U.S. Treasury Dept.

Press Releases

Treasury licenses. Thus, for example, we do not propose to prevent the satisfaction from blocked assets of claims arising out of licensed transactions with respect to such assets nor to prevent payment of service charges on blocked assets. We also do not intend that the operations of blocked business enterprises which are now carried on under license shall, in general, be curtailed.

"The Attorney General has authorized me to say that the foregoing statement reflects his point of view and that the Department of Justice intends to approach foreign funds problems in a spirit of practical cooperation with the financial community. However, as you know, the Department of Justice will not take jurisdiction under the announced program until September 1, 1948, and if any substantial changes in conditions should occur in the interim, the Attorney General must, of course, take them into account."

TREASURY DEPARTMENT

Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS
Saturday, May 29, 1948

~~Press Service~~
No. S-746

The Treasury announced today the issuance of Public Circular No. 37 which provides for a census of property blocked in the United States as of June 1, 1948. Copies of the circular and of Form TFR-600, on which census reports will be made, are expected to be available by June 10 at the Federal Reserve Bank of New York. The census reports are required to be filed by July 15, 1948. The census will not cover any property which has been unblocked. In addition, amendments to General Licenses Nos. 11, 32 and 32A and Public Circular No. 36 were issued and the revocation of paragraph 3 of General License No. 74 was announced. These Licenses relate to payments in the United States and remittances abroad for living expenses and miscellaneous expenditures.

The Treasury also released the following text of a letter which Secretary Snyder sent to Mr. I. C. R. Atkin, Chairman of the Foreign Exchange Committee. This letter, it was pointed out, arose out of conversations with members of the financial community respecting certain questions raised by them in connection with the program outlined in the National Advisory Council's letter of February 2, 1948, to Senator Vandenberg.

"Reference is made to the conversation which the Attorney General and I had with you about problems arising in connection with the program outlined in the National Advisory Council letter of February to Senator Vandenberg.

"I wish to take this opportunity to confirm the following:

"The program set forth in the letter of February is directed toward the disposition of assets which remain blocked as of June 1, 1948. It is not intended to relate to assets which have never been blocked under Executive Order No. 8389, as amended, including assets which have accrued as a result of current transactions authorized under Treasury's General License No. 94, nor to blocked assets which have been released under either specific or general Treasury license. Of course, notwithstanding this general position, the Government will block or vest any property in which it may have reason to believe there is an enemy interest.

"Although it will be necessary in the furtherance of the announced program for the Government to revoke or amend various outstanding licenses, it is our intention to issue specific revocations or amendments and to give adequate notice before taking any such action. It is not intended that such action should prevent the completion of transactions already commenced in proper reliance on

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

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Saturday, May 29, 1948.

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"The Attorney General has authorized me to say that the foregoing statement reflects his point of view and that the Department of Justice intends to approach foreign funds problems in a spirit of practical cooperation with the financial community. However, as you know, the Department of Justice will not take jurisdiction under the announced program until September 1, 1948, and if any substantial changes in conditions should occur in the interim, the Attorney General must, of course, take them into account."

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TREASURY DEPARTMENT

Washington

[redacted] RELEASE, MORNING NEWSPAPERS
Saturday, May 29, 1948

[redacted]
No. S-747

Secretary Snyder announced today the unfreezing of Spain by its inclusion in General License No. 53. This action not only removes all controls over current transactions with Spain but also unblocks the property of most residents of that country under General License No. 53A. General License No. 52 which authorized certain transactions by or on behalf of Spain or any national thereof, has been simultaneously revoked.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS
Saturday, May 29, 1948. No. S-747

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Release Sat. AMs

~~Press~~
~~3494~~
S-748

Memorandum to Mr. Saxon:

~~In accordance with our customary practice, it is suggested that the following information be released to the press:~~

On May 27th the Treasury received the sum of $163,172.24 from the Government of Finland, representing the semi-annual payment of interest in the amount of $128,345.00 under the Funding Agreement of May 1, 1923; $13,695.06 on account of the semi-annual payment on the annuity due under the postponement agreement of May 1, 1941, and $21,132.18 on account of the semi-annual payment on the annuity due under the postponement agreement of October 14, 1943.

These payments represent the entire amount due from the Government of Finland on June 15, 1948, under these agreements.

~~Fiscal Assistant Secretary~~

~~EOBarnes:acc 5/28/48~~

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Saturday, May 29, 1948. No. S-748

On May 27th the Treasury received the sum of $163,172.24 from the Government of Finland, representing the semi-annual payment of interest in the amount of $128,345.00 under the Funding Agreement of May 1, 1923; $13,695.06 on account of the semi-annual payment on the annuity due under the postponement agreement of May 1, 1941, and $21,132.18 on account of the semi-annual payment on the annuity due under the postponement agreement of October 14, 1943.

These payments represent the entire amount due from the Government of Finland on June 15, 1948, under these agreements.

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~~FOR~~ IMMEDIATE RELEASE,
Friday, May 28, 1948.

5-749

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-1/8 percent Treasury Certificates of Indebtedness of Series E-1949, to be dated June 1, 1948, open to the holders of Treasury Certificates of Indebtedness of Series E-1948, maturing June 1, 1948, and 1-3/4 percent Treasury Bonds of 1948, maturing June 15, 1948.

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

Federal Reserve District	Certificates Exchanged	Bonds Exchanged	Total Exchanges
Boston	$ 29,682,000	$ 137,814,000	$ 167,496,000
New York	923,418,000	1,446,759,000	2,370,177,000
Philadelphia	32,748,000	68,163,000	100,911,000
Cleveland	66,916,000	103,185,000	170,101,000
Richmond	17,720,000	51,173,000	68,893,000
Atlanta	36,520,000	41,639,000	78,159,000
Chicago	151,688,000	351,332,000	503,020,000
St. Louis	56,503,000	66,051,000	122,554,000
Minneapolis	43,499,000	61,331,000	104,830,000
Kansas City	65,644,000	77,263,000	142,907,000
Dallas	47,770,000	39,381,000	87,151,000
San Francisco	140,062,000	237,787,000	377,849,000
Treasury	5,361,000	1,160,000	6,521,000
TOTAL	$1,617,531,000	$2,683,038,000	$4,300,569,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, May 28, 1948.

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Chicago	151,688,000	351,332,000	503,020,000
St. Louis	56,503,000	66,051,000	122,554,000
Minneapolis	43,499,000	61,331,000	104,830,000
Kansas City	65,644,000	77,263,000	142,907,000
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FOR RELEASE, MORNING NEWSPAPERS,
Saturday, May 29, 1948.

S-750

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 June 3 and to mature September 2, 1948, which were offered May 25, 1948, were opened at the Federal Reserve Banks on May 28.

The details of this issue are as follows:

Total applied for - $1,704,334,000
Total accepted - 1,100,707,000 (includes $30,590,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 15,384,000	$ 15,109,000
New York	1,501,118,000	954,273,000
Philadelphia	14,170,000	7,130,000
Cleveland	17,645,000	10,693,000
Richmond	965,000	965,000
Atlanta	2,523,000	2,523,000
Chicago	71,115,000	54,065,000
St. Louis	2,452,000	2,287,000
Minneapolis	3,395,000	2,900,000
Kansas City	17,553,000	17,498,000
Dallas	6,047,000	6,047,000
San Francisco	51,967,000	27,217,000
TOTAL	$1,704,334,000	$1,100,707,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Saturday, May 29, 1948. No. S-750

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Cleveland	17,645,000	10,693,000
Richmond	965,000	965,000
Atlanta	2,523,000	2,523,000
Chicago	71,115,000	54,065,000
St. Louis	2,452,000	2,287,000
Minneapolis	3,395,000	2,900,000
Kansas City	17,553,000	17,498,000
Dallas	6,047,000	6,047,000
San Francisco	51,967,000	27,217,000
TOTAL	$1,704,334,000	$1,100,707,000

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participants in the broad fields of American life as a whole, as well as leaders in one of America's finest services.

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cherish would become tragically futile. But we shall not fail.

I think it peculiarly in keeping with the tenets of our democracy that you as Coast Guard officers, out of the accumulated knowledge and broadened vision of your four years in these halls, should give deep thought to these problems of human welfare and human progress as well as to the immediate demands of your professional tasks. I hope ~~in brief~~, that you will be active

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economy has raised the material well-being of our people to a level unprecedented in history. It is our task to maintain that level and to demonstrate that our economy can be made to provide security for all of our people, year in and year out. Our nation is confronted with the greatest challenge in its history. If we were to fail to meet that challenge, all those hopes of spiritual and physical attainment we traditionally

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a reluctance to defend our civilization. No error was ever more wrong or more costly to those who made it.

But defense of our civilization is not a matter of mere military force in being. Basically, it must rest on a society of free men who believe in the ultimate values of a full and a peaceful life.

It is equally a responsibility of each one of us to help make our free economy work. The American

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security of our country. We Americans are not a military people. It is not an idle phrase to say that the United States is a peace-loving nation. We are sincerely devoted to the promotion of cooperation and understanding among nations. But it is equally true that at times we can only have peace by fighting for it. Twice in the last thirty years, this country's profound attachment to the ways of peace has been mistaken by would-be rulers of the world for

75-1

The enthusiasm of every Academy graduate for prospects of professional attainment in Coast Guard affairs is both understandable and praiseworthy. I subscribe to that enthusiasm. But I do want to stress, in parallel, the compelling need for all trained minds to help find ways of assuring mankind a peaceful and progressive civilization in which to work out his destiny.

I have already spoken of the role the Coast Guard plays in assuring the economic relationships. To help solve them, we need all the assistance that our educational institutions can contribute of youthful moral vigor and spiritual dependability.

Let me urge wise tolerance and devotion to fair play as attributes greatly to be desired of those who progress through the years to positions of greater and greater responsibility. For tolerance and fair play are the keystones to mutual confidence among men.

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No other qualification is more important in measuring an officer's worth.

Integrity of character is equally a determining factor in the shaping of good citizenship. The value of every man to himself and to this nation must rest basically upon his fidelity to high ideals and ethical standards, as exemplified in his daily actions, ~~living.~~

Our post-war world is one of complex problems of social and

 75-1

conclusively~~;~~ for it is not subject to evaluation by an examination paper. Your attitude toward your job, the manner in which you regulate your personal affairs, your concern for the welfare of subordinates over whom you exercise authority -- these are among the outward signs which will prove to yourselves and to your superiors the quality of character you contribute to the Coast Guard Service -- to its spirit, its efficiency and its essential nature.

responsibilities of good citizenship cannot be too strongly emphasized today. And the earnestness, sincerity and determination with which we meet these responsibilities, individually and collectively, will decide the course of our nation for many generations to come.

Character is the remaining ~~remaining~~ ingredient of your qualifications for competent Coast Guard duty which I wish to emphasize. Only time will test that ingredient

 75-1

career.

But the duty of professional leadership is not the only obligation which confronts an Academy graduate. He has the further and considerable obligation of American citizenship. In these critical days, this means playing an active and a constructive part in the vast undertakings of our national life, the ultimate purpose of which is to maintain the greatness of this nation and to attain a peaceful and prosperous world. Our

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Universities, receive from the Superintendent of the Coast Guard Academy the degree of Bachelor of Science. This degree signifies your successful completion of four years of study and instruction in basic science and engineering courses, and in certain other cultural subjects. You have had both theoretical and practical training in seamanship and other professional skills and you have been found to possess a high order of adaptability for a Coast Guard won admission to this Academy from the enlisted ranks of the Coast Guard, the Army and the Navy. Of the 262 cadets remaining on duty here, 66 were admitted to cadet status from the enlisted ranks of one or another of the armed services. All of these successful applicants competed on even terms with civilians in the Academy's exacting entrance tests.

So today, you men, under authority of an Act of Congress and the Association of American

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experience, and training, for military assignment on whatever scale the needs of defense may require. Preparedness for possible war service necessitates its peacetime military status.

Just as veterans of the War for Independence helped to man the newly organized Revenue Marine Service, so have other wars furnished candidates for the Coast Guard officer corps. I find it of particular interest to note that 38 of today's 52 graduates

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military forces i~~n time of war~~.

This arrangement has worked well for a century and a half of American history; the Coast Guard has executed its civil functions efficiently and effectively, and no branch of our military services performed its duties more capably during the recent world war. Those same civil functions of the Coast Guard in peacetime would again [~~have~~] have important military applications in the event of another emergency [~~wartime~~] -- and the Coast Guard is fully prepared, through organization, Coast Guard have of serving their country in both the pursuits of war and the pursuits of peace.

Throughout its history, your organization has had to lead a more or less dual life, since it renders the major services of which I have spoken to our civilian life in peacetime, and also forms a part of our

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So, while the march of science has gone ahead at an astonishing pace in the past decade, the Coast Guard, utilizing all of its accumulated knowledge of a century and a half of service, has kept step in its techniques with this accelerated scientific development.

I think that the work of the Service in adapting war-time scientific developments to vital peacetime uses illustrates the unique opportunity the men of the

75-1

by such methods as the air-sea search and rescue teams; and by an ocean station service for weather reporting, navigational aid and emergency assistance.

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Coast Guard activities today when he founded the Revenue Marine 158 years ago. The last ten years, particularly, have seen dramatic changes and advances in your Service.

In 1939, the Lighthouse Service was placed in the Coast Guard and with the outbreak of war, the Marine Inspection Service was added to its other responsibilities. Navigational aid and life saving operations have been supplemented and amplified by such devices as radar, loran, racon;

75-1

employment of armed cutters to safeguard the Federal Revenue against contraband. His determined efforts resulted in appropriations for ten of these cutters to be assigned to Customs offices from Massachusetts to Georgia. From this early start of the Revenue Marine, the Treasury and the Coast Guard have progressed together in the accomplishment of their specialized responsibilities.

But Hamilton could not possibly have foreseen the ~~extend~~ extent and scope of

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The Treasury and the Coast Guard ~~has~~ had their beginnings only a few months apart, and the first steps in their implementation were the results of the efforts of one man, Alexander Hamilton. Following the ratification of our Constitution, the Congress in April, 1789, created the State, Treasury and War Departments. Six months later Hamilton, the first Secretary of the Treasury, wrote a prophetic letter, pointing out the necessity of

Guardsmen. The same gratifying duty was performed many times by Secretaries of other years; it will be performed many times again. The list of meritorious Coast Guard deeds seems almost endless, and the tributes paid in recognition of these deeds would fill volumes. Such men~~, and the heroic thousands of others of their kind,~~ honor the Coast Guard rosters of yesterday and today, reminding us of the traits of character that typify the men of the Coast Guard Service.

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Guard service than the one implied in your official motto -- "Semper Paratus".

Full devotion to duty is not a characteristic acquired casually or displayed incidentally in the course of a Coast Guardsman's experience. I have had the pleasure on more than one occasion, as Secretary of the Treasury, to commend officially some outstanding instance of valor on the part of a Coast Guardsman or a group of Coast

751

list of those government agencies which the nation regards as indispensable.

The Coast Guard has been described somewhat formally as a "multifunctional agency with military status." But describe it as you will, there is no ceiling on the day-to-day, year-to-year response of this service to the calls upon it for demonstrations of skill, courage and resourcefulness. And there is no more inspiring pattern for Coast

757

saving performance, of heroism and self-sacrifice in war and in peace, and its other innumerable and significant public services, may be certain of a position high on the

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which this organization has made to the safety and security of the United States.

For, ~~S~~since the founding of our Republic, the Coast Guard has served its country with distinction in every war in which we have been engaged.

The essential worth of any government activity is judged by the quality and the quantity of the services which it renders to the American people. The Coast Guard, with its record of unmatched life-

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young American a greater opportunity to contribute to his country's security than that of service in the United States Coast Guard. You are leaving this Academy, "well grounded in seamanship, the sciences and the amenities", to devote your energy and character to the leadership of a body of men, long noted for distinguished service to their country. The Treasury Department, and the whole Nation, may well take pride in the significant contributions

5-727

Admiral Derby, Admiral O'Neill, Graduates
and Members of the Cadet Corps, and Guests:

It is a very real pleasure for me to join in this commencement program. It gives me great personal satisfaction to have the privilege of extending to you 52 graduates who are receiving your commissions as officers, my warm congratulations and sincere good wishes for success in this, your chosen profession. I know of no career which offers a

Plain white 757

The following address by Secretary Snyder at the Sixty-Second Commencement of the United States Coast Guard Academy, New London, Conn., is scheduled for delivery at 2:30 P.M., E.D.S.T., Friday, June 4, 1948, and is for release at that time.

Mimeograph

5-757

ADDRESS BY SECRETARY SNYDER

AT THE

SIXTY-SECOND COMMENCEMENT

UNITED STATES COAST GUARD ACADEMY

NEW LONDON, CONNECTICUT

JUNE 4, 1948

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

No. S - 751

Summary of attached address by Secretary Snyder. For release at 2:30 P.M., E.D.S.T., Friday, June 4, 1948

COMMENCEMENT ADDRESS, U. S. COAST GUARD ACADEMY

"I know of no career which offers a young American a greater opportunity to contribute to his country's security than that of service in the United States Coast Guard."

The last ten years have seen dramatic changes and advances in Coast Guard activities.

The march of science has gone ahead at an astonishing pace, and the Coast Guard has kept step in its techniques with this accelerated scientific development.

The work of the Service in adapting wartime scientific developments to vital peacetime uses illustrates the unique opportunity the men of the Coast Guard have of serving their country in both the pursuits of war and the pursuits of peace.

Professional leadership is not the only duty of an Academy graduate. He has the further obligation of American citizenship -- a responsibility which cannot be too strongly emphasized today. The earnestness and determination with which we meet this responsibility will decide the course of our nation for many generations to come.

"I want to stress the compelling need for all trained minds to help find ways of assuring mankind a peaceful and progressive civilization in which to work out his destiny."

It is in keeping with the tenets of our democracy that the Academy graduates should give deep thought to problems of human welfare and human progress as well as to the immediate demands of their professional tasks.

TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder at the Sixty-Second Commencement of the United States Coast Guard Academy, New London, Connecticut, is scheduled for delivery at 2:30 P.M., E.D.S.T., Friday, June 4, 1948, and is for release at that time.

It is a very real pleasure for me to join in this commencement program. It gives me great personal satisfaction to have the privilege of extending to you 52 graduates who are receiving your commissions as officers, my warm congratulations and sincere good wishes for success in this, your chosen profession. I know of no career which offers a young American a greater opportunity to contribute to his country's security than that of service in the United States Coast Guard. You are leaving this Academy, "well grounded in seamanship, the sciences and the amenities," to devote your energy and character to the leadership of a body of men long noted for distinguished service to their country. The Treasury Department, and the whole Nation, may well take pride in the significant contributions which this organization has made to the safety and security of the United States. For, since the founding of our Republic, the Coast Guard has served its country with distinction in every war in which we have been engaged.

The essential worth of any government activity is judged by the quality and the quantity of the services which it renders to the American people. The Coast Guard, with its record of unmatched life-saving performance, of heroism and self-sacrifice in war and in peace, and its other innumerable and significant public services, may be certain of a position high on the list of those government agencies which the nation regards as indispensable.

The Coast Guard has been described somewhat formally as a "multifunctional agency with military status." But describe it as you will, there is no ceiling on the day-to-day, year-to-year response of this Service to the calls upon it for demonstrations of skill, courage and resourcefulness. And there is no more inspiring pattern for Coast Guard service than the one implied in your official motto -- "Semper Paratus." Full devotion to duty is not a characteristic acquired casually or displayed incidentally in the course of a Coast Guardsman's experience. I have had the pleasure on more than one occasion, as Secretary of the Treasury, to commend officially some outstanding instance of valor on the part of a Coast Guardsman or a group of Coast Guardsmen. The same gratifying duty was performed many times by Secretaries of other years; it will be performed many times again. The list of meritorious Coast Guard deeds seems almost endless, and the tributes paid in recognition of these deeds would fill volumes. Such men honor the Coast Guard rosters of yesterday and today, reminding us of the traits of character that typify the men of the Coast Guard Service.

The Treasury and the Coast Guard had their beginnings only a few months apart, and the first steps in their implementation were the results of the efforts of one man, Alexander Hamilton. Following the ratification of our Constitution, the Congress in April, 1789, created the State, Treasury and War Departments. Six months later Hamilton, the first Secretary of the Treasury, wrote a prophetic letter, pointing out the necessity of employment of armed cutters to safeguard the Federal Revenue against contraband. His determined efforts resulted in appropriations for ten of these cutters to be assigned to Customs offices from Massachusetts to Georgia. From this early start of the Revenue Marine, the Treasury and the Coast Guard have progressed together in the accomplishment of their specialized responsibilities. But Hamilton could not possibly have foreseen the extent and scope of Coast Guard activities today when he founded the Revenue Marine 158 years ago. The last ten years, particularly, have seen dramatic changes and advances in your Service. In 1939, the Lighthouse Service was placed in the Coast Guard and with the outbreak of war, the Marine Inspection Service was added to its other responsibilities. Navigational aid and life saving operations have been supplemented and amplified by such devices as radar, loran, racon; by such methods as the air-sea search and rescue teams; and by an ocean station service for weather reporting, navigational aid and emergency assistance.

So, while the march of science has gone ahead at an astonishing pace in the past decade, the Coast Guard, utilizing all of its accumulated knowledge of a century and a half of service, has kept step in its techniques with this accelerated scientific development. I think that the work of the Service in adapting war-time scientific developments to vital peacetime uses illustrates the unique opportunity the men of the Coast Guard have of serving their country in both the pursuits of war and the pursuits of peace.

Throughout its history, your organization has had to lead a more or less dual life, since it renders the major services of which I have spoken to our civilian life in peacetime, and also forms a part of our military forces.

This arrangement has worked well for a century and a half of American history; the Coast Guard has executed its civil functions efficiently and effectively, and no branch of our military services performed its duties more capably during the recent world war. Those same civil functions of the Coast Guard in peacetime would again have important military applications in the event of another emergency -- and the Coast Guard is fully prepared, through organization, experience, and training, for military assignment on whatever scale the needs of defense may require. Preparedness for possible war service necessitates its peacetime military status.

Just as veterans of the War for Independence helped to man the newly organized Revenue Marine Service, so have other wars furnished candidates for the Coast Guard officer corps. I find it of particular interest to note that 38 of today's 52 graduates won admission to this Academy from the enlisted ranks of the Coast Guard, the Army and the Navy. Of the 262 cadets remaining on duty here, 66 were admitted to cadet status from the enlisted ranks of one or another of the armed services. All of these successful applicants competed on even terms with civilians in the Academy's exacting entrance tests.

