-	-	-	-
48 4,000 under 5,000	-	-	-	-	-	-	-	-	-
49 5,000 and over	3	1	98	101	5,950	2,166	3,784	(34)	3,406
<b>50 Total taxable fiduciary returns</b>	<b>8,231</b>	<b>16,045</b>	<b>30,705</b>	<b>54,981</b>	<b>600,642</b>	<b>243,625</b>	<b>357,017</b>	<b>23,844</b>	<b>131,078</b>
<b>51 Taxable fiduciary returns with total income under \$5,000</b>	<b>1,073</b>	<b>5,590</b>	<b>5,559</b>	<b>10,222</b>	<b>108,009</b>	<b>29,659</b>	<b>78,350</b>	<b>17,668</b>	<b>14,127</b>
<b>52 Taxable fiduciary returns with total income of \$5,000 and over</b>	<b>7,158</b>	<b>12,455</b>	<b>25,147</b>	<b>44,759</b>	<b>492,633</b>	<b>213,966</b>	<b>278,667</b>	<b>6,176</b>	<b>116,950</b>

## FOOTNOTES

1/ Total income for 1945, shown here, is the total income tabulated from taxable fiduciary returns for Statistics of Income for 1945 adjusted by subtracting therefrom the net loss from sales of capital assets, net loss from the sales of property other than capital assets, and net losses from trade or business, from partnership, and from rents and royalties.

2/ Net income taxable to the fiduciary for 1945, shown here, is the income tax net income reported, disregarding the deficit in income tax net income reported on 1,253 returns showing only a victory tax on victory tax net income.

3/ Adjusted gross income classes are based on the amount of adjusted gross income (see note 4), regardless of the amount of net income or net deficit when computed; returns with adjusted gross deficit are designated no adjusted gross income and the size of the deficit is disregarded.

4/ Adjusted gross income means gross income minus allowable trade and business deductions, expenses of travel and lodging in connection with employment, reimbursed expenses in connection with employment, deductions attributable to rents and royalties, certain deductions of life tenants and income beneficiaries of property held in trust, and allowable losses from sales or exchanges of property. Should these allowable deductions exceed the gross income, there is an adjusted gross deficit.

5/ The amount of surtax exemption includes that from returns with the optional tax, wherein the exemption is allowed automatically, as well as that from returns on which the tax is computed. Surtax exemption is \$500 for the taxpayer, \$500 for the taxpayer's spouse if not dependent upon another person, and \$500 for each dependent with respect to whom a surtax exemption may be claimed. Such dependents must have received from the taxpayer more than half their support for the year and must have had less than \$500 gross income during the year. Dependents include only close relatives which are specified by law.

6/ Average tax is computed on the total tax liability after deducting the two tax credits relating to income tax paid at source on tax-free covenant bonds and to income tax paid to a foreign country or United States possession. Such credits are allowed only on returns with itemized deductions.

7/ Returns with normal tax and surtax are returns on which the normal tax and surtax are computed by the taxpayer (long-form returns, Form 1040) and returns with optional tax, paid in lieu of normal tax and surtax (Forms W-2 and short-form returns, Form 1040). Normal tax and surtax are computed on income which includes the net gain or the allowable loss from sales of capital assets unless the alternative tax relating to the gain is imposed.

8/ Returns with alternative tax are long-form returns, Form 1040, showing an excess of net long-term capital gain over net short-term capital loss, on which the alternative tax liability is less than the normal tax and surtax computed on net income which includes net gain from sales of capital assets. Alternative tax is the sum of (1) a partial tax computed at the regular rates on net income, reduced for this purpose by the excess of net long-term capital gain over net short-term capital loss, and (2) 50 percent of such excess.

9/ Nontaxable returns are those with no adjusted gross income and returns with adjusted gross income which when reduced by deductions, standard or itemized, and exemptions result in no tax liability.

10/ The no adjusted gross income classification is for returns showing other loss on line 4, page 1, Form 1040, equal to or in excess of salaries, wages, dividends, and interest.

11/ The number of returns is subject to maximum sampling variation of 30 to 100 percent, depending on the number in the cell. (For description of sample, see release dated June 25, 1947, Press Service No. S-566.)

12/ Number of returns in cell is subject to sampling variation of more than 100 percent. Since the number is considered too unreliable for general use, it is not shown; however, it is included in the totals. (For description of sample, see release dated June 25, 1947, Press Service No. S-566.)

13/ Salaries and wages include annuities, pensions, and retirement pay not reported in the schedule for annuities and pensions, but exclude wages of less than \$100 per return from which no tax was withheld, reported on Forms W-2.

14/ Dividends, domestic and foreign, and interest before amortization of bond premium. This item includes both taxable and partially tax-exempt interest on Government obligations and dividends on share accounts in Federal savings and loan associations, but excludes dividends and interest not exceeding \$100 per return reported on Forms W-2.

15/ Tax liability after deducting tax credits relating to income tax paid at source on tax-free covenant bonds and to income paid to a foreign country or United States possession, allowed only on returns with itemized deductions.

16/ Includes Alaska.

17/ Total income classes are based on the amount of total income tabulated for taxable fiduciary returns for 1944 (see note 26). This classification is, in general, comparable with the adjusted gross income used for classification of individual returns for 1944.

18/ Dividends, domestic and foreign; interest on tax-free covenant bonds, bank deposits, and corporation bonds before amortization of bond premium; taxable and partially tax-exempt interest on Government obligations after amortization of bond premium; and dividends on share accounts in Federal savings and loan associations. Dividends and interest include amounts received through partnership and other fiduciaries.

19/ Net profit from rents and royalties is the excess of gross rents received over deductions for depreciation, repairs, interest, taxes, and other expenses attributable to rent income; and the excess of gross royalties over depletion and other royalty expenses. Conversely, net loss from these sources is the excess of the respective expenses over gross income received.

20/ Trade or business profit or loss is the current year profit or loss. (Net operating loss deduction is reported in miscellaneous deductions.)

21/ Partnership net profit or loss excludes partially tax-exempt interest on Government obligations, dividends on share accounts in Federal savings and loan associations issued prior to March 28, 1942, and net gain or loss from sales of capital assets. In computing partnership profit or loss charitable contributions are not deductible and the net operating loss deduction is not allowed.

22/ Net gain from sales or exchanges of capital assets is the amount taken into account in computing net income whether or not the alternative tax is imposed. Net loss from such sales is the amount reported as a deduction in computing net income. Each is the result of combining net short- and long-term capital gain and loss and the net capital loss carried over from 1942 and/or 1943. Deduction for the loss, however, is limited to the amount of such loss, or to the net income computed without regard to gains and losses from the sales of capital assets, or to \$1,000, whichever is smallest. Sales of capital assets include worthless stocks, worthless bonds if they are capital assets, nonbusiness bad debts, and each participant's share of net short- and long-term capital gain and loss to be taken into account from partnerships and common trust funds.

23/ Net gain or loss from sales or exchanges of property other than capital assets is that from the sales of (1) property used in trade or business of a character which is subject to the allowance of depreciation, (2) obligations of the United States or any of its possessions, a State or Territory or any political subdivision thereof, or the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding one year from date of issue, and (3) real property used in trade or business.

24/ Income from fiduciaries excludes partially tax-exempt interest on Government obligations, dividends on share accounts in Federal savings and loan associations issued prior to March 28, 1942, and net gain or loss from sales or exchanges of capital assets received from common trust funds. The net operating loss deduction is allowed to estates and trusts generally and is deducted in computing the income to be distributed. However, in the case of a common trust fund the net operating loss deduction is not allowable, but each participant's share of prior year income and losses of the fund is taken into account in determining his own net operating loss deduction.

25/ Miscellaneous income includes taxable income from sources other than those provided for on the return form.

26/ Total income is the sum of the positive items of income minus the net loss from rents and royalties, net loss from trade or business, net loss from partnership, and net losses from sales of capital assets and of property other than capital assets. Although it is not comparable with the total income tabulated in prior years when losses reported under income were transferred to deductions, it is, in general, comparable to adjusted gross income tabulated for individual returns for 1944.

27/ Interest is that paid on debts, mortgages, and bank loans; it does not include interest reported in schedules for business or rent income, nor interest on indebtedness incurred to buy tax-exempt securities, single-premium life insurance, or endowment contracts.

28/ Taxes paid include State income taxes, certain retail sales taxes, and real estate taxes except those levied for improvements which tend to increase the value of property. This deduction for taxes does not include Federal income taxes; taxes on shares in a corporation which are paid by the corporation without reimbursement from the taxpayer; taxes deducted in the schedules for business and rent income; nor income taxes paid to a foreign country or possession of the United States if any portion thereof is claimed as a tax credit.

29/ Miscellaneous deductions include the net operating loss deduction, amortizable bond premium on corporation bonds, losses resulting from war, fire, storm, shipwreck, or other casualty or from theft, not covered by insurance of otherwise, and other authorized deductions for which no separate provision is made on the return form.

30/ Balance income is the amount of income before the deduction of the amount distributable to beneficiaries; it is the excess of total income over total deductions.

31/ Net income taxable to the fiduciary is the net income after subtracting from the balance income the amount distributable to beneficiaries.

32/ Surtax exemption is \$500 for each estate and \$100 for each trust.

33/ Tax liability before deducting tax credits relating to income tax paid at source on tax-free covenant bonds and to income tax paid to a foreign country or United States possession. The amount of these two tax credits is not available.

34/ Less than \$500.



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Wednesday, August 20, 1947.

Press Service  
No. S-437

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 7/8 percent Treasury Certificates of Indebtedness of Series H-1948, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series H-1947, in the amount of \$2,341,005,000, which will mature on September 1, 1947. Cash subscriptions will not be received.

The certificates now offered will be dated September 1, 1947, and will bear interest from that date at the rate of seven-eighths of one percent per annum, payable with the principal at maturity on July 1, 1948. 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, as amended, interest upon the certificates now offered shall not have any exemption, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The full provisions relating to taxability are set forth in the official circular released today.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full.

The subscription books will close for the receipt of all subscriptions at the close of business Friday, August 22.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight August 22, 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 H-1948

Dated and bearing interest from September 1, 1947

Due July 1, 1948

1947  
Department Circular No. 812

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, August 20, 1947.

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 H-1948, in exchange for Treasury Certificates of Indebtedness of Series H-1947, maturing September 1, 1947.

## II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated September 1, 1947, and will bear interest from that date at the rate of 7/8 percent per annum, payable with the principal at maturity on July 1, 1948. They will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all taxes now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. 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 will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The certificates will not be issued in registered form.

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

## III. SUBSCRIPTION AND ALLOTMENT

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

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

#### IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before September 2, 1947, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series H-1947, maturing September 1, 1947, which will be accepted at par, and should accompany the subscription. The full year's interest on the certificates surrendered will be paid to the subscriber following acceptance of the certificates.

#### 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.

JOHN W. SNYDER,  
Secretary of the Treasury.

Secretary of the Treasury Snyder and Acting Secretary of State Lovett announced today that consultations which have taken place between the Governments of the United States and the United Kingdom have resulted in an understanding between the two governments concerning emergency action being taken by the United Kingdom Government to stop the excessive drains to which its dollar resources have been subjected in recent weeks. This understanding is embodied in the attached letters exchanged by the Rt. Hon. Hugh Dalton, Chancellor of the Exchequer and Secretary of the Treasury, John W. Snyder:

\* \* \* \* \*

Treasury Chambers  
Great George St.  
London, S.W. 1

August 20, 1947

Dear Mr. Secretary,

H.M. Government have to inform the United States Government that they have found it necessary to take immediate stringent measures to counter the recent excessive drain on their dollar resources. Unless this drain is checked at once H.M. Government will be unable to pursue the objectives of the international monetary and economic policy of which the Anglo-American Financial Agreement is a signal expression. Accordingly the system of transferable accounts will be modified at the close of business today, August 20, so as to make it possible effectively to control dollar outpayments.

This action is of an emergency and temporary nature which H.M. Government consider to be within the intentions and purposes of the Financial Agreement and which they hope will enable them to take appropriate action to assure that the limited dollar resources of the United Kingdom are available for the purposes contemplated by the Financial



Agreement and are not diverted to other ends. H.M. Government wish to indicate, however, that developing circumstances will probably make necessary consultations between the two governments concerning the application of section 8(ii) of the Financial Agreement in certain cases in which exceptional features exist.

By these means H.M. Government believe that it will be possible to work out in consultation with the United States Government and within the framework of the Financial Agreement and of the International Monetary Fund Agreement a constructive policy which will be best suited to changes in the situation as they appear and which will lead towards the objectives laid down in both those Agreements.

The restrictions now contemplated should not be interpreted as in any degree indicating a modification of H.M. Government's oft-expressed view as to the desirability of maintaining full and free convertibility of sterling. As a long-run objective, such convertibility is an indispensable element in British financial policy. The steps presently being taken are to be regarded as purely emergency in character.

H.M. Government also wish to state that payments between the United Kingdom and the United States will not be affected by the action which is being taken.

H.M. Government appreciate that in the circumstances which have arisen, provision is made in section 8(ii)(b) of the Financial Agreement for consultation prior to agreement if the Governments of the United Kingdom and the United States are to continue to invoke the provisions of Article XIV section 2 of the Articles of Agreement of the International Monetary Fund. H.M. Government would not propose to notify any further withdrawals, beyond those already notified, from the line of credit, until the consultation contemplated as above has been carried out.

Yours sincerely,

/s/ Hugh Dalton

Honorable John W. Snyder  
Secretary of the Treasury  
Washington, D. C.

\* \* \* \* \*

- 3 -

August 20, 1947

My dear Chancellor:

The United States Government acknowledges the United Kingdom Government's letter of August 20 and takes sympathetic note of the grave drains to which its dollar resources are currently being subjected. These drains have run at a rate greatly in excess of the normal flow of current transactions with consequent peril to the re-creation of the multilateral payments system which is a major objective of the Anglo-American Financial Agreement.

It is appreciated that the action described in the first paragraph of your letter is of an emergency and temporary nature, and is deemed by you essential to afford the United Kingdom Government an opportunity for instituting measures to protect the system of convertibility from abuses which endanger its survival.

The United States Government notes with satisfaction the assurance of the United Kingdom Government that it will be possible to work out the proposed action within the framework of the Financial Agreement. It also notes with satisfaction the intention of the United Kingdom Government to consult with this Government respecting any action which it may propose in accordance with section 8(11) of the Financial Agreement.

The United States Government notes the statement in the final paragraph of your letter.

Sincerely yours,

/s/ John W. Snyder  
Secretary of the Treasury

Right Honorable Hugh Dalton  
Chancellor of the Exchequer  
Treasury Chambers  
London, England

oOo

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 22, 1947

Press Service  
No. S-438

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 92-day bills, for cash and in exchange for Treasury bills maturing August 28, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 28, 1947, and will mature November 28, 1947, 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 daylight saving time, Monday, August 25, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 28, 1947, in cash or other immediately



available funds or in a like face amount of Treasury bills maturing August 28, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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  
Friday, August 22, 1947

Press Service  
No. S-439

The Chairman of the National Advisory Council, Secretary of the Treasury Snyder, announced that a joint session of the National Advisory Council and the United Kingdom Delegation to the Anglo-American Financial discussions was held in the afternoon of August 21, in the Conference Room of the Treasury Building in Washington.

At this meeting, Sir Wilfrid Eady, the head of the United Kingdom Delegation, outlined to the Members of the National Advisory Council a general forecast of the British balance of payments for the remainder of this year and the first half of 1948. In the course of the discussion exploratory consideration was given to the effect of recent events on British export and import prospects. It was recognized that the estimates had to take account of British export capacity concerning which it was possible to be fairly optimistic, as well as factors largely beyond the control of the United Kingdom.

The full picture of the United Kingdom's financial prospects for the period under review will not be clarified for perhaps another few weeks. It was possible, however, to explore in some detail such aspects as market prospects for British exports, international prices, and Britain's general import program with particular reference to the problem involved in maintaining food imports adequate both as to total amount and variety. In the course of this phase of the discussion, Sir Wilfrid Eady outlined for the general information of the members of the National Advisory Council prospects for improvement in British coal production to the point where coal exports might once more reach the pre-war volume and thus play their important role in the British balance of payments.

Further joint meetings are contemplated.

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Saturday, August 23, 1947

Press Service  
No. S-440

Secretary Snyder said today that he was greatly pleased with the cooperation which the Treasury is receiving from banks and other financial institutions throughout the country in making arrangements for the cashing of Armed Forces Terminal Leave Bonds. The Secretary stressed the fact that banks and other financial institutions acting as official paying agents for the Treasury will cash the bonds at their full face amount plus accrued interest at 2-1/2% from the date of the bond to the last of the month in which payment is made (but not beyond maturity), and that the bonds will be cashed without any fee or other cost to the veterans. There is no need, therefore, for any veteran to cash his bond any place at a discount or to pay a fee of any kind for its cashing.

Veterans not in immediate need of cash should hold their terminal leave bonds as long as possible because they will continue to draw interest at 2-1/2% (until maturity) and can be cashed immediately upon request at any bank or other financial institution which is authorized to act as an official paying agent for the Treasury. Since there are 16,000 such banks and financial institutions, one or more can be found in almost any community.

Secretary Snyder said that he was highly pleased that many banks are advising veterans to hold on to their terminal leave bonds until they are in actual need of cash; at the same time he cautioned stores and others against accepting these bonds in payment for merchandise because they are not transferable, and authorized paying agents of the Treasury will not redeem the bonds for anyone except the person whose name is inscribed on the bond.

oOo



## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Friday, August 22 1947.

Press Service  
No. S-441

The Chairman of the National Advisory Council, Secretary of the Treasury Snyder, announced that a joint session of the National Advisory Council and the United Kingdom Delegation to the Anglo-American Financial discussions was held this afternoon.

Sir Wilfrid Eady, the head of the United Kingdom Delegation, explored with the Members of the National Advisory Council problems arising from the foreign trade programs of the United Kingdom Government. It was concluded that further consideration should be given to all aspects of these problems by the joint technical working committees.

It is not expected that further joint meetings of the National Advisory Council and the United Kingdom Delegation will be necessary at this time in connection with the current discussions as Sir Wilfrid Eady and Mr. Cameron Cobbold are returning to London over the week-end to report progress of the conference to their Government and to discuss policy requirements. Other members of the British Delegation are remaining to continue technical discussions next week.

These discussions form part of a series of consultations and the two Governments will be in continued communication with the expectation that high level discussions will be resumed at an appropriate time.

oOo

## TREASURY DEPARTMENT

115

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, August 26, 1947.

Press Service  
No. S-442

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 4, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 4, 1947, and will mature December 4, 1947, 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 daylight saving time, Friday, August 29, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 4, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 4, 1947. Cash and exchange tenders will receive equal treatment.

Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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, August 26, 1947.

Press Service  
No. S-443

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 August 28 and to mature November 28, 1947, which were offered August 22, 1947, were opened at the Federal Reserve Banks on August 25.

The details of this issue are as follows:

Total applied for - \$1,717,996,000  
Total accepted - 1,301,679,000 (includes \$18,698,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
Average price - 99.808 Equivalent rate of discount approx. 0.752% per annum

Range of accepted competitive bids:

High - 99.825 Equivalent rate of discount approx. 0.685% per annum  
Low - 99.805 Equivalent rate of discount approx. 0.763% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	\$ 1,385,000	\$ 1,385,000
New York	1,609,553,000	1,240,733,000
Philadelphia	12,000,000	1,000,000
Cleveland	1,675,000	1,563,000
Richmond	3,353,000	3,353,000
Atlanta	855,000	855,000
Chicago	67,189,000	30,889,000
St. Louis	1,200,000	1,200,000
Minneapolis	2,445,000	2,410,000
Kansas City	5,195,000	5,195,000
Dallas	2,680,000	2,630,000
San Francisco	10,466,000	10,466,000
TOTAL	\$1,717,996,000	\$1,301,679,000

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Wednesday, August 27, 1947

Press Service  
No. S-444

Secretary Snyder said today latest reports from the drive against tax evaders featured numerous cases developed against operators of black markets in automobiles, meat, textiles, and liquor.

Commissioner of Internal Revenue George J. Schoeneman advised the Secretary that, among the thousands of cases which produced record-breaking additional taxes as a result of the enforcement efforts in the last fiscal year, were the following:

A midwestern group of liquor dealers has been assessed \$1,445,000 for evasion of tax on profits from black market sales of liquor in their own states and from sales to bootleggers in the dry state of Mississippi. Criminal prosecution also is contemplated.

Numerous investigations of used car dealers' transactions during the time when OPA price ceilings were in effect indicate that payment of "side-money" and other devices to violate the OPA price ceilings were general throughout the country. Frequently, the over-ceiling payments were omitted by the dealers from their income tax returns, and agents are finding these cases extremely profitable to the government. The latest case developed was one in which a dealer reported only \$12,000 taxable income in three years, whereas agents discovered at least \$100,000 additional profits, against which tax and penalties will be assessed.

In one large city recently, a new car dealer's franchise was revoked by the factory after the dealer was convicted of income tax evasion.

An eastern textile black marketeer recently was assessed over \$93,000.

A large case against a meat black marketeer is developing in a northern state.

Other large and interesting cases among recent reports include:

A southwestern fruit company faces criminal charges and has been assessed \$848,000 for failure to report profits from one of its principal imports of tropical fruits. The company's main business was bananas, and this business was shown on the books. The books, however, failed to mention huge profits from certain other fruits which also were imported in volume.

A western contractor is being billed for over \$500,000 on concealed profits made during the war in handling army contracts and in selling and renting construction equipment to other contractors. Among the devices he used for concealing his income was the fake sale of heavy road equipment to his daughters and the subsequent payment of "rent" to the daughters for use of the machines.

Two cases of attempted bribery of tax investigators were discovered recently. In one case, a certified public accountant was convicted by a jury after only three minutes deliberation. The other case, involving a women undertaker, is pending.

- 2 -

Alcohol Tax agents report a recent case in which they raided a mountain moonshine still. One operator was arrested and handcuffed to a tree, while the agents chased the second operator. When the agents returned, they found the first operator had been able to reach an ax and to chop down the tree. They followed him to a new liquor cache before rearresting him.

In one southern city a small merchant, found evading several thousand dollars of income tax, complained that "the big fish get away". Asked to explain this statement, he named a nearby dealer, who has been assessed \$34,000 as a result.

A western purchasing agent was found to owe more than \$100,000 of income tax and penalties after investigation of "kickbacks" he got from war contractors.

Investigation of an Atlantic coast textile processor disclosed he failed to report \$677,000 of income from the sale of "remnants", derived from fulfilling war contracts.

The estate of a former sheriff of a western county was found to include over \$125,000 of profits from contracts for feeding prisoners of his county jail, very little of which had been reported in income tax returns. The sheriff had received a fixed amount per prisoner, but used only a fraction of the fee for the actual purchase of the food.

Over \$70,000 of unreported fees were discovered upon investigation of a fashionable surgeon in a large eastern city.

-oOo-



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 29, 1947

Press Service  
No. S-445

Secretary Snyder announced today that Italy has been added to the list of countries whose blocked accounts may be released under the certification procedure of General License No. 95. The unblocking of Italian assets in the United States is provided for in the overall financial agreement recently concluded between the United States Government and the Government of Italy.

Today's step was taken after an exchange of letters between Ivan M. Lombardo, Chief, Italian Economic Delegation, and Secretary Snyder similar to those written in connection with the defrosting of the countries previously named in that license. Copies of the letters are available at the Federal Reserve Bank of New York. The Italian Government has not yet designated the agency which will carry out the investigative and certifying responsibilities under the letter of assurances and General License No. 95.

oOo

## TREASURY DEPARTMENT

120

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Saturday, August 30, 1947.

Press Service  
No. S-446

John W. Snyder, Secretary of the Treasury, announced today the findings and recommendations of part one of the report of the special interagency committee on the hazards of ammonium nitrate. The special committee was convened upon recommendation by the Commandant, United States Coast Guard, following the preliminary findings of the Coast Guard Board of Investigation at Texas City.

The first part of the report covers the hazards of transportation of ammonium nitrate fertilizer on board vessels. The second and third parts, to be completed at a later date, will cover respectively the hazards in land transportation and the results of chemical and physical tests of ammonium nitrate fertilizer. Inasmuch as public safety is the primary objective of the interagency committee and all indications point to the particular vulnerability of ammonium nitrate fertilizer when handled or transported on board vessels, any further delay in announcing the first part of the report is not believed desirable under existing conditions. Experiences and study indicate the explosive hazard of ammonium nitrate fertilizer in normal land transportation is negligible.

The interagency committee is comprised of eighteen members who represent interested agencies in the handling and transportation of ammonium nitrate fertilizer from a national viewpoint. The committee has representation from the Departments of Treasury, War, Navy, Interior, Agriculture and Commerce, the Army-Navy Explosives Safety Board, the Interstate Commerce Commission, the Maritime Commission, and the Bureau of Explosives. The first report was signed by 14 members of this special committee. Three members are not available for signature; one member declined to approve.

Each of the two explosions at Texas City was precipitated by a dissimilar chain of events. The SS GRANDCAMP explosion (which occurred first) was the direct result of excessively high temperature and pressure caused by fire in the hold loading ammonium nitrate fertilizer and the subsequent failure to apply water, introduction of steam as an extinguishing agent, closing of hatches and sealing of hold ventilators. The SS HIGHFLYER explosion (16 hours later) resulted from fire and the possible contamination of ammonium nitrate with sulphur. Sulphur was stowed in the SS HIGHFLYER hold adjacent to ammonium nitrate. The SS HIGHFLYER hatch covers and tarpaulins were blown off by the SS GRANDCAMP explosion. It is presumed that burning embers were later carried over the open hatches of the SS HIGHFLYER.

-2-

The ammonium nitrate fertilizer of the type involved in the SS GRANDCAMP explosion consists of approximately 95% ammonium nitrate. It is not of itself unstable at a temperature below 200°F. It is not of itself readily ignitable, but when mixed with a combustible material, it is a vigorous and strong supporter of combustion. It has a melting point of 336°F. at which temperature it gives off gaseous products which are both combustible and toxic. Temperatures at or above its melting point are critical.

Ammonium nitrate fertilizer is not classed as an explosive in Coast Guard regulations. It is properly included in such regulations governing transportation of "Explosives and Other Dangerous Articles on Board Vessels," as an oxidizing material.

The most common hazard to ammonium nitrate fertilizer in marine transportation is fire involving combustible containers or adjacent combustible material that may be present in the hold. On both the SS GRANDCAMP and the SS HIGHFLYER the fertilizer substance was contained in 6-ply paper bags and was dunnaged with both wood and paper in the hold. Under such circumstances fire may be caused by, but not limited to, open flame, sparks, burning embers, live cigarettes, cigar butts, pipe ashes, oxyacetylene burning and welding, electrical grounds and short circuits contamination by or contact with substances capable of heating spontaneously and igniting, and other causes.

The initiating cause of the fire on the SS GRANDCAMP is undetermined, but the Coast Guard investigating board at Texas City was of the opinion that it was caused by the careless disposal of cigarette butts. The interagency committee accepts the findings of the Coast Guard board that smoking regulations were disregarded on the SS GRANDCAMP and therefore concurs that the primary cause of the disaster was the carelessness of men smoking.

Samples of the ammonium nitrate fertilizer from the SS GRANDCAMP were free from any contaminating material. Aboard the SS HIGHFLYER, on the other hand, the presence of sulphur dust, bulk sulphur in the hold adjacent to that of ammonium nitrate, and the possibility of burning and molten sulphur having found its way into the lower hold containing the ammonium nitrate cargo, leads the committee to accept the presence of sulphur as a contributing cause to the rapid decomposition of the fertilizer substance. This belief was later substantiated by laboratory tests of ammonium nitrate with a 10% mechanical mixture of sulphur. These tests demonstrated conclusively the ability to completely detonate ammonium nitrate with sulphur as a contaminant. The exact minimum percentage of sulphur contaminant necessary for complete explosion has yet to be determined. Further tests will be continued inasmuch as sulphur is a common article of marine commerce.



Extensive tests have shown that ammonium nitrate fertilizer will not heat spontaneously, it is not affected by friction nor normal impact encountered in transportation, and in the absence of confinement and pressure of gasses as products of fire it will consume all combustible material and the fire will then cease without explosion. Ammonium nitrate is a stable substance at temperatures below 200° F. It is necessary to change its chemical stability in order to effectuate an explosion. Its chemical stability (of large quantities) can be altered by (1) fire under confinement in a compartment which lends itself to the retention of heat and the building up of pressure, and (2) contamination with sulphur or other substances and subsequent ignition by fire.

The committee recognizes the above hazards in connection with ammonium nitrate fertilizer. But the committee also recognizes that there are hundreds of different substances possessing minor or major hazards moving in commerce every day. These substances are used for the preservation of life, safeguarding of health, compounding medicines, heating, lighting, cooking, cleaning, transportation, preservation of foodstuffs and for other creature comforts. The economy of the nation is influenced to a considerable degree by substances having dangerous characteristics which form a part of normal life. And the number of these dangerous substances is likely to increase in years to come. To prohibit the handling and transportation of any dangerous article or to impose restrictions of such severity as to make its transportation economically impossible, would eliminate all hazard in connection therewith. Such procedure, however, would not be a practicable solution to the problem at hand.

The committee agrees that the program of relief of devastated countries and the economy of the American farmer will be adversely affected if ammonium nitrate fertilizer is not utilized. Inasmuch as ammonium nitrate has proved to be an excellent nitrogen fertilizer, the committee feels that with proper precautions and adequate supervision of all phases of loading, stowage and transportation on board vessels, ammonium nitrate fertilizer can be transported with reasonable safety. The principal hazard to guard against on board vessels is fire.

To further the interests of safety in the transportation of ammonium nitrate fertilizer on board vessels, the committee makes pertinent recommendations to the effect that:

(1) the U.S. Coast Guard promulgate a requirement of regulations that vessels loading or unloading ammonium nitrate fertilizer cargo provide a fire watch.

(2) the U.S. Coast Guard initiate suggestive methods of preventing fires and extinguishment of fire on vessels having on board or loading or unloading ammonium nitrate fertilizer.

(3) as an interim measure of safety, the loading or unloading of ammonium nitrate fertilizer cargoes on or from vessels be done at facilities or anchorages designated by the Coast Guard.

(4) because federal authority and state authority are constitutionally separate, municipal port authorities should secure the passage of local ordinances designed to prevent smoking at waterfront facilities and to set up authorized smoking areas in the vicinity of such facilities, and

(5) since a virtual "no man's land" exists between Interstate Commerce Commission and Coast Guard regulations governing the transportation of dangerous articles by land and water respectively, it would be appropriate for the Coast Guard to recommend certain suggested practices and safeguards as protection against fires, and procedures for extinguishment of fire involving ammonium nitrate fertilizer stored in warehouses on piers, wharves and other waterfront facilities.

The committee believes that safety cannot be attained by written regulation alone and that the dissemination of information regarding practices to attain safety should be a continuing function on a cooperative basis between all persons concerned.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, September 2, 1947

---

Press Service  
No. S-447

Secretary Snyder announced today the appointment of three tax consultants who will assist the Treasury in carrying on its program of analysis and study of the Federal tax system.

In testifying before the House Committee on Ways and Means on May 19, Secretary Snyder stated that the Treasury Department was conducting studies throughout the entire field of Federal taxation and was considering a number of possible tax revisions. The technical staff of the Treasury has under way studies on more than twenty major subjects of Federal taxation. The results of several of these technical studies have already been published and others will follow as they are completed.