So today, you men, under authority of an Act of Congress and the Association of American Universities, receive from the Superintendent of the Coast Guard Academy the degree of Bachelor of Science. This degree signifies your successful completion of four years of study and instruction in basic science and engineering courses, and in certain other cultural subjects. You have had both theoretical and practical training in seamanship and other professional skills and you have been found to possess a high order of adaptability for a Coast Guard career.

But the duty of professional leadership is not the only obligation which confronts an Academy graduate. He has the further and considerable obligation of American citizenship. In these critical days, this means playing an active and a constructive part in the vast undertakings of our national life, the ultimate purpose of which is to maintain the greatness of this nation and to attain a peaceful and prosperous world. Our responsibilities of good citizenship cannot be too strongly emphasized today. And the earnestness, sincerity and determination with which we meet these responsibilities, individually and collectively, will decide the course of our nation for many generations to come.

Character is the remaining ingredient of your qualifications for competent Coast Guard duty which I wish to emphasize. Only time will test that ingredient conclusively, for it is not subject to evaluation by an examination paper. Your attitude toward your job, the manner in which you regulate your personal affairs, your concern for the welfare of subordinates over whom you exercise authority -- these are among the outward signs which will prove to yourselves and to your superiors the quality of character you contribute to the Coast Guard Service -- to its spirit, its efficiency and its essential nature. No other qualification is more important in measuring an officer's worth.

Integrity of character is equally a determining factor in the shaping of good citizenship. The value of every man to himself and to this nation must rest basically upon his fidelity to high ideals and ethical standards, as exemplified in his daily actions.

Our post-war world is one of complex problems of social and economic relationships. To help solve them, we need all the assistance that our educational institutions can contribute of youthful moral vigor and spiritual dependability.

Let me urge wise tolerance and devotion to fair play as attributes greatly to be desired of those who progress through the years to positions of greater and greater responsibility. For tolerance and fair play are the keystones to mutual confidence among men.

The enthusiasm of every Academy graduate for prospects of professional attainment in Coast Guard affairs is both understandable and praiseworthy. I subscribe to that enthusiasm. But I do want to stress, in parallel, the compelling need for all trained minds to help find ways of assuring mankind a peaceful and progressive civilization in which to work out his destiny.

I have already spoken of the role the Coast Guard plays in assuring the security of our country. We Americans are not a military people. It is not an idle phrase to say that the United States is a peace-loving nation. We are sincerely devoted to the promotion of cooperation and understanding among nations. But it is equally true that at times we can only have peace by fighting for it. Twice in the last thirty years, this country's profound attachment to the ways of peace has been mistaken by would-be rulers of the world for a reluctance to defend our civilization. No error was ever more wrong or more costly to those who made it.

But defense of our civilization is not a matter of mere military force in being. Basically, it must rest on a society of free men who believe in the ultimate values of a full and a peaceful life.

It is equally a responsibility of each one of us to help make our free economy work. The American economy has raised the material well-being of our people to a level unprecedented in history. It is our task to maintain that level and to demonstrate that our economy can be made to provide security for all of our people, year in and year out. Our nation is confronted with the greatest challenge in its history. If we were to fail to meet that challenge, all those hopes of spiritual and physical attainment we traditionally cherish would become tragically futile. But we shall not fail.

I think it peculiarly in keeping with the tenets of our democracy that you as Coast Guard officers, out of the accumulated knowledge and broadened vision of your four years in these halls, should give deep thought to these problems of human welfare and human progress as well as to the immediate demands of your professional tasks. I hope that you will be active participants in the broad fields of American life as a whole, as well as leaders in one of America's finest services.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

TC - 5

THE TREASURY CALENDAR

Scheduled Departmental Activities

WEEK OF MAY 30 - JUNE 5, 1948

OFFICE OF THE SECRETARY

Tuesday, June 1, 10:30 A.M. Secretary Snyder appeared before the Senate Appropriations Committee on the ECA Appropriation Bill.

Thursday, June 3, 2 P.M. Secretary Snyder, accompanied by Mrs. Snyder and Miss Drucie Snyder, Rear Admiral Merlin O'Neill, Acting Commandant, United States Coast Guard, and Edward H. Foley, Jr., Assistant Secretary of the Treasury, leaves for New London, Connecticut, to attend graduation exercises at the Coast Guard Academy.

Friday, June 4, 2:30 P.M. Secretary Snyder addresses the graduating class of the Coast Guard Academy, Billard Hall, New London. (Text available Wednesday A.M.)

OFFICE OF THE FISCAL ASSISTANT SECRETARY

Tuesday, June 1. Edward F. Bartelt, Fiscal Assistant Secretary, attended a victory meeting, celebrating the success of the 1948 Fund Campaign of the American Cancer Society in the District of Columbia. Mr. Bartelt attended in his capacity as National Chairman of Federal Employees.

COMPTROLLER OF THE CURRENCY

June 2 - 6. Comptroller of the Currency Preston Delano, and W. P. Folger, Chief National Bank Examiner, will attend the meeting of the District of Columbia Bankers Association at White Sulphur Springs, West Virginia.

Friday and Saturday, June 4 and 5. Deputy Comptroller C. B. Upham will attend the annual meeting of the New Hampshire Bankers Association at Portsmouth, N. H.

BUREAU OF INTERNAL REVENUE

Friday, June 4. E. A. Sellers, Chief of Actuarial Section, Pension Trust Division, will conduct informal discussions on "Pension Plans for Employees of Life Insurance Companies" at a meeting of the Middle Atlantic Actuarial Club in Baltimore.

WEEK OF JUNE 6 - 12, 1948

OFFICE OF THE SECRETARY

Other Scheduled Speeches

September 22. Speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Sunday, June 6, 6 P.M. Under Secretary Wiggins will deliver the commencement address at Clemson Agricultural College, Clemson, South Carolina. Subject: "The Continuing War for Democracy." (Text available Thursday P.M.)

COMPTROLLER OF THE CURRENCY

Friday and Saturday, June 11 and 12. Deputy Comptroller C. B. Upham will attend a meeting of the Vermont Bankers Association at Manchester, Vermont. On Monday, June 14, he will attend a meeting of the New Hampshire Bankers Association to be held at Bretton Woods, New Hampshire, from June 12 - 15.

DIVISION OF SAVINGS BONDS

National Director Vernon L. Clark will be at Jacksonville, Florida, all week conducting a survey of Security Loan activities in the South.

Friday, June 11. Leon J. Markham, National Director of Sales, will be in Chicago, Illinois, attending a meeting of the Association of Western Railroads in connection with the reinstatement of the Payroll Savings Plan in the western railways.

BUREAU OF NARCOTICS

Tuesday, June 8. Commissioner of Narcotics Harry J. Anslinger will speak at the annual convention of the American Drug Manufacturers Association to be held at Bretton Woods, New Hampshire, June 7 to 10.

BUREAU OF INTERNAL REVENUE

Friday, June 11. Ralph C. Staebner, Chief of the Public Utilities Section of the Engineering and Valuation Division, Internal Revenue, will address the Accounting Division of the Pennsylvania Motor Trucking Association at the Penn-Harris Hotel, Harrisburg, Pennsylvania.

UNITED STATES COAST GUARD

Lieutenant Commander J. D. McCubbin was honored by election to the Chairmanship of the Search and Rescue Committee for the North Atlantic at the Regional Air Navigation meeting of ICAO at Paris, France.

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NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

Treasury Department
Bureau of Internal Revenue
Washington 25, D. C.

For Release:

Press Service No.
702

George J. Schoeneman, Commissioner of Internal Revenue, announced today the appointment of Henry C. Lowenhaupt of Clayton, Missouri, as a member of the Excess Profits Tax Council, effective immediately.

Mr. Lowenhaupt was born April 3, 1913 at St. Louis, Missouri and he attended Harvard University where he received his law degree in 1936.

Except for serving in the Army 1942-1945, he has been practicing law in Missouri ever since 1936.

SP 6/1/48 HJM 6/1/48 BB / SB

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 2, 1948.

No. S-752

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But this "No" cannot be a mere negation. It must be rich in its overtones of affirmation.

Democracy is a positive and not a negative thing. We cannot expect it to seize the heart of all peoples -- to be the song which all mankind will sing -- if it merely substitutes for the tyranny of the state, the tyranny of man over man. Our adversaries are not slow in making this charge. It should be our privilege to refute them.

As college graduates, you are members of a privileged class. Only about five percent of all adults in South Carolina have four or more years of college education. With this privilege goes a vast responsibility of virtuous leadership. You must accept this responsibility in trusteeship for all mankind, for civilization itself, and for preserving "the last best hope of man" on earth.

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public, forges the chains of its own enslavement. Educational leadership which shuts out the light of truth, no matter what it reveals, and denies freedom of the mind, wrecks its own temple. Labor leadership that is seized with the lust for power and sacrifices the common good on the altar of class advantage, betrays the cause it professes to serve. Political leadership that uses office to fatten its power and multiply personal gains at the expense of public welfare, erects a treacherous structure that will not stand. Religious leadership that refrains from a vigorous interpretation of the social responsibility of man, reveals decadence and loss of virtue.

In time of national peril, leadership without virtue betrays every cause that it professes to serve; without courage and energy, it deserts the mission with which it is charged.

Our forefathers, authors of liberty, plead today with the free men of America to reassert their liberties and give to this Nation the virtuous and vigorous leadership that is the only guarantee of its preservation.

Throughout the world the grasping hand of the state is throttling the body and spirit of free men. Even in America it has been felt. We close our eyes to reality if we fail to recognize that in our own country the threat of the loss of individual freedom looms before us. Is the sanctity of the free spirit of the individual man to be destroyed as the price for the preservation of human society?

The armament of dictators says "Yes," but the eternal spirit of free men says "No."

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America must rediscover its faith in democracy. It must match the zeal of free men for their freedom against the fanaticism of slaves of dictators. The democratic process itself demands public education and a rebuilding of the fires in the hearts of the multitude for the defense of democracy.

In that task, the prime responsibility is with the thinking leadership of this Nation, the so-called middle classes -- that is, yourselves.

If we lose our democracy in America with the inevitable wiping out of the middle class, the cause will be nothing more than the suicide of that class. This country stands first in the world in the proportion of the educated, of the middle level of economic achievement, of men and women who have risen above the mass in accomplishment. It has the greatest reservoir of leadership of any nation in the world. As a democracy, it possesses the most productive and the most stimulating social and economic order of any nation of any time. Its natural recources and its geography provide a base for the highest degree of social and economic well-being of any people. Its people are imbued with the consciousness of the power and dignity and rights of the individual as are no other people. All of the forces, material and spiritual, are ours for whatever national life we choose to make. Every factor of success is present. The one factor of failure that threatens us is in the failure of virtuous leadership.

Mere leadership is not enough. Without virtue, leadership in a democracy digs its own grave. Business leadership that springs from greed and selfishness, and neglects the employee, the consumer and the

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a battle, but a war; that the measure of the struggle is not in years, but in centuries and eras. We face no new struggle today, but rather a new urgency in an old contest.

Russia fears less the military power of America than the American philosophy of self-government by free men. They know that the spirit of freedom eventually will undermine and destroy the authoritarian state wherever it exists.

This country faces an immediate practical necessity. We must rearm ourselves spiritually in the armor of a supreme devotion to democracy as the most precious possession of the human race. It is in this rearmament that dangers to America are the greatest.

We are the custodian of a democracy through inheritance from ancestors who achieved the freedoms which we enjoy. As sons of a rich father, our principal contribution to our present good fortune is the accident of birth. We accept our freedoms as casually as the air we breathe. We are reaping where we have not sown. Like spoiled children, we complain of the imperfections of democratic government and belittle democratic methods. At times we have even questioned "What Price Democracy?"

It is time for critical self-examination. Are freedom and liberty but empty words of an old tradition? Are human rights under democracy no longer worth living for? Is freedom of opportunity to worship, to speak, to achieve, not a bequest to future generations worth dying for? These questions America must answer out of its heart and soul. And on the answer hangs the future of man for a thousand years.

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is a spiritual hunger in the world today that is not being satisfied by American exports. 'God knows we need food and coal to survive,' said a European delegate to Lake Success, 'but unless America can take the lead in providing a vital faith, in giving us a song that mankind can sing, all her exports will merely postpone the day of reckoning, and the world will die anyway.'"

The faith of America is democracy. Like wheat and coal, it is an export article; but the demand for it abroad will largely depend on the success with which we apply it here at home.

We know that the Russians in their propaganda magnify every flaw in our system out of all proportion. This arouses us to righteous indignation. But righteous indignation is not enough; we must defend our system with the same zeal with which they defend theirs; and we must mend its flaws. A working, vital democracy here in the United States is, in the long run, the greatest enemy of communism.

The Russian system is not new. History records an almost endless succession of despotism, of conquests of men to enslave their fellowmen. Tyranny and oppression have been the rungs of a ladder up which mankind has climbed in the march of civilization. It is as old as history itself. New techniques for the suppression of the human spirit are but adaptations of older ones. Mankind has faced the eclipse of spiritual freedom through successive generations.

Today, the old problem in a new setting confronts us. We are discovering that freedom is never won; that the fight for democracy is not

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single end. Just as it may be truly said of the United States that it is a superstate because it is wealthy, so it may be truly said of Russia that it is poor largely because it is a superstate.

It is an old saying that with vast wealth goes vast responsibility. This is true of nations as well as of persons. Such is the responsibility of the United States today.

This responsibility is fourfold.

First, we have the responsibility to use as much as may be necessary of our vast resources to maintain the military might necessary to sustain such a balance of power that Russia will not see fit to overrun the centers of Western culture.

Second, we have the responsibility of using every means compatible with the maintenance of the integrity of the Western culture to keep the peace in our divided world, until our adversaries learn the unwisdom of endeavoring to settle partial disputes with total weapons.

Third, we have the responsibility of extending a helping hand to our Western brothers to enable them to reconstruct their economies and to show their peoples the benefits of liberal government and liberal economics.

These three things are each important; and carrying them out will offer many of you an opportunity to help in this crisis of our culture. But it is the fourth of our responsibilities which I have most in mind in exhorting you to fight the good fight in the continuing war for democracy.

The fourth responsbility of the United States is spiritual. Dr. Fosdick said in the report from which I have already quoted that "There superstates, although it continues to tower above all remaining nations.

This classification of states is, of course, purely on the basis of economic, political, and military power. The contributions of the United States to the culture of Western society are of great importance; but both the United States and Russia are latecomers to the scene of culture. Neither has made a contribution equal in overall significance to that of the countries of Western Europe -- including in this term, of course, Great Britain. It is ~~only~~ primarily in the calculus of power that the United States and Russia are superstates.

I need not labor the fact of the military might of Russia. It has been too much labored already. But a few facts on the economic power of the United States may be to the point. The continental United States contains less than 7 percent of the world's population; but it produces more than half of the world's steel, more than a third of the world's coal, about half of the world's aluminum, over 40 percent of the world's electric power, nearly 40 percent of the world's cotton, and contains about 30 percent of the world's railroad mileage.

The United States towers over the rest of the world economically. In this respect, as in many others, we are utterly different from our sister superstate.

We are a superstate because of our vast wealth. We do not "work at it." We cannot help it. Russia is just the opposite. She taxes every human and material resource in order to be what she is. She is a superstate only because of a fanatic devotion of her resources to that

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in the physical and in the social sciences. Man has acquired tremendous power to destroy his fellows, and even to destroy his environment; but he has not made equal progress in learning to apply these new discoveries with discretion.

The theories of the natural scientists contemporary with Marx have been subject to examination, revision, and re-revision, until they have taught us how to smash the atom and how to conduct bacteriological warfare. But the theories of Marx stand in half of the world unchallenged and unchallengeable, except at the cost of life and liberty. They are presented as idols of perfection arrived before their time. And who will say that the Western World does not have idols of its own.

The crisis, then, is that we should quickly learn the art of living in a divided world in which the adversaries have suddenly come into the possession of means of destroying one another. The time will come, although it may be far distant, when differences in social theories will be settled by facts and figures. But our immediate problem is to prevent attempts to settle them by bombs and bacteria.

So much for the nature of the present crisis. Our next proposition is that the United States is the strategic point at which the issue in this crisis is likely to be decided.

It is a plain fact that the second World War has left the world with two superstates -- the United States and Russia. The British Commonwealth of Nations -- which has been, on balance, such a force for good in the world -- has been definitely subordinated to these two

 75-3

In the present case the "affair or course of action" is our whole civilization and culture.

What, then, has brought about the present crisis? The reason most often assigned is that the world is divided against itself. Our magnificent vision of "one world" has vanished. All of half of the world and part of the other half are under the control of dictators. Ideologies clash. Dictators deceive their peoples and strive for world domination.

This is true; and we deplore it. But it does not in itself make this a time of crisis.

Our vision of "one world" came before its time; and its disappearance has precipitated us, not into a crisis, but into normalcy. As Dr. Raymond Fosdick said in his review of 1947 for The Rockefeller Foundation,

> ". . . As a matter of fact, ideologies have always divided mankind; the rifts are centuries old; there has never been one world. What we are attempting today is something that has never in recorded history been accomplished. We have barely begun on what is unquestionably the noblest as well as the most discouraging task which statesmen and nations have ever undertaken.
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> "If the aim were to iron out all the differences which exist among men -- to achieve a utopia of unruffled unanimities -- it would be fatuous even to begin it. The world of the future -- if any world survives -- will be a world of diversity, held together by a conception of common interests. It will be a world in which many political faiths and economic creeds are tolerated and widely differing points of view fertilize each other for the common good."

But, if division and disunity are normal, what then is the character of our crisis? The crisis lies, it seems to me, in the wide gap which has opened in the past generation between our attainments

75-3

appropriate; but because I believe them to be true, and a commencement address is an appropriate occasion to utter them.

Your four years of college have given you more than a great fund of information. They have given you, or should have given you, an inquiring attitude of mind and a disposition to accept sweeping and sententious utterances only after careful analysis. Since such utterances abound in commencement addresses, a college education may be considered, in one sense, as a protracted preparation for receiving such addresses with a healthy and balanced skepticism -- prepared to accept them only if they meet the standards of a reasoned analysis. It is in this spirit that I say to you, "This is the time and this is the place that our civilization will fight one of the major battles in its long upward progress. You will be participants in this battle. You will share the responsibility for victory or failure."

This statement breaks down analytically into three propositions: First, this is a period of crisis. Second, the United States is the strategic point at which the issue in this crisis is likely to be decided. And, third, there is something which you can do to help turn the decision. Let us examine these propositions in that order.

First, this is a period of crisis. The term "crisis" is a much abused one. It is often used to mean a bad, unpleasant, or troubled time. This is an incorrect use of the term. Literally, a crisis means a time of decisive change. <u>Webster's New International Dictionary</u> defines a crisis as that "point of time when it is decided whether any affair or course of action must go on, or be modified or terminate."

Sunday, 6. pm E.S.T.

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Commencement Address by A. L. M. Wiggins, Under Secretary of the Treasury, at Clemson Agricultural College, Clemson, South Carolina, June 6, 1948.

75-3

THE CONTINUING WAR FOR DEMOCRACY

Graduating classes at many different times and in many different places have been told that the age in which they are living is the most critical in the history of civilization; and that the place where they live is the battlefield on which the critical struggle will be decided.

I naturally hesitate, therefore, to cry, "This is the time and this is the place!"; but I believe that it is so.

I have faith in the ultimate attainment by the human race of moral and material standards far transcending anything which you or I ever have seen or ever shall see. But we know that the long upward struggle of man has been broken by many periods of sharp retrogression. I believe that the issue of whether civilization is to advance onward to higher moral and material goals during your lifetime and that of your children and of your children's children, or whether it is to enter a period of retrogression such as that which followed the break-up of the classical civilization, will be decided during your lifetime; and that it will be decided primarily in the United States of America.

These are big words; and I say them in all humility. I say them, not because I am giving a commencement address, and that makes them

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

S - 753

(Summary of attached address by Under Secretary Wiggins.
For release at 6 P.M., E.S.T., Sunday, June 6, 1948)

"THE CONTINUING WAR FOR DEMOCRACY"

Civilization is fighting one of the major battles in its long upward progress. It is a time of crisis, not because the world is divided against itself, but because of the wide gap which has opened in the past generation between our attainments in the physical and in the social sciences.

"Man has acquired tremendous power to destroy his fellows, and even to destroy his environment; but he has not made equal progress in learning to apply these new discoveries with discretion."

We must quickly learn the art of living in a divided world in which the adversaries possess means of destroying one another. Eventually, differences in social theories will be settled by facts and figures; our immediate problem is to prevent attempts to settle them by bombs and bacteria.

This crisis places upon the United States a fourfold responsibility. First is military preparedness; second, the use of every means to keep peace in the world until our adversaries learn the unwisdom of war; third, giving our Western brothers a helping hand; fourth, spiritual leadership.

"The faith of America is democracy. Like wheat and coal, it is an export article; but the demand for it abroad will largely depend on the success with which we apply it here at home."

We must defend our system with the same zeal with which the Russians defend theirs; and we must mend its flaws.

"A working, vital democracy here in the United States is, in the long run, the greatest enemy of communism."

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TREASURY DEPARTMENT

Washington

The following address by Under Secretary A. L. M. Wiggins, at the Commencement of Clemson Agricultural College, Clemson, South Carolina, is scheduled for delivery at 6:00 P.M., E.S.T., Sunday, June 6, 1948, and is for release at that time.

THE CONTINUING WAR FOR DEMOCRACY

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world survives -- will be a world of diversity, held together by a conception of common interests. It will be a world in which many political faiths and economic creeds are tolerated and widely differing points of view fertilize each other for the common good."

But, if division and disunity are normal, what then is the character of our crisis? The crisis lies, it seems to me, in the wide gap which has opened in the past generation between our attainments in the physical and in the social sciences. Man has acquired tremendous power to destroy his fellows, and even to destroy his environment; but he has not made equal progress in learning to apply these new discoveries with discretion.

The theories of the natural scientists contemporary with Marx have been subject to examination, revision, and re-revision, until they have taught us how to smash the atom and how to conduct bacteriological warfare. But the theories of Marx stand in half of the world unchallenged and unchallengeable, except at the cost of life and liberty. They are presented as idols of perfection arrived before their time. And who will say that the Western World does not have idols of its own.

The crisis, then, is that we should quickly learn the art of living in a divided world in which the adversaries have suddenly come into the possession of means of destroying one another. The time will come, although it may be far distant, when differences in social theories will be settled by facts and figures. But our immediate problem is to prevent attempts to settle them by bombs and bacteria.

So much for the nature of the present crisis. Our next proposition is that the United States is the strategic point at which the issue in this crisis is likely to be decided.

It is a plain fact that the second World War has left the world with two superstates -- the United States and Russia. The British Commonwealth of Nations -- which has been, on balance, such a force for good in the world -- has been definitely subordinated to these two superstates, although it continues to tower above all remaining nations.

This classification of states is, of course, purely on the basis of economic, political, and military power. The contributions of the United States to the culture of Western society are of great importance; but both the United States and Russia are latecomers to the scene of culture. Neither has made a contribution equal in overall significance to that of the countries of Western Europe -- including in this term, of course, Great Britain. It is primarily in the calculus of power that the United States and Russia are superstates.

I need not labor the fact of the military might of Russia. It has been too much labored already. But a few facts on the economic power of the United States may be to the point. The continental United States contains less than 7 percent of the world's population; but it produces more than half of the world's steel, more than a third of the world's coal, about half of the world's aluminum, over 40 percent of the world's electric power, nearly 40 percent of the world's cotton, and contains about 30 percent of the world's railroad mileage.

The United States towers over the rest of the world economically. In this respect, as in many others, we are utterly different from our sister superstate.

We are a superstate because of our vast wealth. We do not "work at it." We cannot help it. Russia is just the opposite. She taxes every human and material resource in order to be what she is. She is a superstate only because of a fanatic devotion of her resources to that single end. Just as it may be truly said of the United States that it is a superstate because it is wealthy, so it may be truly said of Russia that it is poor largely because it is a superstate.

It is an old saying that with vast wealth goes vast responsibility. This is true of nations as well as of persons. Such is the responsibility of the United States today.

This responsibility is fourfold.

First, we have the responsibility to use as much as may be necessary of our vast resources to maintain the military might necessary to sustain such a balance of power that Russia will not see fit to overrun the centers of Western culture.

Second, we have the responsibility of using every means compatible with the maintenance of the integrity of the Western culture to keep the peace in our divided world, until our adversaries learn the unwisdom of endeavoring to settle partial disputes with total weapons.

Third, we have the responsibility of extending a helping hand to our Western brothers to enable them to reconstruct their economies and to show their peoples the benefits of liberal government and liberal economics.

These three things are each important; and carrying them out will offer many of you an opportunity to help in this crisis of our culture. But it is the fourth of our responsibilities which I have most in mind in exhorting you to fight the good fight in the continuing war for democracy.

The fourth responsibility of the United States is spiritual. Dr. Fosdick said in the report from which I have already quoted that "There is a spiritual hunger in the world today that is not being satisfied by American exports. 'God knows we need food and coal to survive,' said a European delegate to Lake Success, 'but unless America can take the lead in providing a vital faith, in giving us a song that mankind can sing, all her exports will merely postpone the day of reckoning, and the world will die anyway.'"

The faith of America is democracy. Like wheat and coal, it is an export article; but the demand for it abroad will largely depend on the success with which we apply it here at home.

We know that the Russians in their propaganda magnify every flaw in our system out of all proportion. This arouses us to righteous indignation. But righteous indignation is not enough; we must defend our system with the same zeal with which they defend theirs; and we must mend its flaws. A working, vital democracy here in the United States is, in the long run, the greatest enemy of communism.

The Russian system is not new. History records an almost endless succession of despotisms, of conquests of men to enslave their fellowmen. Tyranny and oppression have been the rungs of a ladder up which mankind has climbed in the march of civilization. It is as old as history itself. New techniques for the suppression of the human spirit are but adaptations of older ones. Mankind has faced the eclipse of spiritual freedom through successive generations.

Today, the old problem in a new setting confronts us. We are discovering that freedom is never won; that the fight for democracy is not a battle, but a war; that the measure of the struggle is not in years, but in centuries and eras. We face no new struggle today, but rather a new urgency in an old contest.

Russia fears less the military power of America than the American philosophy of self-government by free men. They know that the spirit of freedom eventually will undermine and destroy the authoritarian state wherever it exists.

This country faces an immediate practical necessity. We must rearm ourselves spiritually in the armor of a supreme devotion to democracy as the most precious possession of the human race. It is in this rearmament that dangers to America are the greatest.

We are the custodian of a democracy through inheritance from ancestors who achieved the freedoms which we enjoy. As sons of a rich father, our principal contribution to our present good fortune is the accident of birth. We accept our freedoms as casually as the air we breathe. We are reaping where we have not sown. Like spoiled children, we complain of the imperfections of democratic government and belittle democratic methods. At times we have even questioned "What Price Democracy?"

It is time for critical self-examination. Are freedom and liberty but empty words of an old tradition? Are human rights under democracy no longer worth living for? Is freedom of opportunity to worship, to speak, to achieve, not a bequest to future generations worth dying for? These questions America must answer out of its heart and soul. And on the answer hangs the future of man for a thousand years.

America must rediscover its faith in democracy. It must match the zeal of free men for their freedom against the fanaticism of slaves of dictators. The democratic process itself demands public education and a rebuilding of the fires in the hearts of the multitude for the defense of democracy.

In that task, the prime responsibility is with the thinking leadership of this Nation, the so-called middle classes -- that is, yourselves.

If we lose our democracy in America with the inevitable wiping out of the middle class, the cause will be nothing more than the suicide of that class. This country stands first in the world in the proportion of the educated, of the middle level of economic achievement, of men and women who have risen above the mass in accomplishment. It has the greatest reservoir of leadership of any nation in the world. As a democracy, it possesses the most productive and the most stimulating social and economic order of any nation of any time. Its natural resources and its geography provide a base for the highest degree of social and economic well-being of any people. Its people are imbued with the consciousness of the power and dignity and rights of the individual as are no other people. All of the forces, material and spiritual, are ours for whatever national life we choose to make. Every factor of success is present. The one factor of failure that threatens us is in the failure of virtuous leadership.

Mere leadership is not enough. Without virtue, leadership in a democracy digs its own grave. Business leadership that springs from greed and selfishness, and neglects the employee, the consumer and the public, forges the chains of its own enslavement. Educational leadership which shuts out the light of truth, no matter what it reveals, and denies freedom of the mind, wrecks its own temple. Labor leadership that is seized with the lust for power and sacrifices the common good on the altar of class advantage, betrays the cause it professes to serve. Political leadership that uses office to fatten its power and multiply personal gains at the expense of public welfare, erects a treacherous structure that will not stand. Religious leadership that refrains from a vigorous interpretation of the social responsibility of man, reveals decadence and loss of virtue.

In time of national peril, leadership without virtue betrays every cause that it professes to serve; without courage and energy, it deserts the mission with which it is charged.

Our forefathers, authors of liberty, plead today with the free men of America to reassert their liberties and give to this Nation the virtuous and vigorous leadership that is the only guarantee of its preservation.

Throughout the world the grasping hand of the state is throttling the body and spirit of free men. Even in America it has been felt. We close our eyes to reality if we fail to recognize that in our own country the threat of the loss of individual freedom looms before us. Is the sanctity of the free spirit of the individual man to be destroyed as the price for the preservation of human society?

The armament of dictators says "Yes," but the eternal spirit of free men says "No."

But this "No" cannot be a mere negation. It must be rich in its overtones of affirmation.

Democracy is a positive and not a negative thing. We cannot expect it to seize the heart of all peoples -- to be the song which all mankind will sing -- if it merely substitutes for the tyranny of the state, the tyranny of man over man. Our adversaries are not slow in making this charge. It should be our privilege to refute them.

As college graduates, you are members of a privileged class. Only about five percent of all adults in South Carolina have four or more years of college education. With this privilege goes a vast responsibility of virtuous leadership. You must accept this responsibility in trusteeship for all mankind, for civilization itself, and for preserving "the last best hope of man" on earth.

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75-4

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.

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 June 10, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 10, 1948. 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

~~Exhibit 1~~

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TREASURY DEPARTMENT
Washington

5-70-4

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 4, 1948.

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 June 10, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 10, 1948, and will mature September 9, 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~~ daylight saving time, Monday, June 7, 1948. 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

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Friday, June 4, 1948.

No. S-754

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 June 10, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 10, 1948, and will mature September 9, 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 daylight saving time, Monday, June 7, 1948. Tenders will not be received at the Treasury Department, Washington. Each tenders 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 June 10, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 10, 1948. 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.

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5-755

June 4, 1948.

PRESS RELEASE

The Bureau of Customs announced today that the American Tung Oil Association, Poplarville, Miss., has withdrawn its complaint of September 15, 1947, regarding the alleged dumping of wood (tung) oil from China, and that customs appraising officers are being instructed to proceed with their appraisement reports covering such oil without regard to any question of dumping.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, June 4, 1948.

NO. S-755

The Bureau of Customs announced today that the American Tung Oil Association, Poplarville, Miss., has withdrawn its complaint of September 15, 1947, regarding the alleged dumping of wood (tung) oil from China, and that customs appraising officers are being instructed to proceed with their appraisement reports covering such oil without regard to any question of dumping.

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5-756

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 8, 1948.

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 June 10 and to mature September 9, 1948, which were offered June 4, 1948, were opened at the Federal Reserve Banks on June 7.

The details of this issue are as follows:

Total applied for - $1,562,021,000
Total accepted - 1,104,507,000 (includes $45,576,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.998% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 23,055,000	$ 21,705,000
New York	1,295,358,000	884,313,000
Philadelphia	26,752,000	19,512,000
Cleveland	21,798,000	18,764,000
Richmond	1,985,000	1,985,000
Atlanta	4,170,000	3,570,000
Chicago	58,669,000	49,054,000
St. Louis	10,514,000	8,924,000
Minneapolis	7,815,000	7,365,000
Kansas City	11,391,000	11,181,000
Dallas	7,717,000	7,537,000
San Francisco	92,797,000	70,597,000
TOTAL	$1,562,021,000	$1,104,507,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Tuesday, June 8, 1948.

No. S-756

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Kansas City	11,391,000	11,181,000
Dallas	7,717,000	7,537,000
San Francisco	92,797,000	70,597,000
TOTAL	$1,562,021,000	$1,104,507,000

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STATUTORY DEBT LIMITATION
AS OF MAY 31, 1948

~~Treasury Department~~
~~Fiscal Service~~
Washington, June 9, 1948

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount o obligations issued under authority of that Act, and the face amount of obligations guarantee 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 $275,000,000,0 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 optio of the holder shall be considered as its face amount."

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

Total face amount that may be outstanding at any one time			$275,000,000,000
Outstanding			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills..................	$ 13,760,917,000		
Certificates of indebtedness....	20,064,699,000		
Treasury notes..................	16,115,396,300	$ 49,941,012,300	
Bonds -			
Treasury......................	115,523,880,500		
Savings (current redemp.value)	53,143,482,811		
Depositary....................	315,081,000		
Armed Forces Leave............	587,866,850		
Investment Series.............	960,175,000	170,530,486,161	
Special Funds -			
Certificates of indebtedness..	14,923,350,000		
Treasury notes................	14,399,336,000	29,322,686,000	
Total interest-bearing......................		249,794,184,461	
Matured, interest-ceased..........................		261,237,750	
Bearing no interest:			
War savings stamps.............	58,842,497		
Excess profits tax refund bonds.	9,387,847		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series.....	115,785,000		
Internat'l Monetary Fund series	1,169,000,000	1,353,015,344	
Total..		251,408,437,555	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	27,463,936		
Demand obligations: C.C.C.	42,282,514	69,746,450	
Matured, interest-ceased..........................		4,849,775	
		74,596,225	
Grand total outstanding..			251,483,033,780
Balance face amount of obligations issuable under above authority........			23,516,966,220

Reconcilement with Statement of the Public Debt - May 31, 1948
(Daily Statement of the United States Treasury, (June 1, 1948)

Outstanding -	
Total gross public debt..	252,236,480,793
Guaranteed obligations not owned by the Treasury.....................	74,596,225
Total gross public debt and guaranteed obligations......................	252,311,077,018
Deduct - other outstanding public debt obligations not subject to debt limitation....................................	828,043,238
	251,483,033,780

5-75-7

STATUTORY DEBT LIMITATION
AS OF MAY 31, 1948

June 9, 1948

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."

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Treasury................	115,523,880,500		
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Guaranteed obligations (not held by Treasury):			
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Debentures: F.H.A.	27,463,936		
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Matured, interest-ceased.....................		4,849,775	
		74,596,225	
Grand total outstanding....................................			251,483,033,780
Balance face amount of obligations issuable under above authority..			23,516,966,220

Reconcilement with Statement of the Public Debt - May 31, 1948
(Daily Statement of the United States Treasury, (June 1, 1948)

Outstanding -	
Total gross public debt..	252,236,480,793
Guaranteed obligations not owned by the Treasury..................	74,596,225
Total gross public debt and guaranteed obligations................	252,311,077,018
Deduct - other outstanding public debt obligations not subject to debt limitation..............................	828,043,238
	251,483,033,780

S-757

5-75-8

~~FOR~~ IMMEDIATE RELEASE
Wednesday June ~~8~~ 9, 1948

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under the General Agreement on Tariffs and Trade, from the beginning of the quota periods to May 29, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 29, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	3,760
Cream, fresh or sour	Calendar year	1,500,000	Gallon	535
Butter	Quota ineffective for the period April through October			
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	(1) 24,930,188	Pound	First 6 months Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	149,043,153
Other	Sept. 15, 1947	60,000,000	Pound	52,893,573
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	49,894

(1) The proviso to Item 717(b) limits the imports for consumption at the quota rate to 12,465,094 pounds during the first 6 months of the calendar year.

Due to a provision of the President's proclamation No. 2769 of January 30, 1948, in which the entry of a specified quantity of Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco affects the rate of duty on such tobacco from countries other than Cuba, a record is maintained of imports from Cuba. 9,123,130 pounds of such Cuban tobacco were imported for consumption during the period January 1 to May 29, 1948, inclusive.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, June 9, 1948

No. S-758

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under the General Agreement on Tariffs and Trade, from the beginning of the quota periods to May 29, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 29, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	3,760
Cream, fresh or sour	Calendar year	1,500,000	Gallon	535
Butter	Quota ineffective for the period April through October			
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White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1947	150,000,000	Pound	149,043,153
Other		60,000,000	Pound	52,893,573
Walnuts	May 22 - Dec. 31, 1948	3,333,333	Pound	49,894

(1) The proviso to Item 717(b) limits the imports for consumption at the quota rate to 12,465,094 pounds during the first 6 months of the calendar year.

Due to a provision of the President's proclamation No. 2769 of January 30, 1948, in which the entry of a specified quantity of Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco affects the rate of duty on such tobacco from countries other than Cuba, a record is maintained of imports from Cuba. 9,123,130 pounds of such Cuban tobacco were imported for consumption during the period January 1 to May 29, 1948, inclusive.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Wednesday, June 9, 1948 TC - 6

THE TREASURY CALENDAR

Scheduled Departmental Activities

OFFICE OF THE SECRETARY

Sunday, June 13, 12:15-12:30 P.M. Secretary Snyder will be heard on the "D.C. Dateline" program of Columbia's Broadcasting System (Station WTOP). He will talk on the Security Loan Drive.

Thursday, August 5. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE ASSISTANT SECRETARY

Wednesday, June 9, 10 A.M. Assistant Secretary Foley appears before the House Committee on Banking and Currency, on H.R. 6570, which pertains to the conversion of national banks into State banks.

Thursday, June 10, 12:45 P.M., at Mr. Foley's staff luncheon, Assistant Secretary Foley will present the Secretary's Cup for Superior Marksmanship to the Bureau of the Mint's guard force for winning the pistol matches held recently by the Treasury Enforcement agencies. Mrs. Nellie Tayloe Ross, Director of the Mint, will receive the cup.

OFFICE OF THE FISCAL ASSISTANT SECRETARY

Monday, June 14, Foley Stadium, Bloomfield, New Jersey. Edward F. Bartelt, Fiscal Assistant Secretary, will award flag and special citation to the fifty large manufacturers of Bloomfield, all of whom have installed the Payroll Savings Plan.

Monday, June 28. Edward F. Bartelt will speak at the opening session of a special training program for fiscal officers of the Department of Agriculture, Endicott, New York.

COMPTROLLER OF THE CURRENCY

Friday and Saturday, June 11 and 12. Deputy Comptroller C. B. Upham will attend a meeting of the Vermont Bankers Association at Manchester, Vermont. On Monday, June 14, he will attend a meeting

COMPTROLLER OF THE CURRENCY
(Continued)

of the New Hampshire Bankers Association to be held at Bretton Woods, New Hampshire, from June 12 - 15.

DIVISION OF SAVINGS BONDS

Week of June 6. National Director Vernon L. Clark will be at Jacksonville, Florida, all week conducting a survey of Security Loan activities in the South.

Thursday, June 10, 2 P.M., Room 474 Old State Department Building, Leon J. Markham, National Director of Sales, will speak before a meeting of twenty-three leading industrial editors called to Washington by John Steelman. Subject: "The Vital Stake of Industry in the Savings Bond Program."

Friday, June 11. Leon J. Markham will be in Chicago, Illinois, attending a meeting of the Association of Western Railroads in connection with the reinstatement of the Payroll Savings Plan in the western railways.

Monday, June 14, Foley Stadium, Bloomfield, New Jersey. Leon J. Markham will speak to the fifty large manufacturers of Bloomfield, all of whom have installed the Payroll Savings Plan.

UNITED STATES COAST GUARD

Monday and Tuesday, June 14 and 15. Lt. Commander A. W. Wuerker, representing the Search and Rescue Agency, USCG, will lead discussions by the Survival Panel at a conference of the Aero Medical Association at Toronto, Canada.

Thursday, June 17. Admiral Joseph F. Farley, Commandant of the Coast Guard, returns on the liner AMERICA from a six weeks stay in London where he attended the International Conference on Safety of Life at Sea. Admiral Farley headed the U. S. delegation to the conference.

Friday, June 18. Lt. R. C. Gould, USCG, will deliver a lecture on Search and Rescue Developments before the Volunteer and Organized Reserve, ACI officers, Naval Intelligence School, Anacostia, D.C.

BUREAU OF INTERNAL REVENUE

Friday, June 11. Ralph C. Staebner, Chief of the Public Utilities Section of the Engineering and Valuation Division, Internal Revenue, will address the Accounting Division of the Pennsylvania Motor Trucking Association at the Penn-Harris Hotel, Harrisburg, Pennsylvania.

An article by Norman A. Sugarman of the Bureau of Internal Revenue, on "Estate and Gift Tax Equalization - the Marital Deduction", will appear in the June issue of the California Law Review.

The Treasury Exhibit Room (2428), containing exhibits of the various Treasury bureaus, is now open to the public. This room may be visited 9:30 to 2 P.M., Monday through Friday.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650; 651; Coast Guard, Treasury extension 2993.

~~FOR~~ IMMEDIATE RELEASE,
June ~~8~~ 9, 1948

5-759

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamations of April 13, 1942, and April 29, 1943, for the 12 months commencing May 29, 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 May 28, 1948, incl.	Established Quota	Imports May 29, 1947 to May 28, 1948, incl.
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	708	3,815,000	1,484,772
China	-	-	24,000	6,480
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	1,600
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	708	4,000,000	1,492,852

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, June 9, 1948

No. S-759

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	Established Quota	Imports May 29, 1947 to May 28,1948, incl.	Established Quota	Imports May 29, 1947 to May 28,1948, incl.
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	708	3,815,000	1,484,772
China	-	-	24,000	6,480
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	1,600
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	708	4,000,000	1,492,852

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760

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, 1947, to May 29, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to May 29, 1948 1/
United Kingdom.....	4,323,457	19,703	1,441,152	19,703
Canada.............	239,690	133,655	-	-
France.............	227,420	-	75,807	-
British India......	69,627	69,627	-	-
Netherlands........	68,240		22,747	
Switzerland........	44,388		14,796	
Belgium............	38,559		12,853	
Japan..............	341,535		-	
China..............	17,322		-	
Egypt..............	8,135		-	
Cuba...............	6,544		-	
Germany............	76,329		25,443	
Italy..............	21,263		7,088	
Totals	5,482,509	222,985	1,599,886	19,703

1/ Included in total imports, column 2.

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FOR IMMEDIATE RELEASE
Wednesday, June ~~8~~ 9, 1948

S-760

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, 1947, to May 29 1948, inclusive, 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" 4/	Less than 3/4" harsh or rough 5/
	Established Quota	Imports Sept. 20, 1947, to May 29, 1948	Imports Sept. 20, 1947, to May 29, 1948	Imports Sept. 20, 1947, to May 29, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	43,574,472	-
Peru	247,952	247,952	1,903,999	39,710,666
British India	2,003,483	19,852	-	-
China	1,370,791	-	-	-
Mexico	8,883,259	8,883,259	-	-
Brazil	618,723	618,723	-	-
Union of Soviet Socialist Republics	475,124	475,124	177,949	-
Argentina	5,203			
Haiti	237			
Ecuador	9,333			
Honduras	752			
Paraguay	871			
Colombia	124			
Iraq	195			
British East Africa	2,240			
Netherlands East Indies	71,388			
Barbados	-			
Other British West Indies 1/	21,321			
Nigeria	5,377			
Other British West Africa 2/	16,004			
Other French Africa 3/	689			
Algeria and Tunisia	-			
	14,516,882	10,244,910	45,656,420	39,710,666

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.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, June 9, 1948

No. S-760

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, 1947, to May 29, 1948, inclusive 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" 4/	Less than 3/4" harsh or rough 5/
	Established Quota	Imports Sept. 20, 1947 to May 29, 1948	Imports Sept. 20, 1947 to May 29, 1948	Imports Sept. 20, 1947, to May 29, 1948
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Peru	247,952	247,952	1,903,999	39,710,666
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China	1,370,791	-	-	-
Mexico	8,883,259	8,883,259	-	-
Brazil	618,723	618,723	-	-
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Other French Africa 3/	689			
Algeria and Tunisia	-			
	14,516,882	10,244,910	45,656,420	39,710,666

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(In pounds)

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China..............	17,322		-	
Egypt..............	8,135		-	
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Germany............	76,329		25,443	
Italy..............	21,263		7,088	
Totals	5,482,509	222,985	1,599,886	19,703

1/ Included in total imports, column 2.