The three tax consultants who will advise the Secretary on tax matters are: Professor William C. Warren, tax attorney and member of the faculty of the Columbia Law School; Dr. Carl Shoup, tax economist and member of the faculty of the School of Business Administration, Columbia University; and Mr. Harold V. Amberg, Vice President and General Counsel of the First National Bank of Chicago.



TREASURY DEPARTMENT  
Washington

FOR IMMEDIATE RELEASE,  
Friday, August 29, 1947.

Press Service  
No. S-448

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 7/8 percent Treasury Certificates of Indebtedness of Series H-1948, to be dated September 1, 1947.

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 &amp; Allotted</u>
Boston	\$ 36,631,000
New York	1,483,573,000
Philadelphia	37,717,000
Cleveland	33,880,000
Richmond	12,807,000
Atlanta	49,906,000
Chicago	257,764,000
St. Louis	41,470,000
Minneapolis	51,408,000
Kansas City	76,294,000
Dallas	30,131,000
San Francisco	95,540,000
Treasury	1,227,000
TOTAL	\$2,208,348,000

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, September 2, 1947.

Press Service  
No. S-449

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 1 percent Treasury Notes of Series B-1948, open on an exchange basis, par for par, in authorized denominations, to holders of 1-1/2 percent Treasury Notes of Series A-1947, in the amount of \$2,707,289,000, or 1-1/4 percent Treasury Notes of Series C-1947, in the amount of \$1,687,244,000, both maturing September 15, 1947.

The notes now offered will be dated September 15, 1947, and will bear interest from that date at the rate of one percent per annum. As in the case of the certificates offered by the Treasury during the past year, interest on the note now offered will be paid with the principal at maturity on October 1, 1948. The notes 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, as amended, interest upon the notes now offered shall not have any exemption, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. 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 notes. Subject to the usual reservations, all subscriptions will be allotted in full.

The subscription books will close for the receipt of all subscriptions at the close of business Thursday, September 4.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight September 4, 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

## 1 PERCENT TREASURY NOTES OF SERIES B-1948

Dated and bearing interest from September 15, 1947

Due October 1, 1948

1947  
Department Circular No. 813

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, September 2, 1947.

Fiscal Service  
Bureau of the Public Debt

## I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1 percent Treasury Notes of Series B-1948, in exchange for 1-1/2 percent Treasury Notes of Series A-1947, or 1-1/4 percent Treasury Notes of Series C-1947, both maturing September 15, 1947.

## II. DESCRIPTION OF NOTES

1. The notes will be dated September 15, 1947, and will bear interest from that date at the rate of 1 percent per annum, payable with the principal at maturity on October 1, 1948. They will not be subject to call for redemption prior to maturity.

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

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

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

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

## III. SUBSCRIPTION AND ALLOTMENT

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



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

#### IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1947, or on later allotment, and may be made only in Treasury Notes of Series A-1947, or in Treasury Notes of Series C-1947, both maturing September 15, 1947, which will be accepted at par, and should accompany the subscription.

#### V. GENERAL PROVISIONS

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

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

JOHN W. SNYDER,  
Secretary of the Treasury.

TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Saturday, August 30, 1947.

Press Service  
No. S-450

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 September 4 and to mature December 4, 1947, which were offered August 26, 1947, were opened at the Federal Reserve Banks on August 29.

The details of this issue are as follows:

Total applied for - \$1,682,730,000  
 Total accepted - 1,302,030,000 (includes \$18,684,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
 Average price - 99.806 Equivalent rate of discount approx. 0.766% per annum  
 Range of accepted competitive bids: (Excepting one tender of \$100,000)  
 High - 99.815 Equivalent rate of discount approx. 0.732% per annum  
 Low - 99.804 Equivalent rate of discount approx. 0.775% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	\$ 2,160,000	\$ 2,160,000
New York	1,577,941,000	1,221,941,000
Philadelphia	21,675,000	11,675,000
Cleveland	740,000	740,000
Richmond	675,000	675,000
Atlanta	1,110,000	1,110,000
Chicago	41,316,000	26,716,000
St. Louis	1,740,000	1,740,000
Minneapolis	2,395,000	2,395,000
Kansas City	27,405,000	27,405,000
Dallas	2,575,000	2,475,000
San Francisco	2,998,000	2,998,000
TOTAL	\$1,682,730,000	\$1,302,030,000

## TREASURY DEPARTMENT

Washington

FOR RELEASE AFTERNOON NEWSPAPERS  
Wednesday, September 10, 1947

Press Service  
No. S-451

The Treasury Department today issued a study entitled "Federal Estate and Gift Taxes: A Proposal for Integration and for Correlation with the Income Tax", prepared jointly by the Treasury tax staff and an Advisory Committee on Estate and Gift Taxation. The members of the Committee are attorneys who have specialized in Federal tax practice, and include George K. Bowden of Chicago, Illinois; Jesse R. Fillman of New York City; Lawrence E. Green of Boston, Massachusetts; Dean Erwin N. Griswold of Harvard Law School; and Harry J. Rudick of New York City. The study marks the completion of three years of work on this project.

The purpose of the study has been the formulation of an equitable and workable method of taxing transfers of property during life and at death, and taxing the income from such property. The study contains an examination of the existing estate, gift, and related income tax laws, an analysis of the defects in such laws, and a group of recommendations for their revision. The study emphasizes the fact that it is not concerned with specific revenue goals and that the proposed legislative changes are recommended irrespective of their effect upon the revenue.

The study is divided into four main parts: (1) an appraisal of the existing system of taxing transfers; (2) a summary of the recommended changes in the system; (3) a general discussion of the problems involved and the recommendations made; (4) detailed explanations and illustrations of the proposed legislative revision.

The major changes in present law proposed in the study are as follows:

(1) Elimination of the gift and estate taxes in favor of a single transfer tax. The adoption of a single transfer tax, the study points out, would end the present overlapping of gift and estate taxes under which a taxpayer who has paid a gift tax is frequently required at his death to pay an estate tax upon the same property with a credit for the gift tax. The study proposes that only one transfer tax shall be paid either during life or at death, depending on when the gift is completed. The method for computing the transfer tax would be similar to that now employed in computing the gift tax.



(2) Establishment of a single taxable event for purposes of both the income and transfer tax. The study states that the adoption of a single taxable event would correlate the income tax with the transfer tax so that if a gift of property is completed during the transferor's life, he would thereafter be freed from further income tax liability on the income from such property. In some cases under present law, it is pointed out, a person may continue to be liable for tax on the income from property which he has given away and on which he has paid a gift tax.

(3) Adoption of an apportionment system. The study points out that at present, the law contains no provisions for apportioning the income tax of a grantor on trust income between the grantor and the trust. Because a proportionate share of the burden of such tax should be borne by the income which produces the tax, the study recommends that a system of apportionment should be made an integral part of the proposed revision.

(4) The study points out that the change from existing rules to those which are proposed will involve a transition problem. A method is suggested for applying the new rules to existing transfers in an equitable manner.

The study discusses the relations of the integrated transfer tax and its correlation with the income tax to transfers terminable by persons other than the transferor, joint tenancies and tenancies by the entirety, powers of appointment, and life insurance. Other topics mentioned are the credit for state taxes, property previously taxed, life estates and the transfer tax, and effects on estate tax conventions.

Copies of the study have been sent to the Congressional Committees concerned with tax matters as an aid in their consideration of the problems in this area of the tax law.

"FEDERAL ESTATE AND GIFT TAXES"

The above-named study, released by the Treasury Department on September 10, 1947, is not available for distribution by the Department. It may be purchased from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. at 35 cents per copy.

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Wednesday, September 3, 1947

Press Service  
No. S-452

Secretary Snyder announced today the employment of the firm of McKinsey and Company of New York, Management Consultants, to make a survey and study of the operations of the Customs Service.

The work to be undertaken by this firm is a continuation of the program of Secretary Snyder to make management studies of all units of the Treasury Department for increased efficiency and for reducing the costs of operations. Most of these studies are made by internal groups within the Treasury but the Customs study will be made both internally and by an outside firm.

Secretary Snyder said that it was his desire and purpose to see that the Treasury Department in all of its units operates as efficiently and as economically as any business organization.

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, September 5, 1947

Press Service  
No. S-453

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 11, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 11, 1947, and will mature December 11, 1947, 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 daylight saving time, Monday, September 8, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals)

of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 11, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 11, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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.

Washington

FOR IMMEDIATE RELEASE  
Friday, September 5, 1947

Press Service  
No. S-454

Secretary of the Treasury Snyder today released further details with respect to the 2-1/2 percent nonmarketable bonds for which subscriptions will be invited the latter part of this month. These bonds are designated 2-1/2 percent Treasury Bonds, Investment Series A-1965. The minimum denomination will be \$5,000.

The bonds will be dated October 1, 1947, and will mature October 1, 1965. They may not be called for redemption by the Secretary of the Treasury prior to maturity, but holders will be given the option of redeeming them on and after April 1, 1948, on the first day of any calendar month, on one month's notice in writing, at fixed redemption values, as shown on the attached table.

These bonds will be available for subscription only by or for account of the following organizations and funds doing business in the United States, its territories, and possessions:

1. Insurance companies
2. Savings banks
3. Savings and loan associations and building and loan associations, and cooperative banks
4. Pension and retirement funds, including those of the Federal, State and local governments
5. Fraternal benefit associations
6. Endowment funds
7. Credit unions
8. Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals, and of corporations, associations, and other organizations not operated for profit.

Subscriptions from or for account of such investors (except commercial and industrial banks) will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 percent of the increase in the amount of net assets <sup>1/</sup>

---

<sup>1/</sup> Net assets, for this purpose, means the amount of total assets less outstanding indebtedness for borrowed money, and total assets of insurance companies means the total admitted assets calculated in accordance with the laws of the States in which the company is organized or licensed.



- 2 -

between December 31, 1946, and June 30, 1947, as shown by the financial statements of the subscribers, or \$250,000, whichever is greater. Copies of the financial statements, certified to by a public accountant or by a responsible officer of the subscriber, must accompany each subscription for more than \$250,000, or should be furnished to the Federal Reserve Bank to which the subscription will be presented prior to the submission of such subscription.

Subscriptions from commercial and industrial banks eligible to subscribe hereunder will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 percent of the increase in the combined amount of time certificates of deposit (but only those issued in the names of individuals, and of corporations, associations, and other organizations not operated for profit), and of savings deposits, between December 31, 1946, and June 30, 1947, as certified by an officer of the subscribing bank, or \$25,000, whichever is greater.

In addition to the bonds allotted to the above classes of subscribers, the Secretary of the Treasury reserves the right to make an allotment of these bonds to Government investment accounts.

The Secretary stated that he planned to open the subscription books on Monday, September 29, but that the full terms of the offering and the official circular would probably be made available a week earlier. The subscription books will probably remain open for a week or ten days, although the Secretary will reserve the right to close the books as to any or all subscriptions at any time without notice. Deferred payment subscriptions will not be received. Qualified depositaries will be permitted to make payment by credit for bonds allotted to themselves and their customers.

The Secretary reiterated his statement of August 13 that further offerings of securities suitable primarily for institutional investment needs will be made available whenever the situation warrants such action.

oOo

## 2-1/2 Percent Treasury Bonds -- Investment Series A-1965

Table of Redemption Values and Investment Yields

Table showing: (1) How 2-1/2 percent Treasury Bonds, Investment Series A-1965 (paying a current return at the rate of 2-1/2 percent per annum on the purchase price, payable semiannually) change in redemption value, by denominations, during successive half-year periods following issue; (2) the approximate investment yield on the purchase price from issue date to the beginning of each half-year period; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually.

Maturity Value.....	:	\$5,000.00	:	\$10,000.00	:	\$100,000.00	:	\$1,000,000.00	:	:(2) Approximate	:(3) Approximate	
												investment
Issue Price.....	:	\$5,000.00	:	\$10,000.00	:	\$100,000.00	:	\$1,000,000.00	:	yield on	yield on	
	:		:		:		:		:	purchase	current	
	:		:		:		:		:	price	redemption	
	:		:		:		:		:	from issue	value from	
	:		:		:		:		:	date to	beginning	
Period after issue date	:	:(1) Redemption values during each half-year period							:	beginning	:	of each
	:								:	of each	:	half-year
	:								:	half-year	:	period to
	:								:	period	:	maturity
	:								:	Percent	:	Percent
First 1/2 year .....		Not redeemable .....										2.50
1/2 to 1 year .....		\$4,940.00		\$ 9,880.00		\$ 98,800.00		\$ 988,000.00		.10	2.59	
1 to 1-1/2 years .....		4,889.90		9,779.80		97,798.00		977,980.00		.30	2.66	
1-1/2 to 2 years .....		4,845.15		9,690.30		96,903.00		969,030.00		.44	2.73	
2 to 2-1/2 years .....		4,810.15		9,620.30		96,203.00		962,030.00		.61	2.80	
2-1/2 to 3 years .....		4,779.60		9,559.20		95,592.00		955,920.00		.75	2.85	
3 to 3-1/2 years .....		4,754.30		9,508.60		95,086.00		950,860.00		.88	2.91	
3-1/2 to 4 years .....		4,733.55		9,467.10		94,671.00		946,710.00		1.00	2.95	
4 to 4-1/2 years .....		4,714.55		9,429.10		94,291.00		942,910.00		1.10	3.00	
4-1/2 to 5 years .....		4,695.90		9,391.80		93,918.00		939,180.00		1.18	3.05	
5 to 5-1/2 years .....		4,681.05		9,362.10		93,621.00		936,210.00		1.26	3.10	
5-1/2 to 6 years .....		4,667.35		9,334.70		93,347.00		933,470.00		1.33	3.15	
6 to 6-1/2 years .....		4,657.00		9,314.00		93,140.00		931,400.00		1.40	3.19	
6-1/2 to 7 years .....		4,646.80		9,293.60		92,936.00		929,360.00		1.46	3.24	
7 to 7-1/2 years .....		4,639.55		9,279.10		92,791.00		927,910.00		1.52	3.29	
7-1/2 to 8 years .....		4,635.25		9,270.50		92,705.00		927,050.00		1.58	3.33	
8 to 8-1/2 years .....		4,634.00		9,268.00		92,680.00		926,800.00		1.64	3.37	
8-1/2 to 9 years .....		4,635.85		9,271.70		92,717.00		927,170.00		1.70	3.40	
9 to 9-1/2 years .....		4,640.90		9,281.80		92,818.00		928,180.00		1.76	3.43	
9-1/2 to 10 years .....		4,649.15		9,298.30		92,983.00		929,830.00		1.82	3.46	
10 to 10-1/2 years .....		4,655.40		9,310.80		93,108.00		931,080.00		1.87	3.50	
10-1/2 to 11 years .....		4,664.40		9,328.80		93,288.00		932,880.00		1.92	3.53	
11 to 11-1/2 years .....		4,676.30		9,352.60		93,526.00		935,260.00		1.97	3.55	
11-1/2 to 12 years .....		4,691.05		9,382.10		93,821.00		938,210.00		2.02	3.57	
12 to 12-1/2 years .....		4,708.85		9,417.70		94,177.00		941,770.00		2.07	3.59	
12-1/2 to 13 years .....		4,722.75		9,445.50		94,455.00		944,550.00		2.11	3.62	
13 to 13-1/2 years .....		4,739.15		9,478.30		94,783.00		947,830.00		2.15	3.65	
13-1/2 to 14 years .....		4,758.05		9,516.10		95,161.00		951,610.00		2.19	3.68	
14 to 14-1/2 years .....		4,779.60		9,559.20		95,592.00		955,920.00		2.23	3.70	
14-1/2 to 15 years .....		4,803.85		9,607.70		96,077.00		960,770.00		2.27	3.71	
15 to 15-1/2 years .....		4,830.85		9,661.70		96,617.00		966,170.00		2.31	3.70	
15-1/2 to 16 years .....		4,860.75		9,721.50		97,215.00		972,150.00		2.35	3.68	
16 to 16-1/2 years .....		4,884.00		9,768.00		97,680.00		976,800.00		2.38	3.71	
16-1/2 to 17 years .....		4,909.50		9,819.00		98,190.00		981,900.00		2.41	3.75	
17 to 17-1/2 years .....		4,937.25		9,874.50		98,745.00		987,450.00		2.44	3.79	
17-1/2 to 18 years .....		4,967.40		9,934.80		99,348.00		993,480.00		2.47	3.83	
MATURITY VALUE (18 years from issue date).....		\$5,000.00		\$10,000.00		\$100,000.00		\$1,000,000.00		2.50		

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, September 9, 1947

Press Service  
No. S-455

The total assets of national banks on June 30, 1947, amounted to more than \$83,000,000,000, it was announced today by Comptroller of the Currency Preston Delano. The returns from the call covered the 5,018 active national banks in the United States and possessions. The assets were \$1,400,000,000, or 1½ percent less than those reported by the 5,013 active banks on December 31, 1946, the date of the previous call, and \$2,600,000,000, or 3 percent, less than the amount reported by the 5,018 active banks as of June 29, 1946.

The deposits of national banks on June 30, 1947, were more than \$77,000,000,000, a decrease of \$1,600,000,000, or 2 percent, since December and a decrease of \$3,000,000,000, or nearly 4 percent, since June 1946.

Demand deposits of individuals, partnerships, and corporations of \$44,700,000,000 showed a decrease of nearly 2 percent since December, but an increase of 5 percent in the year. Time deposits of individuals, partnerships, and corporations of \$18,500,000,000 were 3 percent more than in December, and 8 percent more than in June 1946. United States Government deposits were \$868,000,000, which was a decrease of 53 percent since December and a decrease of 89 percent since the previous June, due principally to the withdrawal of War loan accounts. Deposits of States and political subdivisions were \$4,500,000,000, which was 10 percent more than in December and 14 percent more than in June a year ago. Postal savings deposits were \$2,800,000, certified and cashiers' checks were \$1,200,000,000, and deposits of banks \$7,400,000,000.

Loans and discounts at the end of June 1947 were \$18,800,000,000, which was an increase of \$1,500,000,000, or nearly 9 percent, since December 1946, and \$4,300,000,000, or nearly 30 percent, since June 1946. Commercial and industrial loans of \$9,000,000,000 were up 6 percent and 48 percent since the close of the previous December and June, respectively. Real estate loans of \$4,200,000,000 were 19 percent more than in December and 54 percent more than in June of the previous year. Consumer loans to individuals of \$2,600,000,000 were nearly 25 percent more than six months previously and 81 percent more than a year ago. The percentage of loans and discounts to total deposits on June 30, 1947, was 24.30, in comparison with 21.90 on December 31, 1946, and 18.01 on June 29, 1946.



Investments by the banks in United States Government obligations (including \$6,000,000 guaranteed obligations) on June 30, 1947 amounted to \$39,400,000,000. This was a decrease of \$2,400,000,000 since December 1946, and a decrease of \$8,000,000,000 since June 1946. Other bonds, stocks, and securities held of \$4,900,000,000, which included obligations of States and political subdivisions of \$2,900,000,000, showed an increase of \$150,000,000 since December, and an increase of \$400,000,000 since June of last year.

Cash of \$1,000,000,000 and reserves with Federal Reserve Banks of \$10,600,000,000, a total of \$11,600,000,000, was \$100,000,000 less than in December, but \$350,000,000 more than in June 1946.

The unimpaired capital stock of the banks on June 30, 1947, was \$1,771,000,000, including \$28,000,000 of preferred stock. Surplus was \$2,330,000,000, undivided profits \$875,000,000, and reserves \$333,000,000, or a total of \$3,538,000,000. Total capital accounts of \$5,309,000,000 were \$150,000,000 more than in December and \$435,000,000 more than in June of the previous year.

Statement showing comparison of principal items of assets and liabilities of active national banks  
as of June 30, 1947, December 31, 1946, and June 29, 1946  
(In thousands of dollars)

	: June 30, : 1947 :	: Dec. 31, : 1946 :	: June 29, : 1946 :	: Increase or decrease		: Increase or decrease	
				: since Dec. 31, 1946		: since June 29, 1946	
				: Amount	: Percent	: Amount	: Percent
Number of banks .....	5,018	5,013	5,018	5	.10	--	--
<b>ASSETS</b>							
Commercial and industrial loans.....	\$9,043,562	\$8,547,060	\$6,119,662	\$496,502	5.81	\$2,923,900	47.78
Loans on real estate.....	4,228,135	3,543,788	2,747,984	684,347	19.31	1,480,151	53.86
Consumer loans to individuals.....	2,669,114	2,143,714	1,473,389	525,400	24.51	1,195,725	81.15
All other loans, including overdrafts.	2,869,195	3,075,205	4,157,406	-206,010	-6.70	-1,288,211	-30.99
Total loans.....	18,810,006	17,309,767	14,498,441	1,500,239	8.67	4,311,565	29.74
U. S. Government securities:							
Direct obligations.....	39,419,227	41,835,752	47,465,475	-2,416,525	-5.78	-8,046,248	-16.95
Obligations fully guaranteed.....	6,378	7,780	7,401	-1,402	-18.02	-1,023	-13.82
Total U. S. securities.....	39,425,605	41,843,532	47,472,876	-2,417,927	-5.78	-8,047,271	-16.95
Obligations of States and political subdivisions.....	2,900,981	2,659,598	2,454,265	241,383	9.08	446,716	18.20
Other bonds, notes, and debentures....	1,896,733	1,986,327	1,945,946	-89,594	-4.51	-49,213	-2.53
Corporate stocks, including stocks of Federal Reserve banks.....	155,338	153,359	143,654	1,979	1.29	11,684	8.13
Total securities.....	44,378,657	46,642,816	52,016,741	-2,264,159	-4.85	-7,638,084	-14.68
Total loans and securities.....	63,188,663	63,952,583	66,515,182	-763,920	-1.19	-3,326,519	-5.00
Currency and coin.....	988,288	1,094,721	805,575	-106,433	-9.72	182,713	22.68
Reserve with Federal Reserve Banks....	10,623,726	10,636,570	10,458,494	-12,844	-.12	165,232	1.58
Balances with other banks.....	7,783,534	8,335,876	7,397,782	-552,342	-6.63	385,752	5.21
Total cash, balances with other banks, including reserve balances and cash items in process of collection.....	19,395,548	20,067,167	18,661,851	-671,619	-3.35	733,697	3.93
Other assets.....	829,049	830,513	816,021	-1,464	-.18	13,028	1.60
Total assets.....	83,413,260	84,850,263	85,993,054	-1,437,003	-1.69	-2,579,794	-3.00

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

	June 30, 1947	Dec. 31, 1946	June 29, 1946	Increase or decrease since Dec. 31, 1946		Increase or decrease since June 29, 1946	
				Amount	Percent	Amount	Percent
<b>LIABILITIES</b>							
Deposits of individuals, partnerships and corporations:							
Demand.....	\$44,751,010	\$45,522,709	\$42,560,021	-\$771,699	-1.70	\$2,190,989	5.15
Time.....	18,556,606	18,031,756	17,173,998	524,850	2.91	1,382,608	8.05
Postal savings deposits.....	2,804	2,944	2,892	-140	-4.76	-88	-3.04
Deposits of U. S. Government:							
War loan and Series E bond accts...	611,322	1,556,516	7,431,239	-945,194	-60.72	-6,819,917	-91.77
Other United States Gov't deposits.	256,727	284,025	262,175	-27,298	-9.61	-5,448	-2.08
Deposits of States and political subdivisions.....	4,562,716	4,125,722	4,006,759	436,994	10.59	555,957	13.88
Deposits of banks.....	7,433,963	8,170,924	7,816,787	-736,961	-9.02	-382,824	-4.90
Other deposits (certified and cashiers' checks, etc.).....	1,222,001	1,355,243	1,240,887	-133,242	-9.83	-18,886	-1.52
Total deposits.....	77,397,149	79,049,839	80,494,758	-1,652,690	-2.09	-3,097,609	-3.85
Bills payable, rediscounts and other liabilities for borrowed money.....	27,860	20,047	24,441	7,813	38.97	3,419	13.99
Other liabilities.....	679,571	630,578	600,278	48,993	7.77	79,293	13.21
Total liabilities, excluding capital accounts.....	78,104,580	79,700,464	81,119,477	-1,595,884	-2.00	-3,014,897	-3.72
<b>CAPITAL ACCOUNTS</b>							
Capital stock:							
Preferred stock.....	28,359	41,789	47,424	-13,430	-32.14	-19,065	-40.20
Common stock.....	1,742,512	1,714,832	1,636,065	27,680	1.61	106,447	6.51
Total.....	1,770,871	1,756,621	1,683,489	14,250	.81	87,382	5.19
Surplus.....	2,329,951	2,275,884	2,100,222	54,067	2.38	229,729	10.94
Undivided profits.....	874,798	785,558	788,759	89,240	11.36	86,039	10.91
Reserves.....	333,060	331,736	301,107	1,324	.40	31,953	10.61
Total surplus, profits and reserves.....	3,537,809	3,393,178	3,190,088	144,631	4.26	347,721	10.90
Total capital accounts.....	5,308,680	5,149,799	4,873,577	158,881	3.09	435,103	8.93
Total liabilities and capital accounts.....	83,413,260	84,850,263	85,993,054	-1,437,003	-1.69	-2,579,794	-3.00
Ratio of loans to total deposits.....	24.30%	21.90%	18.01%				

NOTE: Minus sign denotes decrease.



STATUTORY DEBT LIMITATION

AS OF AUGUST 31, 1947

September 9, 1947

141

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 \$275,000,000,000 outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount."

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	\$275,000,000,000
Outstanding August 31, 1947	
Obligations issued under Second Liberty Bond Act, as amended	
Interest-bearing	
Treasury bills.....	\$ 15,734,959,000
Certificates of indebtedness	25,025,443,000
Treasury notes.....	<u>13,784,104,800</u> \$ 54,544,506,800
Bonds	
Treasury.....	119,322,876,450
Savings (current redemp. value)	51,663,868,268
Depositary.....	328,430,000
Armed Forces Leave.....	<u>1,864,993,175</u> 173,180,167,893
Special Funds	
Certificates of indebtedness	14,467,100,000
Treasury notes.....	<u>14,753,369,000</u> 29,220,469,000
Total interest-bearing.....	256,945,143,693
Matured, interest-ceased.....	205,611,741
Bearing no interest	
War savings stamps.....	66,479,883
Excess profits tax refund bonds	15,821,867
Special notes of the United States:	
Internat'l Bank for Reconst.	
and Development series....	315,785,000
Internat'l Monetary Fund series	<u>1,673,000,000</u> 2,071,086,750
Total.....	<u>259,221,842,184</u>
Guaranteed obligations (not held by Treasury)	
Interest-bearing	
Debentures: F.H.A. ....	34,271,336
Demand obligations: C.C.C. ...	<u>38,789,656</u> 73,060,992
Matured, interest-ceased.....	6,003,550
	<u>79,064,542</u>
Grand total outstanding.....	259,300,906,726
Balance face amount of obligations issuable under above authority..	<u>15,699,093,274</u>
Reconciliation with Statement of the Public Debt - August 31, 1947	
(Daily Statement of the United States Treasury, September 2, 1947)	
Outstanding	
Total gross public debt.....	260,097,131,993
Guaranteed obligations not owned by the Treasury.....	<u>79,064,542</u>
Total gross public debt and guaranteed obligations.....	260,176,196,535
Deduct - other outstanding public debt obligations	
not subject to debt limitation.....	875,289,809
	<u>259,300,906,726</u>

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Monday, September 8, 1947

Press Service  
No. S-457

The Bureau of Customs announced today that the supplemental quota on cotton having a staple of 1-3/8 inches or more but less than 1-11/16 inches prescribed in the President's Proclamation No. 2734 of June 9, 1947, which opened on June 14 and was filled by entries and withdrawals for consumption filed during the period June 16 to 23, will reopen at 12 noon, E.S.T., on September 15 for the entry of approximately 755,000 pounds.

The Bureau of Customs determined from an examination of the cotton presented for entry under this quota that approximately 755,000 pounds described as being of the proper staple length was in fact over 1-11/16 inches and was therefore not subject to any import restrictions.

oOo

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Tuesday, September 9, 1947

Press Service  
 No. S-458

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 September 11 and to mature December 11, 1947, which were offered September 5, 1947, were opened at the Federal Reserve Banks on September 8.

The details of this issue are as follows:

Total applied for - \$1,654,445,000  
 Total accepted - 1,302,890,000 (includes \$24,686,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Average price - 99.801 Equivalent rate of discount approx. 0.789% per annum

Range of accepted competitive bids: (Excepting one tender of \$300,000)

High - 99.815 Equiv. rate of discount approx. 0.732% per annum  
 Low 99.798 " " " " " " 0.799% " "

(51 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	\$ 885,000	\$ 885,000
New York	\$1,544,010,000	\$1,211,950,000
Philadelphia	11,980,000	1,980,000
Cleveland	3,892,000	3,892,000
Richmond	2,115,000	2,115,000
Atlanta	2,650,000	2,650,000
Chicago	50,162,000	40,672,000
St. Louis	2,465,000	2,465,000
Minneapolis	4,550,000	4,550,000
Kansas City	14,759,000	14,759,000
Dallas	3,660,000	3,655,000
San Francisco	13,317,000	13,317,000
 	<hr/>	<hr/>
TOTAL	\$1,654,445,000	\$1,302,890,000



Washington

FOR IMMEDIATE RELEASE  
 Wednesday, September 10, 1947

Press Service  
 No. S-459

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 proclamations of May 28, 1941, as modified by the President's proclamation of April 13, 1942, and April 29, 1943, for the 12 months commencing May 29, 1947, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established : Quota	Imports : May 29, 1947, to: Aug. 30, 1947	Established : Quota	Imports : May 29, 1947, to Aug. 30, 1947
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	7	3,815,000	571,887
China	-	-	24,000	10,700
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	<u>800,000</u>	<u>7</u>	<u>4,000,000</u>	<u>582,587</u>

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Wednesday, September 10, 1947

Press Service  
 No. S-460

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities on which quotas were prescribed by the Philippine Trade Act of 1946, from January 1, 1947, to August 30, 1947, inclusive, as follows:

Products of Philippine Islands	: :	<u>Established Quota</u> Quantity	: :	Unit of Quantity	: :	Imports as of August 30, 1947
Buttons		850,000		Gross		64,551
Cigars		200,000,000		Number		3,137,769
Coconut oil		448,000,000		Pound		15,931,456
Cordage		6,000,000		"		1,521,719
Rice		1,040,000		"		50
Sugars, refined ) unrefined)		1,904,000,000		"		----
Tobacco		6,500,000		"		762,671

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,  
Wednesday, September 10, 1947.