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~~FOR~~ IMMEDIATE RELEASE
Wednesday June ~~8~~, 1948
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S-761

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, 1948, to May 29, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of May 29, 1948
Buttons	850,000	Gross	110,825
Cigars	200,000,000	Number	523,765
Coconut Oil	448,000,000	Pound	39,586,792
Cordage	6,000,000	"	970,730
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	157,172,201
Tobacco	6,500,000	"	203,284

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, June 9, 1948

No. S-761

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Tobacco	6,500,000	"	203,284

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS
Thursday, June 10, 1948 S-762

Secretary Snyder today congratulated Bloomfield, New Jersey, for being the first community in the nation since the end of the war to achieve 100 percent industrial cooperation in the Payroll Savings Plan for buying United States Savings Bonds.

Fiscal Assistant Edward F. Bartelt, will participate in ceremonies June 14, Flag Day, in Bloomfield when the achievement will be heralded by a community celebration.

All 50 companies in the town, with combined employment of 30,000 workers, have installed the Payroll Savings Plan during the Security Loan campaign led by Mayor William Huck, Jr., and E. E. Hallander, president of the Bloomfield Manufacturers' Club.

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simplify language and minimize the number of questions. Collector's offices will continue to compute the tax for these taxpayers. Employers will continue to issue Withholding Statements to their employees as certifications of the wages and income tax withholding of the employees, but these statements will serve merely as receipts, and not as potential income tax blanks.

In the case of both the new Form 1040A and the present Form 1040, employees will be required to attach their Withholding Statements in support of the wages and withholding shown on their returns.

This new procedure should ~~make~~ ~~improve~~ income tax filing for the ~~all~~ the taxpayers ~~concerned~~, and give important assistance to the Bureau of Internal Revenue in its gigantic task of auditing returns and expediting refunds.

763

Proposed Statement of the Secretary on Form W-2 and proposed Form 1040A

Secretary

Taxpayers will be interested to know that we are preparing ~~to consummate~~ plans for improving the simplified income tax form for wage-earners.

At present the reverse side of the Withholding Statement (Form W-2) which an employee receives from his employer may be used as his income tax return. This has the advantage of being handy, but it has numerous disadvantages for both the taxpayer and the government. The space is too small for use by the taxpayer as well as for printing adequate instructions. A major difficulty resulted from the fact that millions of taxpayers work for more than one employer during the year, and the duplication of tax forms on their separate Withholding Statements has caused considerable confusion.

It was hoped that these difficulties would be overcome as taxpayers became more accustomed to the form, but four years' experience has proved that the use of Form W-2 as a tax return has caused much confusion.

The plan ~~under consideration~~ contemplates the issuance of a new form to be called Form 1040-A, which will retain all of the important simplification features of the Withholding Statement, but should overcome its defects. Every effort will be made to

S - 763

Secretary Snyder announced today that the Treasury Department is preparing plans for improving the simplified income tax form for wage earners.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 9, 1948.

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The plan contemplates the issuance of a new form to be called Form 1040-A, which will retain all of the important simplification features of the Withholding Statement, but should overcome its defects. Every effort will be made to simplify language and minimize the number of questions. Collector's offices will continue to compute the tax for these taxpayers. Employers will continue to issue Withholding Statements to their employees as certifications of the wages and income tax withholding of the employees, but these statements will serve merely as receipts, and not as potential income tax blanks.

In the case of both the new Form 1040-A and the present Form 1040, employees will be required to attach their Withholding Statements in support of the wages and withholding shown on their returns.

This new procedure should improve income tax filing for the taxpayers, and give important assistance to the Bureau of Internal Revenue in its gigantic task of auditing returns and expediting refunds.

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11 a.m.

TREASURY DEPARTMENT

Information Service Washington, D. C.

~~FOR~~ IMMEDIATE RELEASE, No. S- 764
~~Wednesday, June 9,~~ 1948
Thursday, June 10,

Secretary of the Treasury Snyder today announced that institutional investors of the classes defined in Department Circular No. 814, dated September 22, 1947, will be permitted to purchase United States Savings Bonds of Series F and Series G during the period from July 1 through July 15, 1948, inclusive, in amounts in excess of existing limitations.

The Secretary stated that this offering is in line with his statement of September 5, 1947, when he announced the offering of the 2-1/2 percent Treasury Bonds, Investment Series A-1965, when he said that "further offerings of securities suitable primarily for institutional investment needs would be made available whenever the situation warrants such action."

The special offering of Series F and G bonds will be open to institutional investors holding savings, insurance, and pension funds, which were eligible to purchase the 2-1/2 percent Treasury Bonds, Investment Series A-1965, under Department Circular No. 814, dated September 22, 1947, subject to the following limitations:

(a) Each investor in the following categories will be permitted to purchase Series F and G Savings Bonds combined up to a total amount of $1,000,000 (issue price) for the calendar year 1948, provided that any bonds in excess of the existing limit of $100,000 must be purchased during the period from July 1 through July 15, 1948:

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.

(b) Each commercial and industrial bank 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, will be permitted to purchase F and G Savings Bonds combined up to $100,000 (issue price) from July 1 to July 15, 1948, inclusive.

Further details with respect to this special offering will be announced later.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, June 10, 1948.

No. S-764

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Further details with respect to this special offering will be announced later.

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~~[illegible]~~

- S-765 -

Immediate
~~Tuesday, April~~ Thursday, June 10, 1948

Secretary Snyder today issued the following statement:

Indent 6 spaces each side

It was with the deepest sorrow that I learned this morning of the sudden death of Lewis Schwellenbach.

As a result of our years of work together in Washington I came to have great admiration and respect for his intellectual vigor and capacity, his untiring effort, and his deep sense of duty to his community, his state, and his country.

His life was a full and truly distinguished one. Those of us who were privileged to know him well will always remember him as the great citizen and patriot that he was. He served his country well.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, June 10, 1948.

No. S-765

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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.

766

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 June 17, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 17, 1948 ~~(9)~~. 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

S-766

~~Exhibit 1~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 11, 1948.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $1,100,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing June 17, 1948 ~~(4)~~, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 17, 1948 ~~(5)~~, and will mature September 16, 1948 ~~(6)~~, 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/~~Standard~~ time, Monday, June 14, 1948 ~~(7)~~. 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

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE MORNING NEWSPAPERS, No. S-766
Friday, June 11, 1948.

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 June 17, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 17, 1948, and will mature September 16, 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 daylight savings time, Monday, June 14, 1948. 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 June 17, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 17, 1948. 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.

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25 S-767

. June 1, 1948

TO MR. BARTELT:

The following market transactions were made during the month of May, 1948, in direct and guaranteed securities of the Government for Treasury investment and other accounts:

Sales	$39,100,000
Purchases	8,695,500
Net Sales	$30,404,500

(Sgd.) E. O. Barnes

Acting Chief, Division of Investments

6/1/48 kw

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING PAPERS
Tuesday, June 15, 1948.

No. S-767

During the month of May, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $30,404,500, Secretary Snyder announced today.

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S-768

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 15, 1948.

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 June 17 and to mature September 16, 1948, which were offered June 11, 1948, were opened at the Federal Reserve Banks on June 14.

The details of this issue are as follows:

Total applied for - $1,653,007,000
Total accepted - 1,103,220,000 (includes $44,207,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.998% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 9,090,000	$ 8,755,000
New York	1,386,382,000	893,916,000
Philadelphia	12,795,000	2,611,000
Cleveland	13,480,000	8,880,000
Richmond	3,625,000	3,625,000
Atlanta	4,100,000	4,100,000
Chicago	141,439,000	121,947,000
St. Louis	3,071,000	2,841,000
Minneapolis	5,955,000	5,564,000
Kansas City	24,368,000	18,434,000
Dallas	5,815,000	5,760,000
San Francisco	42,887,000	26,787,000
TOTAL	$1,653,007,000	$1,103,220,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS, Tuesday, June 15, 1948.

No. S-768

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 June 17 and to mature September 16, 1948, which were offered June 11, 1948, were opened at the Federal Reserve Banks on June 14.

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San Francisco	42,887,000	26,787,000
TOTAL	$1,653,007,000	$1,103,220,000

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Following duty in the Navy ~~as a lieutenant commander~~ during the war, he joined the staff of the Chief Counsel of the Bureau of Internal Revenue, and came to the office of the Tax Legislative Counsel in 1947.

Secretary Snyder ~~has also~~ also announced the appoint~~ed~~ment of Philip Nichols, Jr., formerly Chief Counsel of the Bureau of Federal Supply, as an Assistant General Counsel of the Treasury Department. ~~and has named~~ Byron Harding ~~as Mr. Nichols' successor in the Supply post.~~ will succeed Mr Nichols as Chief Counsel of the Bureau. ~~of Federal Supply~~

Mr. Nichols is a native of Boston, and received his AB and LLB degrees at Harvard University. He practiced law in Boston for several years and entered Government service with the Lands Division of the Department of Justice in 1938. From January, 1942, to January, 1944, he was an attorney with the War Production Board. Following service in the Navy, ~~where he attained the rank of lieutenant commander,~~ he served briefly as an attorney in the Office of the General Counsel, Navy Department, and ~~was~~ transferred in December, 1946, to the Bureau of Federal Supply where he has since served as General Counsel.

Mr. Harding, who becomes Chief Counsel of the Bureau of Federal Supply, is a native of Port Jervis, New York. He received his law degree at Cornell University, was admitted to the New York Bar in 1933, and from 1937 to 1942 was Corporation Counsel for the City of Port Jervis. He joined the Bureau of Federal Supply in 1942 as an attorney, later saw active duty in the Navy, and returned to the Bureau in 1946.

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Immediate Release

Proposed Press Release

Wed. June 16

S-769

Secretary Snyder today announced the resignation, effective June 30, of Adrian W. DeWind, the Treasury's Tax Legislative Counsel, who will resume the practice of law in New York City.

Mr. DeWind came to the Treasury legal staff in 1943, became Assistant Tax Legislative Counsel in 1945, and Tax Legislative Counsel in 1947. He is a graduate of Grinnell College, Iowa, and of Harvard Law School, class of 1937. Prior to Treasury service he was a practicing lawyer in New York, where he maintains a legal residence.

Vance L. Kirby, a native of Boston, Mass., has been appointed ~~by Secretary Snyder~~ to succeed Mr. DeWind. Mr. Kirby is a graduate of Dartmouth College, class of 1934, and of Harvard Law School, class of 1937. He joined the Treasury legal staff in 1942, and for the past year has served as Assistant Tax Legislative Counsel.

John J. Boland of Scranton, Pa., at present a member of the Tax Legislative Counsel's staff, has been named Assistant Tax Legislative Counsel. He is a graduate of the University of Scranton, and received his degree in law at Georgetown University in 1933. He is a member of the District of Columbia and Pennsylvania State Bar associations. Prior to the war he was an attorney for the Securities and Exchange Commission.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 16, 1948. No. S-769

Secretary Snyder today announced the resignation, effective June 30, of Adrian W. DeWind, the Treasury's Tax Legislative Counsel, who will resume the practice of law in New York City.

Mr. DeWind came to the Treasury legal staff in 1943, became Assistant Tax Legislative Counsel in 1945, and Tax Legislative Counsel in 1947. He is a graduate of Grinnell College, Iowa, and of Harvard Law School, class of 1937. Prior to Treasury service he was a practicing lawyer in New York, where he maintains a legal residence.

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Secretary Snyder also announced the appointment of Philip Nichols, Jr., formerly Chief Counsel of the Bureau of Federal Supply, as an Assistant General Counsel of the Treasury Department. Byron Harding will succeed Mr. Nichols as Chief Counsel of the Bureau.

Mr. Nichols is a native of Boston, and received his AB and LLB degrees at Harvard University. He practiced law in Boston for several years and entered Government service with the Lands Division of the Department of Justice in 1938. From January, 1942, to January, 1944, he was an attorney with the War Production Board. Following service in the Navy, he served briefly as an attorney in the Office of the General Counsel, Navy Department, and transferred in December, 1946, to the Bureau of Federal Supply where he has since served as General Counsel.

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of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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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 June 24, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 24, 1948 ~~(9)~~. 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

~~Exhibit~~

~~ALPHA~~

5-770

TREASURY DEPARTMENT
Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, June 18, 1948.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $ 1,000,000,000 (2), or thereabouts, of 91 (3) -day Treasury bills, for cash and in exchange for Treasury bills maturing June 24, 1948 (4), to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 24, 1948 (5), and will mature September 23, 1948 (6), 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 ~~Standard~~ time, Monday, June 21, 1948 (7). 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

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE MORNING NEWSPAPERS,
Friday, June 18, 1948.

No. S-770

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Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern daylight saving time, Monday, June 21, 1948. 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 June 24, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing

June 24, 1948. 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.

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TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE, MORNING NEWSPAPERS,
Monday, June 21, 1948.

No. S-771

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 1-1/8 percent Treasury Certificates of Indebtedness of Series F-1949, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series F-1948, in the amount of $2,741,964,000, Series G-1948, in the amount of $1,126,672,000, or Series H-1948, in the amount of $2,209,163,000, all maturing July 1, 1948. Cash subscriptions will not be received.

The certificates now offered will be dated July 1, 1948, and will bear interest from that date at the rate of one and one-eighth percent per annum, payable with the principal at maturity on July 1, 1949. 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, June 23.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight June 23, 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

1-1/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES F-1949

Dated and bearing interest from July 1, 1948 Due July 1, 1949

1948
Department Circular No. 829

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, June 21, 1948.

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 1-1/8 percent Treasury Certificates of Indebtedness of Series F-1949, in exchange for Treasury Certificates of Indebtedness of Series F-1948, Series G-1948 or Series H-1948, all maturing July 1, 1948.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated July 1, 1948, and will bear interest from that date at the rate of 1-1/8 percent per annum, payable with the principal at maturity on July 1, 1949. 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 July 1, 1948, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series F-1948, Series G-1948 or Series H-1948, all maturing July 1, 1948, which will be accepted at par, and should accompany the subscription. The full amount of interest due 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.

IMMEDIATE RELEASE
Monday, June 21, 1948

5 - ~~772~~ 772

The Treasury Department announced today that "Metopon" (Methyldihydromorphinone) hydrochloride has been released to qualified wholesale drug dealers, hospitals, druggists and practitioners, for use in the treatment of terminal cancer cases.

This new, drug, developed under the auspices of the National Research Council, was made available to physicians more than a year ago, upon approval by the United States Public Health Service of each order.

Because of the satisfactory results obtained in the relief of pain by the administration of "Metopon," the Treasury reached its decision to make the drug more readily available in the treatment of cancer.

Subject to compliance with the Federal narcotics laws and regulations, physicians may now obtain "Metopon" on order from wholesale dealers, or may make the drug available to patients by prescriptions which may be filled by qualified druggists.

"Metopon," the Treasury announcement states, should be used in the professional treatment of terminal cancer cases only.

Dr Nathan B Eddy

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, June 21, 1948

S. - 772
CORRECTED COPY

The Treasury Department announced today that Metopon (Methyldihydromorphinone) hydrochloride has been released to qualified wholesale drug dealers, hospitals, druggists, and practitioners, for use in the treatment of serious chronic pain cases.

The new drug, developed under the auspices of the National Research Council, was made available to physicians more than a year ago for use in the treatment of cancer cases, each order requiring the approval of the United States Public Health Service. Because of the satisfactory results obtained in these cases by the administration of Metopon, the Treasury reached its decision to make the drug more readily available in the relief of chronic pain cases, including cancer.

Subject to compliance with the Federal narcotics laws and regulations, physicians may now obtain Metopon on order from wholesale dealers, or may make the drug available to patients by prescriptions which may be filled by qualified druggists.

Metopon, the Treasury announcement states, is available for oral administration only, and its use should be restricted to the treatment of cases involving chronic pain.

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S-773

RELEASE, MORNING NEWSPAPERS,
Tuesday, June 22, 1948.

The Secretary of the Treasury announced last evening that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated June 24 and to mature September 23, 1948, which were offered June 18, 1948, were opened at the Federal Reserve Banks on June 21.

The details of this issue are as follows:

Total applied for - $1,468,036,000
Total accepted - 1,005,745,000 (includes $39,217,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.998% per annum

Range of accepted competitive bids:

High	- 99.752	Equivalent rate of discount approx. 0.981% per annum
Low	- 99.747	" " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 13,112,000	$ 12,886,000
New York	1,301,285,000	869,009,000
Philadelphia	4,720,000	3,982,000
Cleveland	20,205,000	16,605,000
Richmond	5,605,000	5,605,000
Atlanta	4,720,000	4,684,000
Chicago	56,735,000	45,205,000
St. Louis	1,945,000	1,765,000
Minneapolis	1,675,000	1,585,000
Kansas City	10,720,000	9,820,000
Dallas	4,949,000	4,834,000
San Francisco	42,365,000	29,765,000
TOTAL	$1,468,036,000	$1,005,745,000

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TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE, MORNING NEWSPAPERS,
Tuesday, June 22, 1948

S-773

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Dallas	4,949,000	4,834,000
San Francisco	42,365,000	29,765,000
TOTAL	$ 1,468,036,000	$1,005,745,000

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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.

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 July 1, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 1, 1948. 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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, June 25, 1948.

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 July 1, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 1, 1948, and will mature September 30, 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~~ daylight saving time, Monday, June 28, 1948. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Friday, June 25, 1948.

No. S-774

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, 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 July 1, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 1, 1948. 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.

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No Sf 775

Release Morning Papers
~~FOR RELEASE~~ MONDAY JUNE 28.

~~Washington, D. C., June 28,~~ An all-out effort by hundreds of Ohio volunteer workers to put the Security Loan Campaign "over the top" during the week of June 28 ~~was~~ has been pledged to Secretary of the Treasury John W. Snyder by Chairman Loring L. Gelbach of the Ohio State U. S. Savings Bonds Committee. Mr. Gelbach, who is also President of the Central National Bank in Cleveland, made the pledge at a ceremony in Secretary Snyder's offices during the presentation of a proclamation by Governor Thomas J. Herbert setting aside ~~this~~ the week of June 28-July 3 as "Security Loan Week".

In accepting the proclamation, Secretary Snyder paid tribute to Ohioans for their support of the U. S. Savings Bonds program, pointing out that as of March 31, 2.7 billions of dollars in Savings Bonds ~~are now being~~ were held by individuals in that State. He also emphasized that the Security Loan Campaign, the first peace-time drive, is important to Ohio and to the nation. ~~He gave this message:~~ "I will be watching the progress of the campaign in Ohio," Secretary Snyder stated. "The patriotic service of citizens in every Ohio community will enable you to attain your local bond goal. I urge every adult resident of the State to buy an extra bond or to sign up for the payroll savings plan where you work, or the Bond-a-Month program at your bank". "The volunteer workers", said Mr. Gelbach in response, "are determined to ask everyone in Ohio, at least once, to buy a Bond".

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS.
Monday, June 28, 1948 No. S-775

An all-out effort by hundreds of Ohio volunteer workers to put the Security Loan Campaign "over the top" during the week of June 28 has been pledged to Secretary of the Treasury John W. Snyder by Chairman Loring L. Gelbach of the Ohio State U. S. Savings Bonds Committee.

Mr. Gelbach, who is also President of the Central National Bank in Cleveland, made the pledge at a ceremony in Secretary Snyder's offices during the presentation of a proclamation by Governor Thomas J. Herbert setting aside the week of June 28-July 3 as "Security Loan Week."

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"I will be watching the progress of the campaign in Ohio," Secretary Snyder stated. "The patriotic service of citizens in every Ohio community will enable you to attain your local bond goal. I urge every adult resident of the State to buy an extra bond or to sign up for the payroll savings plan where you work, or the Bond-a-Month program at your bank."

"The volunteer workers," said Mr. Gelbach in response, "are determined to ask everyone in Ohio, at least once, to buy a Bond".

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Wednesday, June 16, 1948 TC - 7

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Thursday, June 17. Secretary Snyder, accompanied by Director of the Mint Nellie Tayloe Ross, will go to Fort Knox, Kentucky, on an inspection tour of the gold depository.

Tuesday, June 22, 9:30 A.M. Secretary Snyder will speak before the Treasury Task Force Agencies of the Advertising Council, Room 4426 Treasury Building.

Thursday, August 5. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Tuesday, June 22, 10 A.M. Under Secretary Wiggins will deliver a speech before the National Fertilizer Association at White Sulphur Springs, West Virginia.

OFFICE OF THE FISCAL ASSISTANT SECRETARY

Monday, June 28. Edward F. Bartelt, Fiscal Assistant Secretary, will speak at the opening session of a special training program for fiscal officers of the Department of Agriculture, Endicott, New York. Subject: "Management of the Fiscal Affairs of the Government."

OFFICE OF THE ADMINISTRATIVE ASSISTANT

Wednesday, June 16, 3 P.M. William W. Parsons, Administrative Assistant to the Secretary, will participate in an informal discussion at a meeting of the Society for the Advancement of Management to be held in the Archives Auditorium. Subject: "Effecting Management Policy Through Fiscal Controls."

BUREAU OF NARCOTICS

Tuesday, June 22, 2 P.M. Commissioner of Narcotics Harry J. Anslinger, will address the Pennsylvania Pharmaceutical Association at Harrisburg, Pennsylvania, at services dedicating their new building. Subject: "The Importance of Pharmacy."

DIVISION OF SAVINGS BONDS

Thursday, June 24. Leon J. Markham, National Director of Sales, will deliver an address before the Newspaper Advertising Executives Association's semi-annual conference at Quebec, Canada. Subject: "Savings Bonds - An Important Area in the Nation's Economy."

UNITED STATES COAST GUARD

Thursday, June 17. Admiral Joseph F. Farley, Commandant of the Coast Guard, returns on the liner AMERICA from a six weeks' stay in London where he attended the International Conference on Safety of Life at Sea. Admiral Farley headed the United States delegation to the conference.

Friday, June 18. Lt. R. C. Gould, USCG, will deliver a lecture on Search and Rescue Developments before the Volunteer and Organized Reserve, ACI officers, Naval Intelligence School, Anacostia, D.C.

BUREAU OF FEDERAL SUPPLY

Tuesday, June 15, 10:30 A.M. W. E. Hayghe, Chief, Central Traffic Service Division, Bureau of Federal Supply, delivered a statement concerning Federal traffic practices, before the Bender Sub-Committee of the House Committee on Expenditures in the Executive Departments.

APPOINTMENTS AND RESIGNATIONS

Adrian W. DeWind, Treasury's Tax Legislative Counsel, has resigned to resume the practice of law in New York City.