Press Service  
 No. S-461

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 August 30, 1947, inclusive, as follows:

Commodity	: : Established Quota : Period and Country	: : Quantity	: Unit : of	: Imports as : of Aug. 30, : 1947
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	4,450
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,159
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	23,906,423	Pound	16,032,127
White or Irish potatoes: certified seed	12 months from Sept. 15, 1946	90,000,000	Pound	Quota Filled
other		60,000,000	Pound	Quota Filled
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	1,380,300	Square	1,237,695
Molasses and sugar sirups containing soluble non- sugar solids equal to more than 6% of total soluble solids	Calendar year	1,500,000	Gallon	473,505



TREASURY DEPARTMENT  
Washington

147  
Press Service  
No. S-462

FOR IMMEDIATE RELEASE,  
Wednesday, September 10, 1947

The Bureau of Customs announced today that preliminary data on imports of cotton and cotton waste chargeable to the quotas established by the President's proclamation of September 5, 1939, as amended, for the period September 20, 1946, to August 30, 1947, are as follows:

COTTON (other than linters)  
(In pounds)

Country of Origin	Under 1-1/8" other than rough or harsh under 3/4"	1-1/8" or more but less than 1-11/16" <sup>4/</sup>	Less than 3/4" harsh or rough <sup>5/</sup>
	Imports Sept. 20, 1946, to Aug. 30, 1947	Imports Sept. 20, 1946, to Aug. 30, 1947	Imports Sept. 20, 1946, to August 30, 1947
Egypt and the Anglo-Egyptian Sudan.....	783,816	11,630	36,415,174
Peru.....	247,952	247,952	9,209,346
British India.....	2,003,483	1,167,578	-
China.....	1,370,791	344	-
Mexico.....	8,883,259	8,883,259	-
Brazil.....	618,723	618,723	-
Union of Soviet Socialist Republics.....	475,124	25,348	31,900
Argentina.....	5,203	5,081	-
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 <sup>1/</sup> .....	21,321	-	-
Nigeria.....	5,377	-	-
Other British West Africa <sup>2/</sup> .....	16,004	-	-
Other French Africa <sup>3/</sup> .....	689	-	-
Algeria and Tunisia	-	-	-
Kuwait.....	-	-	237,600
	14,516,882	10,959,915	45,656,420
			43,236,423

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

<sup>2/</sup> Other than Gold Coast and Nigeria.

<sup>3/</sup> Other than Algeria, Tunisia, and Madagascar.

<sup>4/</sup> Established Quota - 45,656,420.

<sup>5/</sup> Established Quota - 70,000,000.

\*See Footnote next page.

- 2 -

COTTON WASTES  
(In pounds)

COTTON CARD STRIPS made from cotton 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: 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:

Country of Origin	: Established : TOTAL QUOTA	Total imports Sept. 20, 1946, to Aug. 30, 1947	Established 33-1/3% of Total Quota	Imports Sept. 20, 1946 to Aug. 30, 1947 <sup>1/</sup>
United Kingdom.....	4,323,457	-	1,441,152	-
Canada.....	239,690	69,757	-	-
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	6,347	-	-
Cuba.....	6,544	-	-	-
Germany.....	76,329	-	25,443	-
Italy.....	21,263	-	7,088	-
Totals	5,482,509	145,731	1,599,886	-

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

\* The President's proclamation of June 9, 1947, prescribed a supplemental quota of 23,094,000 pounds of cotton having a staple of 1-3/8 inches or more but less than 1-11/16 inches in length for the period June 14 to September 20, 1947.

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, September 12, 1947

Press Service  
No. S-463

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 18, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 18, 1947, and will mature December 18, 1947, 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 daylight saving time, Monday, September 15, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals)



of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 18, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 18, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Friday, September 12, 1947

Press Service  
 No. S-464

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1 percent Treasury Notes of Series B-1948, to be dated September 15, 1947, open to holders of Treasury Notes of Series A-1947 and Series C-1947, both maturing September 15, 1947.

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

<u>Federal Reserve District</u>	<u>Series A-1947 Notes exchanged</u>	<u>Series C-1947 Notes exchanged</u>	<u>Total Exchanges</u>
Boston	\$ 78,760,000	\$ 40,298,000	\$ 119,058,000
New York	1,309,137,000	673,095,000	1,982,232,000
Philadelphia	72,375,000	85,071,000	157,446,000
Cleveland	96,427,000	58,874,000	155,301,000
Richmond	37,683,000	39,826,000	77,509,000
Atlanta	87,353,000	41,450,000	128,803,000
Chicago	340,018,000	240,589,000	580,607,000
St. Louis	92,699,000	56,838,000	149,537,000
Minneapolis	93,965,000	33,600,000	127,565,000
Kansas City	104,062,000	79,752,000	183,814,000
Dallas	67,609,000	42,946,000	110,555,000
San Francisco	195,816,000	117,558,000	313,374,000
Treasury	<u>1,805,000</u>	<u>620,000</u>	<u>2,425,000</u>
Total	\$2,577,709,000	\$1,510,517,000	\$4,088,226,000

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Monday, September 15, 1947

Press Service  
No. S-465

During the month of August, 1947, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of \$308,111,500, Secretary Snyder announced today.

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, September 16, 1947

Press Service  
 No. S-466

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 September 18 and to mature December 18, 1947, which were offered September 12, were opened at the Federal Reserve Banks on September 15.

The details of this issue are as follows:

Total applied for - \$1,519,494,000  
 Total accepted - 1,302,309,000 (includes \$25,267,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Average price - 99.797 Equivalent rate of discount approx. 0.802% per annum

Range of accepted competitive bids: (Except for three tenders totaling \$270,000)

High - 99.812 Equiv. rate of discount approx. 0.744% per annum  
 Low - 99.795 " " " " " " 0.811% " "

(85 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	\$ 1,360,000	\$ 1,360,000
New York	1,420,557,000	1,233,382,000
Philadelphia	11,965,000	765,000
Cleveland	3,660,000	3,660,000
Richmond	3,650,000	3,650,000
Atlanta	3,350,000	3,350,000
Chicago	35,377,000	17,177,000
St. Louis	2,260,000	2,185,000
Minneapolis	3,560,000	3,360,000
Kansas City	6,520,000	6,520,000
Dallas	4,975,000	4,940,000
San Francisco	22,260,000	21,960,000
 	<hr/>	<hr/>
TOTAL	\$1,519,494,000	\$1,302,309,000

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
September 15, 1947

Press Service  
No. S-467

The Bureau of Customs announced today that the quotas on cotton and cotton waste prescribed in the President's Proclamation No. 2351 of September 5, 1939, as amended, will open on September 22, 1947, since September 20 falls on Saturday.

Arrangements have been made for the simultaneous presentation of entries of all such cotton and cotton waste at 12:00 Noon, Eastern Standard Time, or its time equivalent in other time belts, on September 22. No priority rights will exist at the opening of the quotas by reason of the cotton having been presented for entry during a previous quota period.

oOo

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Wednesday, Sept. 17, 1947

Press Service  
No. S-468

The Bureau of Customs announced today that entries and withdrawals for consumption of cotton having a staple length of 1-3/8 inches or more but less than 1-11/16 inches totaling 35,414,228 pounds were presented at the opening of the quota at 12 noon, e.s.t., on September 15 for the unused balance of 909,000 pounds of the supplemental quota prescribed in the President's Proclamation No. 2734 of June 9, 1947.

As a result of the great amount of such cotton presented only 2.567 percentum of each entry may be released. All cotton not permitted release under the above-referred-to quota may be presented for entry at 12 noon e.s.t., September 22, 1947, the opening of the regular quota of 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more but less than 1-11/16 prescribed in the President's Proclamation No. 2351 of September 5, 1939, as amended.

oOo



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, September 19, 1947

Press Service  
No. S-469

The Secretary of the Treasury, by this public notice, invites tenders for \$1,100,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing September 25, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 25, 1947, and will mature December 26, 1947, 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 daylight saving time, Monday, September 22, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals)

of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 25, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 25, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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,  
Monday, September 22, 1947.

Press Service  
No. S-470

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 1 percent Treasury Certificates of Indebtedness of Series J-1948, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series J-1947, in the amount of \$1,439,563,000, which will mature on October 1, 1947. Cash subscriptions will not be received.

The certificates now offered will be dated October 1, 1947, and will bear interest from that date at the rate of one percent per annum, payable with the principal at maturity on October 1, 1948. 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, as amended, interest upon the certificates now offered shall not have any exemption, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The full provisions relating to taxability are set forth in the official circular released today.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the maturing certificates. Subject to the usual reservations, all subscriptions will be allotted in full.

The subscription books will close for the receipt of all subscriptions at the close of business Wednesday, September 24.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight September 24, 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

## 1 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES J-1948

Dated and bearing interest from October 1, 1947

Due October 1, 1948

1947  
Department Circular No. 816

Fiscal Service  
Bureau of the Public Debt

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, September 22, 1947.

## 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 1 percent Treasury Certificates of Indebtedness of Series J-1948, in exchange for Treasury Certificates of Indebtedness of Series J-1947, maturing October 1, 1947.

## II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated October 1, 1947, and will bear interest from that date at the rate of 1 percent per annum, payable with the principal at maturity on October 1, 1948. They will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all taxes now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. 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 will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The certificates will not be issued in registered form.

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

## III. SUBSCRIPTION AND ALLOTMENT

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

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

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

#### IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before October 1, 1947, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series J-1947, maturing October 1, 1947, which will be accepted at par, and should accompany the subscription. The full year's interest on the certificates surrendered will be paid to the subscriber following acceptance of the certificates.

#### 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.

A. L. M. WIGGINS,  
Acting Secretary of the Treasury.

(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued <sup>1/</sup>	Amount Redeemed <sup>1/</sup>	Amount Out- standing <sup>2/</sup>	Percent Redeemed of Amount Issued
<b>Series A-D:</b>				
Series A-1935 (matured) ..	\$ 255	\$ 246	\$ 9	96.47%
Series B-1936 (matured) ..	463	437	26	94.38
Series C-1937 .....	587	399	<sup>3/</sup> 189	67.97
Series C-1938 .....	663	154	509	23.23
Series D-1939 .....	1,025	211	814	20.59
Series D-1940 .....	1,210	227	983	18.76
Series D-1941 .....	523	87	435	16.63
<b>Total Series A-D .....</b>	<b>4,726</b>	<b>1,761</b>	<b>2,966</b>	<b>37.26</b>
<b>Series E:</b>				
Series E-1941 .....	1,466	327	1,139	22.31
Series E-1942 .....	6,638	2,292	4,347	34.53
Series E-1943 .....	10,861	4,443	6,418	40.91
Series E-1944 .....	12,698	5,280	7,418	41.58
Series E-1945 .....	9,909	3,882	6,027	39.18
Series E-1946 .....	4,348	1,095	3,253	25.18
Series E-1947 (8 months) ..	2,534	206	2,328	8.13
<b>Total Series E .....</b>	<b>48,454</b>	<b>17,524</b>	<b>30,930</b>	<b>36.17</b>
<b>Total Series A-E .....</b>	<b>53,180</b>	<b>19,285</b>	<b>33,895</b>	<b>36.26</b>
<b>Series F and G:</b>				
Series F and G-1941 .....	1,530	193	1,337	12.61
Series F and G-1942 .....	3,186	462	2,724	14.50
Series F and G-1943 .....	3,358	487	2,871	14.50
Series F and G-1944 .....	3,691	400	3,290	10.84
Series F and G-1945 .....	3,144	232	2,912	7.38
Series F and G-1946 .....	2,993	102	2,891	3.41
Series F and G-1947 (8 months) .....	1,809	4	1,805	.22
<b>Total Series F and G .....</b>	<b>19,710</b>	<b>1,880</b>	<b>17,830</b>	<b>9.54</b>
Unclassified sales and re- demptions .....	115	142	-26	
<b>Total All Series <sup>4/</sup> .....</b>	<b>73,006</b>	<b>21,306</b>	<b>51,699</b>	<b>29.18</b>

<sup>1/</sup> Includes accrued discount.

<sup>2/</sup> Current redemption values.

<sup>3/</sup> Includes matured bonds which have not been presented for payment.

<sup>4/</sup> Includes Series A and B (matured), and therefore does not agree with totals under interest-bearing debt on Public Debt Statement.



TREASURY DEPARTMENT  
Washington

FOR RELEASE, MORNING NEWSPAPERS,  
Monday, September 22, 1947.

Press Service  
No. 3-471

Secretary of the Treasury Snyder today released the official circular governing the offering of a new series of Treasury bonds, designated Investment Series A-1965. Regulations governing this new series of bonds are contained in Treasury Department Circular No. 815, which is also released today.

The Secretary said that the subscription books, which will open September 29, will probably remain open for a week or ten days, although the right is reserved to close the books as to any or all subscriptions at any time without notice.

Pursuant to the provisions of the Public Debt Act of 1941, as amended, interest upon the bonds now offered shall not have any exemption, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The full provisions relating to taxability are set forth in the official circular.

Subscriptions will be received at Federal Reserve Banks and Branches and at the Treasury Department, Washington, and must be accompanied by payment in full at par and accrued interest, if any, for the amount of bonds applied for, as well as by financial statements to support subscriptions in excess of \$250,000 from eligible subscribers other than commercial and industrial banks.

The texts of the official circulars governing the offering and containing the regulations follow:

## UNITED STATES OF AMERICA

2-1/2 PERCENT TREASURY BONDS, INVESTMENT SERIES A-1965  
Nontransferable

Dated and bearing interest from October 1, 1947

Due October 1, 1965

1947  
Department Circular No. 814TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, September 22, 1947.Fiscal Service  
Bureau of the Public Debt

## I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, beginning September 29, 1947, at par and accrued interest, through the Federal Reserve Banks, for nontransferable bonds of the United States, designated 2-1/2 percent Treasury Bonds, Investment Series A-1965. The amount of the offering is not specifically limited.

2. These bonds will be available for subscription only by or for account of the following organizations and funds doing business in the United States, its territories and possessions:

1. Insurance companies
2. Savings banks
3. Savings and loan associations and building and loan associations, and cooperative banks
4. Pension and retirement funds, including those of the Federal, State and local governments
5. Fraternal benefit associations
6. Endowment funds
7. Credit unions
8. Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals, and of corporations, associations, and other organizations not operated for profit.

3. Subscriptions from or for account of such investors (except commercial and industrial banks) will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 percent of the increase in the amount of net assets<sup>1/</sup> between December 31, 1946, and June 30, 1947, as shown by the financial statements of the subscribers, or \$250,000, whichever is greater. Copies of the financial statements, certified to by a public accountant or by a responsible officer of the subscriber, must accompany each subscription for more than \$250,000,

<sup>1/</sup> Net assets, for this purpose, means the amount of total assets less outstanding indebtedness for borrowed money, and total assets of insurance companies means the total admitted assets calculated in accordance with the laws of the States in which the company is organized or licensed.

or should be furnished to the agency to which the subscription will be presented prior to the submission of such subscription.

4. Subscriptions from commercial and industrial banks eligible to subscribe hereunder will be limited to an amount (adjusted to the next higher multiple of \$5,000) not in excess of 25 percent of the increase in the combined amount of time certificates of deposit (but only those issued in the names of individuals, and of corporations, associations, and other organizations not operated for profit), and of savings deposits, between December 31, 1946, and June 30, 1947, as certified by an officer of the subscribing bank, or \$25,000, whichever is greater.

5. In addition to the bonds issued to the above classes of subscribers, the Secretary of the Treasury reserves the right to issue these bonds to Government investment accounts.

## II. DESCRIPTION AND TERMS OF BONDS

1. The bonds will be dated October 1, 1947, and will bear interest from that date at the rate of 2-1/2 percent per annum, payable semiannually. They will mature and be payable at face value on October 1, 1965. The bonds may not be called for redemption by the Secretary of the Treasury prior to maturity. They may be redeemed prior to maturity, on and after April 1, 1948, at the owner's option, on the first day of any calendar month, on one month's notice in writing, at fixed redemption values, as shown in the table at the end of this circular. They will not be redeemable at par prior to maturity. Interest will be paid by check drawn to the order of the registered owner. Interest will cease at maturity, or, in case of redemption before maturity, at the end of the interest period next preceding the date of redemption. A table of redemption values appears on each bond, and the difference between the face amount of the bond and the redemption value fixed for any period represents an adjustment (or refund) of interest. Accordingly, if the owner exercises his option to redeem a bond prior to maturity, the investment yield will be less than the interest rate on the bond.

2. The income derived from the bonds shall be subject to all taxes now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bonds 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 bonds will not be acceptable to secure deposits of public moneys. They will not be entitled to any privilege of conversion. They will not be transferable, and will be payable only to the owner named thereon except as otherwise provided in the regulations governing Treasury bonds, Investment Series. Accordingly, they may not be sold, discounted, hypothecated as collateral for a loan, or pledged as security for the performance of an obligation or for any other purpose.

4. The bonds will be issued only in registered form, and in denominations of \$5,000, \$10,000, \$100,000 and \$1,000,000 (maturity values). Partial redemption in multiples of the minimum denomination, at current redemption value, will be permitted. In case of partial redemption the remainder will be reissued in authorized denominations.



- 3 -

5. The bonds will be subject to the regulations of the Treasury Department, now or hereafter prescribed, governing Treasury bonds, Investment Series. The current regulations are contained in Treasury Department Circular No. 815.

### III. SUBSCRIPTION, ALLOTMENT AND PAYMENT

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. Subscriptions must be accompanied by payment in full for the amount of bonds applied for, as well as by financial statements where required, unless such statements have been previously filed by the subscriber. Payment must be made at par and accrued interest, if any, on or before October 1, 1947, or on later allotment. One day's accrued interest is \$0.06831 per \$1,000. Any qualified depository will be permitted to make payment by credit for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District.

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 bonds 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, and to the limitations on subscriptions prescribed in Section I of this circular, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

### IV. 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 bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

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.

A. L. H. WIGGINS,  
Acting Secretary of the Treasury.



## TABLE OF CONTENTS

## SUBPART A: REGISTRATION AND LIMITATION ON HOLDINGS.

- Sec. 326.1. General
- Sec. 326.2. Restrictions
- Sec. 326.3. Forms of registration
- Sec. 326.4. Not transferable

## SUBPART B: LIMITATION ON TRANSFER AND JUDICIAL PROCEEDINGS.

- Sec. 326.5. Judicial proceedings (judgment creditors, trustees in bankruptcy, receivers of insolvents' estates, etc.)
- Sec. 326.6. Evidence necessary

## SUBPART C: LOST, STOLEN, MUTILATED, DEFACED, OR DESTROYED BONDS.

- Sec. 326.7. Relief in case of loss, etc.

## SUBPART D: INTEREST

- Sec. 326.8. Interest

## SUBPART E: GENERAL PAYMENT AND REDEMPTION PROVISIONS.

- Sec. 326.9. Payment, redemption, partial redemption
- Sec. 326.10. Form and execution of requests for payment
- Sec. 326.11. Nonreceipt or loss of checks issued in payment

## SUBPART F: GENERAL REISSUE AND DENOMINATIONAL EXCHANGE:

- Sec. 326.12. Reissue
- Sec. 326.13. Denominational exchange

## SUBPART G: PAYMENT AND REISSUE TO ORGANIZATIONS, FUNDS, AND TRUSTEES.

- Sec. 326.14. Payment to corporations or unincorporated associations
- Sec. 326.15. Reissue or payment to successors of corporations; unincorporated associations, and funds--Dissolution
- Sec. 326.16. Payment to trustees
- Sec. 326.17. Reissue in the name of a succeeding trustee

## SUBPART H: PROCEDURAL RULES.

- Sec. 326.18. Explanation
- Sec. 326.19. Correspondence, certificates, notices, and forms

## SUBPART I: FURTHER PROVISIONS.

- Sec. 326.20. Supplements, amendments, or revisions



## REGULATIONS GOVERNING TREASURY BONDS, INVESTMENT SERIES

1947  
Department Circular No. 815

TREASURY DEPARTMENT,  
Office of the Secretary,  
Washington, September 22, 1947.

Fiscal Service  
Bureau of the Public Debt

TO OWNERS OF TREASURY BONDS, INVESTMENT SERIES, AND OTHERS CONCERNED:

Pursuant to section 1 of the Second Liberty Bond Act, as amended (31 U.S.C. 752), the following regulations applicable to Treasury Bonds, Investment Series, are promulgated by the Secretary of the Treasury. Regulations governing other United States Bonds (including United States Savings Bonds) are not applicable to Treasury Bonds, Investment Series, except as otherwise specifically provided in this circular.

## SUBPART A: REGISTRATION AND RESTRICTIONS

Sec. 326.1. General.--Treasury Bonds, Investment Series, are issued only in registered form in substantially the forms of registration set forth in section 326.3. The name and post office address of the owner will be inscribed thereon at the time of issue. No designation of an attorney, agent, or other representative to request or receive payment on behalf of the owner, nor any restriction on the right of such owner to receive payment of the bond, other than as provided in these regulations, may be made in the registration or otherwise.

Sec. 326.2. Restrictions.--

(a) Eligible investors.--The bonds may be issued upon subscription only to the following organizations and funds doing business in the United States, its territories and possessions:<sup>1</sup> (1) insurance companies, (2) savings banks, (3) savings and loan associations and building and loan associations and cooperative banks, (4) pension and retirement funds including those of the Federal, State, and local governments, (5) fraternal benefit associations, (6) endowment funds, (7) credit unions, (8) commercial and industrial banks (but only to such extent and under such conditions as may be provided specifically in official circulars governing the offering of these securities).

(b) Limitation on amounts.--Subscriptions will be limited as specified in the official circulars governing each offering of the bonds.

Sec. 326.3. Forms of registration.--Substantially the following forms of registration are suggested and should ordinarily be used in requesting the issue of the bonds:

<sup>1</sup> The Secretary of the Treasury reserves the right to issue these bonds to Government Investment Accounts.

(a) Organizations (corporations and unincorporated associations).--In the name of any eligible organization using in each case the full legal name of the organization<sup>2</sup> without mention of any officer or member by name or title, followed by the words "an unincorporated association", or "a \_\_\_\_\_ corporation" (as the case may be). The reference to the place of incorporation may be omitted for organizations incorporated under Federal law, for example, national banks, and when the place of incorporation is part of the organization's legal name.

(b) Endowment funds.--Where the endowment funds consist in whole or in part of the general funds of the organization the bonds may be registered in accordance with the provisions of subsection (a), except that the place of incorporation need not be designated in the case of schools, colleges, and universities. The parenthetical reference "(\_\_\_\_\_ Endowment Fund)" should be inserted in the registration in such case. In the case of an endowment fund held in trust for a special purpose the provisions of subsection (c) should be followed.<sup>3</sup>

(c) Private pension and retirement funds, and endowment funds held in trust.--In the name and title of the trustee, or in the names and title of all the trustees if there are more than one (accompanied by an adequate identifying reference to the trust) except that (1) registration in the title alone of the trustees is permitted, if they are authorized to act only as a board, for example: "Board of Trustees of Western College in trust for the Library Endowment Fund under article III of its charter" and (2) all of the trustees need not be named if they are too numerous to be designated in the inscription by names and title, for example: "John H. Schneider, Second National Bank, et al, trustees under indenture dated July 2, 1942, for the Employees' Retirement Fund of the Acme Manufacturing Company, a Delaware Corporation". Wherever the name of a corporation appears in the registration the place of incorporation should be included.

(d) Public pension and retirement funds.--In the full title of the fund as adopted under the applicable State law, city ordinance, or other authority constituting the fund or in a short title for the fund (if desired) as shown, respectively, by the following examples: "Board of Trustees of the Public School Retirement System of Missouri", or "Missouri Teachers' Retirement System". If a public officer holds legal title to the fund in trust the following form of registration is preferred "Treasurer, Green City, Wisconsin, in trust for the Police and Firemen's Pension Fund".

#### SUBPART B: LIMITATION ON TRANSFER AND JUDICIAL PROCEEDINGS

Sec. 326.4. Not transferable.--The bonds are not transferable, and are

<sup>2</sup> Except that where title to the property of an organization is vested in trustees the bonds may be registered in the title of the trustees or board of trustees (as the case may be) if desired, for example: "Trustees of Jamestown Lodge No. 1000, Northeastern Fraternal Benefit Association."

<sup>3</sup> Where the endowment fund as such is incorporated, registration may be in the form prescribed in subsection (a) as in the case of any other corporation.

payable only to the owners named thereon except in the case of authorized reissue or as otherwise specifically provided in these regulations. They may not be sold, discounted, hypothecated as collateral for a loan, or pledged as security for the performance of an obligation or for any other purpose.

Sec. 326.5. Judicial proceedings (judgment creditors, trustees in bankruptcy receivers of insolvents' estates, etc.).--A claim against an owner of a bond will be recognized when established by valid judicial proceedings and payment (but not reissue) will be made upon presentation and surrender of the bond, except as follows:

(1) No such proceedings will be recognized if they would give effect to an attempted voluntary transfer inter vivos of the bond.

(2) Those acquiring bonds under this section, with the exception of a trustee in bankruptcy or a receiver of an insolvent's estate, will be limited to payment at the redemption value current 30 days after the termination of the judicial proceedings or current at the time the bond is surrendered for redemption, whichever is smaller.

Sec. 326.6. Evidence necessary.--To establish the validity of judicial proceedings there must be submitted a certified copy of a final judgment or decree of court and of any necessary supplementary proceedings. A trustee in bankruptcy should submit proof of his authority in the form of a certificate from the referee showing that he is the duly elected and qualified trustee, together with a certificate from the clerk of the United States District Court of the particular district, under seal, showing the incumbency of the referee and authenticating his signature.

#### SUBPART C: LOST, STOLEN, MUTILATED, DEFACED, OR DESTROYED BONDS

Sec. 326.7. Relief in case of loss, theft, mutilation, defacement, or destruction.--Under the provisions of Sec. 8, 50 Stat. 481, as amended (U.S.C. 1940 Ed., title 31, Sec. 738a) and the regulations in Treasury Department Circular No. 300, as amended, relief either by the issue of a substitute bond or by payment may be given in case of the loss, theft, mutilation, defacement, or destruction of a bond. In any such case immediate notice of the facts, with a full description of the bond, should be given to the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

#### SUBPART D: INTEREST

Sec. 326.8. Interest.--Each bond bears interest at a specified rate computed on the face amount of the bond and payable semi-annually beginning six months from the date of the bond. Interest will be paid on each interest payment date by check drawn to the order of the registered owner in the same form as the inscription on the bond. Full advantage of interest at the rate specified may be secured only if the bond is held to maturity. If the bond is redeemed before maturity, the difference between the face or full maturity value and the current redemption value then payable in accordance with the table printed on each bond will represent



an adjustment of interest to the rate appropriate for the shorter term, as set forth in the table attached to the circular announcing the offering of the bonds.

(a) Change of address.--An owner should promptly notify the Treasury Department, Division of Loans and Currency, Washington 25, D. C., of any change in the address for delivery of interest checks. The notice should refer to all bonds for which it is desired that the address be changed and should describe each bond by date, series, serial number, maturity value, and inscription appearing on the face of the bond.

(b) Reissue during interest period.--If a bond is reissued between interest payment dates, interest for the entire period will be paid on the next interest payment date to the owner in whose name the bond is reissued. Ordinarily, if a bond is received for reissue less than one month prior to an interest payment date, reissue cannot be effected until after such interest payment date.

(c) Termination of interest.--In case of redemption prior to maturity, interest will cease on the last day of the interest period next preceding the date of redemption. For example, if a bond on which interest is payable on April 1 and October 1 is redeemed on December 1, 1948, interest will cease on October 1, 1948, and no adjustment will be made on account of the failure to receive interest for the period from October 1 to December 1, 1948. In case of authorized reissue, the interest on the original bond will cease on the last day of the interest period next preceding the date of reissue and interest on the new bond will begin on the following day. The same rules shall apply in case of partial redemption or partial reissue with respect to the amount redeemed or reissued.

(d) Loss or nonreceipt of check.--If an interest check is not received within a reasonable time after an interest payment date or is lost after receipt, the Treasury Department, Division of Loans and Currency, Washington 25, D. C., should be notified of the facts and should be given information concerning the amount, number and inscription of the bond, as well as a description of the check, if possible, in case of loss after the check is received. Appropriate instructions will then be given.

#### SUBPART E: GENERAL PAYMENT AND REDEMPTION PROVISIONS

##### Sec. 326.9. Payment, redemption, partial redemption.--

(a) Payment at maturity.--Pursuant to its terms a bond of the Investment Series will be paid at or after maturity at its full face or maturity value, but only following presentation and surrender of the bond for that purpose.

(b) Redemption before maturity.--A bond may not be called for redemption by the Secretary of the Treasury prior to its maturity but may be redeemed in whole or in part on one month's notice in writing on the first day of any month not less than six months from the issue date at the appropriate redemption value as shown in the table printed on the bond. The owner's option to redeem may be shown by a signed request for payment or express written notice and payment will be made as of the first day of the first month following by at least one full calendar month

the date of receipt of notice by the Treasury Department, Division of Loans and Currency, Washington 25, D. C., or by a Federal Reserve Bank. If express notice is given, the bond must be surrendered to the same agency to which the notice is given not less than 20 days before the effective redemption date.

(c) Partial redemption.--Partial redemption in multiples of the minimum denomination, at current redemption value, will be permitted upon presentation and surrender of the bond to a Federal Reserve Bank or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., all in accordance with this Subpart. In any case in which partial redemption is desired the request for payment should be modified by adding to the first sentence thereof the words "to the extent of \$ \_\_\_\_\_ (maturity value) and reissue of the remainder". In case of partial redemption the remainder will be reissued in authorized denominations as of the original date.

Sec. 326.10. Form and execution of requests for payment.--Unless otherwise authorized in a particular case a request for payment of a bond whether made prior to, at, or after maturity must be executed on the form appearing on the back of the bond to be surrendered and ordinarily will not be accepted if executed more than six months before the date of the receipt of the bond for redemption. The request must be executed by the registered owner or by such other person as may be entitled to request payment under the provisions of these regulations. The signature must be affixed in the presence of one of the officers authorized to certify requests, who should thereafter complete the request by signing over his official title in the appropriate place and impressing the required seal and giving the date of execution.

(a) Certifying officers.--The following officers are authorized to certify requests for payment:

(1) At banks, trust companies and branches.--Any officer of any bank or trust company incorporated in the United States or its organized territories, or domestic or foreign branch of such bank or trust company including those doing business in the organized territories or insular possessions of the United States and the Canal Zone under Federal charter or organized under Federal law; any officer of a Federal Reserve Bank or Branch, a Federal Land Bank and Federal Home Loan Bank. Certification by any of these officers should be authenticated by a legible impression of the corporate seal of the bank or trust company.

(2) United States officials.--Judges, clerks and deputy clerks of United States courts, including United States courts for the organized territories, insular possessions and the Canal Zone.

(3) Treasury Department.--Certain officers of the Treasury Department at Washington, D. C.

(b) Instructions to certifying officers.--Certifying officers should require positive identification of persons signing requests for payment and will be held

fully responsible therefor. In all cases a certifying officer must affix to the certification his official signature, title, address, and seal and the date of execution. If a certifying officer does not possess an official seal that fact should be made known and attested. An officer of a bank or trust company who executes the request for payment in behalf of the bank or trust company should not certify his own signature. It should be certified by another officer.

(c) Presentation and surrender.--After the request for payment has been duly signed by the owner and certified as above provided, the bond should be presented and surrendered to a Federal Reserve Bank or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C., at the risk and expense of the owner, and for such owner's protection the bonds should be forwarded by registered mail if not presented in person. Payment will be made by check drawn to the order of the registered owner or person shown to be entitled to the bond and mailed to the address given in the request for payment.

Sec. 326.11 Nonreceipt or loss of checks issued in payment.--If a check issued in payment of a bond surrendered for redemption is not received within a reasonable time, or in case such check is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment with information concerning the amount, number and inscription of the bond, as well as a description of the check, if possible, in case of loss after the check is received. Appropriate instructions will then be given.