Vance L. Kirby, a native of Boston, Massachusetts, who has been serving as Assistant Tax Legislative Counsel, succeeds Mr. DeWind.

John J. Boland of Scranton, Pennsylvania, a member of the Tax Legislative Staff, has been named Assistant Tax Legislative Counsel.

Philip Nichols, Jr., a native of Boston and formerly Chief Counsel of the Bureau of Federal Supply, has been appointed an Assistant General Counsel of the Treasury Department.

Byron Harding, an attorney with the Bureau of Federal Supply, succeeds Mr. Nichols as Chief Counsel. He is a native of Port Jervis, New York.

Thomas J. Lynch will be sworn in as General Counsel of the Treasury Department, Conference Room (Room 4426), 11 A. M., Wednesday, June 16.

James J. Saxon, by direction of the Secretary, has assumed responsibility for the supervision and coordination of Treasury information and press matters.

The Treasury Exhibit Room (2428), containing exhibits of the various Treasury bureaus, is now open to the public. This room may be visited 9 A.M. to 3 P. M., Monday through Friday.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

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RELEASE, MORNING NEWSP
Monday, June 28, 1948.

Secretary of the

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Savings Bonds, and Department Circular No. 654, the circular offering Series F and G Savings Bonds for sale, which have been issued to cover the special offering of Series F and G bonds open to certain classes of institutional investors and certain commercial and industrial banks during the period from July 1 through July 15, 1948. Details with respect to the offering and the various categories of investors eligible to purchase Series F and G Savings Bonds under the special offering were contained in the Secretary's statement of June 10, 1948. Any applications from eligible subscribers received by a Federal Reserve Bank or Branch, or the Treasury Department, through July 15, 1948, including any mail applications postmarked up to midnight of July 15, will be accepted and processed under this special offering.

The texts of the amendments follow:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, June 28, 1948. No. S-776

Secretary of the Treasury Snyder today made public the text of amendments to Department Circular No. 530, the Regulations Governing Savings Bonds, and Department Circular No. 654, the circular offering Series F and G Savings Bonds for sale, which have been issued to cover the special offering of Series F and G bonds open to certain classes of institutional investors and certain commercial and industrial banks during the period from July 1 through July 15, 1948. Details with respect to the offering and the various categories of investors eligible to purchase Series F and G Savings Bonds under the special offering were contained in the Secretary's statement of June 10, 1948. Any applications from eligible subscribers received by a Federal Reserve Bank or Branch, or the Treasury Department, through July 15, 1948, including any mail applications postmarked up to midnight of July 15, will be accepted and processed under this special offering.

The texts of the amendments follow:

REGULATIONS GOVERNING SAVINGS BONDS

1948
Fourth Amendment to
Department Circular No. 530
Sixth Revision, dated
February 13, 1945

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 25, 1948.

Fiscal Service
Bureau of the Public Debt

To Owners of United States Savings Bonds and Others Concerned:

Pursuant to Section 22 (a) of the Second Liberty Bond Act, as amended (55 Stat. 7,31 U.S.C. and Supp. 757c), Subpart C of Department Circular No. 530, Sixth Revision, dated February 13, 1945 (31 CFR 1945 Supp., 315), as amended, is hereby further amended 1/ and revised to read as follows:

Subpart C--LIMITATION ON HOLDINGS

Sec. 315.8. Amount which may be held.--As provided by Section 22 of the Second Liberty Bond Act, as added February 4, 1935 (U.S.C. 1946 Ed., title 31, section 757c), and by regulations prescribed by the Secretary of the Treasury pursuant to the authority of that section, as amended by the Public Debt Act of 1941, 55 Stat. 7, the amounts of savings bonds of the several series issued during any one calendar year that may be held by any one person at any one time are limited as follows:

(a) Series A, B, C, and D.--$10,000 (maturity value) of each series for each calendar year.

(b) Series E.--$5,000 (maturity value) for each calendar year up to and including the calendar year 1947, and $10,000 (maturity value) for each calendar year thereafter.

(c) Series F and G.--$50,000 (issue price) for the calendar year 1941, and $100,000 (issue price) for each calendar year thereafter, of either series or of the combined aggregate of both, except that, in the case of commercial banks authorized to acquire such bonds in accordance with Section 315.5, the limitation shall be such as may have been or may hereafter be provided specifically in official circulars governing the offering of other Treasury securities, but in no event in excess of $100,000 (issue price) for any calendar year.

1/ The second and third amendments are hereby withdrawn from circulation. They were issued, respectively, to provide for the purchase of savings bonds of Series E outside of the limitation under certain conditions and to increase the Series E limitation from $5,000 to $10,000. The pertinent provisions are set forth in Sections 315.8 (b) and 315.9 (d) (4) of this amendment.

(d) Special Limitation for Series F and G Bonds Purchased by Institutional Investors and Commercial Banks from July 1 through July 15, 1948.--$1,000,000 (issue price) of either series or of the combined aggregate of both for institutional investors holding savings, insurance and pension funds and $100,000 (issue price) of either series or of the combined aggregate of both for 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, subject to the following conditions:

(1) For the purposes of this subsection the classes of institutional investors will be limited to: (i) insurance companies, (ii) savings banks, (iii) savings and loan associations and building and loan associations, and cooperative banks, (iv) pension and retirement funds, including those of the Federal, State and local governments, (v) fraternal benefit associations, (vi) endowment funds, and (vii) credit unions.

(2) Any bonds of Series F-1948 and Series G-1948 purchased under this special limitation, including any bonds in excess of $100,000 (issue price) purchased by eligible institutional investors, must be purchased during the period from July 1 through July 15, 1948.

The regulations set forth in this circular are hereby modified to accord with the provisions of subsection (d) of this section.

Sec. 315.9. Calculation of Amount.--In computing the amount of savings bonds of any one series issued during any one calendar year held by any one person at any one time for the purpose of determining whether the amount is in excess of the authorized limit as set forth in the next preceding section, the following rules shall govern:

(a) The term "person" shall mean any legal entity, including but not limited to an individual, a partnership, a corporation (public or private), an unincorporated association or a trust estate, and the holdings of each person, individually and in a fiduciary capacity, shall be computed separately.

(b) In the case of bonds of Series A, B, C, D, and E, the computation shall be based upon maturity values. In the case of bonds of Series F and G the computation shall be based upon issue prices.

(c) Except as provided in subsection (d), there must be taken into account: (1) all bonds originally issued to and registered in the name of that person alone; (2) all bonds originally issued to and registered in the name of that person as coowner or reissued, at the request of the original owner, to add the name of that person as coowner or to designate him as coowner instead of as beneficiary under the provisions of this circular, except that the amount of bonds of Series E held in coownership form may be applied to the holdings of either of the coowners, but will not be applied to both, or the amount may be apportioned between them; and (3) all bonds acquired by him before March 1, 1941, upon the death of another or the happening of any other event.

(d) There need not be taken into account: (1) bonds of which that person is merely the designated beneficiary; (2) those in which his interest is only that of a beneficiary under a trust; (3) those to which he is entitled as surviving designated beneficiary upon the death of the registered owner, as an heir or legatee of the deceased registered owner, or by virtue of the termination of a trust or the happening of any other event, unless he became entitled to any such bonds in his own right before March 1, 1941; or (4) with respect to bonds of Series E, those purchased with the proceeds of matured bonds of Series A and Series C-1938, where the Series A or Series C bonds were presented by an individual (natural person in his own right) owner or coowner for that purpose and the Series E bonds are registered in his name in any form of registration authorized for that series.

(e) Nothing herein contained shall be construed to invalidate any holdings within or, except as provided in subsection (c) above, to validate any holdings in excess of, the authorized limits, as computed under the regulations in force at the time such holdings were acquired.

Sec. 315.10. Disposition of excess.--If any person at any time acquires savings bonds issued during any one calendar year in excess of the prescribed amount, the excess must be immediately surrendered for refund of the purchase price, less (in the case of Series G bonds) any interest which may have been paid thereon, or for such other adjustment as may be possible.

John W. Snyder,
Secretary of the Treasury.

UNITED STATES SAVINGS BONDS
Series F and Series G

1948
Third Amendment to
Department Circular No. 654
Second Revision, dated
January 1, 1944,
as amended.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 25, 1948

Fiscal Service
Bureau of the Public Debt

Section IV and Section V of Department Circular No. 654, Second Revision, dated January 1, 1944, as amended, are hereby further amended to read as follows:

IV. LIMITATION ON HOLDINGS

1. The amount of United States Savings Bonds of Series F, or of Series G, or the combined aggregate amount of both series originally issued during any one calendar year to any one person, including those registered in the name of that person alone, and those registered in the name of that person with another named as coowner, that may be held by that person at any one time shall not exceed $100 000 (issue price), except as provided in paragraph 2. Commercial banks (which are defined for this purpose as those accepting demand deposits) are not authorized to acquire savings bonds of Series F or Series G, except as provided in paragraph 2, or (in accordance with the provisions of V, 1 (2) hereof) in official circulars governing the offering of other Treasury securities. 1/

2. For the period from July 1, 1948, through July 15, 1948, there is hereby provided for certain classes of institutional investors, and for certain commercial and industrial banks, a special limitation on holdings as follows:

(1) The limitation will be $1,000,000 (issue price) of United States Savings Bonds of Series F or Series G or the combined aggregate of both for institutional investors holding savings, insurance and pension funds, and $100,000 (issue price) of either series or of the combined aggregate of both for 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.

1/ Circulars heretofore issued making provisions for subscription to Series F and Series G bonds by commercial banks are numbered as follows: 729 and 740, offering 2-1/2% Treasury Bonds of 1965-70; 730, offering 2-1/4% Treasury Bonds of 1956-59; 741 and 756, offering 2% Treasury Bonds of 1952-54; 755, offering 2-1/2% Treasury Bonds of 1966-71; 770, offering 1-1/2% Treasury Bonds of 1950; 776, offering 2-1/2% Treasury Bonds of 1967-72; and 777, offering 2-1/4% Treasury Bonds of 1959-62.

(2) For the purposes of this special limitation the classes of institutional investors will be limited to: (i) insurance companies, (ii) savings banks, (iii) savings and loan associations and building and loan associations, and cooperative banks, (iv) pension and retirement funds, including those of the Federal, State and local governments, (v) fraternal benefit associations, (vi) endowment funds, and (vii) credit unions.

(3) Any bonds of Series F-1948 and Series G-1948 purchased under this special limitation, including any bonds in excess of $100,000 (issue price) purchased by eligible institutional investors, must be purchased during the period from July 1 through July 15, 1948.

3. Any bonds acquired on original issue which create an excess must immediately be surrendered for refund of the issue price, as provided in the regulations governing savings bonds.

V. AUTHORIZED FORMS OF REGISTRATION

1. United States Savings Bonds of Series F and Series G may be registered only in one of the following forms:

(1) In the names of natural persons (that is, individuals), whether adults or minors, in their own right, as follows: (a) In the name of one person; (b) in the names of two (but not more than two) persons as coowners; and (c) in the name of one person payable on death to one (but not more than one) other designated person.

(2) In the name of an incorporated or unincorporated body in its own right; but may not be registered in the names of commercial banks, which are defined for this purpose as those accepting demand deposits, except as provided in IV, 2 of this Circular or to such extent and under such conditions as may have been or may hereafter be provided specifically in official circulars governing the offering of other Treasury securities.

(3) In the name of a fiduciary (except where the fiduciary would hold the bonds merely or principally as security for the performance of a duty or obligation).

(4) In the name of the owner or custodian of public funds.

2. Restrictions.--Only residents (whether individuals or others) of the United States (which for the purposes of this section shall include the territories, insular possessions and the Canal Zone), citizens of the United States temporarily residing abroad and nonresident aliens employed in the United States by the Federal Government or an agency thereof may be named as owners, coowners or designated beneficiaries of savings bonds originally issued on or after April 1, 1940, or of authorized reissues thereof, except that such persons may name as coowners or beneficiaries of their bonds American citizens permanently residing abroad or nonresident aliens who are not citizens of enemy nations. American citizens permanently residing abroad and nonresident aliens who become entitled to bonds

under these regulations, by right of survivorship or otherwise upon the death of another, will have the right only to receive payment either at or before maturity.

3. Full information regarding authorized forms of registration will be found in the regulations currently in force governing United States Savings Bonds.

John W. Snyder,
Secretary of the Treasury.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Wednesday, June 23, 1948 TC - 8

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Friday, July 2, 1 P.M. Secretary Snyder will attend a luncheon honoring Venezuelan President Romulo Gallegos at the Pan American Union. On Saturday, July 3, 6 - 8 P.M., the Secretary, accompanied by Mrs. Snyder, will attend a reception at the Venezuelan Embassy honoring President Gallegos and Senora de Gallegos.

Thursday, July 8. Secretary Snyder will speak before the annual national convention of the Association of Business and Professional Women, Fort Worth, Texas.

Saturday, July 17. The Secretary will attend the joint annual meeting of the Boards of Directors of the Kansas City and Denver Branches of the Federal Reserve Bank, to be held at Denver, Colorado.

Thursday, August 5. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

Statements by the Secretary

A statement by the Secretary in connection with Security Loan Week in the State of Ohio, for release to morning newspapers Monday, June 28. Advance copies will be available Friday P.M., June 25, at the Treasury.

OFFICE OF THE UNDER SECRETARY

Thursday, June 24. Under Secretary Wiggins will deliver a lecture before the Graduate School of Banking, Rutgers University, New Brunswick, New Jersey.

Thursday, July 15, 1 P.M. Under Secretary Wiggins will deliver a speech before the Durham Kiwanis Club, Durham, North Carolina.

Thursday, July 15, 8 P.M. Mr. Wiggins will address the Carolinas Bankers Conference at Chapel Hill, North Carolina.

OFFICE OF THE FISCAL ASSISTANT SECRETARY

Monday, June 28. Edward F. Bartelt, Fiscal Assistant Secretary, will speak at the opening session of a special training program for fiscal officers of the Department of Agriculture, Endicott, New York. Subject: "Management of the Fiscal Affairs of the Government."

OFFICE OF THE GENERAL COUNSEL

Wednesday, June 23. Thomas J. Lynch, Treasury General Counsel, will leave for Los Angeles, California, to testify in the case of the Southern California Edison Company, Ltd. vs. United States Court of Claims. He will return Friday, July 2.

COMPTROLLER OF THE CURRENCY

Wednesday, June 23. Comptroller of the Currency Preston Delano in Chicago to make a survey in connection with charters and branch applications pending in the Chicago district.

OFFICE OF TAX LEGISLATIVE COUNSEL

Monday, June 28, 7:30 P.M. Vance N. Kirby, Assistant Tax Legislative Counsel, who on July 1 will succeed Adrian W. DeWind as Treasury's Tax Legislative Counsel, will deliver a speech before the Tax Study Group, New York University, New York City. Subject: "The Processes of Tax Legislation."

DIVISION OF SAVINGS BONDS

Thursday, June 24. Leon J. Markham, National Director of Sales, will deliver an address before the Newspaper Advertising Executives Association's semi-annual conference at Quebec, Canada. Subject: "Savings Bonds - An Important Area in the Nation's Economy."

APPOINTMENTS AND TRANSFERS

John K. Carlock, a member of the Department's legal staff, has been appointed a Special Assistant to the General Counsel.

James E. Wood, office of International Finance, leaves Wednesday, June 23, for Brussels, Belgium, to take up his duties as U. S. Treasury representative at the United States Embassy there.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

IMMEDIATE RELEASE,
Wednesday, June 30, 1948.

S-777

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-1/8 percent Treasury Certificates of Indebtedness of Series F-1949, to be dated July 1, 1948, open to the holders of Treasury Certificates of Indebtedness of Series F-1948, Series G-1948 and Series H-1948, all maturing July 1, 1948.

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

Federal Reserve District	Series F-1948 Certificates Exchanged	Series G-1948 Certificates Exchanged	Series H-1948 Certificates Exchanged	Total Exchanges
Boston	$ 46,884,000	$ 12,986,000	$ 38,344,000	$ 98,214,000
New York	1,706,557,000	696,807,000	1,333,331,000	3,736,695,000
Philadelphia	69,020,000	21,376,000	57,303,000	147,699,000
Cleveland	58,530,000	19,231,000	44,545,000	122,306,000
Richmond	19,360,000	8,687,000	15,965,000	44,012,000
Atlanta	39,497,000	27,378,000	38,298,000	105,173,000
Chicago	247,564,000	107,177,000	242,842,000	597,583,000
St. Louis	64,315,000	28,474,000	53,422,000	146,211,000
Minneapolis	43,657,000	25,813,000	52,467,000	121,937,000
Kansas City	78,056,000	44,600,000	70,912,000	193,568,000
Dallas	51,022,000	21,954,000	33,182,000	106,158,000
San Francisco	175,940,000	63,174,000	121,021,000	360,135,000
Treasury	1,283,000	926,000	1,388,000	3,597,000
TOTAL	$2,601,685,000	$1,078,583,000	$2,103,020,000	$5,783,288,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 30, 1948.

No. S-777

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TOTAL	$2,601,685,000	$1,078,583,000	$2,103,020,000	$5,783,288,000

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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.

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 July 8, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 8, 1948 (9). 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

~~Exhibit X~~

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 29, 1948.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $ 1,100,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing July 8, 1948 ~~(4)~~, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 8, 1948 ~~(5)~~, and will mature October 7, 1948 ~~(6)~~, 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/~~Standard~~ time, Friday, July 2, 1948 (7). 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

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, June 29, 1948. No. S-778

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, 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 July 8, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 8, 1948. 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.

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S-779

RELEASE, MORNING NEWSPAPERS,
Tuesday, June 29, 1948.

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 July 1 and to mature September 30, 1948, which were offered June 25, 1948, were opened at the Federal Reserve Banks on June 28.

The details of this issue are as follows:

Total applied for - $1,777,999,000
Total accepted - 1,101,696,000 (includes $29,007,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 21,133,000	$ 20,808,000
New York		1,490,783,000	874,618,000
Philadelphia		13,775,000	12,410,000
Cleveland		32,020,000	25,520,000
Richmond		3,325,000	3,325,000
Atlanta		10,400,000	10,400,000
Chicago		129,064,000	104,819,000
St. Louis		1,340,000	1,015,000
Minneapolis		8,610,000	7,960,000
Kansas City		10,228,000	9,513,000
Dallas		3,620,000	3,607,000
San Francisco		53,701,000	27,701,000
	TOTAL	$1,777,999,000	$1,101,696,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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TOTAL	$1,777,999,000	$1,101,696,000

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Face Amount	Rate	Interest
$7,004,000,000	2%	$70,040,000.00
423,000,000	2-1/8%	3,133,324.18
$7,427,000,000		$73,173,324.18

On June 30, 1947, the check which was issued for a similar transaction was in the amount of $7,123,000,000. At that time, the Fund held maturing special issues in the amount $7,059,000,000 on which interest of $64,783,000 was collected. The increase in the amount of the reinvestment check this year is due primarily to the excess of approximately $300,000,000 of state deposits over withdrawals in the Fund during the year and interest collections of approximately $165,000,000, part of which was applied in acquiring $87,000,000 face amount of marketable securities.

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Immediate Release

PROPOSED PRESS RELEASE

No. 780

Secretary Snyder today signed a Treasury check in the amount of $7,500,000,000, the largest check ever issued.

The multi-billion-dollar instrument was drawn for the purpose of reinvesting the proceeds of special Treasury certificates of indebtedness owned by the Unemployment Trust Fund, which mature on June 30, 1948.

The Secretary of the Treasury is directed by law to invest such portion of the Unemployment Trust Fund as is not needed to meet current withdrawals, and specifies the types of securities in which such investments may be made. Since the Fund's inception, the greater part of its investments has been in special obligations issued exclusively to the Unemployment Trust Fund.

These special certificate issues, Secretary Snyder pointed out today, are one-year obligations which mature on June 30 of each year, regardless of the day on which they are issued. They earn interest at the average rate of interest of all outstanding interest-bearing obligations of the United States forming a part of the public debt at the close of the month preceding the date of issuance. The law provides that the rate of interest of such special obligations "shall be the multiple of one-eighth of 1 per centum next lower than such average rate."

The May 31, 1948, average rate of interest, on which the June 30 investment is based, was 2.174%. The new issue of certificates will, accordingly, bear interest at the rate of 2-1/8%.

The maturing special issues on June 30, 1948, comprising the amounts against which the check for $7,500,000,000 is drawn, may be stated as follows:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Wednesday, June 30, 1948

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THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Wednesday, June 30, 10 A.M. Secretary Snyder signed check for $7,500,000,000, representing the investment of the Unemployment Trust Fund in special Treasury certificates. The ceremony, which took place in the Treasury Conference Room, was attended by twenty newsreel, press and television photographers.

Friday, July 2, 12 Noon. Secretary's regular weekly press conference.

Friday, July 2, 1 P.M. Secretary Snyder will attend a luncheon honoring Venezuelan President Romulo Gallegos at the Pan American Union.

Saturday, July 3, 12 Noon. Secretary Snyder will review parade commemorating the 100th anniversary of the laying of the cornerstone of the Washington National Monument. The ceremonies will take place at the base of the monument.

Saturday, July 3, 6 - 8 P.M. The Secretary, accompanied by Mrs. Snyder, will attend a reception at the Venezuelan Embassy honoring President Gallegos and Senora de Gallegos.

Sunday, July 4, 6 - 8 P.M. Secretary Snyder and Mrs. Snyder will attend a reception at the Philippine Embassy.

Wednesday, July 7, 10 P.M. Secretary Snyder leaves for Fort Worth, Texas.

Thursday, July 8, 11 to 11:30 A.M., CST. Secretary's press conference in the twelfth floor reception room of the Fort Worth Club. Press and radio representatives of Fort Worth, Dallas and adjacent territory are invited to attend.

Thursday, July 8, 1:30 P.M., CST. Secretary delivers address at the Colliseum in the Will Rogers Memorial, Fort Worth, before the Biennial Convention of the National Federation of Business and Professional Women's Clubs. Subject: "Women in Government." Text available Friday, July 2.

OFFICE OF THE SECRETARY (Continued)

Thursday, July 8, 3 to 3:30 P.M., CST. Secretary Snyder will call on Mayor F. Edgar Deen in his offices at the Fort Worth Municipal Building.

Thursday, July 8, 6:30 P.M., CST. The Secretary will be the honored guest at a reception and dinner given by Publisher Amon Carter at the Fort Worth Club.

Friday, July 9, 8 A.M., CST. Secretary Snyder leaves Fort Worth for Washington.