#### SUBPART F: GENERAL REISSUE AND DENOMINATIONAL EXCHANGE

##### Sec. 326.12. Reissue.--

(a) When permitted.--Reissue of a bond in a different name or in a different form of registration will be made only in the following instances:

(1) to correct an error in the original issue upon appropriate request supported by satisfactory proof of such error;

(2) To show a change in the name of an owner upon the owner's request supported by satisfactory proof of the change of name;

(3) As otherwise specifically provided in these regulations.

(b) Requests for reissue.--Requests for reissue should be made on appropriate forms, which may be obtained from any Federal Reserve Bank or from the Treasury Department, Division of Loans and Currency, Washington 25, D. C., and should be signed by the persons authorized under these regulations to make such requests. A request for reissue must be signed in the presence of and be certified by an officer authorized under Subpart E to certify requests for payment.

(c) Date of bonds on reissue.--The new bonds will be of the same series, will bear the same date, and will have the same rights and privileges as the bonds surrendered.



Sec. 326.13. Denominational exchange.--Exchange as between authorized denominations will not be permitted except in cases of partial redemption or authorized reissue.

SUBPART G: PAYMENT AND REISSUE TO ORGANIZATIONS, FUNDS, AND TRUSTEES

Sec. 326.14. Payment to corporations or unincorporated associations.-- A bond registered in the name of a corporation or an unincorporated association will be paid to such corporation or unincorporated association upon request for payment on its behalf by a duly authorized officer thereof. The signature to the request should be in the form, for example, "Horizon Life Insurance Company, by William A. Smith, President", or "Weatherton Fraternal Benefit Association by John Jones, Treasurer". A request for payment so signed and duly certified will ordinarily be accepted without further proof of the officer's authority.

Sec. 326.15. Reissue or payment to successors of corporations, unincorporated associations and funds.--Dissolution.--

(a) Reissue or payment to successors.--A bond registered in the name of a corporation or an unincorporated association or fund which has been succeeded by another corporation or unincorporated association or fund by operation of law or otherwise, as the result of merger, consolidation, reincorporation, conversion, reorganization, or in any manner whereby the business or activities of the original organization or fund are continued without substantial change, will be paid to, or reissued in the name of, the successor upon appropriate request on its behalf and satisfactory proof of lawful successorship.

(b) Dissolution.--If the organization or fund has been dissolved before redemption of the bonds, the persons acquiring title to the assets of the organization or fund including the bonds will be entitled only to the redemption value of the bonds current 30 days after the date of dissolution, or at the time the bonds are presented and surrendered for redemption, whichever is smaller. In most cases it will be simpler for the organization or fund to present the bonds for redemption prior to dissolution.

Sec. 326.16. Payment to trustees.--A bond registered in the name of a trustee, or otherwise belonging to a trustee in his capacity as such, will be paid to the trustee upon his request. A request for payment before maturity must be signed by all acting trustees unless, by express statute or decree of court or by the terms of the instrument under which they are acting, some one or more of them may properly execute the request. A request for payment at maturity signed by any one or more acting trustees will be accepted, but payment will be made to all. If the bond is registered in the names of trustees who are still acting, no further evidence of authority will be required. In other cases the request for payment must be supported by evidence as specified below:

(a) Trustees--by title only.--If the bond is registered in the titles without the names of the trustees, satisfactory proof of their incumbency must be furnished, except in the case of public officers.

(b) Succeeding trustees.--If the trustees in whose names the bonds are registered have been succeeded by other trustees, satisfactory proof of successorship must be furnished.

(c) Boards, public bodies, etc.--If the trustees consist of a board or public body, or are otherwise empowered to act as a unit, a request for payment before maturity must be signed in the name of the board or other body by an authorized officer or agent thereof or by all members of the board or other body. A request executed by an officer or agent must be supported by a duly certified copy of a resolution of the board or other body authorizing such action or by a duly certified copy of the trust instrument or excerpt therefrom showing the authority for such action, except that in the case of a public board or other public body a request signed in its name by an authorized officer thereof and duly certified will ordinarily be accepted without further proof of his authority. A request signed by all members of a private board or other private body acting as trustee must be supported by a duly executed certificate of incumbency.

(d) Corporate trustees.--If a public or private corporation or a political body, such as a State or county, is trustee, a request for payment must be signed in the name of the corporation or other body as trustee by an authorized officer thereof. A request for payment so signed and duly certified will ordinarily be accepted without further proof of the officer's authority.

Sec. 326.17. Reissue in the name of a succeeding trustee.--If a trustee in whose name a bond is registered has been succeeded by another, the bond will be reissued in the name of the succeeding trustee upon appropriate request and satisfactory proof of successorship.

#### SUBPART H: PROCEDURAL RULES

Sec. 326.18. Explanation.--Rules of a procedural nature pertaining to payment or reissue and relief on account of loss, theft, etc., have been set forth in the foregoing subparts with the substantive rules to which they apply. Other procedural rules are set forth in the following sections.

Sec. 326.19. Correspondence, certificates, notices, and forms.--The Treasury Department, Division of Loans and Currency, Washington 25, D. C., is charged with all matters concerning Treasury Bonds, Investment Series. In the same connection the Federal Reserve Banks, as Fiscal Agents of the United States, and their Branches, are utilized. Correspondence regarding transactions within the scope of these regulations, certificates of court and other certificates required hereunder, notices of intention to redeem and the like (which must be in writing) and any other appropriate forms or documents should be addressed accordingly (and where necessary the bonds should be presented and surrendered therewith), except that any specific instructions given elsewhere in this circular for addressing particular transactions should be observed. Notices or documents not so submitted, or on file in the Treasury Department elsewhere than with the Division of Loans and Currency, Washington 25, D. C., will not be recognized. Appropriate forms for use in connection with transactions may be obtained from any Federal Reserve Bank or from the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

(a) Additional proof--Bond of indemnity.--The Secretary of the Treasury in any case arising under these regulations may require such additional proof as he may consider necessary or advisable in the premises; and may require a bond of indemnity with satisfactory sureties, or an agreement of indemnity, in any case where he may consider such a bond or agreement necessary for the protection of the interests of the United States.

(b) Federal Reserve Banks.--Usually transactions will be expedited by the use of the Federal Reserve Banks<sup>4</sup>, as Fiscal Agents of the United States, and their Branches.

SUBPART I: FURTHER PROVISIONS

Sec. 326.20. Supplements, amendments, or revisions.--The Secretary of the Treasury may at any time or from time to time prescribe additional, supplemental, amendatory, or revised rules and regulations governing Treasury Bonds, Investment Series.

A. L. M. WIGGINS,  
Acting Secretary of the Treasury.

---

<sup>4</sup> The Federal Reserve Banks are located at Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.



## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Friday, September 19, 1947

Press Service  
No. S-472

The Treasury Department announced today the employment of Ebasco Services, Inc., management consultants of 2 Rector Street, New York, N.Y., to make a study of the policies and operations of the United States Coast Guard.

The Second Supplemental Appropriation Act of the Eightieth Congress provided authority and funds for the survey and specified that the firm to conduct it should be chosen by the Secretary of the Treasury and the Chairmen of the House and Senate Appropriations Committees. The announcement of the selection of the Ebasco company follows consultation and agreement among these officials, after careful analysis of a number of bids and proposals.

The survey will commence on Monday, September 22, 1947, according to the contract signed today. It is the intention of the Treasury Department that the study be completed as expeditiously as possible in order that the Appropriations Committees of the Senate and House may have the benefit of its conclusions in considering the Coast Guard appropriation for the fiscal year 1949.

oOo

TREASURY DEPARTMENT

176

WASHINGTON

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, September 23, 1947

Press Service  
 No. S-473

The Secretary of the Treasury announced last evening that the tenders for \$1,100,000,000, or thereabouts, of 92-day Treasury bills to be dated September 25, 1947, and to mature December 26, 1947, which were offered September 19, 1947, were opened at the Federal Reserve Banks on September 22.

The details of this issue are as follows:

Total applied for - \$1,364,389,000  
 Total accepted - 1,102,179,000 (includes \$31,127,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
 Average price - 99.793/Equivalent rate of discount approx. 0.808% per annum

Range of accepted competitive bids: (Except for three bids totaling \$500,000)

High - 99.815 Equiv. rate of discount approx. 0.724% per annum  
 Low - 99.790 " " " " " 0.822% " "

(58 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	\$ 9,642,000	\$ 6,642,000
New York	1,232,437,000	998,027,000
Philadelphia	11,850,000	11,508,000
Cleveland	1,690,000	1,690,000
Richmond	10,025,000	7,025,000
Atlanta	1,815,000	1,715,000
Chicago	46,205,000	27,365,000
St. Louis	2,790,000	2,790,000
Minneapolis	4,880,000	4,597,000
Kansas City	6,815,000	6,815,000
Dallas	12,655,000	12,520,000
San Francisco	23,585,000	21,485,000
<b>TOTAL</b>	<b>\$1,364,389,000</b>	<b>\$1,102,179,000</b>

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Wednesday, September 24, 1947

Press Service  
No. S-474

The Bureau of Customs announced today that the global quota of 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more but less than 1-11/16 inches was more than filled by entries and withdrawals for consumption filed at the opening of the quotas, 12:00 Noon, Eastern Standard Time, on September 22, 1947. 48,310,890 pounds of such cotton, of which approximately 95 per centum was of Egyptian origin, was offered for entry. The Bureau authorized collectors of customs in the ports where entry was made to release 94.5054 per centum of each entry to the importer of record.

The quotas of 8,883,259 pounds for Mexico and 618,723 pounds for Brazil of cotton having a staple of less than 1-1/8 inches (other than rough or harsh cotton of less than 3/4 inch and other than linters) were also oversubscribed. 47,858,368 pounds of such cotton from Mexico were presented for entry, thus permitting the Bureau to authorize the release of but 18.5615 per centum of each such entry. Brazilian cotton in the amount of 992,396 pounds was presented and the Bureau authorized the release of 62.3463 per centum of each entry.

Imports for consumption of the kinds of cotton waste subject to the quotas prescribed in the President's Proclamation No. 2351 of September 5, 1939, as amended, from Russia exceeded slightly the amount permitted entry from that country and approximately 99 per centum of each entry of such cotton wastes presented was authorized release.

oOo



## TREASURY DEPARTMENT

178

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Friday, September 26, 1947

Press Service  
No. S-475

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing October 2, 1947, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 2, 1947, and will mature January 2, 1948, 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, September 29, 1947. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals., e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for \$200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals)

of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 2, 1947, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 2, 1947. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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 the Internal Revenue Code, or laws amendatory or supplementary thereto. 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  
COMPTROLLER OF THE CURRENCY  
Washington

FOR RELEASE, MORNING NEWSPAPERS  
Monday, September 29, 1947

Press Service  
No. S-476

Comptroller of the Currency Preston Delano announced today that the national banks in the United States and possessions reported net operating earnings of \$319,182,000 for the six months ended June 30, 1947, an increase of \$1,708,000 over the first half of 1946.

Adding to the net operating earnings profits on securities sold of \$35,907,000 and recoveries on loans and investments, etc., previously charged off of \$39,328,000, and deducting therefrom losses and charge-offs of \$53,436,000 and taxes on net income of \$99,283,000, the net profits before dividends for the six months ended June 30, 1947 amounted to \$241,698,000, which at an annual rate amounts to 9.11 percent of capital funds. This figure of net profits before dividends was \$38,895,000 less than the amount reported for the six months ended June 30, 1946.

The principal items of operating earnings in the first half of 1947 were \$312,727,000 from interest on U.S. Government obligations and \$51,848,000 interest and dividends on other securities, a total of \$364,575,000, which was a decrease of \$48,278,000 compared with the corresponding period in 1946; \$328,829,000 from interest and discount on loans, an increase of \$102,619,000, and \$40,203,000 from service charges on deposit accounts, an increase of \$7,193,000. The principal operating expenses were \$245,417,000 for salaries and wages of officers and employees and fees paid to directors, an increase of \$36,962,000 over the first half of 1946, and \$80,583,000 expended in the form of interest on time and savings deposits, an increase of \$10,592,000. Gross earnings of \$836,128,000 were reported for the six month period of 1947. This represents an increase of \$71,913,000 over the gross earnings for the first six months in 1946. Operating expenses, excluding taxes on net income, were \$516,946,000 as against \$446,741,000 for the first half of 1946.

Cash dividends declared on common and preferred stock totaled \$86,640,000 in comparison with \$78,108,000 in the first half of 1946. The annual rate of cash dividends was 3.26 percent of capital funds. The cash dividends to stockholders in the first half of 1947 were 35.85 percent of the net profits available. The remaining 64.15 percent of net profits, or \$155,058,000, was retained by the banks in their capital accounts.

On June 30, 1947, there were 5,018 national banks in operation, the same as on June 30, 1946.



- 2 -

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX  
MONTH PERIODS ENDED JUNE 30, 1947 AND JUNE 30, 1946, AND THE  
YEAR ENDED DECEMBER 31, 1946

(Amounts in thousands of dollars)

	: 6 months ended		: Year ended
	: June 30,	: June 30,	: Dec. 31,
	: 1947	: 1946	: 1946
Capital stock, par value: <u>1</u> /			
Preferred.....	\$28,359	\$47,424	\$41,789
Common.....	1,742,637	1,636,253	1,714,982
TOTAL CAPITAL STOCK.....	1,770,996	1,683,677	1,756,771
Capital funds <u>1</u> /.....	5,308,680	4,873,577	5,149,799
Earnings from current operations:			
Interest and dividends:			
On U.S. Government obligations.....	312,727	361,602	701,612
On other securities.....	51,848	51,251	102,614
Interest and discount on loans.....	328,829	226,210	507,212
Service charges on deposit accounts.....	40,203	33,010	69,387
Other service charges, commissions, fees, and collection and exchange charges.....	26,092	26,075	52,766
Trust department.....	25,552	23,336	50,399
Other current earnings.....	50,877	42,731	89,524
TOTAL EARNINGS FROM CURRENT OPERATIONS.....	836,128	764,215	1,573,514
Current operating expenses:			
Salaries and wages:			
Officers.....	83,983	74,546	158,789
Employees other than officers.....	157,117	130,071	284,834
Fees paid to directors and members of executive, discount, and advisory committees.....	4,317	3,838	8,206
Interest on time deposits (including savings deposits).....	80,583	69,991	144,514
Taxes other than on net income.....	28,861	26,633	54,319
Recurring depreciation on banking house, furniture and fixtures.....	10,871	10,821	23,265
Other current operating expenses.....	151,214	130,841	277,645
TOTAL CURRENT OPERATING EXPENSES.....	516,946	446,741	951,572
NET EARNINGS FROM CURRENT OPERATIONS.....	319,182	317,474	621,942

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX  
MONTH PERIODS ENDED JUNE 30, 1947 AND JUNE 30, 1946, AND THE  
YEAR ENDED DECEMBER 31, 1946 - Continued

(Amounts in thousands of dollars)

	6 months ended		Year ended
	June 30,	June 30,	Dec. 31,
	1947	1946	1946
<u>Recoveries:</u>			
On securities.....	\$13,001	\$17,530	\$33,816
On loans.....	14,548	23,865	41,313
All other.....	11,779	14,308	29,010
TOTAL RECOVERIES.....	39,328	55,703	104,139
Profits on securities sold or redeemed.....	35,907	72,967	110,518
TOTAL RECOVERIES AND PROFITS ON SECURITIES SOLD OR REDEEMED.....	75,235	128,670	214,657
<u>Losses and charge-offs:</u>			
On securities.....	26,146	35,302	74,620
On loans.....	15,797	9,890	44,520
All other.....	11,493	18,356	36,569
TOTAL LOSSES AND CHARGE-OFFS.....	53,436	63,548	155,709
PROFITS BEFORE INCOME TAXES.....	340,981	382,596	680,890
<u>Taxes on net income:</u>			
Federal.....	93,772	95,829	174,454
State.....	5,511	6,174	11,538
TOTAL TAXES ON NET INCOME.....	99,283	102,003	185,992
NET PROFITS BEFORE DIVIDENDS.....	241,698	280,593	494,898
<u>Dividends declared:</u>			
On preferred stock.....	734	1,374	2,427
On common stock:			
Cash dividends.....	85,906	76,734	167,702
Stock dividends.....	18,821	19,305	28,165
TOTAL DIVIDENDS DECLARED.....	105,461	97,413	198,294
Number of banks <u>1/</u> .....	5,018	5,018	5,013
<u>Annual rate of net profits:</u>			
To capital funds <u>1/</u> .....	Percent 9.11	Percent 11.51	Percent 9.61
<u>Annual rate of cash dividends:</u>			
To capital funds <u>1/</u> .....	3.26	3.21	3.30

1/ At end of period.

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Friday, September 26, 1947

Press Service  
No. -477

The Bureau of Customs announced today that due to some adjustments in the data on the amounts of cotton presented for entry at the opening of the quotas, Press Service No. S-474 of September 24, 1947, has been amended to read as follows:

The global quota of 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more but less than 1-11/16 inches was more than filled by entries and withdrawals for consumption filed at the opening of the quotas, 12:00 Noon, Eastern Standard Time, on September 22, 1947. 48,977,180 pounds of such cotton, of which approximately 96 per centum was of Egyptian origin, were offered for entry. The Bureau authorized collectors of customs in the ports where entry was made to release 93.2198 per centum of each entry to the importer of record.

The quotas of 8,883,259 pounds for Mexico and 618,723 pounds for Brazil of cotton having a staple of less than 1-1/8 inches (other than rough or harsh cotton of less than 3/4 inch and other than linters) were also oversubscribed. 51,645,356 pounds of such cotton from Mexico were presented for entry at the opening moment of the quota, thus permitting the Bureau to authorize the release of but 17.2005 per centum of each such entry. Brazilian cotton in the amount of 992,396 pounds was presented and the Bureau authorized the release of 62.3463 per centum of each entry.

Imports for consumption of the kinds of cotton waste subject to the quotas prescribed in the President's Proclamation No. 2351 of September 5, 1939, as amended, from British India exceeded slightly the amount permitted entry from that country and approximately 99 per centum of each entry of such cotton wastes presented was authorized released.



## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, September 30, 1947

Press Service  
 No. S-478

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 October 2, 1947, and to mature January 2, 1948, which were offered on September 26, 1947, were opened at the Federal Reserve Banks on September 29.

The details of this issue are as follows:

Total applied for - \$1,617,358,000  
 Total accepted - 1,301,548,000 (includes \$24,892,000 entered on a non-competitive basis and accepted in full at the average price shown below)  
 Average price - 99.791  $\frac{1}{2}$  Equiv. rate of disc. approx. 0.817% per annum  
 Range of accepted competitive bids (excepting two tenders totaling \$150,000)

High - 99.815 Equiv. rate of discount approx. 0.724% per annum  
 Low - 99.788 " " " " " 0.830% " "

(75 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	\$ 550,000	\$ 550,000
New York	1,508,869,000	1,229,594,000
Philadelphia	12,855,000	2,230,000
Cleveland	3,385,000	3,360,000
Richmond	3,625,000	3,625,000
Atlanta	1,025,000	1,025,000
Chicago	42,616,000	19,366,000
St. Louis	1,820,000	1,820,000
Minneapolis	6,855,000	6,805,000
Kansas City	8,247,000	8,247,000
Dallas	4,519,000	4,434,000
San Francisco	22,992,000	20,492,000
	<hr/>	<hr/>
	\$1,617,358,000	\$1,301,548,000

## TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS  
Tuesday, September 30, 1947

Press Service  
No. S-479

The Treasury Department announced today the revocation of General License No. 50 which authorized certain transactions prohibited under the freezing regulations if such transactions were by, or on behalf of, the Government of Switzerland or the Banque Naponale Suisse. This action, taken in agreement with the Government of Switzerland, was provided for in the defrosting arrangement which led to the inclusion last November of Switzerland and Liechtenstein in General Licenses Nos. 94 and 95.

oOo

## TREASURY DEPARTMENT

Washington

(The following address by A. Lee M. Wiggins, Under Secretary of the Treasury, at the annual convention of the American Bankers Association, at Atlantic City, New Jersey, is scheduled for delivery at 11:00 A.M., Eastern Standard Time, Wednesday, October 1, 1947, and is for release at that time.)

Three years ago it was my pleasure to address the annual convention of the American Bankers Association as your retiring president. Today, after an interval of three years, I return as an official of the Government to continue the discussion of some of our national problems.

Through the past eight months, I have been able to observe at first hand the operations of Government and have participated in handling some of the problems of Government.

That experience confirms, strengthens, and deepens the conviction that I have expressed to you on other occasions, namely, that democratic government, as conceived and wrought by the American people, is the best system of human relationships yet devised by man. It continues to be the last best hope of man.

Too much are we inclined to emphasize the weaknesses of democratic processes, the wastes in our system of checks and balances, the failures that result from political influences, the unbalanced weight of powerful minorities in the determination of national policies, and the give and take and compromise on legislative programs, and to consider these things as evidence of weakness in the basic structure of democratic government.

Some of them, no doubt, constitute a price for democracy. But, more important to me, are they the evidence of a flexibility which constitutes the strength of democracy. Democratic government, as we understand it and as it has true value, must operate in an environment of freedom. When men are free to think as they please, to differ as they will, and to seek to translate their views into policies of government, there necessarily follows a flexibility that responds to the changing needs of national life. It is this flexibility that assures the strength and permanence of democratic government.



- 2 -

It is now more than two years since the end of our armed conflict. The readjustment from war to peace has ever been a difficult period. Much of the world has made little progress in that adjustment. In this country, we have moved further and more quickly than any of us dared hope. The shift from wartime production to peacetime has been a marvel of industrial readjustment. There has been a minimum of disturbance in the field of finance. In spite of the necessity of vast operations in financing Government during the war, our financial machinery was adequate and has handled a Government debt in an amount undreamed of prior to the war. And, in spite of continuing high costs of Government, most of which is attributable to the war, we have achieved a balanced Federal budget within two years of the end of the conflict.

Furthermore, the flexibility of democratic government has made possible the restoration of many of the freedoms in our economic life that were taken away under the stern necessity of regimentation for war. Many Government controls have been removed, some perhaps too quickly, but all through the operation of democratic processes. Throughout much of the world, this has not happened, but, on the other hand, the powers of the state have further increased and the freedoms of the individual have been further restricted.

If we examine our postwar economy in terms of prewar, we discover several important developments. The Federal Reserve Board's index of industrial production is now 67 percent higher than the average for the year 1939. Although industrial production is only a portion of total production in the economy, we find from available evidence that the total output of goods and services - including agriculture and elsewhere in the economy, as well as in industry - has risen nearly proportionately.

But purchasing power has risen even more than production. Our national income has increased 172 percent; deposits in commercial banks have increased 162 percent; and the total liquid assets held by individuals have risen about 250 percent since 1939. Purchasing power has outrun production. Prices have gone up all along the line. The most fundamental prices of all - those paid by consumers - have gone up about 60 percent since 1939.

Today our major economic problem at home is to make sure the dollar size of the economy does not further outrun its physical size.

In solving this problem, we are confronted with major difficulties both on the side of supply and on the side of demand.

On the side of supply, we find that our economy is now almost fully employed. This is true of both our labor force and our physical plant. This leaves but one way in which production can be substantially increased promptly, and that is through greater production per individual employed.

On the side of domestic demand, our major difficulty is impatience. Large backlogs still remain from the war period and there is the purchasing power to make them effective, while consumers seem to be unwilling to wait for the regular course of production to catch up with their orders.

The situation calls for restraint on the part of Government, consumers, business, and labor - restraint in spending, restraint in pricing policies, restraint in wage demands, restraint in tax policies. If we will exercise this restraint, the present combination of factors can result in a long continuing period of prosperity; if we do not, it can result only in further inflation.

We accomplish little, if anything, by merely writing up price tickets. We cannot create prosperity in this country merely by writing up higher and higher price tickets, whether on wages, on commodities, or on profits. Although our economy is now geared to a higher ratio of dollars to the volume of production than before the war, and no doubt will continue above the prewar relationship, a continuation of the write-up of more and more dollars must inevitably lead to a top-heavy dollar structure.

The pressure of the dollar against goods arises not only from this unbalance but also because of the desperate shortage of goods throughout the world. We hear much of the dollar shortage, but that is a mere symbol of the shortage throughout the world of goods that require dollars to produce. While we are consuming in this country the largest volume of production in our history, in many of the countries of Europe consumption is on a starvation level. This is particularly true as to food. With reasonable temperance in eating and careful avoidance of waste of food, we can feed millions of hungry people.

We are today confronted with the practical urgent necessity for taking proper action in dealing with this situation. In our domestic economy we cannot afford to allow the pressure of dollars against goods to rise to the point that it will endanger our whole economy. At the same time, we must face in our conscience the stark requirements of hungry people in other nations. As we face the realities of the world situation,

- 4 -

we know deep down in our hearts that aside from any generous impulse, our own long-term self-interest requires a participation in meeting the needs of other peoples. Whether we like it or not, we now realize that we cannot maintain an island of prosperity in the midst of a sea of adversity.

Our resources are not unlimited. We would be foolish to tear down and give away our own house through generous impulses. We must remain strong, because not only is our continuing strength necessary to preserve this Nation but a strong America is the best hope of the world. We must find proper balance between the head and the heart.

We must be as generous as long-term self-interest will permit. This means that we must share our production of the necessities for maintaining life with many peoples throughout the world until they are able to survive through their own production. America has never turned a deaf ear to hunger and cold and disaster. This does not mean that we should accept the responsibility of working out their problems, but we have a clear duty to provide food and fuel to prevent starvation and death. To many nations that do not have current means with which to repay, we must also provide productive equipment and loans with which to pay for such equipment. Such loans, being for productive purposes, could and should be on a sound and solid basis. Generosity and loans need not be mixed. There is a limit to what we may be able to give, but the limits of loans for productive enterprise can be multiplied through Government and by private capital. There is immediate and urgent need in both fields, and prompt action is necessary if some nations are to avoid the twilight of disintegration.

I have discussed only the economic side of our international problems, but we cannot close our eyes to the political side. The world revolution of the past half century finds fertile fields among many peoples whose economies have been wrecked, who are living in wretchedness and who face hopelessness and despair. Such is the breeding ground of communism. We find it difficult here in America, where the individual is his own master and where we are surrounded by abundance, to understand why many people in many nations give up their birthright and surrender their souls to systems of government under which freedom disappears and the individual becomes the slave of the state. I think the answer is that hunger, fear, hopelessness and a familiarity with death break down the will, destroy ambition and weaken resistance. It is a surrender to futility. Under such conditions, freedom becomes a mockery and a government of free men an idle dream. As this poison



- 5 -

spreads throughout the world, it destroys freedom everywhere and gets into the bloodstream of civilization. We have no choice but to fight its spread with all the tools we have. However, argument, facts, and enlightenment are not enough in barren soil. That soil must be fertilized through provision of the basic necessities of life, from which may follow renewed hope and courage.

It is easy to surrender our spirit to a sense of hopelessness as to the future of many parts of the world. I do not subscribe to the inevitability of any such conclusion. On the other hand, it is my deliberate conviction that to the furthest part of the world today there beckons an opportunity within grasp in the foreseeable future of the greatest advance in the standard of living and well-being for the most people in the shortest period of time in the history of the world.

To realize that opportunity, there are three requirements. The first is for the countries of the world to utilize the experience of this Nation in multiplying per capita production. This means, first of all, hard work and the production of goods. It means also the multiplication of human production through the use of mechanical energy. Second, it requires the cooperation of free men under systems of government that will release the springs of incentives. The third requirement is sound and stable governments of integrity that will invite world-wide investment and trade. Under such conditions, capital and management know-how will flow to the four corners of the earth.

I do not mean to say that this opportunity will be grasped throughout the world. At the present, it appears that many people in many nations are more interested in internal strife and in efforts to promote political ideologies that restrain the energies of men, that remove their incentives and destroy their hopes than are willing to work with one another to rebuild their national life and improve their well-being. Many are tired and discouraged and see no hope for the future. Others are imprisoned by a ruthless minority of a police state. Our opportunity is in doing all we can to keep the spark of their hope alive.

Perhaps we are too much inclined to see the destructive forces at work throughout the world and to look only at the dark side of the picture. There is no more thrilling epic of courage and heroism in the long tragic fight of man for freedom than we find in many of the nations of Europe today.

Men and women in every land are pouring out their last ounce of resistance against the tides that would engulf them. They still carry the torch of freedom in the face of cyclonic winds that would extinguish the light forever. Their bodies are wracked under the heels of tyrannic despotism, but their spirits do not yield. They lift their eyes to the hills from whence cometh help, if help is to be had. Throughout the world, America stands today not only as a symbol of hope and the inspiration for freedom but as a land and people with the means that can make possible the translation of the dreams of millions of people into reality.

In our own country there are some who profess to see across the horizon indications of trouble ahead in our own economic progress. The best insurance against such trouble is to recognize these threats and to take timely action. The basic factors in our economy show that we can support a high level of production and consumption for a substantial period ahead. There is a large backlog of accumulated individual savings and corporate surplus, an unsatisfied demand for goods that will require years to fill, and there continues a dynamic growth of our productive economy. We have discovered secrets of production during the war period through the ingenuity of our workers and the wider use of mechanical power that astonished us and seemed a miracle to the rest of the world. Our large purchasing power is widely distributed among the people. Demands for our products multiply throughout the world and the continued flow of trade is essential for them and most important for us.

If failure comes, it will be through our failure to properly harness and direct the forces that make it possible to stabilize a high national income for years to come. It may also come from the race of the various segments of our economy to secure a larger share of the fruits of our production through trying to put the highest possible price tickets on their share.

In achieving a sound, continuing economy, the financial policies of Government will play an important part. In particular, this means the management of the public debt, the size and character of the Government budget, and the policy of taxation followed.

The policy of debt management has been specifically directed toward a reduction in money supply through the liquidation of bank-held Government debt. There have been three phases of debt management since the beginning of the war. The first was the period in which vast sums were raised through the issuance of new securities to provide funds for war purposes.



The second phase began with the end of the Victory Drive, which resulted in large Treasury balances in the banks. These balances were used largely to retire bank-held Government debt. We are now in the third phase, in which Government balances are kept at peacetime operating level, and, with the achievement of a balanced budget, there is no need for additional funds. Debt management now consists of reducing the total debt through the use of a budget surplus, and the transfer of the debt through the sale of securities to non-bank holders, including trust funds of Government, and using the proceeds to further reduce the bank-held debt. During the period from February, 1946, to date, in which the gross outstanding debt was reduced 21 billions of dollars, the bank-held debt, during the same period, was reduced \$24 billions, the difference resulting from the shift of ownership.

I need not say to bankers that the policies pursued in debt management have an important effect upon the entire financial community, including the money markets, bank earnings, returns on long-term investments, as well as on the pockets of the taxpayers. All of these are important considerations and must be constantly weighed. Bankers have been fully cooperative with Government in debt management programs that were in the public interest, including the sale of Government securities to the public and even including policies that resulted in lower bank earnings. We must not, at this time let up in our efforts to distribute more of the debt into the hands of the public.

I am convinced that the Federal Government and the Federal Reserve System, with their high degree of cooperation, not only have the essential powers but the machinery and the know-how for the sound management of the public debt under any conditions that may arise. So long as the public debt remains at high levels, these powers should and must be exercised. They should be exercised to permit so far as possible, a degree of freedom in the money markets and in the investment markets. However, the major consideration must be the effect of such management on the economy of the Nation as a whole.

Budgetary expenditures of the Federal Government have been reduced from more than \$100 billion for the fiscal year ending June 30, 1945, to a current budget estimate of \$37 billion for the year ending June 30, 1948. This is a cut of two-thirds within a three-year period. Most of the reduction was in items for war purposes. Of the present budget of \$37 billion of expenditures, about three-fourths of the total are for purposes related directly to war, the effects of war, or efforts to prevent a future war. This leaves 26 percent of the current budget for all Government programs, of which the share of general



Government is only 4 percent. The President has been most vigorous in his efforts to reduce budget expenditures. In the current budget, he made a reduction of \$5.5 billion from the estimates submitted to him by the various departments. As part of the readjustment plan, the President not only recommended recision of \$65 billion of appropriations, but set limitations which reduced expenditures substantially below the appropriations made by Congress.

There are times and conditions under which Government expenditures should be made to conform to a pre-determined level of revenue, but in the present state of world affairs, we are confronted with the practical necessity of measuring the requirements in terms of the national interest and providing the revenues to meet those requirements.

In spite of the continuing efforts being made to reduce the cost of Government, the budget will remain relatively high in terms of prewar budgets. An outlay of \$23 billion, or nearly two-thirds of the total budget, is now required for the three items of expenditures for national defense, veterans and interest on the public debt.

This leads to a consideration of taxes. Any tax program must start from the budgetary requirements of Government. Assuming a balanced budget, the cost of Government must be provided through current taxes. The second consideration is a surplus to be used to retire the public debt. What the amount of this debt retirement should be will vary under different conditions and becomes a matter of judgment. It would seem to me proper to use a relatively simple formula: That in times of a high level of income, and particularly in times of inflationary pressures, larger payments should be made on the debt. Under adverse conditions, little, if any, can be paid.

Whatever Government income there may be above budgetary requirements and proper application to reduce the debt, the excess should be used for tax reduction.

For the past year and longer, both the Treasury Department and the appropriate committees of Congress have had under study our tax structure. It is generally recognized that the existing tax structure was designed to finance the war to the largest extent possible out of current income. It has as its major objective the production of maximum revenue. It is no reflection on the policies pursued to achieve that objective to recognize that certain other considerations were of less importance. The result has been that inequities have crept into our tax laws and some of the burdens of our present tax structure are ill-designed for peacetime conditions and objectives.

The Secretary of the Treasury, testifying before the Committee on Ways and Means of the House of Representatives on May 19, 1947, said: "I should like to repeat my firm conviction that at this time we have a unique opportunity to modernize the Federal tax system. We are nearing lower peacetime levels of Government expenditure and continuing high levels of national income and production. A period of tax reduction is approaching." He concluded his presentation by saying: "The development of a sound postwar tax system constitutes one of the most important steps toward the assurance of continuing prosperity in this country. If production is to continue to increase, if the American standard of living is to improve in the future as it has in the past, the tax system must yield the needed revenue without impeding business and work incentives, without restricting investment and without weakening consumer markets."

The application of these sound principles of taxation to basic tax laws that shall constitute a peacetime tax program for America is by no means an easy one nor will it be possible to find full agreement everywhere on any tax revision program. The problem is largely an economic one and judgment must be applied in the determination of probable economic effects, not only of varying rate schedules but in the many fields of taxation. It is in these fields of judgment that differences of opinion will arise.

The objective of tax revision is clear. While every consideration should be given to the particular needs of every segment of our economy and to the effect of every tax, both as to rate and structure, and every effort made to achieve the most equitable distribution of the load, the controlling objective must be to raise the revenue required in such ways that the results will be in the best interest of our national economy as a whole. In achieving that objective, self-interest must give way to general welfare.

The bankers have an important part in dealing with the problems I have discussed. Their actions and attitudes will have a direct effect in finding the correct answers.

On the inflationary front, the banks have a potent instrument in the creation of loans. Bank deposits have increased from the prewar level almost proportionately to the increase in national income. Further increases through loans made for speculative purposes create no productivity and merely add to the volume of deposits. Consumer loans promptly flow into the spending stream. While the volume of consumer loans in proportion to national income is well within bounds, the rapid increase of such loans adds inflationary pressure to the spending

stream. With the termination of controls on consumer credits on November 1, the bankers must accept the serious responsibility for the policies they pursue. The bankers have a definite obligation in exercising their powers to create deposits, to examine carefully the effect of all loans on our current national economy.

Under our monetary system, banks are able to create reserves through the sale of Government securities to Federal Reserve banks. Through the use of such reserves, private credits may be multiplied seven-fold. This power of multiplication of credit imposes a serious responsibility upon the banks in terms of the uses for which such credits are made.

A third responsibility of bankers is in the interest of preserving our private enterprise system. We must not confine our efforts in this direction merely to lip service. We should recognize that the kind of private enterprise system that will survive is one in which there is a free play of competition that will restrain both prices and profits. In a period of shortage of goods, heavy demand, and a plentiful supply of dollars, competitive factors have not had free play. In some cases the facilities to produce actually become a temporary monopoly. The result has been higher prices and higher profits than would be possible under free competition and a full supply of goods. The banks themselves have been largely free from excessive prices and the hire of the dollar remains the lowest wage in our economy, but the bankers can have an important influence in restraining those who place their own immediate profit above the national good.

On many occasions I have pointed out trends toward state socialism in this country and have warned bankers that if the Nation should be propelled in that direction, we might find the banking system among the first targets. I have now come to the conclusion that this will not, of necessity, be the case. So long as our dual system of chartered banks remains strong and continues to perform the high degree of public service that commands the confidence and respect of the American people, so long as bankers place national welfare above private profit, so long as our banking system consists of thousands of units scattered across the land and are not allowed to become concentrated in a few large branch banking systems or holding company systems, so long as the bankers themselves fulfill the responsibilities of leadership that their positions of trust require them, so long can banking in this country escape the designs of any who would socialize our American economy.



- 11 -

The crowning responsibility of the bankers, as of everyone else, is to participate in Government. This democratic government of which I speak is not merely made up of a legislative, judicial, and administrative system. It consists of free men and women of whom every individual is a part of government and for which every individual is responsible for the success of that government and for its failure. As an administrator working in Washington, I have tried to discover what our Government really is. I look across the street from my office to the White House and ask myself if the President is really Government. The answer unmistakably is that he is not, but that he is merely one of 140 million people who, through the processes of government, has been handed certain responsibilities and duties. So is a member of Congress and a judge on the bench; so are you and every other citizen of this Nation. Of course, all have different assignments and different duties to perform, but every one of us, under the democratic concept of the rights of the individual, also have our own individual responsibilities and are equally a part of this thing we call democratic government.

In the face of all of the difficulties of this complex society in which we find ourselves and of the desperation and conflicts in which much of the world finds itself, I re-affirm my faith in the principles on which this Nation was built and on the vigor and courage and capacity and vision of the men and women of America and on their zeal and devotion in the cause of freedom, not only for ourselves but to the uttermost parts of the earth.

oOo

## TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE  
Tuesday, September 30, 1947

Press Service  
 No. S-481

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1 percent Treasury Certificates of Indebtedness of Series J-1948, to be dated October 1, 1947.

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 &amp; Allotted</u>
Boston	\$ 59,341,000
New York	629,559,000
Philadelphia	31,653,000
Cleveland	53,989,000
Richmond	19,190,000
Atlanta	39,030,000
Chicago	205,669,000
St. Louis	50,435,000
Minneapolis	46,792,000
Kansas City	91,141,000
Dallas	36,308,000
San Francisco	89,734,000
Treasury	1,028,000
	<hr/>
TOTAL	\$1,353,869,000

ooo

TREASURY DEPARTMENT  
WashingtonFOR RELEASE MORNING NEWSPAPERS,  
Monday, October 6, 1947Press Service  
No. S-482

The Treasury Department today made public a study entitled "Federal Retail Excise Taxes," presenting factual data and analyses intended for use in appraising the present taxes on retail sales of furs, jewelry, luggage and toilet preparations. The study, prepared by the Treasury's Division of Tax Research, is one of a series bearing on proposals for postwar tax revision. It does not make policy recommendations.

A section of the study is devoted to each of the four excises. The history of each tax is traced and the revenue yields are indicated. Analytical discussions cover the economic background of the industries concerned, the effects of the tax on profits, on business costs and competition, and on consumers, and technical and administrative problems which the taxes involve.

Taxes on the four groups of articles were first imposed during World War I, and have been in effect for varying periods since then. A rate of 20 percent of the retail price was applied to the four groups by the Revenue Act of 1943, and this rate remains in force.

Revenues from the four taxes for the fiscal year 1947 were: furs, \$97,500,000; jewelry, \$236,600,000; luggage, \$84,600,000; toilet preparations, \$95,500,000.

\* \* \* \*

The study points out that the wartime demand for furs showed a great increase, and profits for the industry apparently were very favorable, but that as supply and demand conditions become more normal, the present relatively high rate of tax may be expected to affect profits significantly.

Effective April 1, 1947, an important change was made in the application of the tax to fur-trimmed articles. Prior to April 1 the 20 percent tax was payable on all fur-trimmed articles of which fur was the component of chief value; since April 1 it has been payable on fur-trimmed articles only if the value of the fur is more than three times the value of the next most valuable component.

Since cloth coats may be substituted for fur coats, the tax tends to discriminate against producers and sellers of fur coats, particularly those in the lower price ranges. The present tax treatment of fur-trimmed coats results in a disadvantage to the all-fur coat and neck-piece industry, since it results in most fur-trimmed coats being tax-free.



- 2 -

Consumer expenditures for furs appear to constitute an increasing proportion of family income as the size of the income increases. Consequently the tax, to the extent that it increases fur prices to consumers, falls more heavily on the higher income groups.

\* \* \* \*

The excise tax on jewelry applies to a wide range of articles. Jewelry proper and clocks and watches are the chief items of the tax base. The tax exempts silver-plated flatware. The rate for watches selling for not more than \$65 and alarm clocks selling for not more than \$5 is 10 percent instead of 20 percent.

The demand for most items subject to the jewelry tax is for the purpose of personal adornment, though such articles as clocks and watches are considered essential. Wartime expenditures for jewelry greatly exceeded pre-war expenditures. There has been no indication of a post-war decline in retail sales.

After supply and demand have become adjusted to peacetime conditions the present rate of tax may have a significant effect on profits, since purchases of most items would probably be reduced substantially by the tax.

The rate shift from 10 percent to 20 percent at the \$5 and \$65 levels for alarm clocks and watches respectively has adverse competitive effects on some producers. A larger proportion of domestic than imported watches probably sells for more than \$65 and is taxed at 20 percent.

Data for 1941 family expenditures and income indicated that the proportion of income spent for jewelry, watches, clocks, and silver and silver-plated ware was approximately the same for all income groups between \$500 and \$5,000. Average expenditures for these items in the 1941 income group below \$500 represented a considerably lower proportion of income.

The study notes that suggestions have been made for an exemption on jewelry items selling below a certain amount. Exemptions of this character generally would lead to tax avoidance and involve serious administrative difficulties. When an exemption is based on selling price, competitive inequities may result.

\* \* \* \*

The luggage tax applies to the products of three industrial groups, for the most part. One group produces women's pocketbooks, handbags and purses, another small leather goods, and the third luggage proper, or suitcases, trunks and travel bags. There is some overlapping of products.

- 3 -

There are indications that the travel luggage industry faces problems of over-expansion and conversion. As conditions of supply and demand become more normal, the present rate of tax may affect profits significantly. In view of the apparent over-expansion during the war, it will probably be some time before supply becomes adjusted to a lower level of consumer purchases. Under these conditions the present tax would exert a downward pressure on prices and profits of producers and distributors.

Consumer expenditures for handbags appear to represent a substantially larger proportion of family income as the size of the income increases. Data for 1941 indicated that the income groups from \$3,000 to \$5,000 spent roughly 50 percent more in relation to income for handbags than did the income classes below \$2,000.

\* \* \* \*

The tax on toilet preparations affects all income groups. Imposition of the 20 percent tax did not seem to affect sales to any appreciable extent. Under high employment and income conditions this tax is not expected to have a serious effect on the profits of the industry.

On the basis of 1941 family expenditures and income, the proportion of income spent for toilet preparations seems to be about the same for all income groups below \$5,000.

On the point of the relative desirability of a tax on toilet preparations at the retail and the manufacturing levels, the study states that administrative problems under the retail tax are on the whole much less serious and the uniform retail price basis is more equitable in its application to producers and sellers with varying forms of business organizations, than the manufacturers' tax formerly imposed.

## FEDERAL RETAIL EXCISE TAXES

- Part I - Excise Tax on Furs
- Part II - Excise Tax on Jewelry
- Part III - Excise Tax on Luggage
- Part IV - Excise Tax on Toilet Preparations

Division of Tax Research, Treasury Department  
October 1947



## Federal Retail Excise Taxes

One of the important questions in tax revision concerns the changes to be made in the extensive list of excise taxes. This study is one of a series on the commodities and services subject to excise tax. The purpose of the studies is to make available data on tax rates, revenue and the economic background of the industry and to discuss the effects of the tax on profits, on business costs and competition and on consumers. The administration of the tax and the principal technical problems that arise are also considered. The studies are not intended to make policy recommendations but to provide information and analyses which would be useful in appraising the desirability of changing or eliminating the taxes involved.

The study was initially prepared in the Excise Tax Section of the Division of Tax Research. In its preparation valuable assistance and suggestions were received from other members of the Treasury tax staff, including consultation with members of the Office of Tax Legislative Counsel on legal matters and of the Bureau of Internal Revenue on administrative matters.

The general aspects of excise taxes were considered by a committee composed of the technical tax staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation. The detailed analysis of the individual taxes, however, has been prepared independently and reflects only the views of the Treasury tax staff.

Division of Tax Research  
U. S. Treasury Department

October 1947

## FEDERAL RETAIL EXCISE TAXES

## PART I - Excise Tax on Furs

I. Description of the tax

The tax applies to sales at retail of all articles made of fur on the hide or pelt, and articles of which such fur is the component material, but only if such fur component is more than three times the value of the next most valuable component material. 1/

The tax is payable by every person who sells at retail any of the taxable articles. Where a person produces an article from fur furnished, directly or indirectly, by a customer and the article is for the use of such customer, and not for resale, it is considered a sale at retail.

The exemptions provided under this tax are (a) sales for the exclusive use of State or local governments and (b) sales for export.

II. Changes in the tax since 1918

A tax on furs was levied under the Revenue Act of 1918. The tax rates and the effective dates of changes since that Act are shown below:

## Changes in tax rates since 1918

Revenue Act	Effective date	Rate	Revenue Act	Effective date	Rate
1918	Apr. 1, 1919	10% of mfrs. sales price	1936	June 25	3% of mfrs. sales price
1921	Jan. 1, 1922	Repealed	1938	July 1	Repealed
1932	June 21	10% of mfrs. sales price	1941	Oct. 1	10% of retail sales price
1934	May 10	<u>a/</u>	1943	Apr. 1, 1944	20% of retail sales price

a/ Section 608 of the Revenue Act of 1934 exempted from the tax articles selling for less than \$75. Repealed by section 810(b) of the Revenue Act of 1936.

1/ Prior to the Excise Tax Act of 1947, effective April 1, 1947, all articles of which fur was the component material of chief value were taxable.

## TABLE OF CONTENTS

	<u>Page No.</u>
PART III - Excise Tax on Luggage.....	42
I. Description of the tax .....	42
II. Changes in tax since 1918 .....	42
III. Revenue collections 1942-1947.....	43
IV. Economic background of the industry .....	43
A. Character of supply .....	43
B. Character of demand .....	47
C. Outlook for the industry .....	48
V. Effects of the tax .....	52
A. On profits .....	52
B. On business costs and competition .....	52
C. On consumers .....	54
VI. Administration and compliance .....	54
VII. Technical problems .....	55
A. The treatment of small leather goods .....	55
B. Timing of tax rate changes .....	55
PART IV - Excise Tax on Toilet Preparations .....	56
I. Description of the tax .....	56
II. Changes in the tax since 1914 .....	56
III. Revenue collections 1936-1947 .....	57
IV. Economic background of the industry .....	58
A. Character of supply .....	58
B. Character of demand .....	64
C. Outlook for the industry .....	65
V. Effects of the tax .....	65
A. On profits .....	65
B. On business costs and competition .....	66
C. On consumers .....	66
VI. Administration and compliance .....	67
VII. Technical problems .....	67
A. Treatment of sales to beauty and barber shops.	67
B. The definition of toilet preparations .....	68
C. Timing of tax rate changes .....	69
VIII. Relative desirability of retail and manufacturers' tax	69

(Continued)



## TABLE OF CONTENTS

TABLES

	<u>Page No.</u>
<b>PART I - Excise Tax on Furs:</b>	
1 Value of imported raw and dressed fur and fur manufactures, 1929 - 1st. quarter, 1947 .....	3
2 Sales of fur articles, estimated from tax collections, 1942 - 1947 .....	5
3 Value of products of the fur goods industry, and disposable income, 1925 - 1939 .....	7
4 Fur-trimmed coats produced, by manufacturers' price class, 1946 .....	11
5 Untrimmed cloth coats produced, by manufacturers' price class, 1946 .....	12
6 Number of Women's, Misses' and Juniors' coats produced, 1937 - 1946 .....	13
7 United States imports for consumption of raw and undressed furs (except black and silver fox) by country of origin .....	16
8 Number, value and prices of principal raw furs imported, for selected years .....	17
9 United States imports for consumption of silver or black fox furs, by country of origin, 1939 - 1945 ...	18
10 Value of pelts taken on silver fox and mink farms, United States, 1939 .....	20
11 Production of silver fox pelts in the United States, 1929 - 1945 .....	21
<b>PART II - Excise Tax on Jewelry:</b>	
1 Domestic production of jewelry, at manufacturers' prices, 1939 .....	26
2 Distribution of jewelry manufacturing establishments by number of wage earners, 1939 .....	28
3 Value of imports of jewelry and similar items .....	29
4 Apparent consumption of watches by type, 1931-1944 ..	30

(Continued)

## TABLE OF CONTENTS

		<u>Page No.</u>
5	Consumers' expenditures for jewelry and watches as percentage of disposable income .....	34
6	Index of sales of jewelry and silverware by department stores reporting to Federal Reserve Board .....	35
7	Sales of jewelry stores .....	36
PART III - Excise Tax on Luggage:		
1	Value at manufacturers' prices of women's handbags, luggage and miscellaneous cases produced in 1939 ...	44
2	Number of establishments and wage earners in women's pocketbook, luggage and small leather goods industries, 1939 .....	46
3	Taxable sales and index of department store sales of handbags and luggage, 1941 - 1946 .....	49
4	Index of sales of luggage by department stores reporting to Federal Reserve Board .....	50
5	Index of sales of handbags and small leather goods by department stores reporting to Federal Reserve Board .....	51
6	Sales of handbags, small leather goods and luggage estimated from tax collections, April 1944 - March 1947 .....	53
PART IV - Excise Tax on Toilet Preparations:		
1	Production of principal toilet preparations, 1939 ..	59
2	Number of establishments in the perfume, cosmetic and other toilet goods industries, by number of wage earners, 1939 .....	60
3	Sales of toilet preparations, estimated from tax collections, 1942 - 1947 .....	62
4	Price indexes for medium priced and inexpensive face powder and cleansing cream, 1935 - 1st. quarter, 1947 .....	63

## TABLE OF CONTENTS

PART I - Excise Tax on Furs		<u>Page No.</u>
I.	Description of the tax .....	1
II.	Changes in the tax since 1918 .....	1
III.	Revenue collections 1936-1947 .....	2
IV.	Economic background of the industry .....	2
	A. Character of supply .....	2
	B. Character of demand .....	4
	C. Outlook for the industry .....	6
V.	Effects of the tax .....	6
	A. On profits .....	6
	B. On competition .....	8
	C. On consumers .....	8
VI.	Administration and compliance .....	9
VII.	Technical problems .....	9
	A. The treatment of fur-trimmed coats and lower priced fur coats .....	9
	B. Timing of tax rate changes .....	14
	Appendix - Structure of the Fur Industry .....	15
PART II - Excise Tax on Jewelry .....		23
I.	Description of the tax .....	23
II.	Changes in the tax since 1917 .....	23
III.	Revenue collections 1936-1947 .....	24
IV.	Economic background of the industry .....	25
	A. Character of supply .....	25
	1. Structure of the industry .....	25
	2. Wartime changes .....	32
	3. Summary .....	32
	B. Character of demand .....	32
	C. Outlook for the industry .....	33
V.	Effects of the tax .....	37
	A. On profits .....	37
	B. On business costs and competition .....	38
	C. On consumers .....	38
VI.	Administration and compliance .....	39
VII.	Technical problems .....	39
	A. Exemptions and differential rates .....	39
	B. The treatment of sales at auction .....	40
	C. The treatment of ornamented articles .....	40
	D. Timing of tax rate changes .....	41

(Continued)



- 2 -

### III. Revenue collections 1936-1947

This tax produces approximately the same amount of revenue as is obtained from each of the taxes on luggage and toilet preparations and about one-half the revenue from the jewelry tax. Annual collections are shown below:

#### Collections, fiscal years 1936-1947

(In millions)

Fiscal year :	Collections	::	Fiscal year :	Collections
:	:	::	:	:
1936	\$ 3.3		1942	\$ 19.7
1937	5.9		1943	44.2
1938	5.3		1944	58.7
1939	.4		1945	79.4
1940	.2		1946	91.7
1941	.1		1947	97.5

### IV. Economic background of the industry

#### A. Character of supply

The production of fur or fur-trimmed garments involves the trapping or raising of the fur-bearing animals; the dressing, dyeing and blending of the pelts; and the cutting, blocking, fitting and sewing of the processed furs into garments. <sup>1/</sup>

More than half of the raw furs used in the United States normally are imported. The value of imports increased during the war and immediate postwar years but has recently declined. (Table 1) Domestic furs are obtained largely from trapping, although silver fox farming has grown to be the principal source of such furs and some mink furs are produced on farms. Imported and domestic furs are generally dyed, dressed, and blended in the United States by processors who are mostly small-scale operators. The manufacture of fur garments is carried on in small shops and profits tend to be low.

<sup>1/</sup> See Appendix, "Structure of the Fur Industry."

- 3. -

Table 1

Value of imported raw and dressed fur and  
fur manufactures, 1929 - 1st. quarter, 1947 1/

Year	:	Value (In thousands)
1929		\$ 125,853
1930		68,686
1931		53,860
1932		28,495
1933		37,447
1934		40,664
1935		53,161
1936		81,609
1937		86,178
1938		45,837
1939		55,471
1940		79,811
1941		108,984
1942		69,231
1943		90,735
1944		125,890
1945		148,000 <u>2/</u>
1946		218,000 <u>2/</u>
1st. quarter 1946	<u>3/</u>	60,843
1st. quarter 1947	<u>3/</u>	25,291 <u>2/</u>

Treasury Department, Division of Tax Research

Source: Through 1944, Statistical Abstract of the United States, 1946, p. 906. For calendar 1945, 1946, and 1st. quarter 1947, estimates of the United States Tariff Commission. For 1st. quarter 1946, U. S. Department of Commerce, Bureau of the Census, United States General Reports of Merchandise, May 1946.

1/ Data for years 1929-1933 are for general imports, i.e., total imports for the year. Subsequent to 1933 data are for imports for consumption which equals general imports, plus imports withdrawn from warehouses, minus imports stored in warehouses. About 95 percent of the value is represented by raw, unprocessed furs.

2/ Estimated.

3/ General imports; excludes fur manufactures.

In all phases of the industry supply does not appear to be very responsive to price changes. Raw fur production is largely beyond the control of individual producers, the trappers, and fur farmers. The labor force engaged in trapping probably does not vary greatly in normal times. Although the manufacture of fur garments requires relatively small amounts of capital, the labor force in the industry tends to be inflexible because of habitual family employment in this area. It appears that a change in demand for fur garments resulting from a change in the excise tax could not be expected to affect production greatly for some time. It seems more probable that a change in demand would, for the short-run at least, be reflected in the prices received by distributors, processors and producers.

#### B. Character of demand

In general, consumer expenditures on fur garments represent a larger proportion of income in the higher income groups than in the lower income groups. <sup>1/</sup> Purchases by the former are probably more frequent and are in the higher priced lines. Certain types of furs sell at very high prices but, in terms of numbers, most fur garments are sold to consumers in the middle and lower income groups. For 1943 it was estimated that approximately 65 percent of fur coats (exclusive of fur-trimmed coats) retailed for less than \$200 and probably 80 percent at less than \$300. <sup>2/</sup>

Most of the fur and fur-trimmed coats are priced higher than cloth coats. A relative increase in the price of fur coats tends to induce consumers to shift to cloth coats. Moreover, since furs are durable goods some consumers will defer purchases when prices are considered too high. Weather and style also are important factors in the timing of demand.

The demand for fur goods increased during the war along with the rise in the level of national income. Sales, as indicated by tax collections, reached a peak in 1943, declined somewhat in 1944, recovered slightly in 1945, and approached the 1943 level in 1946. (Table 2) The decline in 1944 apparently was in part a result of the increase in the excise tax from 10 percent to 20 percent. <sup>3/</sup> It also appears that there was "over-buying" in 1943, since sales in that year

---

<sup>1/</sup> See p. 8 below.

<sup>2/</sup> Office of Price Administration.

<sup>3/</sup> There are indications that other factors contributed to the decline, since the production of non-taxable cloth coats, according to the Census Bureau, decreased by 6 percent from 1943 to 1944.



Table 2

Sales of fur articles, estimated from  
tax collections, 1942 - 1947 <sup>1/</sup>

1. Amount (In thousands)

Month	1942	1943	1944	1945	1946	1947
Total	\$ 366,580	\$ 549,430	\$ 425,275	\$ 443,870	\$ 494,970	-
January	37,810	57,980	72,060	60,385	69,095	\$ 66,070
February	35,050	47,730	43,920	44,700	45,505	43,095
March	25,230	46,010	48,430	31,695	31,490	33,245
April	15,170	29,440	30,215	21,710	25,960	23,332 <sup>2/</sup>
May	8,960	16,710	5,515	12,465	13,565	12,226 <sup>2/</sup>
June	7,270	16,550	7,215	14,700	15,895	13,587 <sup>2/</sup>
July	8,510	21,080	9,540	16,690	18,145	
August	23,450	30,740	18,340	18,060	26,170	
September	37,160	49,930	31,855	40,455	50,205	
October	39,160	58,420	41,270	49,540	46,615	
November	59,260	76,420	58,530	59,200	75,595	
December	69,550	98,240	59,385	74,270	76,730	

2. Percentage change from same month of previous year

Month	1942- 1943	1943- 1944	1944- 1945	1945- 1946	1946- 1947
Total	+ 50 %	- 22 %	+ 4 %	+ 12 %	-
January	+ 53	+ 24	- 16	+ 14	- 4
February	+ 36	- 8	+ 2	+ 2	- 5
March	+ 82	+ 5	- 35	- 1	+ 6
April	+ 94	+ 3	- 28	+ 20	- 10 <sup>2/</sup>
May	+ 86	- 67	+ 126	+ 9	- 10 <sup>2/</sup>
June	+ 128	- 56	+ 104	+ 8	- 15 <sup>2/</sup>
July	+ 148	- 55	+ 75	+ 9	
August	+ 31	- 40	- 2	+ 45	
September	+ 34	- 36	+ 27	+ 24	
October	+ 49	- 29	+ 20	- 6	
November	+ 29	- 23	+ 1	+ 28	
December	+ 41	- 40	+ 25	+ 3	

Treasury Department, Division of Tax Research

Source: Treasury Bulletin.

<sup>1/</sup> Estimated by assuming current month's collections apply to past month's sales. Excludes excise taxes.

<sup>2/</sup> Not comparable with figures for months prior to April 1947 because of change in law relating to taxability of fur-trimmed coats.

were unusually high in relation to the level of income. 1/

It is difficult to interpret the effect of the wartime changes in the tax rate on demand, because of the large changes in level of income and abnormal consumption patterns. 2/ However, it seems that price increases normally would substantially reduce the number of fur garments sold. Moreover, changes in prices of such garments may have a relatively greater effect on sales of lower priced garments because of the possible substitution between fur and cloth garments.

### C. Outlook for the industry

In late 1946 prices of fur coats fell sharply and clearance sales were widespread for the first time since the beginning of the war. Moreover, these sales occurred during the peak of the business season. This situation appears to have resulted from a number of factors. With the lifting of price control, prices were marked up, particularly on the more expensive merchandise, and apparently buyer resistance developed. In addition, the unusually warm weather during the fall season resulted in the postponement of purchases. In view of the fact that the style factor tends to limit sales to a given season and that the season's supply had already been largely produced, the industry was faced with the problem of either carrying stocks into the subsequent year, or of stimulating buying by lowering prices. Although sales, as indicated by tax collections, declined in January and February below the level of the same months of previous year, they increased slightly in March.

Although fur sales may be expected to continue substantially above pre-war levels in view of the higher level of national income, there is no clear indication of the future relationship between sales and the level of income. The value of fur goods produced decreased by more than 30 percent between 1925 and 1939, although the level of disposable income changed very little. (Table 3)

### V. Effects of the tax

#### A. On profits

Wartime profits for the industry were apparently very favorable 3/ as demand increased greatly. The tax may have reduced profits somewhat

- 
- 1/ Comparison with sales of jewelry, which usually follow the same cyclical pattern as furs, seems to support this view.
- 2/ There is very little pre-war information on this point.
- 3/ Corporation returns of the fur industry showed a net loss of \$159,000 in 1939 and a net income of \$4.2 million in 1943. Over 60 percent of the returns reported no net income in 1939 compared with less than 20 percent in 1943. (Statistics of Income, Part 2, Table 2)

Table 3

Value of products of the fur goods industry,  
and disposable income, 1925 - 1939

Year	Amounts		Indexes (1925 = 100.0)	
	Value of products <sup>1/</sup> (Millions)	Disposable income <sup>2/</sup> (Billions)	Value of products <sup>1/</sup>	Disposable income <sup>2/</sup>
1925	\$ 254.3	\$ 70.6	100.0	100.0
1927	299.6	74.1	117.8	105.0
1929	277.6	79.6	109.2	112.7
1931	164.7	59.6	64.8	84.4
1933	80.5	44.5	31.7	63.0
1935	143.8	56.3	56.5	79.7
1937	155.6	69.2	61.2	98.0
1939	168.0	67.7	66.1	95.9

Treasury Department, Division of Tax Research

Sources: Production, Sixteenth Census of the United States,  
"Manufactures," Vol. II, Part 1.  
Disposable income, 1929 - 1939, "Survey of Current Business,"  
May 1942, April 1944; 1925, 1927, estimates of Department of  
Commerce.

<sup>1/</sup> In manufacturers' prices.

<sup>2/</sup> Disposable income represents income payments less personal taxes.  
Department of Commerce data on income and expenditures used in  
this study are those issued prior to the revisions published in  
"National Income", Supplement to Survey of Current Business, July 1947.



because of its tendency to reduce the demand. In the absence of the tax, further pressure would have been exerted on price ceilings.

As supply and demand conditions become more normal in the future, the present relatively high rate of tax may be expected to affect profits significantly. Sales are likely to be substantially lower because of the tax. This in turn will tend to lower prices to distributors, processors and producers of raw furs. As a result of the difficulties experienced during the 1946-1947 selling season, the industry has been undergoing a readjustment, and under these conditions the effect of the tax on the profits of the industry may be serious.