Saturday, July 17. The Secretary will attend the joint annual meeting of the Boards of Directors of the Kansas City and Denver Branches of the Federal Reserve Bank, to be held at Denver, Colorado.

Tuesday, July 27, 8 P.M. Secretary Snyder will be honor guest at a dinner meeting of the General Electric Company's Annual Business Conference, Association Island, Lake Ontario.

Thursday, August 5. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Thursday, July 15, 1 P.M. Under Secretary Wiggins will deliver a speech before the Durham Kiwanis Club, Durham, North Carolina.

Thursday, July 15, 8 P.M. Mr. Wiggins will address the Carolinas Bankers Conference at Chapel Hill, North Carolina.

BUREAU OF CUSTOMS

Edson J. Shamhart, Deputy Commissioner of Customs, is on the Mexican border handling the reorganization of the Customs Agency Service in that area. He will return to Washington sometime in July

BUREAU OF INTERNAL REVENUE

Wednesday, June 30, 10 A.M. Fred S. Martin, former Assistant Deputy Commissioner of the Income Tax Unit, was sworn in as Assistant Commissioner of Internal Revenue. Mr. Martin assumes the position left vacant by the retirement of W. T. Sherwood.

APPOINTMENTS AND RETIREMENTS

Gesualdo Costanzo, formerly with the State Department, has been appointed Assistant Treasury Representative at the American Embassy in Rome, Italy. He is now enroute to Rome.

Clifford H. Stowe has been appointed Assistant Deputy Commissioner of the Income Tax Unit, Bureau of Internal Revenue. He succeeds Fred S. Martin, newly appointed Assistant Commissioner. Mr. Stowe was formerly a member of the Excess Profits Tax Council.

John N. Bready replaces Mr. Stowe as a member of the Excess Profits Tax Council, Bureau of Internal Revenue.

A. J. Walsh has been appointed a special assistant to the Director of the Bureau of Federal Supply, to be in direct charge of the Strategic and Critical Materials Program. Mr. Walsh, who is transferring from the Department of State, was Assistant Director of the Bureau during the war period.

APPOINTMENTS AND RETIREMENTS
(Continued)

Harry C. Shepherd, with 45 years Government service, and a member of the Secret Service since 1917, retires June 30.

W. E. Perry, head of Purchases and Stores, Division of Office Services, retires June 30. He has been in the Government 39 years, and with the Treasury since 1916.

Miss Gertrude C. Lombard of the Office of the Technical Staff, retires June 30. She has been in the Government service 31 years, 10 of which were spent in the Treasury.

RELEASES

The Fiscal Yearend Statement of the Treasury Department will be available Friday Noon, July 2, in Room 4408.

The tax study, "Federal Excise Taxes on Alcoholic Beverages", for release in morning newspapers, July 16, will be available in Room 4408, on Tuesday, July 13.

TREASURY EXHIBIT ROOM

Since their opening in early May, the Treasury exhibit rooms have attracted more than 14,000 visitors. Displays include dozens of interesting historical documents, counterfeiting presses, plates and bills seized by the Secret Service; opium, hashhish, marijuana, smoking paraphernalia, and other illicit items taken by Narcotics and Customs, and Coast Guard safety devices in miniature. These exhibits may be viewed between the hours of 9 A.M. and 3 P.M., Monday through Friday.

BOND DRIVE

William W. Parsons, Administrative Assistant to the Secretary, has asked the assistance of all Heads of Bureaus and Offices in the Treasury in carrying out the revitalized payroll savings plan in the Department, as it relates both to the current Security Loan Drive, and the program for Payroll Savings as a continuing policy.

Secretary Snyder recently stated his desire that all Treasury offices cooperate fully in the revitalized program, and that an effort be made to give every Treasury employee an opportunity to participate in the regular payroll savings plan.

The Secretary takes just pride in the fact that the Treasury Department currently stands Number One in the Payroll Savings Program in the Federal Government.

Commander Samuel Gray has been appointed Coast Guard representative in connection with the revitalized Payroll Savings program. The alternate is Commander R. S. Lecky.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

TREASURY

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Information Servic

IMMEDIATE RELEASE
Friday, July 2, 194

Secretary of the Treasury John W. Snyder announced today that during the fiscal year 1948, which closed on June 30, the net receipts of the United States Government exceeded expenditures by $8,419,000,000.

This $8,419,000,000 represents the actual excess of receipts over expenditures in the fiscal year, and compares with a corresponding figure on the same basis of $754,000,000 in the fiscal year which closed on June 30, 1947.

The excess of receipts over expenditures in the fiscal year 1948 is the largest in the history of the Government. It is more than seven times the highest previous surplus of $1,155,000,000, which occurred in the fiscal year 1927.

The fiscal year's operations in more detail are as follows:

I. BUDGET RESULTS

The surplus of $8,419,000,000 is $937,000,000 higher than estimated in January. Receipts were $465,000,000 below the January estimate, reflecting in part the loss of revenue under the Revenue Act of

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, July 2, 1948

No. S-781

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The fiscal year's operations in more detail are as follows:

I. BUDGET RESULTS

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1948. Adjusting the revenue estimate for this loss, receipts were only $135,000,000 or three tenths of one percent higher than the estimate. Expenditures were $1,402,000,000 less than the January estimate, due principally to the fact that there has been some delay in expenditures for foreign aid and for the National Military Establishment.

Net receipts amounted to $44,746,000,000, an increase of $1,437,000,000 compared with last year. An increase of more than this amount in income tax receipts was partially offset by a decline in proceeds of sales of surplus property. Total expenditures amounted to $36,326,000,000, a decrease of $6,179,000,000 compared with the fiscal year 1947. This decrease is accounted for principally by reductions in expenditures for the National Military Establishment (mostly armed forces leave payments) and those for international finance.

A comparative table showing the trend of expenditures by major activities during the last three fiscal years is shown below (in billions of dollars):

Budget Expenditures	1946	1947	1948	Increase (+) or Decrease (-) 1948 from 1947
National Military Establishment:				
Armed forces leave payments	--	$2.0	$.3	-$1.7
Other	$43.1	12.8	11.7	-1.1
Veterans' Administration	4.3	7.3	6.5	-.8
Interest on the public debt	4.7	5.0	5.2	+.2
Tax refunds	3.0	3.0	2.3	-.7
International finance:				
Economic Cooperation Administration	--	--	.1	+.1
Export-Import Bank	.6	.9	.5	-.4
Credit to United Kingdom	--	2.1	1.7	-.4
Subscriptions to International Bank and Monetary Fund	.2	1.4	--	-1.4
All other	7.8	8.0	8.0	--
Total (excluding transfer to Foreign Economic Cooperation Trust Fund) ...	63.7	42.5	36.3	-6.2
Transfer to Foreign Economic Cooperation Trust Fund a/	--	--	a/3.0	+3.0
Total (including transfer to Foreign Economic Cooperation Trust Fund) ...	63.7	42.5	39.3	-3.2

a/ Section 114 (f) of the Economic Cooperation Act of 1948, approved April 3, 1948, required that the sum of $3,000,000,000 be transferred to a trust fund entitled "Foreign Economic Cooperation Trust Fund" and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The effect of this is to charge the budget in the fiscal year 1948 for expenditures to be made in the fiscal year 1949, with consequent effect on the surplus or deficit of those years. This bookkeeping transfer has no effect on the actual timing of expenditures. It does not change by a single dollar the amount of taxes payable by the American public, nor change by a single day the time when these taxes are paid; neither does it change by a single dollar the amount of expenditures, nor change by a single day the time when they are paid.

II. PUBLIC DEBT

The gross public debt amounted to $252,292,000,000 on June 30, 1948, a decrease of $5,994,000,000 during the year. In addition, guaranteed debt held outside the Treasury declined $16,000,000 during the year. A reconciliation of the budget surplus with the change in the public debt follows (in billions of dollars):

Budget surplus		$8.4
Less:		
Increase in general fund balance	1.6	
Excess of expenditures in trust accounts, etc.[a]	.8	2.4
Decrease in gross public debt ...		6.0

Changes in composition of debt

Interest-bearing marketable public debt issues were reduced $8,356,000,000 during the fiscal year. This reduction was partially offset by increases in special issues to Government trust funds and investment accounts of $2,845,000,000, a net increase in savings bonds outstanding of $1,926,000,000, and net sales of 2-1/2% investment series bonds amounting to $959,000,000. Redemptions of Treasury savings notes were $1,159,000,000 in excess of sales, arising primarily from the use of such notes for payment of taxes. Net redemptions of armed forces leave bonds amounted to $1,229,000,000 and there were redemptions of noninterest-bearing special notes held by the International Bank for Reconstruction and Development and the International

a/ Includes clearing account for outstanding checks and telegraphic reports from Federal Reserve Banks.

Monetary Fund amounting to $913,000,000.

The following summary shows the gross public debt outstanding on February 28, 1946 (the highest point of the debt), June 30, 1947, and June 30, 1948, together with the debt after deducting the general fund balance (in millions of dollars):

Classification	Feb. 28, 1946	June 30, 1947	June 30, 1948	Change	
				From 2/28/46 to 6/30/48	During fiscal year 1948
Gross public debt					
Interest-bearing:					
Public issues:					
Marketable	$199,810	$168,702	$160,346	-$39,464	-$8,356
Nonmarketable ..	57,206	59,045	59,506	+2,300	+461
Subtotal ...	257,016	227,747	219,852	-37,164	-7,895
Special issues ...	20,897	27,366	30,211	+9,314	+2,845
Noninterest-bearing notes issued to International Bank and Monetary Fund.	—	2,140	1,227	+1,227	-913
Other a/	1,301	1,033	1,002	-299	-31
Total gross public debt .	279,214	258,286	252,292	-26,922	-5,994
Less: General fund balance	25,961	3,308	4,932	-21,029	+1,624
Gross public debt less general fund balance	253,253	254,978	247,360	-5,893	-7,618

a/ Includes matured debt and debt bearing no interest.

Maturities of marketable securities

Since February 28, 1946 (the highest point of the public debt), interest-bearing marketable public debt obligations have been reduced $39,464,000,000. The following table shows changes in the maturity distribution of marketable obligations since February 28, 1946:

(In millions of dollars)

Period to maturity or first call date	Feb. 28, 1946	June 30, 1947	June 30, 1948	Change: From 2/28/46 to 6/30/48	Change: During fiscal year 1948
Within 3 months	$29,349	$26,650	$24,035	-$5,314	-$2,615
3 months to 1 year	40,914	25,677	25,723	-15,191	+46
1 to 10 years	68,519	61,567	56,700	-11,819	-4,867
Over 10 years	61,028	54,807	53,888	-7,140	-919
Total	199,810	168,702	160,346	-39,464	-8,356

U. S. savings bonds

The Treasury has continued to emphasize the sale of United States savings bonds to help counteract inflation and to secure as wide a distribution of the public debt as possible. The current redemption value of savings bonds of all series outstanding on June 30, 1948, was $53,274,000,000, as compared with $51,367,000,000 a year ago. The amount now outstanding is at an all-time peak.

Interest on the public debt

Interest payments on the public debt during the fiscal year 1948 amounted to $5,211,000,000, an increase of $253,000,000 compared with

1947. This increase is due to several factors. Discount accruals on savings bonds, included in interest payments, amounted to $804,000,000, an increase over the preceding year of $113,000,000. Interest paid on special issues held by trust funds and Government investment accounts continued to increase compared with previous years.

Interest savings realized in 1948 from paying off marketable debt maturities were offset to some extent by the increase in short-term interest rates. During the year the rate on 91-day Treasury bills, which had been maintained at 3/8% for a number of years, was allowed to rise to about 1%. The Treasury, however, recovers a substantial amount of this increased interest cost on Treasury bills as the Federal Reserve Banks hold the greater part of such securities and pay 90% of their net earnings into the Treasury. The increase during the year in the interest rate on one-year certificates of indebtedness from 7/8% to 1% and then to 1-1/8% will not be reflected in interest payments until the maturity of such certificates in the fiscal year 1949.

The over-all computed average rate on the interest-bearing public debt outstanding on June 30, 1948, was 2.182%, compared with 2.107% a year ago. This increase in the average interest rate was due principally to the increase in short-term rates (bills and certificates) and the continued issue of nonmarketable and special issues at higher than average rates.

Attachments:
No. 1 - Classified Statement of Budget Receipts and Expenditures, Fiscal Years 1946 - 1948.
No. 2 - Composition of Outstanding Public Debt, February 28, 1946, June 30, 1947, and June 30, 1948.
No. 3 - Disposition of Matured Marketable Securities during Fiscal Year 1948.

Attachment No. 1

CLASSIFIED STATEMENT OF
BUDGET RECEIPTS AND EXPENDITURES
FISCAL YEARS 1946 - 1948

(In millions of dollars)

	1946	1947	1948	Increase (+) or Decrease (-) 1948 From 1947
Budget Receipts:				
Internal revenue:				
Income tax:				
Withheld by employers	$9,392	$10,013	$11,436	+ $1,423
Other	21,493	19,292	19,735	+443
Miscellaneous internal revenue	7,725	8,049	8,301	+252
Social security taxes	1,418	1,644	1,824	+180
Taxes upon carriers and their employees	283	380	557	+177
Railroad unemployment insurance contributions	13	14	15	+1
Customs	435	494	422	-72
Surplus property (Act October 3, 1944)	501	2,886	1,929	-957
Other miscellaneous receipts	3,016	1,945	2,143	+198
Total receipts	44,276	44,718	46,362	+1,644
Deduct: Appropriation to Federal old-age and survivors' insurance trust fund	1,238	1,459	1,616	+157
Net budget receipts	43,038	43,259	44,746	+1,487
Budget Expenditures:				
Legislative establishment	23	39	43	+4
The Judiciary	15	17	20	+3
Agriculture Department:				
Farmers' Home Administration	11	62	114	+52
Production and Marketing Administration:				
Commodity Credit Corporation	a/ 544	488	a/ 143	-631
Other	440	619	433	-186
Rural Electrification Administration	5	a/ 21	251	+272
Other	1,312	498	737	+239
Civil Service Commission:				
Employees' retirement funds (U. S. share)	246	221	245	+24
Other	18	15	16	+1
Commerce Department:				
Civil aeronautics	48	84	103	+19
Other	84	84	69	-15
Economic Cooperation Administration, etc. 1/	-	-	134	+134
Executive Office of the President	471	602	322	-280
Export-Import Bank of Washington	568	938	465	-473
Federal Security Agency:				
Social Security Administration	516	716	833	+117
Other	154	235	190	-45
Federal Works Agency:				
Public Buildings Administration	57	80	72	-8
Public Roads Administration	75	214	325	+111
Other	81	62	80	+18
Housing and Home Finance Agency:				
Federal Housing Administration	a/ 20	a/ 1	a/ 20	-19
Home Owners' Loan Corporation	a/ 275	a/ 202	a/ 152	+50
Public Housing Administration	38	378	102	-276
Other	91	108	1	-107
Interior Department:				
Bureau of Reclamation	61	124	179	+55
Other	142	147	173	+26
Justice Department	104	126	119	-7
Labor Department	114	136	87	-49
Maritime Commission:				
Liquidation War Shipping Administration obligations	-	-	25	+25
Other	2,124	663	276	-387
National Military Establishment:				
Office of the Secretary of Defense	-	-	*	*
Department of the Army 2/	28,039	9,206	7,699	-1,507
Department of the Navy	15,164	5,597	4,285	-1,312
Post Office Department (deficiency)	161	242	310	+68
Railroad Retirement Board:				
Railroad retirement account	292	298	758	+460
Other	15	18	20	+2
Reconstruction Finance Corporation	286	385	438	+53
State Department	206	314	668	+354
Tennessee Valley Authority	13	16	40	+24
Treasury Department:				
Credit to United Kingdom	-	2,050	1,700	-350
Subscriptions to:				
International Bank	159	476	-	-476
International monetary fund	-	950	-	-950
Interest on the public debt	4,722	4,958	5,211	+253
Refunds of taxes and duties	3,034	3,050	2,326	-724
Other	1,268	955	642	-313
Veterans' Administration:				
National service life insurance fund	1,381	817	153	-664
Other	2,871	6,442	6,317	-125
Other agencies	144	298	659	+361
Total budget expenditures (excluding transfer to Foreign Economic Cooperation Trust Fund)	63,714	42,505	36,326	-6,179
Transfer to Foreign Economic Cooperation Trust Fund 3/	-	-	3,000	+3,000
Total budget expenditures (including transfer to Foreign Economic Cooperation Trust Fund)	63,714	42,505	39,326	-3,179
Budget surplus (+) or deficit (-), excluding transfer to Foreign Economic Cooperation Trust Fund	- 20,676	+ 754	+8,419	+7,665
Budget surplus (+) or deficit (-), including transfer to Foreign Economic Cooperation Trust Fund	- 20,676	+ 754	+5,419	+4,665

Note: - Figures are rounded to nearest million and will not necessarily add to totals.

a/ Excess of credits, deduct.

1/ Represents expenditures by all agencies receiving allocations of funds under the Economic Cooperation Act of 1948.
2/ Expenditures of the Department of the Air Force are currently being made from Army appropriations pending transfer of funds pursuant to the Act of July 26, 1947.
3/ This gives effect to section 114 (f) of the Economic Cooperation Act of 1948, approved April 3, 1948, requiring that the sum of $3,000,000,000 be transferred to a trust fund entitled "Foreign Economic Cooperation Trust Fund," and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The effect of this is to charge the budget in the fiscal year 1948 for expenditures to be made in the fiscal year 1949, with consequent effect on the surplus or deficit of those years.

* Less than $500,000.

Attachment No. 2

Composition of the Outstanding Public Debt

(In millions of dollars)

Issues	Feb. 28, 1946	June 30, 1947	June 30, 1948	Change 2/28/46 to 6/30/48	Change 6/30/47 to 6/30/48
Public issues (interest-bearing):					
Marketable obligations:					
Treasury bills	$17,032	$15,775	$13,757	-$3,275	-$2,018
Certificates of indebtedness ..	41,413	25,296	22,588	-18,825	-2,708
Treasury notes	19,551	8,142	11,375	-8,176	+3,233
Treasury bonds	121,635	119,323	112,462	-9,173	-6,861
Postal savings and other bonds.	180	166	164	-16	-2
Total marketable obligations.	199,810	168,702	160,346	-39,464	-8,356
Nonmarketable obligations:					
Armed forces leave bonds	--	1,793	563	+563	-1,230
Treasury savings notes	8,043	5,560	4,394	-3,649	-1,166
United States savings bonds ...	48,692	51,367	53,274	+4,582	+1,907
Treasury bonds, investment series	--	--	959	+959	+959
Depositary bonds	471	325	316	-155	-9
Total nonmarketable obligations	57,206	59,045	59,506	+2,300	+461
Total public issues	257,016	227,747	219,852	-37,164	-7,895
Special issues to Government trust funds and agencies	20,897	27,366	30,211	+9,314	+2,845
Matured debt on which interest has ceased............	238	231	280	+42	+49
Debt bearing no interest:					
International Bank and Monetary Fund	--	2,140	1,227	+1,227	-913
Other	1,063	802	722	-341	-80
Total gross public debt	279,214	258,286	252,292	-26,922	-5,994
Guaranteed debt					
Not owned by the Treasury	551	90	73	-478	-16
Total public and guaranteed debt	279,764	258,376	252,366	-27,398	-6,010
General fund balance	25,961	3,308	4,932	-21,029	+1,624
Total debt less general fund balance	253,803	255,068	247,434	-6,369	-7,634

Note: Figures are rounded and will not necessarily add to totals.

Attachment No. 3

Disposition of Matured Marketable Securities During Fiscal Year 1948 1/

(In millions of dollars)

Date of maturity or call	Matured or called securities			Disposition		
	Class	Rate of interest	Amount	Payable in cash	Exchanged	
					New security	Amount
7/ 1/47	Certificate	7/8%	$2,916	$174	1 yr. 7/8% Cert.	$2,742
8/ 1/47	Certificate	7/8%	1,223	97	11 mo. 7/8% Cert.	1,127
9/ 1/47	Certificate	7/8%	2,341	132	10 mo. 7/8% Cert.	2,209
9/15/47	Note	1-1/4%	1,687	175)	12½ mo. 1% Note	(1,512
9/15/47	Note	1-1/2%	2,707	128)		(2,580
10/ 1/47	Certificate	7/8%	1,440	86	1 yr. 1% Cert.	1,354
10/15/47	Bond	4-1/4%	759	759	-	-
11/ 1/47	Certificate	7/8%	1,775	308	11 mo. 1% Cert.	1,467
12/ 1/47	Certificate	7/8%	3,281	373)	13 mo. 1-1/8% Note	(2,908
12/15/47	Bond	2%	701	74)		(627
1/ 1/48	Certificate	7/8%	3,134	542	1 yr. 1-1/8% Cert.	2,592
2/ 1/48	Certificate	7/8%	3,947	1,758	1 yr. 1-1/8% Cert.	2,189
3/ 1/48	Certificate	7/8%	2,142	454)		(1,687
3/15/48	Bond	2%	1,115	216)	1 yr. 1-1/8% Cert.	(899
3/15/48	Bond	2-3/4%	1,223	257)		(967
4/ 1/48	Certificate	7/8%	1,321	266	1 yr. 1-1/8% Cert.	1,055
6/ 1/48	Certificate	7/8%	1,777	159)	1 yr. 1-1/8% Cert.	(1,618
6/15/48	Bond	1-3/4%	3,062	379)		(2,683
Totals			36,551	6,336		30,215

Note: Figures are rounded and will not necessarily add to totals.

1/ This table does not take into account a net reduction of $2,018,000,000 in the outstanding Treasury bills.

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FOR RELEASE
Friday, July 9, 1948

Press Service
No. S-782

Secretary of the Treasury Snyder today made public a series of tabulations which will appear in the report "Statistics of Income for 1945, Part 2," compiled from corporation income and declared value excess-profits tax returns, excess profits tax returns, and personal holding company returns. These data are prepared under the direction of Commissioner of Internal Revenue George J. Schoeneman.

SUMMARY DATA

The number of corporation income and declared value excess-profits tax returns for 1945 is 454,460, of which 303,019 show net income of $22,165,206,239, while 118,106 show deficit of $1,026,249,663, and 33,335 have no income data (inactive corporations).

The income tax liability reported on these returns is $4,182,705,011 and the declared value excess-profits tax is $55,039,143, while an excess profits tax liability of $6,557,005,832 is reported on 52,097 corporation excess profits tax returns for the same period. Thus the total amount of corporation income and excess profits taxes is $10,794,749,986, representing a decrease of 27 percent as compared with the total for 1944. The amounts of income tax and excess profits tax liability do not take into account any credit claimed for income and profits taxes paid to a foreign country or United States possession.

TREASURY DEPARTMENT

Washington

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A comparison of the 1945 returns with the 1944 returns is provided in the following summary:

Corporation returns, 1/ 1945 and 1944: Summary data

(Money figures in thousands of dollars)

	1945	1944	Increase or decrease (-)	
			Number or amount	Percent
Income and declared value excess-profits tax returns				
Total number of income and declared value excess-profits tax returns, Form 1120	454,460	446,796	7,664	2
Returns with net income: 2/				
Number	303,019	288,904	14,115	5
Net income 2/	22,165,206	27,123,741	-4,958,535	-18
Tax liability:				
Income tax 3/	4,182,705	4,353,620	-170,915	-4
Declared value excess-profits tax	55,039	98,668	-43,629	-44
Excess profits tax 4/	6,557,006	10,431,762	-3,874,757	-37
Total	10,794,750	14,884,050	-4,089,300	-27
Returns with no net income: 2/				
Number	118,106	123,563	-5,457	-4
Deficit 2/	1,026,250	819,260	206,989	25
Number of returns of inactive corporations	33,335	34,329	-994	-3
Excess profits tax returns				
Taxable excess profits tax returns, Form 1121:				
Number	52,097	55,912	-3,815	-7
Excess profits net income 5/	14,165,367	20,471,652	-6,306,285	-31
Adjusted excess profits net income 6/	8,367,927	12,935,510	-4,567,582	-35
Excess profits tax	(See above)			

For footnotes, see pp. 29-30.

RETURNS INCLUDED

The data presented in these tabulations are from returns for the calendar year ending December 31, 1945, a fiscal year ending within the period July 1945 through June 1946, and a part year with the greater portion of the accounting period in 1945.

The data are from corporation income and declared value excess-profits tax returns, Form 1120; life insurance company income tax returns, Form 1120L; mutual insurance company income tax returns, Form 1120M; and corporation excess profits tax returns, Form 1121. Included for this purpose in addition to returns filed by domestic corporations are the returns filed by foreign corporations engaged in business within the United States. Amended returns and tentative returns are not included. The complete report, Statistics of Income for 1945, Part 2, will contain more detailed statistics from corporation income and declared value excess-profits tax returns and from corporation excess profits tax returns, together with data from personal holding company returns, Form 1120H.

The statistics are compiled from the returns as filed, prior to revisions that may be made as a result of audit by the Bureau of Internal Revenue and prior to changes which may result from carry-backs, relief granted under section 722 of the Internal Revenue Code, recomputation of amortization of emergency facilities, or from the renegotiation of war contracts, after the returns were filed. Changes resulting from the renegotiation of war contracts are recorded as settlements are reached, however, and the effect of renegotiation settlements reached to date with respect to the tax year 1945 will be shown in a special tabulation to be included in the complete report, Statistics of Income for 1945, Part 2.

CHANGES IN LAW AFFECTING CORPORATION RETURNS

The provisions of the Internal Revenue Code as amended by the Revenue Act of 1943 continue in effect for the calendar year 1945, for a fiscal year ending in the period July through November 1945, and for a part year beginning and ending in 1945.

In the case of returns for fiscal years ending in the period January through June 1946, and returns for part years ending in 1946 with the greater part of the accounting period falling in 1945, the tax liability is affected by certain changes in law introduced by the Revenue Act of 1945. The most significant changes are as follows:

Income and Declared Value Excess-profits Tax Returns, Form 1120

(1) There is a decrease in the surtax rates for 1946 as compared with 1945, as shown below:

Size of surtax net income	1946 rate	1945 rate
Not over $25,000	6	10
Over $25,000 but not over $50,000:		
First $25,000	6	10
Next $25,000	22	22
Over $50,000:		
First $25,000	14	16
Excess over $25,000	14	16

(2) Corporations filing returns for taxable years beginning in 1945 and ending in 1946 are required to compute two tentative taxes, one under the provisions applicable to 1945, the other under the provisions applicable to 1946, and prorate each on the basis of the number of days before January 1, 1946, and the number of days after December 31, 1945, respectively. The prorated portions of the two tentative taxes are then combined to determine the actual liability, which is the amount tabulated in this report. Amounts tabulated from these returns for all items other than the tax liability are the amounts used in computing the tentative tax for 1945 under provisions of the Revenue Act of 1943.

(3) The capital stock tax is repealed, effective with respect to taxable years ending after June 30, 1945; the declared value excess-profits tax is repealed, effective with respect to taxable years ending after June 30, 1946.

Excess Profits Tax Returns, Form 1121

(1) The corporate excess profits tax is repealed, effective January 1, 1946.

(2) For fiscal years beginning in 1945 and ending in 1946, the excess profits tax is retained for the 1945 portion of the year through the provision that the excess profits tax shall be an amount equal to that portion of a tentative tax, computed under provisions of the Revenue Act of 1943 and prorated on the basis of the number of days before January 1, 1946.

(3) For taxable years beginning in 1946, the law retains the unused excess profits credit for the purpose of the two year carry-back to 1944 and 1945. No excess profits tax returns are required to be filed for such taxable years but the provisions of law relative to the computation of excess profits credit continue in effect. There is no unused excess profits credit for a taxable year beginning after December 31, 1946.

CLASSIFICATIONS PRESENTED

The first three tables of this release show data from corporation income and profits tax returns, classified by industrial groups. The industrial classification is based on the business activity reported on the return. When multiple businesses are reported on a return, the classification is determined by the business activity which accounts for the largest percentage of total receipts. Therefore, the industrial groups do not reflect pure industry classifications. There is no change in the industrial groups between 1944 and 1945.

Table 4 shows data from returns with balance sheets, classified according to size of total assets as of December 31, 1945, or close of fiscal year nearest thereto. The total assets classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization, and bad debts.

The classification of the returns by net income and deficit classes, shown in table 5, and the classification by returns with net income and returns with no net income, shown in tables 1, 3, and 5, are based on the amount reported for declared value excess-profits tax computation, adjusted by excluding the net operating loss deduction and adding Government interest subject to surtax only and excess of net long-term capital gain over net short-term capital loss.

CREDIT ALLOWED LIFE INSURANCE COMPANIES

In analyzing the data compiled from returns classified under the major group "Insurance carriers, agents, etc.," it should be noted that life insurance companies are required to include only interest, dividends, and rents in gross income. Beginning 1942, life insurance companies are allowed a "reserve and other policy liability credit" equal to a flat proportion of investment income less tax-exempt interest. This credit, which is deducted <u>after</u> arriving at net income, and is reported only on returns with net income, takes the place of the deductions for reserve earnings, deferred dividends, and interest paid, which formerly were allowed in computing net income.

For 1945 the credit ratio is 0.9539 and for normal tax purposes the aggregate amount of reserve and other policy liability credit is $1,141,239,298, of which $1,140,271,625 is reported on returns with balance sheets. As an offset to this credit, adjustment for certain non-life insurance reserves is reported in total amount of $6,784,957, of which $6,772,506 is reported on returns with balance sheets. The latter adjustment, which is made in order to include in the tax base the interest received on non-life insurance reserves, applies only to life insurance companies deriving a portion of their income from contracts other than life insurance, annuities, or noncancellable health and accident insurance.

DATA PREVIOUSLY RELEASED

Certain tabulations prepared from the 1945 returns were made public previously in a preliminary release dated March 25, 1948, (Press Service No. S-663) and are omitted from this release. Table 1-A of the preliminary release shows by major industrial groups the number of consolidated income tax returns filed by affiliated corporations, with the corresponding amount of total compiled receipts, net income, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, and dividends paid. In table 3 of the preliminary release, there is shown by adjusted excess profits net income classes and by method of credit computation the number of taxable corporation excess profits tax returns for 1945, with the corresponding amount of excess profits net income, excess profits credit, adjusted excess profits net income, and excess profits tax.

Table 1. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups and minor industrial groups, for returns with net income and returns with no net income: Number of returns, total compiled receipts, net income or deficit, and dividends paid in cash and assets other than own stock; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income

(Money figures in thousands of dollars)

	Major industrial groups and minor industrial groups 7/	Total number of returns 8/	Returns with net income 2/: Number of returns	Returns with net income 2/: Total compiled receipts 9/	Returns with net income 2/: Net income 2/	Returns with net income 2/: Adjusted excess profits net income 10/	Taxes: Total tax	Taxes: Income tax 3/	Taxes: Declared value excess-profits tax	Taxes: Excess profits tax 4/	Returns with net income 2/: Dividends paid in cash and assets other than own stock	Returns with no net income 2/: Number of returns	Returns with no net income 2/: Total compiled receipts 9/	Returns with no net income 2/: Deficit 2/	Returns with no net income 2/: Dividends paid in cash and assets other than own stock	
1	All industrial groups	454,460	303,019	239,045,611	22,165,206	8,308,740	10,794,750	4,182,705	55,039	6,557,006	5,917,615	118,106	16,402,141	1,026,250	179,777	1
2	Mining and quarrying	9,144	3,694	3,352,021	299,656	38,579	118,368	86,528	345	31,495	146,522	3,602	601,662	57,268	13,295	2
3	Metal mining	1,626	205	662,804	79,265	2,498	26,302	24,113	54	2,136	51,052	643	77,655	10,282	1,050	3
4	Iron	94	34	175,916	12,258	1,502	4,816	3,523	9	1,284	6,775	40	35,678	926	-	4
5	Copper	93	17	203,682	27,453	470	8,909	8,493	14	402	17,733	36	8,903	1,602	200	5
6	Lead and zinc	207	56	153,567	16,120	26	5,278	5,253	3	22	12,936	86	6,308	729	39	6
7	Gold and silver	764	39	20,515	4,349	402	1,654	1,290	20	344	3,300	300	12,402	2,693	140	7
8	Other metal mining	146	24	53,099	13,754	77	4,133	4,066	1	66	6,011	77	7,120	1,798	248	8
9	Metal mining not allocable	322	35	56,026	5,331	21	1,513	1,488	7	18	4,297	104	7,243	2,535	423	9
10	Anthracite mining	155	85	318,166	10,264	895	3,551	2,944	10	596	6,454	63	53,612	1,966	43	10
11	Bituminous coal, lignite, peat, etc.	1,693	915	1,347,600	81,412	13,578	35,613	24,545	92	10,975	26,461	629	196,776	10,119	2,871	11
12	Crude petroleum and natural gas production	3,559	1,722	699,821	85,887	8,494	31,296	24,481	78	6,737	44,483	1,587	224,559	26,753	9,157	12
13	Crude petroleum, natural gas, and natural gasoline production	3,079	1,482	488,074	65,894	3,916	22,154	18,937	36	3,181	42,018	1,411	195,442	25,265	9,151	13
14	Field service operations	480	240	211,747	19,993	4,578	9,142	5,545	41	3,556	2,466	176	29,117	1,487	5	14
15	Nonmetallic mining and quarrying	1,384	743	316,873	42,250	13,050	21,374	10,266	111	10,997	17,846	520	48,230	6,770	166	15
16	Stone, sand, and gravel	1,054	604	192,401	18,296	3,163	7,814	5,113	86	2,615	4,282	385	37,500	4,050	117	16
17	Other nonmetallic mining and quarrying	310	136	124,142	23,925	9,887	13,554	5,148	25	8,382	13,561	127	10,092	2,651	49	17
18	Nonmetallic mining and quarrying not allocable	20	3	330	29	-	5	5	-	-	3	8	639	69	-	18
19	Mining and quarrying not allocable	727	24	6,757	578	65	233	179	(14)	54	225	160	830	1,379	8	19
20	Manufacturing	82,189	61,680	133,402,830	10,576,548	5,251,670	6,112,228	1,947,769	30,106	4,134,352	2,758,322	17,432	7,881,133	326,331	66,411	20
21	Food and kindred products	9,039	7,081	18,503,256	1,010,275	440,272	556,289	222,832	4,111	329,345	260,056	1,647	955,350	23,794	2,016	21
22	Bakery products	1,388	1,135	1,684,441	124,570	59,527	72,880	24,659	154	48,067	30,802	222	39,831	846	37	22
23	Confectionery	492	434	852,890	107,930	62,538	65,925	18,780	365	46,780	24,630	48	4,779	189	8	23
24	Canning fruits, vegetables, and sea foods	1,286	981	1,773,474	142,791	65,603	76,572	31,867	863	43,842	26,506	247	94,511	4,464	147	24
25	Meat products	881	642	5,542,219	84,365	23,046	41,012	22,074	393	18,545	27,224	217	588,540	9,328	1,408	25
26	Grain mill products, except cereal preparations	1,006	824	2,700,169	114,458	59,048	62,692	26,165	1,647	34,879	16,221	139	55,030	1,297	39	26
27	Cereal preparations	39	31	387,645	35,075	13,702	18,886	9,293	9	9,583	11,016	5	17	6	-	27
28	Dairy products	1,723	1,288	2,682,955	159,321	87,241	99,454	26,949	312	72,193	30,217	358	76,244	907	13	28
29	Sugar	127	105	781,046	51,097	6,920	21,160	15,648	73	5,439	25,972	21	37,742	2,089	28	29
30	Other food, including ice and flavoring syrups	1,742	1,375	1,432,283	143,206	42,671	71,538	36,361	172	35,005	53,375	326	45,749	4,073	303	30
31	Food and kindred products not allocable	355	266	666,132	47,464	19,977	26,170	11,035	122	15,012	14,092	64	12,905	595	33	31
32	Beverages	2,772	2,082	4,272,086	418,168	230,495	255,779	73,984	2,038	179,757	75,833	509	163,861	9,323	746	32
33	Malt liquors and malt	474	434	1,936,156	200,267	106,937	123,733	37,357	298	86,077	37,236	20	25,557	481	88	33
34	Distilled, rectified, and blended liquors	330	147	1,755,860	142,175	100,865	95,418	16,884	1,520	77,013	19,195	60	63,384	3,136	593	34
35	Wine	152	95	112,628	11,786	7,753	7,089	2,539	125	4,425	1,696	52	45,714	4,346	-	35
36	Nonalcoholic beverages	1,783	1,385	446,064	61,687	13,298	28,048	16,923	90	11,035	17,672	370	28,777	1,326	58	36
37	Beverages not allocable	33	21	21,378	2,253	1,642	1,492	281	5	1,206	34	7	428	34	8	37
38	Tobacco manufactures	219	178	2,224,005	140,851	13,268	60,181	49,317	20	10,843	65,483	32	3,734	206	25	38
39	Cotton manufactures	832	766	2,781,939	282,219	175,962	180,479	41,634	495	138,350	39,264	58	31,076	4,457	259	39
40	Textile-mill products, except cotton	3,678	3,141	4,806,155	454,144	245,737	272,285	81,775	1,475	189,035	80,987	438	72,234	3,162	789	40
41	Woolen and worsted manufactures, including dyeing and finishing	523	472	1,364,894	132,277	82,530	85,591	19,739	353	65,499	18,814	44	9,372	273	7	41
42	Rayon and silk manufactures	422	386	761,320	67,952	33,567	38,732	13,319	198	25,215	15,520	27	3,116	155	-	42
43	Knit goods	1,185	1,039	1,030,192	102,610	54,308	60,376	19,022	406	40,948	13,664	108	13,376	611	122	43
44	Hats, except cloth and millinery	195	162	153,615	9,935	3,586	5,326	2,304	42	2,980	2,037	30	4,239	112	2	44
45	Carpets and other floor coverings	124	87	272,536	17,866	3,602	8,182	5,226	69	2,888	7,752	31	7,113	161	9	45
46	Dyeing and finishing textiles, except woolen and worsted	509	411	475,970	58,604	36,042	35,966	9,717	271	25,978	10,474	88	11,304	494	70	46
47	Other textile-mill products	455	378	422,029	37,312	16,863	21,385	7,532	99	13,755	8,511	68	13,876	715	41	47
48	Textile-mill products, except cotton, not allocable	265	206	325,597	27,588	15,239	16,726	4,917	37	11,772	4,217	42	9,840	640	537	48
49	Apparel and products made from fabrics	7,797	6,460	3,862,214	245,853	127,516	139,133	41,710	1,688	95,735	25,976	1,166	116,185	4,157	140	49
50	Men's clothing	1,584	1,369	1,236,728	83,132	37,496	46,106	16,510	495	29,101	12,189	195	27,666	1,013	14	50
51	Women's clothing	3,267	2,779	1,468,778	85,974	48,385	48,608	13,395	738	34,475	5,233	400	32,043	1,278	92	51
52	Fur garments and accessories	643	438	125,794	3,309	331	1,055	803	19	233	175	198	21,132	532	11	52
53	Millinery	354	297	70,099	2,651	657	1,057	557	13	487	233	52	3,435	97	(14)	53
54	Other apparel and products made from fabrics	1,528	1,251	735,789	53,346	30,534	31,566	7,976	373	23,217	6,293	243	21,847	966	9	54
55	Apparel and products made from fabrics not allocable	421	326	225,026	17,440	10,114	10,741	2,469	50	8,222	1,851	78	10,062	271	13	55
56	Leather and products	2,108	1,769	2,142,515	137,064	62,518	77,374	28,371	664	48,339	26,999	290	48,870	1,559	178	56
57	Leather, tanned, curried, and finished	338	283	527,877	37,318	16,597	20,974	8,485	126	12,363	7,601	48	9,044	446	87	57
58	Footwear, except rubber	970	826	1,300,216	77,574	34,736	44,009	15,966	420	27,623	17,161	117	25,901	702	77	58
59	Other leather products	760	630	297,184	20,526	10,536	11,540	3,535	116	7,889	1,813	118	12,822	399	14	59
60	Leather and products not allocable	40	30	17,238	1,646	650	851	385	2	464	423	7	1,102	12	-	60

For footnotes, see pp. 29-30.

Table 1. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups and minor industrial groups, for returns with net income and returns with no net income: Number of returns, total compiled receipts, net income or deficit, and dividends paid in cash and assets other than own stock; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income - Continued

(Money figures in thousands of dollars)