#### B. On competition

The tax affects the competitive position of different producers and sellers. Since cloth coats may be substituted for fur coats, the tax tends to discriminate against producers and sellers of fur coats, particularly those in the lower price ranges. The present treatment of fur-trimmed coats results in a considerable disadvantage to the specialized manufacturers and distributors of all fur coats and separate fur articles such as neck-pieces. 1/

#### C. On consumers

Fur purchases constitute a relatively small proportion of total consumers' expenditures. Expenditures for low priced fur coats have a small effect on the Consumers' Price Index of the Bureau of Labor Statistics. 2/

Consumer expenditures for furs appear to constitute a substantially larger proportion of family income as the size of the income increases. 3/ For 1941 indicated expenditures on fur and fur-trimmed coats in the income class from \$3,000 - \$5,000 were more than twice as large in relation to income as such expenditures in the \$1,000 - \$2,000 income class and more than three times as high as the expenditures in the

---

1/ See p. 10 below.

2/ The weight given fur garments in the Index was .1 in 1939; .2 in 1945. The weights are based on the proportion of furs to total purchases during 1936-1939, and the price changes on rabbit coats since then.

3/ Based on Bureau of Labor Statistics, "Family Spending and Saving in Wartime," Bulletin No. 822, April 1945; Bureau of Agricultural Economics, "Rural Family Spending and Saving in Wartime," Miscellaneous Publication No. 520, June 1943.

income class below \$1,000. Consequently, the tax, to the extent that it increases fur prices to consumers, falls more heavily on the higher income groups.

Expenditures on furs rise and fall more than proportionately with changes in disposable income. <sup>1/</sup> Thus, the tax has the effect of withdrawing relatively more purchasing power from the income stream in periods of high business activity than in periods of low business activity.

#### VI. Administration and compliance

It appears that there are approximately 10,000 taxpayers (mostly retail stores) filing returns under this tax. However, many of these taxpayers, such as department stores, do not file returns solely because of the fur tax, since they are required to file returns under the other retail taxes on luggage, jewelry, and toilet preparations.

The tax presents no unusual administrative difficulties, but some evasion is stimulated by the existing high rate. There is a limited amount of evasion of the tax on fur-trimmed coats in connection with determining the value of components in the coats, but this is not believed to be serious.

Although record-keeping imposes some burden on retailers, the volume is not great because of the large unit sales. Some retailers have experienced difficulty in securing information on the value of components from manufacturers but the latter have generally been cooperative.

#### VII. Technical problems

The principal technical problems which arise under this tax are:

1. The treatment of fur-trimmed and lower priced fur coats.
2. The timing of a change in the tax rate so as to minimize disturbance to the industry.

##### A. The treatment of fur-trimmed coats and lower priced fur coats

In taxing fur articles, it is necessary to establish a rule for the purpose of determining when a garment made partially of fur and partially of other materials is to be taxable. From the imposition of the tax on furs in 1918 until the passage of the Excise Tax Act of 1947, all acts taxing furs have provided that articles whose component material of chief value is fur on the hide or pelt were taxable. Effective April 1, 1947, the law was amended to provide that such articles are taxable only if the value of the fur is more than

---

<sup>1/</sup> Based on Department of Commerce data. The data indicate that a 1-percent change in the level of disposable income may result in a 1.8 percent change in expenditures for furs. Disposable income represents income payments less personal taxes. Department of Commerce data on income and expenditures used in this study are those, issued prior to the revisions published in "National Income", Supplement to Survey of Current Business, July 1947.

three times the value of the next most valuable component material.

The amended law has the effect of exempting most fur-trimmed coats. 1/ This raises questions of equity regarding the competitive position of producers of fur and fur-trimmed coats and the consumers of the respective articles. The present provision has the effect of exempting fur-trimmed garments in which the value of the fur component may exceed the value of the fur in the lower priced all-fur coats. 2/ It also results in a substantial loss in revenue compared with the "chief component rule" previously in effect and may entail increased administrative difficulties and possibilities of evasion. The former rule probably exempted most of the lower priced fur-trimmed coats and in general the fur-trimmed coats that were taxable probably were priced higher than most of the untrimmed cloth coats.

In order to reduce the discrimination indicated above, proposals have been made to exempt both fur and fur-trimmed articles selling below a certain price. Previous experience with this type of exemption indicates that it would not be satisfactory to the industry and would be difficult to administer. The Revenue Act of 1934 provided for an exemption of \$75 (on the basis of the manufacturers' sales price). Following the enactment of the exemption, the producers of raw furs contended that it forced down the prices received for their furs and they supported repeal of the exemption in 1936. 3/ Experience showed that the exemption also afforded a broad field of tax evasion, and increased substantially the difficulties encountered in administering the law and the cost of administration. The incentive to tax evasion probably would be much stronger under the existing 20-percent

---

1/ Even with a cost for the cloth shell as low as \$10, a non-taxable garment could be produced with a fur set costing \$30. After allowing for other costs and the manufacturer's mark-up, the fur-trimmed coat with the cloth shell costing \$10 would probably be priced at \$75 or more by the manufacturer. With a higher cost for the cloth shell a non-taxable coat could be made at a price above which apparently very few fur-trimmed coats are produced. (See Tables 4, 5, and 6 attached, for data on production of fur-trimmed and untrimmed cloth coats.)

2/ Moreover, separate fur pieces are taxable under the present provision, while the same fur attached to a garment is likely to be exempt.

3/ Congressional Record, Vol. 80, p. 9105. The exemption was repealed in the 1936 act, at which time the rate was reduced from 10 percent to 3 percent.



- 11 -

Table 4

Fur-trimmed coats produced, by manufacturers' price class, 1946 <sup>1/</sup>

(Thousands of coats)

Month	Total	Price class							Price unknown
		Under \$22.00	\$22.00- 29.00	\$29.00- 39.00	\$39.00- 59.00	\$59.00- 76.00	\$76.00- over	and	
Total	1,679	116	162	275	529	285	284	28	
January	53	19	6	4	9	5	5	5	
February	23	11	1	2	2	2	2	3	
March	19	4	2	6	3	2	2	<u>2/</u>	
April	27	8	5	5	4	2	1	2	
May	57	4	14	9	13	8	6	3	
June	143	15	24	22	46	19	13	4	
July	298	16	29	52	93	48	55	5	
August	353	14	36	62	113	58	68	2	
September	296	12	23	51	101	56	52	1	
October	265	6	15	38	94	58	52	2	
November	109	5	5	16	38	21	23	1	
December	36	2	2	8	13	6	5	-	

Treasury Department, Division of Tax Research

Source: Bureau of the Census, Facts for Industry, Series M67H.<sup>1/</sup> Includes Junior, Misses' and Women's coats.<sup>2/</sup> Less than one thousand.

- 12 -

Table 5

Untrimmed cloth coats produced,  
by manufacturers' price class, 1946 <sup>1/</sup>

(Thousands of coats)

Month	Total	Price class							Price and unknown
		Under \$11.00	\$11.00- 16.00	\$16.00- 22.00	\$22.00- 29.00	\$29.00- 39.00	\$39.00- over	Price	
Total	19,980	1,852	5,102	5,543	3,805	2,113	1,205	360	
January	1,942	210	600	563	261	154	62	87	
February	2,035	191	640	581	304	158	70	91	
March	2,483	288	841	665	322	193	89	85	
April	2,162	358	642	588	298	181	81	14	
May	1,174	172	312	313	204	100	50	23	
June	1,490	151	338	436	360	128	55	22	
July	1,705	113	333	520	415	195	115	14	
August	1,805	84	314	531	447	256	162	11	
September	1,454	67	244	402	370	215	151	5	
October	1,503	93	284	361	343	240	179	3	
November	1,091	67	296	256	217	142	110	3	
December	1,136	58	258	322	264	151	81	2	

Treasury Department, Division of Tax Research

Source: Bureau of the Census, Facts for Industry, Series M67H.

<sup>1/</sup> Includes Junior, Misses' and Women's coats.

- 13 -

Table 6

Number of Women's, Misses' and Juniors'  
coats produced, 1937 - 1946

(In thousands)

Year	Total	Fur-trimmed	Untrimmed
1937	16,731	<u>1/</u>	<u>1/</u>
1939	17,267	<u>1/</u>	<u>1/</u>
1943	24,032	3,255	20,777
1944	21,738	2,265	19,473
1946	21,659	1,679	19,980

Treasury Department, Division of Tax Research

Source: Bureau of the Census, Sixteenth Census of the United States, "Manufactures," Vol. II, Part 1, p. 438;  
Facts for Industry, Series M67H.

1/ Not available.



- 14 -

retail tax than it was under the 10-percent manufacturers' tax in 1934.

B. Timing of tax rate changes

Retail sales of fur coats are highly seasonal, the largest number of coats being purchased by consumers during the fall and winter months. Advance notice of a tax reduction during these months would tend to induce postponement of buying. A postponement of buying until the next season might result in a permanent loss in sales and a reduction in the profits of the industry. The time when a tax reduction would have the least adverse effect on the industry is during the seasonal low point of consumer sales in the late spring months.

## Appendix

## Structure of the Fur Industry

There are three principal stages in the production of fur garments: (a) the production of the raw furs; (b) the dressing of the furs; and (c) the cutting, trimming and sewing of these furs into the completed garment. In the case of fur-trimmed coats the furs are usually cut and fitted by fur manufacturers into "sets" which are then sold to coat makers for assembly into the complete coat.

A. Raw fur production

Data from the Fish and Wildlife Service and the Tariff Commission indicate that normally over one-half the furs used in the United States are imported. During the war the proportion of imported furs may have increased, as labor and material shortages reduced domestic production.

1. Imports

Total imports of all furs and fur manufactures were valued at \$126 million in 1929. Imports dropped sharply after that year but rose again during the war when imports from practically all countries increased. (Tables 1,7) However, data on the principal furs imported indicate that the actual volume of imports declined during the war. (Table 8) The value of imports in the first quarter of 1947 was less than half the imports during the first quarter of 1946.

There have been important changes in the imports of different types of furs. Large increases have occurred in recent years in imports of muskrat, caracul, lamb and sheep. Silver fox imports were placed under a quota by agreement with Canada in December 1939, whereby the maximum imports of such furs were set at 100,000. Imports from Canada declined by 20 percent in number of skins between 1939 and 1945, but the value almost doubled. Norwegian imports virtually ceased after German occupation. Imports from the Soviet Union became important during the war, but almost vanished by 1945. (Table 9)

2. Domestic production

Data on domestic furs taken from wild animals are scanty. The Fish and Wildlife Service estimates the catch during the 1944-45 season

- 16 -

Table 7

United States imports for consumption of raw and undressed furs  
(except black and silver fox) by country of origin

Country	Value of fur imports		Percentage changes
	1940	1945 <u>1/</u>	
Total	\$ 73,661,564	\$ 143,474,260	+ 94.8 %
Afghanistan <u>2/</u>	12,863,682	31,723,191	+ 146.6
Argentina	2,154,455	8,296,302	+ 285.1
Australia	5,315,222	14,689,310	+ 176.4
British India	1,018,578	3,153,866	+ 209.6
Canada	10,693,730	21,526,227	+ 101.3
China	6,287,034	--	--
France	2,473,384	1,151,268	- 53.5
Iran (Persia)	2,014,958	3,810,865	+ 89.1
Japan	1,129,887	--	--
New Zealand	1,428,567	2,991,674	+ 109.4
Soviet Union	12,942,324	26,325,418	+ 103.4
Sweden	222,983	1,664,819	+ 646.6
Turkey	469,910	1,092,849	+ 132.6
Union of South Africa	7,759,762	16,686,331	+ 115.0
United Kingdom	2,784,401	3,798,020	+ 36.4
All other	4,102,687	6,564,120	+ 60.0

Treasury Department, Division of Tax Research

Sources: United States Tariff Commission.

1/ Preliminary.

2/ 1940 data are for "other Asia."



Table 8  
Number, value and prices of principal raw  
furs imported, for selected years 1/

Item	Number of skins:	Value	Price per skin
<b>Mink</b>			
1936	858,476	\$ 3,437,660	\$ 4.00
1937	780,292	3,233,247	4.14
1938	760,702	2,507,657	3.30
1939	999,801	3,210,387	3.21
1944	345,091	6,302,575	18.26 <u>5/</u>
1946 <u>2/</u>	655,752	6,420,844	9.79
<b>Coney and rabbit <u>3/</u></b>			
1936	128,354,214	20,921,056	.16
1937	115,290,460	19,699,589	.17
1938	72,937,694	6,903,450	.09
1939	109,966,174	8,331,602	.08
1944	96,176,000	20,953,858	.22
1946 <u>2/</u>	120,024,065	31,166,380	.26
<b>Marten</b>			
1936	102,145	1,477,268	14.46
1937	105,340	2,177,435	20.67
1938	120,859	1,886,586	15.61
1939	156,359	2,290,157	14.65
1944	69,718	2,131,727	30.58
1946 <u>2/</u>	246,852	10,186,013	41.26
<b>Muskrat</b>			
1936	465,417	671,183	1.44
1937	277,364	355,658	1.28
1938	514,231	409,044	.80
1939	668,210	623,402	.93
1944	1,843,600	3,438,232	1.86
1946 <u>2/</u>	2,983,191	7,451,953	2.50
<b>Persian lamb <u>4/</u> (caracul)</b>			
1939	2,797,235	15,966,420	5.71
1944	5,230,394	41,323,474	7.90
1946 <u>2/</u>	7,157,538	73,885,212	10.32
<b>Lamb and sheep <u>4/</u> (except Persian and caracul)</b>			
1939	2,072,082	1,762,453	.85
1944	5,831,197	5,617,713	.96
1946 <u>2/</u>	8,160,568	13,957,796	1.71

Treasury Department, Division of Tax Research

Source: Compiled by the U. S. Tariff Commission from statistics of the  
U. S. Department of Commerce.

1/ Imports for consumption.

2/ January through November, Preliminary.

3/ Reported in pounds. Converted at the rate of 5 skins to the pound.

4/ No separate data available prior to 1939.

5/ Not comparable with previous years since no imports were received  
of the cheap Chinese and Japanese furs during 1944.

- 18 -

Table 9

United States imports for consumption of silver or black fox furs,  
by country of origin, 1939 - 1945

Year	Total	Canada	Norway	Soviet Union	Sweden	All other
<u>1. Number of pelts</u>						
1939	133,851	85,437	35,293	943	193	11,985
1940	76,124	34,807	38,888	210	1,799	420
1941	94,740	71,373	13,584	14,874	4,094	9,185
1943	99,958	73,391	--	26,421	133	13
1945 <u>1/</u>	70,838	68,148	468	--	2,215	7
<u>2. Total value (dollars) <sup>2/</sup></u>						
1939	2,468,164	1,466,870	770,280	12,994	5,187	212,833
1940	1,402,239	541,681	825,523	2,523	26,445	6,067
1941	1,873,566	1,516,723	60,890	194,973	86,980	14,000
1943	2,645,979	2,320,737	--	322,894	1,787	561
1945 <u>1/</u>	2,666,968	2,471,184	28,532	--	167,197	55
<u>3. Percentage increase or decrease in quantity from 1939</u>						
1939	--	--	--	--	--	--
1940	- 43 %	- 59 %	+ 10 %	- 78 %	+ 832 %	- 97 %
1941	- 29	- 16	- 62	+1477	+ 2021	- 23
1943	- 25	- 14	--	+ 2702	- 31	- 100
1945 <u>1/</u>	- 47	- 20	- 99	--	+ 1048	- 100

Treasury Department, Division of Tax Research

Source: U. S. Department of Commerce,

1/ Preliminary.

2/ Value of imports is the foreign value.

at between \$75 and \$100 million. 1/ Louisiana, Michigan, Wisconsin and Minnesota were the most important producing States in the order named. 2/

In 1939, the only year for which complete data are available on fur farming, the total value of silver fox and mink pelts taken on farms was \$8.3 million, of which over one-third came from Wisconsin, 11 percent from Michigan, and 7 percent from Minnesota. (Table 10) The production of farm-raised silver fox pelts reached a peak of approximately 350,000 in 1939 and has since decreased to about 200,000. (Table 11) Of the total value of \$5.9 million of silver fox pelts taken in 1939, 38 percent came from Wisconsin, 15 percent from Michigan, 7 percent from Colorado, and 6 percent from Minnesota. (Table 10)

#### B. Fur dressing

Raw fur skins or pelts that have been cleaned, cut and cured, or otherwise prepared, are known as dressed fur skins. All raw furs must be dressed, not only to prepare them for manufacture into fur goods but in order to preserve them. Some skins are also dyed to provide uniformity of color or to improve appearance. Most furs, whether domestic or imported, are dressed in the United States primarily because most undressed furs are admitted duty-free, while dressed furs are dutiable.

Industry reports indicate that there were a total of 235 raw fur processors in the United States in 1942, of which 185 were located in the New York metropolitan area. Most of the processors work under contract and operations are small-scale. In 1939, over half the establishments had less than 21 wage earners and only 3 had over 250 wage earners. 3/ The eight leading firms did 39 percent of the total business of the industry in 1935. 4/

---

1/ Fish and Wildlife Service, "Annual Fur Catch of the United States," Wildlife Leaflet 276, July 1945.

2/ Ibid.

3/ Sixteenth Census of the United States, "Manufactures," 1940, Vol. I, p. 136.

4/ National Resources Committee, The Structure of the American Economy, Part 1, p. 244.



- 20 -

Table 10

Value of pelts taken on silver fox and mink farms,  
United States, 1939

(In thousands)

State	Total	Silver fox	Mink
Total	\$ 8,327	\$ 5,897	\$ 2,430
Wisconsin	2,998	2,232	766
Michigan	931	858	73
Minnesota	599	350	249
Colorado	442	425	17
Oregon	408	172	235
New York	328	110	218
Washington	290	179	111
Utah	243	165	78
Vermont	192	23	169
Iowa	190	121	69
Illinois	182	100	83
Idaho	157	136	21
Pennsylvania	152	109	43
Massachusetts	146	57	89
California	128	111	17
All other	941	749	192

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States: Agriculture,  
United States Summary, Third Series, Table 39.

- 21 -

Table 11

Production of silver fox pelts in the United States, 1929 - 1945

Year	:	Number of pelts
1929		70,000
1930		85,000
1931		110,000
1932		130,000
1933		150,000
1934		170,000
1935		185,000
1936		200,000
1937		275,000
1938		300,000
1939		350,000
1940		210,000
1941		215,000
1942		205,000
1943		185,000
1944		165,000
1945		210,000

---

Treasury Department, Division of Tax Research

Source: U. S. Tariff Commission, based on estimates of the Fish and Wildlife Service.

C. Fur-garment manufacturing

The manufacture of fur garments is also carried on in small establishments. "A fur coat factory is a man with a needle and thread. Even by New York standards, where the craft has reached its highest development, it requires less than \$200 of capital to equip a fur-manufacturing shop." <sup>1/</sup>

Of the 2,175 establishments reported in 1939, 222 or over 10 percent, had no wage earners, while 1,192, or over half, had less than 6 wage earners. <sup>2/</sup> The 8 largest firms accounted for only 8 percent of the total output in 1935. <sup>3/</sup> Competition is apparently very keen.

---

<sup>1/</sup> Fortune, January 1936, p. 120

<sup>2/</sup> Sixteenth Census of the United States, "Manufactures," 1940, Vol. I, p. 136.

<sup>3/</sup> The Structure of American Economy, pp. 258-259.



## PART II - Excise Tax on Jewelry

I. Description of the tax

The tax applies to sales at retail of the following articles: all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof; watches and clocks and cases and movements therefor; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars.

The tax is payable by the person who sells at retail any of the taxable articles.

The principal exemptions provided under the tax are as follows:

1. Sales of any of the articles for (a) religious purposes, (b) exclusive use by State and local governments, and (c) for export.
2. Sales of the following articles: Surgical instruments; watches designed for use by the blind; frames and mountings for eyeglasses; fountain pens, pencils and pipes if the only parts of these items which consist of precious metals are essential parts not used for ornamental purposes; buttons, insignia, cap devices, etc. prescribed for use in connection with uniforms of the armed forces of the United States.

II. Changes in the tax since 1917

A tax was levied on jewelry under the Revenue Act of 1917 and a tax was imposed on clocks, watches and binoculars under the Revenue Act of 1918. The tax rates and effective dates of changes since then are shown below:

- 24 -

## Changes in tax rates since 1917

Revenue Act	Effective date	Rate
1917	Oct. 3	3% of mfrs. sales price <u>a/</u>
1918	Feb. 24, 1919	5% of retail sales price
1924	July 2	<u>b/</u>
1926	Feb. 26	Repealed
1932	June 21	10% of mfrs. sales price <u>c/</u>
1934	May 11	<u>d/</u>
1936	June 23	Repealed
1941	Oct. 1	10% of retail sales price
1943	April 1, 1944	20% of retail sales price <u>e/</u>

a/ Excluding clocks, watches, binoculars.

b/ Excluding silver-plated flatware, watches selling for \$60 or less, and all other items selling for \$30 or less.

c/ Excluding articles (other than watch or clock parts) selling for less than \$3.

d/ Excluding all articles selling for less than \$25.

e/ Alarm clocks selling for not more than \$5 and watches selling for not more than \$65, taxed at 10 percent.

### III. Revenue collections 1936-1947

This tax is the most productive of the four retail excises and yields approximately the same amount of revenue as is obtained from each of the taxes on transportation of persons and transportation of property. Annual collections are shown below:

- 25 -

## Collections, fiscal years 1936 - 1947

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1936	\$ 3.1	1942	\$ 41.5
1937	.7	1943	88.4
1938	.4	1944	113.4
1939	-	1945	184.2
1940	-	1946	223.3
1941	-	1947	236.6

IV. Economic background of the industry

The principal items in the tax base are jewelry proper and clocks and watches. (Table 1) Since the various items under this tax are produced in different industries, it is difficult to indicate their relative importance in the tax base. However, it appears that, in 1939, jewelry (including precious stones) may have amounted to about half of the total. Clocks and watches probably represented about one-third of the total. Gold and silverware and plated ware (excluding tax-exempt silver-plated flatware) constituted the bulk of the remaining tax base, with small amounts attributable to jewelry and instrument cases, field and opera glasses, pens, pencils, pipes, buttons, and other articles made of or ornamented with precious metals or imitations thereof.

A. Character of supply1. Structure of the industry

The production of items taxed as jewelry is carried on by a number of different industries with varied structures and merchandising policies. The three principal industries are described below:

Jewelry, including precious stones: Aside from the precious stones and imitations used for settings, jewelry is largely supplied by domestic manufacturers. Although there may be important differences with respect to individual products, the character of the industry is generally competitive. <sup>1/</sup> The production of precious-metal jewelry requires a

<sup>1/</sup> National Resources Committee, The Structure of the American Economy, Part 1, June 1939, pp. 262-263.



- 26 -

Table 1

Domestic production of jewelry, at  
manufacturers' prices, 1939

(In millions)

Item	:	Amount
Total <u>1/</u>		\$ 235.8
Clocks, clock movements and parts		28.3
Watches, watch cases, materials and parts		61.2
Jewelry		96.1 <u>2/</u>
Precious metal		62.2 <u>2/</u>
Costume jewelry		33.9
Jewelry cases, and instrument cases, etc.		16.7
Silver-ware, plated ware, and solid gold ware <u>2/</u>		33.3
Field glasses and opera glasses, etc., (non-prismatic)		.2

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures," 1940.

1/ Excludes silver-plated flatware, valued at \$25.4 million.

2/ Excludes value of precious stones not set in establishments  
included in Census definition of manufacturing establishments.

- 27 -

high degree of skilled craftsmanship and is carried on in relatively small plants. (Table 2) Costume jewelry is usually produced from cheap metals, copper, brass, tin and steel, and thus lends itself to mass production methods and the use of unskilled labor. In 1939 the value of costume jewelry production was about one-half as large as the value of precious-metal jewelry production. At that time most of the production was in small establishments. (Table 2) The production of this type of jewelry increased rapidly during the war, but the extent of the increase is not known. While production problems of the precious-metal industry are to some extent the same as those of costume jewelry, and the two industries are located in the same general area, very few firms produce both kinds of jewelry. 1/

Practically all precious stones and imitations are imported 2/ and account for the greatest proportion of total jewelry imports. (Table 3) The supply of precious stones is generally controlled by producers, particularly in the case of diamonds. The cutting of these stones is usually done prior to importation, although cutting increased in the United States during the war. The producers of mountings do not ordinarily set the stones in the mountings. This is usually done by specialists, but it may be done by the retail jeweler. The precious-stone jewelry purchased by the consumer, therefore, represents the combination of two products produced under substantially different conditions.

Clocks and watches: Practically all clocks and clock-type watches sold in the United States are domestically produced, but a substantial portion of jewelled-type watches is imported. (Table 4) Most of the imports consist of movements which are assembled in the United States. Domestic production is highly concentrated. In 1939 there were 74 establishments in the industry, including those assembling imported movements. Practically all domestic jewelled-type watches are produced by four concerns and most of the clock-type watches are produced by the same number of producers. 3/ The same concerns do not produce both

- 
- 1/ The Census classification is based on the material used. However, costume jewelers used silver to a substantial extent during the war.
- 2/ There was considerable expansion in domestic production of synthetic and imitation precious stones during the war.
- 3/ U. S. Tariff Commission, Watches, War Changes in Industry Series No. 20, 1946, p. 6. Clock-type watches are watches with non-jewelled escapements, usually sold in drug and variety stores.

- 28 -

Table 2

Distribution of jewelry manufacturing establishments  
by number of wage earners, 1939

Number of wage earners	Total	Clocks and watches <sup>1/</sup>	Watch- cases	Costume jewelry	Jewelry, precious metals	Silverware and plated ware
1. Number of establishments						
Total	1,441	74	42	289	886	150
0	102	2	-	6	90	4
1 - 5	628	16	16	89	470	37
6 - 20	380	15	8	106	210	41
21 - 50	152	10	7	47	63	25
51 - 100	86	9	4	17	34	22
101 - 250	48	5	3	13	15	12
251 - 500	29	8	4	9	4	4
501 - 1,000	6	2	-	2	-	2
1,001 and over	10	7	-	-	-	3

## 2. Value of products (In thousands)

Total	\$262,750	\$84,846	\$9,792	\$33,922	\$71,419	\$62,771
0	1,720	<u>2/</u>	-	264	1,395	61
1 - 5	13,609	523(x)	416	1,403	10,610	656
6 - 20	25,560	1,229	567	5,329	16,248	2,187
21 - 50	28,052	4,257	1,184	5,028	14,166	3,418
51 - 100	34,277	8,176	1,153	3,456	13,245	8,248
101 - 250	29,513	5,420	2,063	5,446	9,767	6,818
251 - 500	87,890(x)	23,112(x)	4,409	12,996(x)	5,988(x)	41,385(x)
501 - 1,000	<u>2/</u>	<u>2/</u>	-	<u>2/</u>	<u>2/</u>	<u>2/</u>
1,001 and over	42,129	42,129	-	-	-	<u>2/</u>

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures," Vol. I.

<sup>1/</sup> Includes assemblers of imported parts and movements.

<sup>2/</sup> In cases where any figure for a size group cannot be given separately without disclosing data for individual establishments, it has been combined with the group where an (x) appears.



Table 3  
Value of imports of jewelry and similar items  
(In thousands)

Year	Total	Precious metals, jewelry and plated ware <sup>1/</sup>	Clocks, watches, etc.	Precious stones and imitations <sup>2/</sup>
Average 1931-35	\$ 28,402	\$ 5,948	\$ 3,457	\$ 18,997
Average 1936-40	63,351	9,042	10,275	44,034
1939	72,315	11,963	10,138	50,214
1940	69,505	7,231	13,478	48,796
1941	74,406	8,312	17,408	48,686
1942	86,917	12,083	24,256	50,578
1943	152,630	13,870	44,678	94,082
1944	162,375	14,954	47,101	100,320

Treasury Department, Division of Tax Research

Source: Statistical Abstract of the United States, 1945, 1946.

<sup>1/</sup> Excludes gold and silver in ore, bullion or coin.

<sup>2/</sup> Includes pearls.

- 30 -

Table 4

Apparent consumption of watches by type,  
1931 - 1944

Year	Total	Number (in millions)			Watches containing imported movements, as percentage of	
		Jewelled watches of quality	Clock-type watches	Imported movements <sup>1/</sup>	Total consumption	Total watches of quality
1931	7.3	1.0	5.5	0.9	12.3 %	47.4 %
1932	5.6	.5	4.6	.4	7.1	44.4
1933	6.3	.6	5.2	.4	6.3	40.0
1934	9.2	1.0	7.3	.9	9.8	47.4
1935	10.4	1.3	7.9	1.2	11.5	48.0
1936	14.5	1.8	10.5	2.2	15.2	55.0
1937	15.2	2.1	9.9	3.1	20.4	59.6
1938	11.8	1.4	7.0	3.4	28.8	70.8
1939	13.6	1.8	8.8	2.9	21.3	61.7
1940	15.5	2.2	9.8	3.5	22.6	61.4
1941	18.1	2.6	11.2	4.3	23.8	62.3
1942	13.5	1.8	6.4	5.3 <sup>2/</sup>	39.3	74.6
1943	9.6	1.5	.1	8.0 <sup>2/</sup>	83.3	84.2
1944	8.4	1.4	.1	6.9 <sup>2/</sup>	82.1	83.1

Treasury Department, Division of Tax Research

Source: U. S. Tariff Commission, Watches, War Changes in Industry,  
Series No. 20, 1946, p. 16.

<sup>1/</sup> Measured by number of movements reported. Figures understate actual imports by unknown smuggled amounts.

<sup>2/</sup> Preliminary.

- 31 -

types of watches, but the producers of clock-type watches also produce clocks. The industry has indicated that substantially all of the clocks are produced by twelve manufacturers. <sup>1/</sup> Most of them make both the electric and spring-wind type of clock.

The lower priced jewelled watches, most of which are imported, compete to a certain extent with the higher priced clock-type watches. Domestic jewelled watches are predominantly in the higher price ranges. Part of the imported watches also sell in the higher price ranges, but probably substantially more than half are sold in the medium and lower price ranges. <sup>2/</sup> The number of importers of watch movements increased to over 500 during the war, when imported watches rose to 82 percent of the total in 1944 compared with less than 30 percent prior to 1940. <sup>3/</sup> (Table 4) While domestic production of jewelled-type watches was continued during the war, the production of clock-type watches virtually ceased.

Competition between the large domestic producers of clocks, watches and assemblers of imported movements takes the form of advertising of brand names, and little price competition is evident among them. Most of the price competition arises from the smaller assemblers of watches with imported movements. Retail sales of domestic clocks and watches are usually made at prices suggested by manufacturers, but there is some price cutting when retail sales are low. The proportion of domestic jewelled watches sold directly to retailers by manufacturers and assemblers has increased substantially. <sup>4/</sup>

Silver and other ware: Taxable silverware and plated ware constitutes one of the smaller components of the jewelry tax base. Production is fairly concentrated, the four leading firms making 57 percent of the total product in 1935, while the 8 leading firms

---

<sup>1/</sup> Testimony of Clock Manufacturers Association of America, before the House Ways and Means Committee, June 9, 1947.

<sup>2/</sup> Watches, p. 9. For the years 1939-41, the Tariff Commission estimates that three-fourths of the domestic watches retailed for more than \$32.50; one-fourth between \$11 and \$32.50; and that one-half of the imported watches retailed between \$17.50 and \$32.50.

<sup>3/</sup> Ibid., p. 7. Only about 5 percent of the total of the Swiss movements imported in the United States before the war were completely cased. During 1943-44, however, 38 percent of the foreign movements were imported already cased.

<sup>4/</sup> Ibid., p. 7.



made 68 percent of the total product. <sup>1/</sup> The large firms are old, established companies whose appeal to customers is more on the basis of the reliability of trade name than on the basis of price. Most of the silver-plated flatware and sterling silver flatware are produced by the same manufacturers. Silver-plated flatware, exempted from the present tax, in 1939 exceeded in value the production of silverware and other plated ware.

## 2. Wartime changes

During the war domestic production for civilian use of most of the items in the tax base was sharply curtailed because a large number of plants were converted to war work and also because of restrictions on the use of materials and labor shortages. <sup>2/</sup> Imports increased in value and quantity but domestic production declined, and most manufacturers rationed their sales to dealers. Least affected were makers of costume jewelry, since they could use wood, feathers, glass, and other materials as the availability of metals was reduced. Silver was relatively abundant and was used extensively. However, even producers of such products rationed the supply to dealers.

## 3. Summary

It would appear that the supply is more flexible for some articles in the tax base than for others. In the case of precious stones, domestic clocks and watches, and silver and other ware, there is a substantial degree of concentration of production. Producers of these articles would tend to meet a reduction in demand by making adjustments in supply rather than by cutting prices. The manufacturers of jewelry, particularly costume jewelry, appear to compete more largely on a price basis and would tend to meet a reduction in demand by lowering prices.

### B. Character of demand

Some of the items subject to the jewelry tax are considered essential. For example, most adults need some sort of clock or watch. The demand for most of the items in the tax base, however, is for the purpose of adornment. Persons in the higher income groups tend to spend

---

<sup>1/</sup> National Resources Committee, The Structure of the American Economy, pp. 244-245.

<sup>2/</sup> The value (at manufacturers' prices) of clocks and watches produced declined from \$89.5 million in 1939 to \$63.2 million in 1944, in spite of higher prices in the later year. Jewelry production declined from \$113 million to \$40.1 million; silverware and plated-ware from \$62.8 million to \$40.8 million. (Bureau of the Census, Sixteenth Census; and Facts for Industry, Series 50-3).

proportionately more on jewelry than do persons with lower incomes. <sup>1/</sup> Because of the optional nature of the expenditure, the durability and high unit prices of many articles, the demand for most of the products is probably sensitive to price changes. The lower priced costume jewelry has become an article of mass consumption, and the demand for this type of jewelry may be substantially less sensitive to price changes than the demand for precious-metal jewelry.

The demand for jewelry increased sharply during the war. Estimated consumer expenditures in 1945 were approximately twice as high as in 1941, (Table 5) the increase exceeding the rise in disposable income. A substantial part of this increase reflects the excise tax which was not imposed until late in 1941. Although no accurate adjustment can be made for the amount of tax, <sup>2/</sup> it seems clear that sales (exclusive of tax) also increased by more than the increase in the level of income. Monthly reports of sales of jewelry stores indicate that there was some pre-tax buying before the tax changes in 1941 and 1944, and also that sales decreased immediately following the changes. (Tables 6 and 7) In each case, however, sales subsequently increased to new high levels.

In view of the rapid increase in income and abnormal consumption patterns during the war, it is not possible to determine the extent to which the existence of the tax may have reduced sales or prices net of tax. Production was limited on many items and higher prices (net of tax) might have been realized on the limited supplies, if the tax had not been in effect.

### C. Outlook for the industry

Supplies of jewelry, plated ware, and clocks and watches are expected to increase rapidly in 1947. Clock production already exceeds the pre-war rate. <sup>3/</sup> Production of approximately 8 million clock-type watches is scheduled for 1947 (about 3 million below 1941), and manufacturers of jewelled watches expect record production for the year. <sup>4/</sup> Since imports of Swiss movements may be expected to continue at a high level, <sup>5/</sup> the total supply of watches may approximate demand at current

---

<sup>1/</sup> See p. 38 below.

<sup>2/</sup> Because of exemptions and differential rates it is not possible to derive sales figures from tax collections.

<sup>3/</sup> U. S. Department of Commerce, Domestic Commerce, January 1947, p. 38.

<sup>4/</sup> Watches, *op. cit.*, p. 31.

<sup>5/</sup> In order to aid the reconversion of domestic watchmakers, the United States prevailed upon the Swiss Government to limit shipments here to 7.7 million movements for the year ending March 31, 1947. This quota, however, is only about 1.5 million below peak shipments (1945).

Table 5

Consumers' expenditures for jewelry and watches  
as percentage of disposable income 1/

Year	Expenditures for jewelry and watches	Disposable income	Percentage of disposable income
	(In millions)	(In billions)	
1929	\$ 530	\$ 79.6	.67 %
1930	481	70.7	.68
1931	308	59.6	.52
1932	245	45.6	.54
1933	162	44.5	.36
1934	187	51.0	.37
1935	240	56.3	.43
1936	260	65.2	.40
1937	307	69.2	.44
1938	296	62.9	.47
1939	341	67.7	.50
1940	388	72.9	.53
1941	505	88.7	.57
1942	619	110.6	.56
1943	800 <u>2/</u>	124.6	.64
1944	900 <u>2/</u>	137.4	.66
1945	1,000 <u>2/</u>	139.6	.72
1946	1,116 <u>2/</u>	146.0	.76

Treasury Department, Division of Tax Research

Source: U. S. Department of Commerce, Survey of Current Business,  
and unpublished estimates of the Department.

1/ Excludes expenditures for repairs. Includes excise and sales taxes.

2/ Unpublished estimates.



- 35 -

Table 6

Index of sales of jewelry and silverware by department stores  
reporting to Federal Reserve Board <sup>1/</sup>

1. Index (Average monthly sales, 1941 = 100)

Month :	1941 :	1942 :	1943 :	1944 :	1945 :	1946 :	1947 :
Total	100	114	136	150	173	220	
January	56	67	80	90	105	127	134
February	63	71	94	113	118	155	153
March	70	79	99	158	146	173	178
April	74	83	109	91	112	189	180
May	86	88	116	120	154	208	213
June	90	94	116	113	146	195	
July	59	71	95	87	112	145	
August	74	89	106	113	124	182	
September	121	114	128	134	145	196	
October	92	128	145	156	183	225	
November	125	157	201	230	256	305	
December	291	329	349	389	477	535	

2. Percentage change from same month, previous year

Month :	1941- : 1942 :	1942- : 1943 :	1943- : 1944 :	1944- : 1945 :	1945- : 1946 :	1946- : 1947 :
Total	+ 14 %	+ 19 %	+ 10 %	+ 15 %	+ 27 %	
January	+ 20	+ 19	+ 13	+ 17	+ 21	+ 6 %
February	+ 13	+ 32	+ 20	+ 4	+ 31	- 1
March	+ 13	+ 25	+ 60	- 8	+ 18	+ 3
April	+ 12	+ 31	- 17	+ 23	+ 69	- 5
May	+ 2	+ 32	+ 3	+ 28	+ 35	+ 2
June	+ 4	+ 23	- 3	+ 29	+ 34	
July	+ 20	+ 34	- 8	+ 29	+ 29	
August	+ 20	+ 19	+ 7	+ 10	+ 47	
September	- 6	+ 12	+ 5	+ 8	+ 35	
October	+ 39	+ 13	+ 8	+ 17	+ 23	
November	+ 26	+ 28	+ 14	+ 11	+ 19	
December	+ 13	+ 6	+ 11	+ 23	+ 12	

Treasury Department, Division of Tax Research

Source: Federal Reserve Bulletin.

<sup>1/</sup> Includes Federal excise taxes except where stores report such taxes separately.

- 36 -

Table 7

Sales of jewelry stores <sup>1/</sup>

## 1. Amount (In millions)

Month	1941	1942	1943	1944	1945	1946	1947
Total	\$ 587	\$ 753	\$ 964	\$ 981	\$ 1,071	\$ 1,240	
January	30	40	51	58	59	77	\$ 71
February	30	39	54	61	57	74	71
March	31	41	58	89	68	82	79
April	36	44	63	52	62	89	81
May	44	50	72	70	82	99	97
June	46	54	74	70	82	101	96
July	40	48	67	59	72	84	
August	47	55	69	66	73	91	
September	60	58	72	72	72	86	
October	37	68	80	80	88	96	
November	47	75	99	98	110	116	
December	139	181	205	206	246	245	

## 2. Percentage change from same month, previous year

Month	1941- 1942	1942- 1943	1943- 1944	1944- 1945	1945- 1946	1946- 1947
Total	+ 28 %	+ 28 %	+ 2 %	+ 9 %	+ 16 %	
January	+ 33	+ 28	+ 14	+ 2	+ 31	- 8 %
February	+ 30	+ 39	+ 13	- 7	+ 30	- 4
March	+ 32	+ 42	+ 53	- 24	+ 21	- 4
April	+ 22	+ 43	- 18	+ 19	+ 44	- 9
May	+ 14	+ 44	- 3	+ 17	+ 21	- 2
June	+ 17	+ 37	- 5	+ 17	+ 23	- 5
July	+ 20	+ 40	- 12	+ 22	+ 17	
August	+ 17	+ 26	- 4	+ 11	+ 25	
September	- 3	+ 24	0	0	+ 19	
October	+ 84	+ 18	0	+ 10	+ 9	
November	+ 60	+ 32	- 1	+ 12	+ 6	
December	+ 30	+ 13	+ 1	+ 19	*	

Treasury Department, Division of Tax Research

Source: Survey of Current Business.

\* Less than .5 percent.

<sup>1/</sup> Includes charges for jewelry repairs. Excludes Federal excise taxes except where reporting stores do not state tax separately.

- 37 -

prices plus tax. The costume jewelry industry apparently has been able to obtain necessary materials, and the development of mass production methods may speed up production. 1/

Sales of jewelry stores during the second half of 1945 and the first half of 1946 were considerably higher than would be expected in view of the level of disposable income during these periods. 2/ Moreover, there has been no indication of a decline in retail sales. 3/ Consumer expenditures fluctuate widely with changes in the level of income, but prior to the war there was no clear evidence of an upward trend in consumption in relation to income.

#### V. Effects of the tax

##### A. On profits

The tax probably curtailed price increases (net of tax) and profits to some extent during the war, since price controls on jewelry were not very effective and supplies were limited. However, profits were apparently well above those of pre-war years. 4/

After supply and demand have become adjusted to peacetime conditions the present rate of tax may have a significant effect on profits. Purchases of most of the items in the tax base normally would probably be reduced substantially by the tax. Industry adjustments to any reduction in purchases will differ depending upon the nature of the supply for different articles. In the case of precious stones, clocks, some types of watches and silver and other ware, producers appear to be in a position to meet a reduction in purchases, at least in part, by curtailing output. The limitation of

---

1/ "Costume Jewelry," Fortune, December 1946.

2/ Paradiso, Louis J., "Retail Sales and Consumer Income Since V-J Day," Survey of Current Business, October 1946.

3/ Tax collections during the first four months of 1947 were about the same as in the corresponding period of 1946. However, changes in tax collections are not necessarily proportionate to changes in the volume of sales.

4/ Net income of jewelry manufacturers filing corporation income tax returns (excluding costume jewelry) rose from \$3.7 million in 1939 to \$31.2 million in 1943; net income of clock and watch makers rose from \$9.6 million to \$22.5 million. (Statistics of Income, Part 2, Table 2) However, a good part of the capacity of both types of manufacturers was devoted to making war goods, and it is impossible to segregate jewelry and watch profits.



output would tend to maintain unit profit margins, but the reduction in volume of sales would lower aggregate profits. The producers of jewelry, particularly costume jewelry, do not appear to be in a position to limit output to a substantial extent and would tend to lower prices. An adjustment of this type is likely to result in a relatively greater reduction in aggregate profits than where the industry is able to limit output. The sales and profits of retail dealers would also be affected by the adjustments made by the producers of the different articles, but the adjustments made at the retail level would vary depending upon competitive conditions.

B. On business costs and competition

The tax is imposed upon some items entering into business costs, but the amount is probably not appreciable.

The tax may have adverse competitive effects on producers in certain price areas. This is especially noticeable in the case of clocks and watches, since the tax rate for alarm clocks selling for over \$5 and watches selling for over \$65 is twice as high as the tax on articles selling below these prices. A larger proportion of domestic than imported watches probably sells for over \$65 and the differential tax, therefore, tends to discriminate somewhat against the domestic producer.

C. On consumers

Consumer expenditures for jewelry are considerably larger than for furs, luggage or toilet preparations and are given some weight in the Consumers' Price Index of the Bureau of Labor Statistics. <sup>1/</sup>

Data for 1941 family expenditures and income indicated that the proportion of income spent for jewelry, watches, clocks, and silver and silver-plated ware was approximately the same for all income groups between \$500 and \$5,000. Average expenditures in the income group below \$500 represented a considerably lower proportion of income. <sup>2/</sup>

Expenditures for jewelry appear to fluctuate much more than disposable income. <sup>3/</sup> Consequently, this tax has the effect of withdrawing relatively more purchasing power from the income stream in periods of high business activity than in periods of low business activity.

---

<sup>1/</sup> Since, in the construction of the Index, changes in prices of jewelry are assumed to be the same as changes in the prices of certain other items, the effect of the excise tax does not enter in the computation.

<sup>2/</sup> Based on Bureau of Labor Statistics, "Family Spending and Saving in Wartime," Bulletin No. 822, April 1945; Bureau of Agricultural Economics, "Rural Family Spending and Saving in Wartime," Miscellaneous Publication No. 520, June 1943.

<sup>3/</sup> Based on Department of Commerce data. The data indicate that a 1-percent change in level of disposable income may result in a 1.7-percent change in expenditures for jewelry. See also Table 5.

## VI. Administration and compliance

Approximately 100,000 returns are filed under this tax. However, many of these taxpayers, such as department stores, do not file returns solely because of the jewelry tax since they sell other items subject to tax, such as luggage, cosmetics, and furs.

The tax presents some administrative difficulties because of the wide variety of items covered. Classification problems arise in some areas, but they are not extensive. The necessity of record-keeping for small sales adds to the compliance burden of taxpayers.

## VII. Technical problems

The principal technical problems which arise under this tax are:

1. The use of exemptions and differential rates.
2. The treatment of sales at auction.
3. The treatment of articles ornamented with precious metals or imitation precious metals.
4. The timing of a change in the tax rate so as to minimize disturbances to the industry.

### A. Exemptions and differential rates

Suggestions have been made for a dollar exemption on jewelry items. <sup>1/</sup> Exemptions of this character generally would lead to tax avoidance and involve serious administrative difficulties. Under a price exemption one of the common methods of avoiding the tax is to split sales into units. For example, in the case of jewelry, precious stones might be sold separately from the mountings, or silverware may be sold by the piece instead of in sets. Previous administrative experience with price exemptions under the jewelry tax has been unsatisfactory. <sup>2/</sup>

An exemption based on the selling price of articles may result in competitive inequities. On articles priced slightly above the exemption level, the sellers may have to absorb the tax or even discontinue sale of the article. The effect will depend on the exact character of the

---

<sup>1/</sup> Testimony of the Jewelry Industry Tax Committee before the House Ways and Means Committee, June 11, 1947.

<sup>2/</sup> Price exemptions were provided under the Revenue Acts of 1924, 1932 and 1934. (See table on rates, p. 24 above)

- 40 -

exemption. The competitive effect is more serious where the tax applies to the total sales price of articles priced above the exemption level than where the exemption is such that the tax applies only to the excess of the price over the amount of the exemption. 1/ The latter type of exemption, however, results in a larger revenue loss.

The present differential tax rates on clocks and watches illustrate the competitive problems created by a price exemption. Under present law, alarm clocks selling for not more than \$5 and watches selling for not more than \$65 are taxable at 10 percent, while the respective articles selling above these prices are taxable at the full rate of 20 percent. 2/ The 20-percent rate applies to the total price and not to the excess over \$5 or \$65. As a result, the tax is substantially higher on the clock or watch selling slightly above these prices than on those selling at or below such prices. This presents pricing problems for producers and may discriminate against particular producers. For example, most of the imported watches are in the lower-price range and are subject to the 10-percent rate. Since domestic producers concentrate more on higher-priced watches, a larger proportion of their product is subject to the higher rate.

#### B. The treatment of sales at auction

In general, under present law, sales by auctioneers or other agents who are not also engaged in retailing articles for their own account are not subject to tax. This situation often places established retail jewelry dealers at a competitive disadvantage and results in a substantial loss of revenue. It appears that the present law does not cover this question.

#### C. The treatment of ornamented articles

Under present law, articles ornamented with precious metals or imitations thereof are taxable. In the case of fountain pens and pencils, it has been contended that this discriminates against the use of gold, silver- and gold-filled materials because producers may use other materials, such as stainless steel, and make a tax-free article. 3/ Numerous articles

---

1/ The exemption proposed by the Jewelry Industry Tax Committee provides for excluding from the tax base the first \$25 on the price of all articles.

2/ The 20-percent rate applies to all of the non-alarm type clocks. This discriminates against both the sellers and purchasers of those types of clocks.

3/ Testimony of the Jewelry Industry Tax Committee before the House Ways and Means Committee, June 11, 1947.



- 41 -

are ornamented with precious metals and the ornamentation usually results in a substantially higher-priced article. The exemption of articles with a small amount of ornamentation would create administrative difficulties and in order to prevent tax avoidance, it is administratively necessary to provide for the inclusion of these types of articles; otherwise the ornamentation might represent most of the value of the article. Under present law, pens and pencils are not taxable where only the essential parts consist of precious metals. Extension of this rule to other types of articles probably would not be feasible.

D. Timing of tax rate changes

Purchases of jewelry are highly seasonal, about 25 percent of the sales occurring in November and December. Advance notice of a tax reduction during these months would induce some postponement of purchases and, if purchases were postponed until the following season, the industry might suffer nonrecoverable losses in sales. The time when a tax reduction would have the least adverse effect on the industry is during the seasonal low point of sales in the late summer months.

PART III - Excise Tax on Luggage

I. Description of the tax

The present tax applies to sales at retail of the following principal groups of articles:

1. Trunks, valises, travelling bags, suitcases, satchels, overnight bags, hat boxes for use by travellers, beach bags, bathing suit bags, brief cases, made of leather or imitation leather, and salesmen's sample and display cases.

2. Purses, handbags, pocketbooks, wallets, billfolds, and card, pass, and key cases,

3. Toilet cases, bags and kits (without regard to size, shape, construction or material from which made) for use in carrying toilet articles or articles of wearing apparel.

The tax is payable by every person who sells at retail any of the taxable articles.

The exemptions provided under this tax are (a) sales for the exclusive use of State or local governments, and (b) sales for export.

II. Changes in tax since 1918

A tax on luggage was levied under the Revenue Act of 1918. The tax rate and the effective dates of changes since that act are shown below:

Changes in tax rates since 1918

Revenue Act	Effective date	Rate	Revenue Act	Effective date	Rate
1918	May 1, 1919	10% of retail sales price <u>a/</u>	1941	Oct. 1	10% of mfrs. sales price
1921	Jan. 1, 1922	5% of mfrs. sales price <u>b/</u>	1943	Apr. 1, 1944	20% of retail sales price
1924	July 2, 1924	Repealed			

a/ On trunks over \$50 each; on suitcases, etc, over \$25 each; on purses, pocketbooks, etc. over \$7.50 each.

b/ On trunks over \$35 each; on suitcases, etc, over \$25 each; on purses, pocketbooks, etc. over \$5 each.

### III. Revenue collections 1942-1947

Collections from this tax yield approximately the same amount of revenue as is obtained from each of the taxes on furs and toilet preparations, and approximately one-half the revenue derived from the jewelry tax. Annual collections are shown below:

#### Collections, fiscal years 1942 - 1947

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1942	\$ 2.8	1945	\$ 73.9
1943	5.7	1946	81.4
1944	13.1 <sup>a/</sup>	1947	84.6

<sup>a/</sup> Tax changed from a manufacturers' to a retail tax effective April 1, 1944, and extended to cover handbags, wallets and similar articles.

### IV. Economic background of the industry

The principal items in the tax base are women's handbags, pocketbooks, purses, suitcases and travel bags. The manufacturers' value of women's handbags, etc. in 1939 was slightly larger than the value of luggage and other miscellaneous cases. (Table 1)

#### A. Character of supply

The articles in the tax base are produced in several different industries; the principal ones are: (1) women's pocketbooks, handbags and purses, (2) small leather goods, and (3) luggage. There is apparently some overlapping in the articles produced by these industries and the Census classification has changed from time to time. The industries are included in the broad classification of leather and leather products but a substantial portion of the reported production is from materials other than leather.

Women's pocketbooks, handbags and purses: The women's pocketbook industry is considered part of the women's, misses', and children's apparel goods industries. As in the case of the other industries in this group the number of enterprises is relatively large and the size



- 44 -

Table 1

Value at manufacturers' prices of women's handbags,  
luggage and miscellaneous cases produced in 1939 1/

Product	:	Value (In millions)
Total		\$ 101.1
Women's pocketbooks, handbags, purses, etc.		55.7
Suitcases and travel bags		21.8
Billfolds and wallets		8.5
Trunks		4.0
Brief cases		3.3
Satchels, Boston bags, hat boxes, etc.		2.8
Key cases		1.7
Sample cases		1.5
All other <u>2/</u>		1.8

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures,"  
Vol. II, Part 2, 1940, pp. 57 and 65.

- 1/ Covers only articles produced in industries classified by the Census as, "Suitcases, brief cases, bags, trunks and other luggage"; "Women's pocketbooks, handbags, and purses"; and "Small leather goods." Does not include taxable items, such as knapsacks, duffle-bags, etc., produced in other industries.
- 2/ Includes some items not taxable.

of individual firms is typically small. (Table 2) In 1935 the four leading firms produced only 8 percent of the total output of the industry, the 8 leading firms only 16 percent. <sup>1/</sup>

Only a limited amount of capital investment is required to enter the industry. The ease of entry results in keen competition and generally low profits. <sup>2/</sup> Most of the firms in the industry specialize in making bags selling at low, medium or high price lines. Handbag makers do not generally make other products, and usually confine their production either to fabric or leather bags. There is little evidence of control by manufacturers over retail selling prices and brand names are uncommon. Bargain sales were common in retail stores before the war and have again become evident.

Small leather goods: The structure of the small-leather-goods industry is similar to that of the women's pocketbook industry, but the number of firms and value of products is substantially smaller. (Table 2) The principal products are billfolds, wallets, card and key cases. Some effort is now being made to introduce brand names, especially in the case of men's wallets and billfolds. For the most part, however, the items are of the nature of novelties, changing from season to season and with styles.

Luggage: Production in the luggage industry is somewhat more concentrated than in the women's pocketbook and small-leather-goods industries. In 1935 the 4 largest producers accounted for 17 percent of the total output, the 8 largest for about 26 percent. <sup>3/</sup> There are, however, a relatively large number of small shops. (Table 2) The ease of entry and the competition among firms prevent industry control of supply and prices. Most of the large firms make all price lines of luggage but the small firms generally specialize in bags requiring a large degree of handwork and selling at higher prices. Some of the larger producers sell under brand names which are nationally advertised, but the products of the industry are not generally marketed on a brand basis.

Production expanded sharply during the war in spite of restrictions on the use of leather and metal. The number of workers in the women's handbag industry increased from 14,000 in 1939 to approximately 25,000 in 1946, and the number of establishments from 286 to about 550. <sup>4/</sup> The supply of handbags was increased also by means of increased imports,

---

<sup>1/</sup> Temporary National Economic Committee, Monograph No. 21, Competition and Monopoly in American Industry, 1940, p. 29. For this year the Census classification included card cases with women's pocketbooks.

<sup>2/</sup> Ibid, p. 45.

<sup>3/</sup> Ibid, p. 29.

<sup>4/</sup> Hearings Before Committee for Reciprocity Information, January 16, 1947, p. 162.

- 46 -

Table 2

Number of establishments and wage earners, in  
women's pocketbook, luggage and small  
leather goods industries, 1939

## 1. Industry totals

Item	: Women's pocket- : books, handbags : and purses :	: Suitcases, brief : cases and other : luggage :	: Small : leather : goods
Total number of establishments	286	329	118
Total number of wage earners	14,048	8,326	3,615
Average number per establish- ment	49	25	31

## 2. Distribution of establishments by number of wage earners

Number of wage earners	: Women's pocketbooks, : handbags and purses :		: Suitcases, brief cases: : and other luggage :		: Small leather goods	
	: Number : of : establish- : ments :	: Percent : of : total :	: Number : of : establish- : ments :	: Percent : of : total :	: Number : of : establish- : ments :	: Percent : of : total :
Total	286	100.0	329	100.0	118	100.0
0	6	2.1 %	11	3.3 %	3	2.5 %
1 - 5	66	23.1	105	31.9	34	28.8
6 - 20	78	27.3	116	35.3	45	38.1
21 - 50	58	20.3	55	16.7	15	12.7
51 - 100	33	11.5	26	7.9	12	10.2
101 - 250	36	12.6	15	4.6	7	5.9
251 - 500	8	2.8	-	-	2	1.7
501 - 1,000	1	.3	-	-	-	-
1,001 - 2,500	-	-	1	.3	-	-

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures," Vol. I,  
Part 2, pp. 157, 161, 165.



principally from Argentina. 1/ The number of establishments in the luggage and small-leather-goods industries also rose, but exact figures are not available. 2/ Imports of luggage also increased. 3/

In most respects the character of these industries is such that supply can be expected to be rather responsive to price changes. The wartime experience presents evidence of a rapid adjustment to meet an increase in demand. The substantial expansion in the industry occurred despite wartime restrictions. The principal factor contributing to the flexibility of expansion seems to be the ease of entry into the business. It has been stated that "the industry requires little capital, small knowledge, and a little bit of machinery." 4/ There is less evidence regarding the rapidity with which supply is reduced in response to a reduction in demand. The low level of profits in these industries under normal conditions would indicate that once firms have entered the industry they attempt to continue in business for sometime after reduced prices or volume result in losses.

B. Character of demand

The demand for women's handbags is in part necessitous because of its function as a container for numerous and assorted articles of personal use. However, it has tended to become a part of the costume, and represents a substantial element of adornment somewhat similar to costume jewelry. The demand for luggage is generally complementary to the demand for travel. The items in the tax base are durable goods, and purchases can be postponed whenever prices are considered too high. Consumer expenditures on handbags represent a larger proportion of income in the higher income groups than in the lower income groups. 5/ Data are not available for luggage, but the nature of the items suggests that the distribution of expenditures may be similar.

The demand for these taxable items increased so sharply during the war that it outstripped supplies in spite of the expansion in facilities and employment. A large part of the output of the travel luggage and small leather goods was sold to the Government and through Post Exchanges. <sup>6/</sup>

---

1/ Total value of imports of children's and women's leather handbags increased from \$183,000 in 1939 to \$4.4 million in 1945. Imports from Argentina, consisting mainly of bags made of reptile leathers, amounted to \$3.6 million in 1945. (U. S. Tariff Commission)

2/ In 1939 the total number of such establishments was 450; by 1947 there were 500 establishments in the Luggage and Leather Goods Manufacturers Association of America plus an unknown number not members of the Association. (Hearings, p. 181)

3/ From \$754,000 in 1939 to \$2.9 million in 1944. (U. S. Tariff Commission)

4/ Hearings, p. 182

5/ See below, p. 54.

6/ Hearings, (Sales through Post Exchanges are made free of tax.)

With the end of the war and the removal of restrictions on the use of materials, sales to civilians increased. The increase for all the items in the tax base between 1945 and 1946 amounted to about 13 percent, but it was substantially higher on luggage proper. (Table 3) Although removal of restrictions on travel stimulated the demand for luggage, at the same time military sales of luggage declined sharply.

The wartime experience with the changes in tax rates is difficult to interpret because of the restrictions on supplies, large changes in the level of the national income, and tax-free sales to members of the armed forces at Post Exchanges. However, in 1944, the year when the present tax rate became effective, department store luggage sales, including tax, were 9 percent below those of 1943, while handbag sales were only 3 percent above 1943. (Tables 4 and 5) Exclusive of tax, it appears that the decline in luggage sales was about 15 percent and that sales of handbags declined by about 12 percent. 1/ There was some recovery in sales in 1945 but sales exclusive of tax did not reach the 1943 level, although the level of income had increased. The nature of the demand for items in the tax base and the decline in sales after the wartime tax increases suggest that normally the higher prices resulting from the tax would reduce demand substantially.

#### C. Outlook for the industry

There are indications that the travel luggage industry faces problems of over-expansion and conversion. The large wartime demand by members of the armed forces has diminished rapidly. Although civilian sales have increased sharply, primarily because of increased travel, this increase may not compensate entirely for decreased military demand. It has been reported that some firms have closed down, but part of this has been due to the necessity of conversion to the use of leather, which is again becoming available. Because of the decreased military demand and because of the desire of dealers to clear their stocks of goods made of substitute materials, prices of travel luggage have been falling. Sharpest drops occurred in the highest price lines, some items being slashed by 50 percent in December 1946. 2/

Similar reports of plant closings have been made on the women's pocketbook and small-leather-goods industries. 3/

---

1/ There had been large increases in department store sales in 1943. These sales figures do not reflect, of course, any increase that may have occurred in sales at Post Exchanges.

2/ Hearings.

3/ Statement submitted to the House Committee on Ways and Means, June 6, 1947, by the Pocketbook Workers' Union, New York.

Table 3

Taxable sales and index of department store sales of  
handbags and luggage, 1941 - 1946

Year	Taxable sales, total <sup>1/</sup> (Millions)	Index of department store sales (Average monthly sales, 1941=100) <sup>2/</sup>	
		Handbags	Luggage
1941	3/	100	100
1942	3/	119	120
1943	3/	150	146
1944	3/	155	132
1945	\$ 382.8	170	147
1946	432.6	196	223

Treasury Department, Division of Tax Research

Source: For taxable sales, Treasury Bulletin; for department store sales, Federal Reserve Bulletin.

- <sup>1/</sup> Based on collections of Federal excise taxes. Does not include Federal excise tax.
- <sup>2/</sup> Includes Federal excise taxes except when store reports such excise separately.
- <sup>3/</sup> Prior to April 1, 1944, the tax was levied on manufacturers' sales and applied only to luggage.



- 50 -

Table 4

Index of sales of luggage by department stores reporting to  
Federal Reserve Board <sup>1/</sup>

## 1. Index (Average monthly sales, 1941=100)

Year	: 1941	: 1942	: 1943	: 1944	: 1945	: 1946	: 1947
Total	100	120	146	132	147	223	
January	57	62	105	87	89	122	143
February	53	56	113	99	87	131	132
March	59	67	125	163	108	150	163
April	59	75	126	75	109	176	189
May	97	99	157	121	154	247	270
June	127	124	176	146	186	302	
July	114	122	166	126	147	238	
August	107	128	144	125	125	234	
September	94	122	119	113	112	179	
October	66	115	122	116	129	162	
November	96	146	152	158	185	253	
December	270	325	243	252	332	474	

## 2. Percentage change from same month of previous year

Year	: 1941- : 1942	: 1942- : 1943	: 1943- : 1944	: 1944- : 1945	: 1945- : 1946	: 1946- : 1947
Total	+ 20 %	+ 22 %	- 9 %	+ 11 %	+ 52 %	
January	+ 9	+ 69	- 17	+ 2	+ 37	+ 17 %
February	+ 6	+102	- 12	- 12	+ 51	+ 1
March	+ 14	+ 87	+ 30	- 34	+ 39	+ 10
April	+ 27	+ 68	- 41	+ 45	+ 61	+ 7
May	+ 2	+ 59	- 23	+ 27	+ 60	+ 9
June	- 2	+ 42	- 17	+ 27	+ 62	
July	+ 7	+ 36	- 24	+ 17	+ 62	
August	+ 20	+ 13	- 13	0	+ 87	
September	+ 30	- 3	- 5	- 1	+ 60	
October	+ 74	+ 6	- 5	+ 11	+ 26	
November	+ 52	+ 4	+ 4	+ 17	+ 42	
December	+ 20	- 25	+ 4	+ 32	+ 43	

Treasury Department, Division of Tax Research

Source: Federal Reserve Bulletin.<sup>1/</sup> Includes Federal excise taxes except where stores report such taxes separately.

Table 5

Index of sales of handbags and small leather goods by department stores reporting to Federal Reserve Board 1/

1. Index (Average monthly sales, 1941=100)

Year	1941	1942	1943	1944	1945	1946	1947
Total	100	119	150	155	170	196	
January	44	53	71	86	88	103	101
February	53	60	103	105	106	127	116
March	85	114	124	212	220	194	208
April	117	120	177	122	118	241	194
May	96	102	133	133	163	197	193
June	89	102	136	126	161	189	
July	54	67	97	89	112	119	
August	69	84	110	113	122	156	
September	109	131	157	157	166	188	
October	102	136	160	158	179	191	
November	115	148	196	208	216	232	
December	267	311	339	350	388	410	

2. Percentage change from same month of previous year

Year	1941- 1942	1942- 1943	1943- 1944	1944- 1945	1945- 1946	1946- 1947
Total	+ 19 %	+ 26 %	+ 3 %	+ 10 %	+ 15 %	
January	+ 20	+ 34	+ 21	+ 2	+ 17	- 2 %
February	+ 13	+ 72	+ 2	+ 1	+ 20	- 9
March	+ 34	+ 9	+ 71	+ 4	- 12	+ 7
April	+ 3	+ 48	- 31	- 3	+104	- 19
May	+ 6	+ 30	0	+ 23	+ 21	- 2
June	+ 15	+ 33	+ 7	+ 28	+ 17	
July	+ 24	+ 45	- 8	+ 26	+ 6	
August	+ 22	+ 31	+ 3	+ 8	+ 28	
September	+ 20	+ 20	0	+ 6	+ 13	
October	+ 33	+ 18	- 1	+ 13	+ 7	
November	+ 29	+ 32	+ 6	+ 4	+ 7	
December	+ 16	+ 9	+ 3	+ 11	+ 6	

Treasury Department, Division of Tax Research  
Source: Federal Reserve Bulletin.

1/ Includes Federal excise taxes except where stores report such taxes separately.

There has been no indication of a significant reduction in the dollar volume of retail sales compared with 1946. (Table 6) However, this may partly reflect higher prices and lower physical volume. Unless further substantial increases in national income occur, the volume of business may not be sufficient to utilize the capacity developed during the war. Prior to the wartime expansion, consumer expenditures on luggage had tended to decline in relation to the level of disposable income. <sup>1/</sup>

#### V. Effects of the tax

##### A. On profits

Wartime profits for the industry were apparently very favorable as demand increased greatly. <sup>2/</sup> Because of the shortage of supplies price ceilings were imposed on the taxable items during the war but probably were not fully effective. To the extent that the price ceilings were effective the tax probably did not affect profits very appreciably.

As conditions of supply and demand become more normal the present rate of tax may affect profits significantly. The level of purchases is likely to be substantially lower because of the tax. This tends to reduce prices to producers. The extent of the reduction will depend on the adjustments made in the industry. In view of the apparent over-expansion of the industry during the war, it would probably be some time before supply would become adjusted to the lower level of consumer purchases. Under these conditions the present tax would exert a downward pressure on prices and profits of producers and distributors.

##### B. On business costs and competition

Businesses purchase some luggage and to that extent the tax raises general business costs, but the total amount of such expenditures is probably small.

The principal items in the tax base serve a specific function for which there are no close substitutes. Within the industry those producers whose production is more largely in the lower price lines may be less affected, because the tax increases the absolute price difference between the lower and high priced goods.

---

<sup>1/</sup> According to data of the Department of Commerce, expenditures for luggage in 1929, when disposable income was about \$80 billion, totalled \$97 million; in 1941, when disposable income was \$89 billion, luggage expenditures were only \$68 million.

<sup>2/</sup> Although separate profit data on these industries are not available, industry representatives have indicated that the business was highly prosperous during the war years (Hearings)



- 53 -

Table 6

Sales of handbags, small leather goods and luggage  
estimated from tax collections, 1944 - 1947 <sup>1/</sup>

(In millions)

Month	1944	1945	1946	1947
Total	-	\$ 382.8	\$ 432.6	-
January	<sup>2/</sup>	43.4	50.3	\$ 54.1
February	<sup>2/</sup>	21.1	23.9	20.8
March	<sup>2/</sup>	29.9	27.4	26.1
April	<sup>2/</sup>	31.2	41.7	35.8
May	\$ 26.5	27.1	33.7	30.5
June	27.8	33.8	38.5	35.9
July	25.4	31.8	36.0	
August	22.9	19.4	28.3	
September	30.5	34.0	36.4	
October	29.7	30.5	29.3	
November	34.6	30.4	37.4	
December	45.7	50.1	49.6	

Treasury Department, Division of Tax Research

Source: Treasury Bulletin.

<sup>1/</sup> Estimated by assuming current month's tax collections apply to prior month's sales. Excludes amounts paid for Federal excise tax.

<sup>2/</sup> Estimates for retail sales prior to May 1944 cannot be made because tax was on manufacturers' sales prior to April 1, 1944.

C. On consumers

Purchases of handbags and luggage constitute a relatively small proportion of total consumer expenditures and they are not an important element in the cost of living. Handbags, however, are given some weight in the Consumers' Price Index of the Bureau of Labor Statistics. 1/

Consumer expenditures for handbags appear to represent a substantially larger proportion of family income as the size of the income increases. 2/ Data for 1941 indicated expenditures on handbags in the income class from \$3,000 to \$5,000 were roughly 50 percent higher in relation to income than such expenditures in the income classes below \$2,000. No data on the distribution of expenditures by income groups are available for other products in the tax base. The character of the demand for the other products, however, suggests that the expenditures for them are also relatively greater in the higher income groups.

Expenditures for both handbags and luggage appear to fluctuate more than disposable income. 3/ Consequently, this tax has the effect of withdrawing relatively more purchasing power from the income stream in periods of high business activity than in periods of low business activity.

VI. Administration and compliance

It appears that there are approximately 85,000 taxpayers filing returns under this tax. However, many of these taxpayers, such as department stores, do not file returns solely because of the luggage tax, since they are required to file returns under the other retail taxes on jewelry, furs and toilet preparations.

The tax on luggage raises substantial classification difficulties, largely as a result of the extension of the tax in the 1943 act to card, pass, and key cases and adoption of the catch-all phrase "toilet cases and other cases, bags and kits (without regard to size, shape, construction or material from which made) for use in carrying toilet articles or articles of wearing apparel." The necessity of record-keeping for small sales adds to the compliance burden of the taxpayers.

---

1/ Since, in the construction of the Index changes in the prices of handbags are assumed to be the same as changes in the prices of wearing apparel, the effect of the excise tax does not enter in the computation.

2/ Based on Bureau of Labor Statistics, "Family Spending and Saving in Wartime," Bulletin No. 822, April 1945; Bureau of Agricultural Economics, "Rural Family Spending and Saving in Wartime," Miscellaneous Publication No. 520, June 1943.

3/ Data of Department of Commerce indicate that a 1-percent change in disposable income will induce a 1.4-percent change in handbag purchases, and a 1.8-percent change in luggage purchases.

## VII. Technical problems

The principal technical problems which arise under this tax are:

1. The treatment of small leather goods.
2. The timing of a change in the tax rate to minimize disturbance to the industry.

### A. The treatment of small leather goods

The catch-all phrase "... and other cases, bags and kits (without regard to size, shape, construction or material from which made) for use in carrying toilet articles or articles of wearing apparel" and the inclusion of card and pass cases have resulted in considerable administrative and compliance difficulty.

Under the catch-all phrase such cases as comb, manicure, and toothbrush cases, etc. are taxable. However, since these cases are not usually sold separately from the product contained therein, the dealer has to determine the percentage of total value attributable to the case. Thus, on a comb and case selling for 10 cents, the collection by the dealer of a tax on the small portion of the price represented by the case involves a considerable amount of work in relation to the revenue involved.

The difficulty with regard to card and pass cases arises from the fact that many items, while primarily used for other purposes, can also be used as card and pass cases. Thus, small picture frames could be designed to hold cards and passes, as could some check holders distributed by banks. In view of the possibility of alternative uses, manufacturers and retailers are not always certain whether such items are taxable. Furthermore, firms making non-taxable items which can be made to serve the purpose of card and pass cases would have a competitive advantage over those making products that are taxable.

The coverage of the tax could probably be redefined to avoid some of the inequities and difficulties that now arise.

### B. Timing of tax rate changes

The major seasonal peak for sales of the principal taxable items occurs in December, with secondary peaks in April and June. Advance notice of a tax reduction during these months would induce some postponement of purchases and, if many purchases were postponed until the following season, the industry might suffer nonrecoverable losses in sales. A tax reduction geared to the seasonal low point of sales during the late summer months would minimize the postponement of purchases.



## PART IV -- Excise Tax on Toilet Preparations

### I. Description of the tax

The tax applies to sales at retail of perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, hair dyes, aromatic cachous, toilet powders and any similar substances to be used or applied for toilet purposes.

The tax is payable by every person who sells at retail any of the taxable articles. The sale of toilet preparations to persons operating barber shops, beauty parlors, or similar establishments, for use in the operation thereof, and not for resale, is considered a sale at retail.

The exemptions provided under this tax are (a) sales for the exclusive use of State or local governments, and (b) sales for export.

### II. Changes in the tax since 1914

A tax on toilet preparations was levied under the Revenue Act of 1914. Such items as toilet soaps and toothpastes, which were taxable under earlier acts, have been excluded from the tax base since the Revenue Act of 1938. The tax rates and the effective dates of changes since the 1914 act are shown below:

- 57 -

## Changes in tax rates since 1914

Revenue Act	Effective date	Rate
1914	Oct. 22	Stamp tax <u>a/</u>
1916	Sept. 9	Repealed
1917	Oct. 3	2% of mfrs. sales price
1918	May 1, 1919	1¢ per 25¢ or fraction of retail sales price <u>b/</u>
1921	Jan. 1, 1922	Repealed
1932	June 21	10% of mfrs. price <u>c/</u>
1938	July 1	Tax on toilet soaps, etc, repealed
1940	July 1	11% of mfrs. price
1941	Oct. 1	10% of retail price
1943	Apr. 1, 1944	20% of retail price

a/ Per sale price not over 5 cents, 1/8 of 1 cent; over 5 cents and not over 10 cents, 2/8 of 1 cent; over 10 cents and not over 15 cents, 3/8 of 1 cent; over 15 cents and not over 25 cents, 5/8 of 1 cent; each additional 25 cents or fraction thereof, 5/8 of 1 cent.

b/ Toilet soaps and toilet soap powders, 3 percent of manufacturer's sale price, effective February 25, 1919.

c/ 5 percent on toothpastes, toilet soaps, etc.

### III. Revenue collections 1936-1947

This tax produces approximately the same amount of revenue as is obtained from each of the taxes on luggage and furs, and less than half the yield from the jewelry tax. Annual collections are shown below:

- 58 -

## Collections, fiscal years 1936-1947

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1936	\$ 13.3	1942	\$ 22.5 <sup>a/</sup>
1937	18.3	1943	32.7
1938	16.3	1944	44.8
1939	11.5	1945	86.6
1940	7.8	1946	95.6
1941	6.7	1947	95.5

<sup>a/</sup> Effective Oct. 1, 1941, rate changed from 11 percent on manufacturer's price to 10 percent of retail price. Figure includes collections from both retail and manufacturers' tax.

IV. Economic background of the industry

The principal items in the tax base are: Toilet creams, which in 1939 accounted for about 16 percent of the total manufacturers' value of toilet preparations; face powder, which accounted for about 13 percent; and perfumes and toilet waters, which together accounted for 13 percent. The remainder consists of various preparations, most of which individually account for a small fraction of the total. (Table 1)

A. Character of supply

The toilet preparation industry varies from small, home shops to large producers whose products are distributed nationally and internationally. (Table 2) Capital investment in the industry is small and new firms can enter the field without difficulty if the operations are on a small scale. However, growth usually requires considerable outlay for advertising and promotion. <sup>1/</sup> A relatively few plants

<sup>1/</sup> Advertising and promotion costs constitute about 25 percent of the total costs of the industry, according to Standard and Poor's, Industry Surveys, "Drugs and Cosmetics," August 23, 1946, Part 2.



- 59 -

Table 1

Production of principal toilet preparations, 1939 <sup>1/</sup>  
(In millions of dollars)

Product	Value	Percent of total
Total	\$ 122.9	100.0 %
Creams, other than shaving cream	19.4	15.8
Face powders	15.4	12.5
Perfumes	8.6	7.0
Toilet waters	7.7	6.3
Face lotions	7.6	6.2
Talcum powders	7.3	6.0
Hair dressings	6.9	5.6
Lipsticks and lip rouges	6.1	5.0
Deodorants	5.6	4.6
Hair tonics	4.9	4.0
Manicure preparations	4.7	3.8
Shampoos, containing soap	4.6	3.7
Other toilet powders	3.4	2.8
Other rouges	2.3	1.8
Hair dyes	1.7	1.4
Bath salts	1.2	1.0
Depilatories	.4	.3
Other toilet preparations	15.0	12.2

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures,"  
1940, Vol. II, Part 1.

<sup>1/</sup> At manufacturers' prices.

- 60 -

Table 2

Number of establishments in the perfume, cosmetic  
and other toilet goods industries, by number of  
wage earners, 1939

Number of wage earners	:	Number of establishments	:	Percent of total
Total		539		100.0 %
0		28		5
1 - 5		314		58
6 - 20		104		19
21 - 50		46		9
51 - 100		21		4
101 - 250		19		4
251 - 500		6		1
501 - 1,000		1		*

Treasury Department, Division of Tax Research

Source: Sixteenth Census of the United States, "Manufactures," 1940,  
Vol. I, p. 48.

\* Less than .5 percent.

therefore account for a substantial proportion of the entire output. In 1935, the four largest firms produced one-quarter of the total product, while the eight largest companies accounted for 41 percent of the total. 1/ These firms manufacture a wide line of products covering practically the entire toilet goods field. 2/

Manufacturers of nationally advertised articles issue stipulated list prices for most of their items and the Fair Trade acts, effective in most States, provide for maintenance of these prices on re-sales of the articles. These prices are not always maintained by retailers and sales at reduced prices are not infrequent. However, retailers who desire to emphasize price appeal have concentrated upon private brands which are not price-maintained. The advertising of these retailers may emphasize reduced prices, and frequently carries detailed technical comparisons designed to show that the product bearing the private brand is equivalent to the nationally advertised, price-maintained article. 3/ Prices and costs vary widely in this field. The ingredients are usually a small element of total cost and represent a decreasing proportion of the total for the higher priced products. 4/ Advertising and selling expenses and cost of containers account principally for the wide differences in prices of similar articles.

The wartime expansion in production of toilet preparations indicates a substantial degree of flexibility in supply. The output of the industry, as measured by taxable sales, 5/ increased during the war by approximately 50 percent, (Table 3) During this period the Bureau of Labor Statistics' Price Index for cold creams and face powders increased by only the amount of the tax. 6/ (Table 4) The expansion that took place during the war seems to have resulted from

- 
- 1/ National Resources Committee, The Structure of the American Economy, Part 1, "Basic Characteristics," June 1939, pp. 256-257.
  - 2/ Based on examination of the products of the firms reported on in Moody's Industrials, 1946.
  - 3/ Temporary National Economic Committee, 76th Congress, 3rd Session, Investigation of Concentration of Economic Power, Monograph 1, "Price Behaviors and Business Policy," 1941.
  - 4/ In an examination of over 30 products, it was found that the ingredients in no case constituted as much as 20 percent of the retail selling price (TNEC, Monograph 1, p. 82.)
  - 5/ Imports increased, but accounted for only a small fraction of domestic consumption. (U. S. Tariff Commission)
  - 6/ The Index is based on the prices of nationally advertised brands and does not necessarily reflect changes in discounts or in sales at reduced prices. Moreover, concealed price increases resulted from necessary wartime substitutions in both ingredients and containers and reduced quantities per package.



- 62 -

Table 3

Sales of toilet preparations,  
estimated from tax collections, 1942-1947 <sup>1/</sup>

(In millions)

Month	1942	1943	1944	1945	1946	1947
Total	\$ 310.7	\$ 373.1	\$ 404.3	\$ 460.7	\$ 482.2	
January	35.4	37.0	40.8	54.1	65.7	\$ 67.3
February	21.1	21.8	26.0	31.4	33.5	29.9
March	20.9	25.6	35.6	32.1	31.5	34.1
April	21.3	30.2	27.2	33.7	38.5	33.9
May	20.8	20.8	26.7	33.9	33.1	32.7
June	25.7	31.3	29.5	38.1	40.3	39.1
July	23.1	28.7	30.9	36.9	37.3	
August	23.0	24.1	27.1	25.1	32.8	
September	23.4	28.5	31.2	38.4	38.3	
October	21.3	27.8	32.6	33.3	31.0	
November	27.4	33.5	38.0	38.8	41.2	
December	47.6	63.8	58.7	65.0	58.9	

Treasury Department, Division of Tax Research

Source: Treasury Bulletin.

<sup>1/</sup> Sales are estimated from collections by assuming that collections for a specified month are all derived from sales of the preceding month. Does not include amounts paid for Federal excise taxes.

Table 4

Price indexes for medium priced and inexpensive face powder and cleansing cream, 1935 - 1st. quarter, 1947 <sup>1/</sup>.

(1935 - 1939 = 100)

Month and year	Face : powder	Cleansing : cream	Month and year	Face : powder	Cleansing : cream
1935	100.1	100.5			
1936	100.6	100.4			
1937	99.6	100.6			
1938	100.0	99.7			
<u>1939</u>			<u>1943</u>		
March	99.2	99.1	March	109.5	109.9
June	99.2	99.1	June	110.2	110.5
September	99.2	99.1	September	110.2	110.5
December	99.2	98.0	December	110.2	111.1
<u>1940</u>			<u>1944</u>		
March	99.2	98.0	March	110.2	111.7
June	99.2	97.4	June	120.2	121.8
September	99.2	97.4	September	120.2	121.8
December	99.2	97.4	December	120.2	121.8
<u>1941</u>			<u>1945</u>		
March	99.2	97.4	March	120.2	121.8
June	99.2	97.4	June	120.2	121.8
September	99.2	97.4	September	120.2	121.8
December	104.4	107.6	December	120.2	121.2
<u>1942</u>			<u>1946</u>		
March	109.5	108.7	March	119.5	121.2
June	109.5	109.3	June	119.5	121.2
September	109.5	109.3	September	120.2	121.2
December	109.5	109.3	December	120.2	121.2
			<u>1947</u>		
			March	119.5	121.2

Treasury Department, Division of Tax Research

Source: Bureau of Labor Statistics.

<sup>1/</sup> Indexes computed on basis of retail price including Federal excise tax.

more intensive use of existing facilities, rather than from new entries into the business. The scarcity of raw materials, especially glycerin and ethyl alcohol and containers, made entry into the field difficult. 1/

From the information available on the structure of the industry and the wartime changes in production and prices it would appear that changes in demand would be reflected partly in a change in the volume of output and partly in price changes. There are indications that producers of nationally advertised brands would tend to meet a reduction in demand by making adjustments in supply rather than enter into outright price cutting. Producers of non-advertised brands, on the other hand, would tend to lower prices in response to a reduction in demand.

#### B. Character of demand

The demand for toilet preparations arises primarily from the desire to increase personal attractiveness. Social attitudes have made the use of these articles common among all income groups. Consumer expenditures data for families with incomes below \$5,000 indicate that purchases of toilet preparations by the higher income groups are no greater in relation to income than in the lower income groups. 2/ These social and expenditure patterns suggest that demand does not vary proportionately more than a given change in price.

During the war, demand rose sharply. In part, this may have represented an increased need for such articles because of the large increase in social contacts and increased use by men in the armed forces. The imposition of the higher rate of tax, effective April 1, 1944, does not seem to have affected sales to any appreciable extent. Only for a few months of that year did sales fall below the same months in 1943. (Table 2) The effect of the tax may have been offset to some extent by increases in income and the decreased availability of other consumer goods. 3/ Nevertheless, the effect on sales was much less apparent than in the case of the other retail excises.

---

1/ The number of corporation income tax returns from the drug and toilet preparations industries decreased from 2,532 in 1940 to 2,379 in 1943. (Statistics of Income, Part 2).

2/ See below, p. 66.

3/ The strong upward trend in the use of toilet preparations which seems to have developed before the war may also have offset to some extent the effect of the tax.



### C. Outlook for the industry

The industry was apparently able to satisfy most of the demand during the war and since the wartime shortages in materials have largely been eliminated, it should be able to supply all products of the quality desired by consumers. Although the capacity of the industry is not determinable, there are no indications that facilities have been expanded beyond the current level of demand.

As indicated above, some of the wartime expansion in demand may have been abnormal. However, a strong upward trend in the use of toilet preparations appears to have developed prior to the war. Moreover, data on taxable sales in 1947 (Table 3) do not indicate any substantial decline.

### V. Effects of the tax

#### A. On profits

Sales rose sharply during the war and although there was a shortage of materials, the industry appeared to be able to meet most of the demand. Prices remained practically stationary except for increases due to the tax, but profits before taxes of three major producers more than doubled. <sup>1/</sup> The absence of pressure for revision of ceiling prices would indicate that producers were generally satisfied with their profit position. The tax, therefore, does not seem to have affected profits substantially.

Under high employment and income conditions this tax is not expected to have a serious effect on the profits of the industry. The apparent small effect of the increase in tax rate during the war indicates that demand is not very responsive to price changes. The trend for use of cosmetics, perfumes, toiletries, etc. is generally upward. The reduction in purchases that does result from the tax probably is not reflected in appreciably lower prices to producers. The producers of national brands, which probably account for the bulk of the business, presumably would attempt to curtail output in case of reduced purchases by consumers. The tax may stimulate price reductions on non-branded products and thus lower the profits of such producers more than in the case of producers of nationally advertised articles. The sales and profits of retail dealers would also be affected by the adjustments made by the producers of the different articles, but the adjustments made at the retail level would vary depending upon competitive conditions.

---

<sup>1/</sup> Net income of the drug and toilet preparation manufacturers filing corporation income tax returns increased from \$51 million in 1939 to \$226 million in 1943. (Statistics of Income, Part 2)

### B. On business costs and competition

In general, most competing products appear to be included in the tax base. Since most large producers have a fairly complete line of products in different price ranges, the tax probably does not introduce very serious adverse competitive effects among such producers.

Beauty shops and barber shops, which are large users of toilet preparations, may have some difficulty in adjusting prices to reflect the increased cost arising from the tax. The amount of preparations used is not a large proportion of the cost of the services and the tax, therefore, cannot conveniently be added to the price. Some adjustment is possible through changes in the amount or kind of preparations used. However, it is doubtful whether the full amount of the tax would be reflected in adjustments of this character and beauty and barber shops may find it necessary under certain conditions to absorb the tax in whole or in part, particularly during periods of low income.

### C. On consumers

Toilet preparations are included in the Consumers' Price Index of the Bureau of Labor Statistics. While expenditures for toilet preparations are relatively unimportant compared with the expenditures for all items included in the Index, the price increase resulting from the tax does increase the total Index slightly. 1/

On the basis of 1941 family expenditures and income, the proportion of income spent for toilet preparations seems to be about the same for all income groups under \$5,000. 2/ To the extent that the tax is reflected in prices to consumers, it would appear to bear as heavily on the low income groups as on the high income groups.

Pre-war data indicate that expenditures fluctuated somewhat less than changes in disposable income. 3/ Thus the tax has the effect of withdrawing relatively less purchasing power from the income stream in periods of high business activity than during periods of low business activity.

- 
- 1/ If the full amount of the tax is reflected in prices, the Index would be increased by .03 point.
- 2/ Based on Bureau of Labor Statistics, "Family Spending and Saving in Wartime," Bulletin No. 822, April 1945; Bureau of Agricultural Economics, "Rural Family Spending and Saving in Wartime," Miscellaneous Publication No. 520, June 1943. Represents expenditures for cold cream, powder, nail polish and perfume.
- 3/ Department of Commerce data indicate that a 1-percent change in disposable income would result in a 0.6-percent change in expenditures.

## VI. Administration and compliance

Approximately 150,000 returns are filed under this tax. However, many of these taxpayers, such as department stores, do not file returns solely because of the toilet preparations tax, since they are required to file returns under the other retail taxes, such as luggage, jewelry and furs.

Record-keeping for taxpayers adds to the cost of compliance because of the large number of small sales. This burden is also reflected in the auditing of such records by the Bureau of Internal Revenue, especially with respect to small stores. In order to minimize this difficulty, the Bureau allows dealers to pay the tax on the full retail price of the merchandise purchased at the time of the purchase.

Some difficulty arises in the determination of the items subject to the tax, but most of the taxable items can be determined by checking against a list of taxable items prepared by the Bureau showing both type of goods and brand name. In this way, the taxable items have become generally known to the trade.

## VII. Technical problems

The principal technical problems arising under this tax are:

1. The treatment of sales to beauty and barber shops.
2. The definition of toilet preparations in certain cases.
3. The timing of a change in the tax rate so as to minimize disturbance to the industry.

### A. Treatment of sales to beauty and barber shops

Under the retail tax on toilet preparations there has been some question regarding the treatment of sales to beauty and barber shops. Some of these shops, particularly beauty parlors, purchase preparations for resale to their patrons as well as for use in the business. Under present law, purchases by such concerns for their own use are taxable at the time of purchase; purchases for resale are taxable when resold or, if used in the business, at the time the article is first set apart for such use. <sup>1/</sup> In administering these provisions the Bureau of Internal Revenue has required wholesalers or manufacturers making tax-free sales to obtain evidence of intended resale by securing exemption certificates from the purchasers. This requirement, which is commonly imposed under the Federal retail excise taxes where sales are made for resale, is considered essential to the protection of the revenue. The industry has objected to this requirement on the grounds that the penalty clause in the exemption certificate discouraged purchases for resale and hence prevents the promotion of sales to consumers through beauty and barber shops.

---

<sup>1/</sup> The present provision was adopted in the Revenue Act of 1942 at the suggestion of industry. Under the prior law all sales of toilet preparations to beauty and barber shops were taxable. Resales to consumers by such shops were also taxable, but on such sales a credit was allowed equal to the amount of tax paid at the time of first sale to the beauty and barber shop.



Partly to meet this problem, it has been suggested that purchases of toilet preparations by beauty and barber shops for their use be exempted from the tax.<sup>1/</sup> This proposal assumes that if such purchases were exempted from tax, exemption certificates would not be required on purchases by beauty and barber shops for resale. However, the proposed change would not necessarily eliminate the need for requiring exemption certificates on such purchases. Where non-taxable and taxable sales are made by the same person, it is necessary to establish administrative rules for the transactions involved in order to determine whether or not the articles are disposed of as intended. This is the purpose of exemption certificates.<sup>2/</sup> For this reason, exemption certificates on sales to beauty and barber shops probably would be required under the proposed exemption. The exemption certificates might be required on sales for use in the business or on both types of sales, and in either of these cases all shops would be involved, whereas under present law only those making purchases for resale are required to furnish certificates.

Another reason given for the proposed exemption is that the present tax adds to the cost of operations of beauty and barber shops. As indicated above, <sup>3/</sup> these shops may, under certain conditions, find it necessary to absorb the tax in whole or in part. However, to the extent that the patrons of these shops would benefit from the exemption, it would be inequitable from the point of view of the home users of toilet preparations. At the present time purchases for use by beauty and barber shops are accorded some advantage because they are taxed on the basis of the price paid by the shops, which is usually substantially below the price of toilet preparations sold to consumers by retail dealers.

#### B. The definition of toilet preparations

Claims for exclusion of certain products from the scope of the tax have been made on the basis that they have a medicinal, stimulating or curative value. For example, baby oils and powders have been alleged to be medical necessities for babies. However, where these products are held out for use as toilet preparations, exemption would afford opportunity for widespread avoidance of the tax. It appears that such products as baby oils are utilized primarily for their cleansing and skin softening effects. Moreover, they can be used by adults in the same manner as other skin-conditioning and sun-tan oils and are advertised for such use. The exemption of products of this character would place

---

<sup>1/</sup> Testimony by Joseph Reck, Counsel, National Beauty and Barber Manufacturers' Association, before the Ways and Means Committee, June 10, 1947.

<sup>2/</sup> The possibility of dispensing with exemption certificates by providing that the articles be labeled to indicate whether they are for resale has also been considered and found to be impracticable.

<sup>3/</sup> See p. 66 above.

manufacturers of other types of oils and powders at a competitive disadvantage.

Under the present statute, aromatic cachous are considered a toilet preparation, but only a few products are taxable under this provision of the Act. They compete with products that are not aromatic cachous and are not taxable. This results in a serious competitive disadvantage for these products.

C. Timing of tax rate changes

Retail sales of toilet goods are highly seasonal, about 30 percent of the sales occurring in November and December. Advance notice of a tax reduction during the peak sales period might result in considerable postponement of buying and, perhaps, some permanent loss of sales to the industry. The tax reduction would result in the minimum postponement of purchases if made at a time substantially prior to or following the peak season.

VIII. Relative desirability of retail and manufacturers' tax

From 1932 to 1941 the tax on toilet preparations was levied at the manufacturers' level, but since the Revenue Act of 1941 it has been imposed on a retail basis. Principally because of the compliance burden the retail tax imposes on drug stores, it has been suggested that the tax again be levied at the manufacturers' level. <sup>1/</sup> The manufacturers' tax was changed to a retail tax in 1941 because of the serious inequities and administrative difficulties involved. Very substantial differences in tax resulted from the differences in organizational forms and merchandising practices of different firms in the industry. Manufacturers that produced a preparation and packaged it themselves had to pay tax on the full value of the packaged product. On the other hand, toilet preparations sold in bulk form to other firms for packaging were taxable only on the value of the preparations. Under these conditions packaging and merchandising costs, which in many cases represented a high proportion of the value of the product, escaped the tax. The Government also encountered numerous problems in determining the basis on which the tax was to be paid, and extensive litigation developed. Although the retail form of tax involves a much larger number of taxpayers and imposes a substantial compliance burden, particularly on small retailers, the administrative problems under the retail tax are on the whole much less serious and the uniform retail price basis is more equitable in its application to producers and sellers with varying forms of business organization.

---

<sup>1/</sup> Testimony of George H. Frates, Washington Representative of The National Association of Retail Druggists, before the House Ways and Means Committee, June 10, 1947.