	Major industrial groups and minor industrial groups 7/ - Continued	Total number of returns 8/	Returns with net income 2/									Returns with no net income 2/				
			Number of returns	Total compiled receipts 9/	Net income 2/	Adjusted excess profits net income 10/	Taxes				Dividends paid in cash and assets other than own stock	Number of returns	Total compiled receipts 9/	Deficit 2/	Dividends paid in cash and assets other than own stock	
							Total tax	Income tax 3/	Declared value excess-profits tax	Excess profits tax 4/						
	Manufacturing - Continued															
61	Rubber products	475	361	3,299,988	248,125	171,316	169,987	30,291	535	139,161	39,168	92	61,070	1,773	568	61
62	Tires and inner tubes	39	30	2,734,798	190,775	132,469	132,631	23,335	141	109,156	33,473	5	33,283	440	304	62
63	Other rubber products, including rubberized fabrics and clothing	436	331	565,189	57,351	38,847	37,356	6,957	394	30,005	5,695	87	27,787	1,533	263	63
64	Lumber and timber basic products	2,436	1,607	1,322,905	123,754	29,712	52,923	30,362	205	22,357	38,882	728	152,481	8,318	1,308	64
65	Logging camps and sawmills	1,608	968	939,086	94,069	16,615	37,614	24,030	88	13,496	33,335	562	123,520	6,893	1,180	65
66	Planing mills	828	639	383,819	29,685	13,097	15,309	6,331	117	8,861	5,547	166	28,961	1,426	128	66
67	Furniture and finished lumber products	3,999	3,102	1,869,506	142,009	56,131	74,721	30,295	562	43,864	23,446	815	137,008	7,458	466	67
68	Furniture (wood and metal)	1,797	1,468	857,750	69,735	30,687	38,266	13,926	322	24,018	9,984	286	69,673	3,771	152	68
69	Partitions and fixtures	372	284	99,589	5,536	1,795	2,623	1,149	18	1,456	579	79	5,341	523	39	69
70	Wooden containers	517	395	263,902	17,092	6,427	8,654	3,579	34	5,041	3,398	113	28,313	1,223	74	70
71	Matches	14	12	77,373	8,554	3,593	4,915	1,990	4	2,921	737	2	1,614	51	-	71
72	Other finished lumber products, including cork products	1,155	841	501,791	35,444	11,021	17,153	8,600	169	8,384	8,258	296	28,731	1,640	198	72
73	Furniture and finished lumber products not allocable	144	102	69,101	5,648	2,608	3,109	1,051	14	2,044	490	39	3,335	251	2	73
74	Paper and allied products	2,126	1,848	3,510,239	345,350	158,505	197,707	69,596	365	127,745	77,119	239	74,019	3,073	340	74
75	Pulp, paper, and paperboard	442	382	1,971,031	186,958	69,519	100,364	43,658	136	56,570	52,083	47	52,348	1,976	117	75
76	Pulp goods and converted paper products	1,671	1,457	1,534,161	157,989	88,961	97,180	25,798	228	71,154	24,915	190	21,671	1,094	223	76
77	Paper and allied products not allocable	13	9	5,047	403	25	162	141	(14)	21	121	2	(14)	3	-	77
78	Printing and publishing industries	10,337	8,021	3,744,226	590,971	319,227	352,100	97,830	1,862	252,409	101,558	2,036	101,050	6,825	564	78
79	Newspapers	2,386	1,890	1,251,793	254,929	136,022	155,187	43,149	516	111,522	49,818	463	28,040	1,824	46	79
80	Periodicals	1,036	750	626,830	123,914	82,557	79,944	15,637	119	64,188	17,114	249	17,184	1,546	398	80
81	Books and music	812	542	368,849	47,969	23,644	27,041	9,005	275	17,760	9,747	226	12,335	838	22	81
82	Commercial printing	3,033	2,493	891,478	100,020	49,889	56,200	17,757	585	37,858	14,608	504	18,571	826	42	82
83	Other printing and publishing	1,392	1,186	289,112	31,428	13,609	16,742	5,631	192	10,918	5,394	187	8,860	384	28	83
84	Printing and publishing industries not allocable	1,678	1,160	316,164	32,711	13,507	16,986	6,651	174	10,162	4,877	407	16,060	1,406	27	84
85	Chemicals and allied products	6,476	4,414	9,359,557	1,059,701	413,926	563,268	225,502	1,249	336,517	374,722	1,772	550,655	28,736	8,236	85
86	Paints, varnishes, and colors	837	703	1,040,276	63,483	22,707	33,670	14,982	178	18,509	17,849	108	13,327	531	27	86
87	Soap and glycerin	193	133	759,782	58,733	10,720	27,537	18,602	26	8,909	19,406	51	3,653	147	67	87
88	Drugs, toilet preparations, etc.	2,430	1,465	1,373,523	231,013	109,566	133,025	45,462	267	87,296	59,181	817	113,627	6,880	337	88
89	Rayon (raw material) and allied products	6	4	55,070	6,260	1,420	3,148	1,934	-	1,214	3,003	2	153,768	8,606	6,611	89
90	Fertilizers	268	223	310,388	24,988	8,716	12,290	6,374	70	5,846	6,689	33	3,185	262	1	90
91	Oils, animal and vegetable, except lubricants and cooking oils	237	187	765,673	38,541	20,462	23,127	6,893	46	16,188	5,959	44	43,387	896	-	91
92	Plastic materials	138	81	168,327	20,432	13,024	13,153	2,821	30	10,302	4,271	51	4,867	631	-	92
93	Industrial chemicals	648	477	3,549,770	470,330	155,479	231,486	100,490	458	130,538	226,551	161	145,347	7,166	574	93
94	Other chemical products	1,053	721	519,906	45,020	21,579	25,912	8,604	78	17,230	9,861	298	20,670	1,413	71	94
95	Chemicals and allied products not allocable	666	420	816,841	100,901	50,253	59,920	19,540	96	40,484	21,953	207	48,825	2,205	549	95
96	Petroleum and coal products	482	311	9,617,216	370,575	13,014	108,896	98,260	115	10,521	346,497	131	767,502	19,193	14,074	96
97	Petroleum refining	310	198	9,126,487	351,459	8,719	99,735	92,567	55	7,114	337,741	89	744,663	18,740	14,058	97
98	Other petroleum and coal products	166	110	489,149	18,931	4,187	9,037	5,664	59	3,315	8,711	39	22,826	447	16	98
99	Petroleum and coal products not allocable	6	3	1,579	185	107	123	29	2	92	45	3	13	6	-	99
100	Stone, clay, and glass products	2,875	1,952	2,201,944	224,032	82,084	119,577	52,857	529	66,192	61,052	818	141,887	12,938	1,454	100
101	Cut-stone products	324	232	41,376	4,094	1,014	1,844	979	16	849	706	82	3,117	483	-	101
102	Structural clay products	645	367	214,773	18,988	2,546	7,490	5,323	72	2,096	4,914	256	36,545	4,173	101	102
103	Pottery and porcelain products	226	181	183,183	17,482	7,833	9,850	3,436	79	6,335	2,433	38	6,267	515	24	103
104	Glass and glass products	436	340	729,451	87,276	42,966	51,616	17,545	176	33,895	20,249	83	23,477	1,330	7	104
105	Cement	89	59	166,539	20,988	1,616	8,679	7,591	83	1,006	10,674	29	22,293	3,445	974	105
106	Concrete and gypsum products, wallboard	710	467	247,090	20,190	3,895	9,095	5,805	51	3,238	6,167	213	21,757	1,314	86	106
107	Abrasives and asbestos products	385	272	605,113	54,255	22,209	30,750	11,939	43	18,768	15,597	95	21,005	1,442	91	107
108	Stone, clay, and glass products not allocable	60	34	14,419	758	6	254	239	10	5	312	22	7,427	237	171	108
109	Iron, steel, and products	6,719	5,068	17,101,284	1,290,452	724,556	787,473	212,072	3,967	571,435	296,073	1,458	1,432,797	49,029	19,842	109
110	Blast furnaces and rolling mills	121	95	5,817,444	179,170	44,267	87,204	51,250	208	35,747	109,253	22	662,177	12,013	11,532	110
111	Structural steel, fabricated; ornamental metal work	798	654	614,899	64,836	43,322	41,471	7,343	323	33,805	5,733	132	29,669	2,552	81	111
112	Tin cans and other tinware	72	55	551,926	39,188	2,612	15,603	13,424	28	2,151	14,377	13	1,663	98	-	112
113	Hand tools, cutlery, and hardware	717	526	558,452	72,080	38,164	42,820	12,645	84	30,092	16,590	168	73,770	3,354	1,102	113
114	Heating apparatus, except electrical, and plumbers' supplies	1,069	764	1,342,691	131,648	70,303	79,272	22,169	407	56,696	24,791	254	100,382	4,450	548	114
115	Firearms, guns, howitzers, mortars, and related equipment	72	53	489,842	47,750	34,692	32,657	4,958	504	27,195	5,116	19	133,527	3,798	3,033	115
116	Ammunition	127	111	1,846,521	185,795	135,963	125,710	19,278	696	105,736	24,391	16	53,587	1,151	1,184	116
117	Tanks	13	10	603,466	56,396	45,003	40,856	4,468	195	36,194	7,878	3	894	18	-	117
118	Sighting and fire-control equipment (except optical)	28	21	375,991	45,018	19,629	25,192	8,764	2	16,427	15,588	7	4,381	262	74	118
119	Ordnance and accessories, not elsewhere classified	48	32	99,647	7,626	5,721	5,197	799	4	4,394	565	16	12,104	493	108	119
120	Other iron, steel, and products (not classified below)	3,256	2,435	3,582,191	343,142	199,465	212,737	54,556	1,316	156,866	55,927	736	274,465	14,656	1,408	120
121	Iron, steel, and products not allocable	398	312	1,218,215	117,804	85,414	78,753	12,420	200	66,133	15,864	72	86,179	6,183	773	121

For footnotes, see pp. 29-30.

Table 1. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups and minor industrial groups, for returns with net income and returns with no net income: Number of returns, total compiled receipts, net income or deficit, and dividends paid in cash and assets other than own stock; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income - Continued

(Money figures in thousands of dollars)

	Major industrial groups and minor industrial groups 7/ - Continued	Total number of returns 8/	Returns with net income 2/									Returns with no net income 2/				
			Number of returns	Total compiled receipts 9/	Net income 2/	Adjusted excess profits net income 10/	Taxes: Total tax	Taxes: Income tax 3/	Taxes: Declared value excess-profits tax	Taxes: Excess profits tax 4/	Dividends paid in cash and assets other than own stock	Number of returns	Total compiled receipts 9/	Deficit 2/	Dividends paid in cash and assets other than own stock	
	Manufacturing - Continued															
122	Nonferrous metals and their product	2,518	1,853	3,866,944	276,312	110,203	143,928	58,469	1,009	84,450	103,921	587	128,285	8,190	493	122
123	Nonferrous metal basic products	277	209	1,485,732	101,820	27,151	47,933	25,815	46	22,072	46,726	55	30,728	1,547	207	123
124	Clocks and watches	72	51	171,517	22,925	13,543	13,700	4,077	70	9,553	4,870	16	3,045	165	-	124
125	Jewelry (except costume), silverware, plated ware	625	510	360,446	36,157	22,532	21,835	5,620	352	15,863	3,954	101	5,999	292	7	125
126	Other manufactures of nonferrous metals and their alloys	1,524	1,071	1,505,677	103,096	46,670	58,636	21,395	542	36,699	26,468	408	88,252	6,149	279	126
127	Nonferrous metals and products not allocable	20	12	343,572	12,314	307	1,824	1,561	-	263	21,903	7	261	37	-	127
128	Electrical machinery and equipment	1,942	1,345	6,678,548	619,199	372,694	395,338	90,272	798	304,267	143,640	526	445,441	24,938	1,621	128
129	Electrical equipment for public utility, manufacturing, mining, transportation (except automotive), and construction use	704	526	2,767,656	304,187	184,704	198,283	44,314	194	153,775	77,290	169	106,919	6,227	168	129
130	Automotive electrical equipment	86	60	238,853	30,227	18,351	19,719	4,283	14	15,422	6,558	22	16,772	670	1	130
131	Communication equipment and phonographs	497	322	2,165,082	170,223	110,271	109,129	20,852	286	87,992	29,802	153	266,582	14,501	900	131
132	Electrical appliances	163	106	115,732	13,467	7,515	8,069	2,431	98	5,541	1,994	47	7,599	681	-	132
133	Other electrical machinery and equipment	271	188	420,269	34,865	22,186	22,170	4,804	82	17,284	6,724	74	14,443	1,058	1	133
134	Electrical machinery and equipment not allocable	221	143	970,956	66,229	29,667	37,966	13,589	124	24,253	21,273	61	33,126	1,802	552	134
135	Machinery, except transportation equipment and electrical	6,387	4,536	9,297,767	966,618	547,453	599,375	158,430	3,125	437,820	189,104	1,656	583,081	38,384	3,993	135
136	Special industry machinery	1,040	762	747,424	80,521	35,945	44,249	15,679	344	28,226	21,441	253	88,133	7,733	855	136
137	General industry machinery	1,903	1,311	2,135,658	225,368	143,491	146,215	30,800	866	114,549	36,921	528	154,974	10,201	787	137
138	Metal-working machinery, including machine tools	1,607	1,115	1,564,917	188,575	113,017	119,828	28,897	525	90,406	29,137	468	126,211	10,524	1,218	138
139	Engines and turbines	86	66	769,927	84,886	68,473	59,876	6,294	387	53,195	8,805	19	9,893	1,832	157	139
140	Construction and mining machinery	375	296	979,265	109,585	64,067	68,624	17,659	365	50,600	20,285	69	44,758	1,270	25	140
141	Agricultural machinery	295	222	1,671,837	113,609	31,084	57,878	31,864	208	25,806	40,934	60	15,776	1,012	19	141
142	Office and store machines	189	122	378,474	57,569	31,413	36,799	10,106	66	26,627	15,424	54	11,422	981	456	142
143	Household and service-industry machines	339	238	344,943	34,592	14,366	19,028	7,389	109	11,531	5,516	80	11,545	549	15	143
144	Machinery, except transportation equipment and electrical, not allocable	553	404	705,322	71,912	45,597	46,877	9,742	255	36,880	10,639	125	120,369	4,282	461	144
145	Automobiles and equipment, except electrical	646	501	1,955,981	184,623	127,053	123,077	22,232	467	100,379	20,256	119	1,133,334	14,470	4,879	145
146	Automobiles and trucks (including bodies and industrial trailers)	295	238	1,029,026	82,177	56,424	54,207	9,769	259	44,179	6,383	43	1,074,964	10,765	4,645	146
147	Automobile accessories, parts (except electrical), and passenger trailers	341	256	925,236	102,315	70,575	68,807	12,445	208	56,154	13,870	74	58,336	3,705	234	147
148	Automobiles and equipment, except electrical, not allocable	10	7	1,719	131	53	63	18	-	46	3	2	34	(14)	-	148
149	Transportation equipment, except automobiles	1,157	739	16,734,426	1,051,356	622,584	650,499	161,874	3,142	485,483	292,015	363	501,662	34,766	1,461	149
150	Railroad and railway equipment	87	65	879,279	90,976	49,575	57,428	15,821	143	41,464	39,227	20	21,052	1,059	154	150
151	Aircraft and parts	431	282	12,802,510	763,184	423,906	460,390	127,632	2,621	330,137	223,317	122	119,210	13,164	395	151
152	Ship and boat building	590	357	3,010,807	193,818	148,069	130,947	17,464	364	113,120	28,574	210	356,378	19,781	912	152
153	Motorcycles and bicycles	20	15	36,466	2,901	909	1,518	826	15	677	768	5	4,494	726	-	153
154	Other transportation equipment, except automobiles	22	19	5,175	472	125	215	130	(14)	85	129	2	6	12	-	154
155	Transportation equipment, except automobiles, not allocable	7	1	188	6	-	1	1	-	-	-	4	522	24	-	155
156	Other manufacturing	4,119	2,853	2,628,897	261,043	138,874	154,139	45,681	1,081	107,377	49,828	1,098	122,440	8,651	1,563	156
157	Manufacturing not allocable	3,050	1,692	1,621,234	133,852	68,568	77,700	24,122	606	52,972	26,445	854	157,111	12,929	1,395	157
158	Public utilities	21,137	12,966	19,672,756	3,133,895	985,673	1,547,605	719,644	2,343	825,619	1,206,409	6,770	2,990,595	196,818	36,563	158
159	Transportation	14,132	8,610	11,984,273	1,459,866	576,399	799,426	320,058	2,124	477,244	345,229	4,583	2,621,876	147,324	24,436	159
160	Railroads, switching, terminal, and passenger car service companies	701	345	7,884,002	954,459	391,085	536,861	207,803	430	328,628	246,074	260	1,782,671	96,988	21,203	160
161	Railway express companies	2	1	442,848	6	-	1	1	(14)	-	-	1	1	2	-	161
162	Railways, street, suburban, and interurban, including bus lines operated in conjunction therewith	134	85	422,266	45,014	10,870	21,988	12,912	2	9,074	9,249	37	208,912	16,378	602	162
163	Taxicab companies	673	448	142,033	13,477	7,630	7,928	1,831	42	6,055	923	185	11,696	395	104	163
164	Other highway passenger transportation	1,816	1,282	686,032	161,510	104,164	102,325	19,246	143	82,936	25,759	474	40,510	2,600	58	164
165	Highway freight transportation, warehousing, and storage	7,228	4,537	886,643	62,383	10,981	24,406	15,520	223	8,664	11,463	2,361	373,436	15,905	350	165
166	Air transportation and allied services	554	128	315,765	36,338	7,429	17,647	10,632	1,028	5,988	5,313	309	17,610	2,794	6	166
167	Pipe line transportation	160	96	199,713	43,218	4,332	18,330	15,222	3	3,105	10,318	44	23,625	1,230	100	167
168	Water transportation	1,293	744	615,848	93,467	22,920	43,914	25,076	143	18,695	21,692	433	80,203	4,360	1,448	168
169	Services incidental to transportation	1,372	861	356,187	45,755	14,780	23,497	11,089	106	12,302	13,863	429	78,512	6,472	534	169
170	Transportation not allocable	199	83	32,936	4,238	2,206	2,528	727	5	1,796	576	50	4,701	200	32	170

For footnotes, see pp. 29-30.

Table 1. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups and minor industrial groups, for returns with net income and returns with no net income: Number of returns, total compiled receipts, net income or deficit, and dividends paid in cash and assets other than own stock; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income - Continued

(Money figures in thousands of dollars)

	Major industrial groups and minor industrial groups 7/ - Continued	Total number of returns 8/	Returns with net income 2/: Number of returns	Returns with net income 2/: Total compiled receipts 9/	Returns with net income 2/: Net income 2/	Returns with net income 2/: Adjusted excess profits net income 10/	Taxes: Total tax	Taxes: Income tax 3/	Taxes: Declared value excess-profits tax	Taxes: Excess profits tax 4/	Returns with net income 2/: Dividends paid in cash and assets other than own stock	Returns with no net income 2/: Number of returns	Returns with no net income 2/: Total compiled receipts 9/	Returns with no net income 2/: Deficit 2/	Returns with no net income 2/: Dividends paid in cash and assets other than own stock	
	Public utilities - Continued															
171	Communication	3,856	2,260	2,719,948	703,925	216,702	315,776	131,917	74	183,786	374,930	1,334	224,457	14,812	2,501	171
172	Telephone (wire and radio)	3,034	1,679	2,372,009	632,365	177,424	271,614	119,985	35	151,594	363,843	1,227	8,808	578	48	172
173	Telegraph (wire and radio) and cable	27	10	37,939	9,880	5,944	6,287	1,594	2	4,691	840	16	195,260	13,221	2,433	173
174	Radio broadcasting and television	790	569	309,987	61,679	33,334	37,875	10,337	37	27,500	10,247	90	20,384	1,013	21	174
175	Other communication	5	2	14	1	-	(14)	(14)	-	-	-	1	4	(14)	-	175
176	Other public utilities	3,149	2,096	4,968,535	970,104	192,572	432,403	267,669	145	164,589	486,250	853	144,262	34,682	9,625	176
177	Electric light and power	768	579	3,861,737	761,704	149,591	335,484	207,497	100	127,886	376,110	136	117,642	30,509	8,441	177
178	Gas, distribution and manufacture	591	419	989,174	184,822	40,589	87,494	52,797	30	34,667	99,183	155	16,512	2,248	124	178
179	Water	1,519	957	92,581	21,582	2,264	8,709	6,768	13	1,928	10,478	458	5,987	1,076	70	179
180	Public utilities not elsewhere classified	189	103	15,456	1,246	127	464	355	1	108	322	75	3,035	283	1	180
181	Other public utilities not allocable	82	38	9,586	749	-	252	251	1	-	157	29	1,086	566	990	181
182	Trade	124,441	97,550	64,016,723	3,439,123	1,638,641	1,902,014	628,993	15,034	1,257,987	551,189	23,398	2,623,717	76,211	6,162	182
183	Wholesale	36,762	28,838	31,011,180	1,249,108	582,475	675,842	232,796	5,489	437,557	194,160	6,843	1,277,514	33,274	1,323	183
184	Commission merchants	5,494	3,861	1,598,788	95,542	36,823	46,722	17,641	396	28,685	22,078	1,457	133,321	4,247	149	184
185	Other wholesalers	31,268	24,977	29,412,392	1,153,566	545,652	629,120	215,155	5,093	408,872	172,082	5,386	1,144,193	29,026	1,173	185
186	Food, including market milk dealers	5,982	4,901	7,168,708	192,818	81,491	100,604	39,315	981	60,309	29,945	931	352,364	5,337	359	186
187	Alcoholic beverages	1,254	956	2,490,371	139,684	111,599	94,653	10,967	229	83,457	9,345	238	92,674	3,485	122	187
188	Apparel and dry goods	3,098	2,603	2,088,622	121,756	68,810	69,381	19,293	529	49,560	13,075	418	47,326	1,387	89	188
189	Chemicals, paints, and drugs	1,602	1,172	1,788,481	91,003	47,192	50,148	17,660	408	32,080	15,028	384	49,778	1,905	50	189
190	Hardware, electrical goods, plumbing and heating equipment	2,672	2,180	2,042,891	104,322	43,156	56,884	22,157	496	34,231	21,530	442	58,764	2,686	32	190
191	Lumber and millwork	1,034	796	586,518	20,033	5,849	9,177	4,441	111	4,625	3,422	206	43,831	897	95	191
192	Wholesalers not elsewhere classified	13,624	10,887	11,502,589	417,426	163,547	214,372	86,829	2,124	125,420	66,498	2,380	456,032	11,474	415	192
193	Wholesalers not allocable	2,002	1,482	1,744,212	66,524	24,007	33,900	14,494	216	19,190	13,239	387	43,423	1,855	11	193
194	Retail	72,955	57,682	27,983,634	1,922,222	973,903	1,099,706	334,669	8,052	756,985	319,815	13,527	1,030,694	33,338	3,538	194
195	General merchandise	5,435	4,686	9,708,976	958,460	608,158	619,143	141,650	1,834	475,658	168,309	641	120,873	2,558	1,316	195
196	Department, dry goods, other general merchandise	4,913	4,309	7,960,045	775,731	503,421	501,300	109,932	1,625	389,743	128,420	517	116,712	2,365	1,316	196
197	Limited-price variety stores	322	259	1,538,142	166,332	94,958	108,249	28,478	184	79,587	37,751	54	2,198	80	-	197
198	Mail-order houses	200	118	210,789	16,397	9,778	9,593	3,240	25	6,328	2,137	70	1,964	113	-	198
199	Food stores, including market milk dealers	5,699	4,199	5,883,869	161,626	68,166	88,444	35,063	673	52,707	36,364	1,353	162,760	2,764	179	199
200	Package liquor stores	1,749	1,489	197,613	8,120	840	2,572	1,861	101	610	217	238	16,221	378	5	200
201	Drug stores	4,212	3,383	909,769	50,796	21,061	26,615	9,591	261	16,762	8,098	707	39,581	862	69	201
202	Apparel and accessories	10,412	9,072	3,428,077	273,824	147,291	156,678	42,330	1,826	112,523	32,949	1,148	67,370	2,594	57	202
203	Furniture and house furnishings	4,976	3,926	886,890	77,920	21,165	35,353	18,710	394	16,248	13,246	926	43,107	2,227	115	203
204	Eating and drinking places	9,976	6,719	1,283,792	74,138	28,399	36,139	14,092	441	21,606	10,271	3,031	193,355	7,116	176	204
205	Automotive dealers	8,171	6,205	1,303,111	71,779	12,595	27,552	16,881	562	10,108	8,564	1,642	105,340	4,279	162	205
206	Automobiles and trucks	7,293	5,524	1,089,338	58,487	9,933	21,765	13,399	390	7,977	6,815	1,467	94,456	3,818	148	206
207	Accessories, parts, etc.	878	681	213,773	13,292	2,662	5,786	3,482	172	2,131	1,749	175	10,884	461	14	207
208	Filling stations	1,792	1,182	234,238	14,392	5,365	7,497	2,880	49	4,568	3,785	539	30,715	771	11	208
209	Hardware	2,199	1,942	224,766	16,111	2,614	5,842	3,638	171	2,033	2,114	232	10,584	392	95	209
210	Building materials, fuel, and ice	7,109	5,723	1,411,606	84,061	17,343	34,645	19,696	812	14,137	16,469	1,232	92,244	5,291	1,256	210
211	Other retail trade	7,237	5,798	1,303,424	90,147	32,080	42,654	18,690	549	23,415	12,192	1,302	65,580	2,977	77	211
212	Retail trade not allocable	3,988	3,358	1,007,506	40,849	8,826	16,574	9,586	379	6,609	7,238	536	82,966	1,130	19	212
213	Trade not allocable	14,724	11,030	5,021,909	267,794	82,264	126,466	61,528	1,493	63,445	37,215	3,028	315,509	9,599	1,301	213
214	Service	37,904	22,977	5,374,674	648,697	233,932	316,519	131,970	2,248	182,300	128,328	12,130	597,319	47,002	3,924	214
215	Hotels and other lodging places	4,381	3,129	1,004,424	111,990	35,259	53,262	25,533	532	27,197	11,092	1,105	91,747	8,859	443	215
216	Personal service	8,246	5,679	821,866	59,553	11,712	23,375	13,466	275	9,634	11,270	2,274	136,190	5,432	116	216
217	Laundries, cleaners, and dyers	4,285	3,016	604,622	38,555	7,124	15,044	9,006	157	5,882	7,707	1,091	106,887	3,772	77	217
218	Photographic studios	789	574	60,706	5,362	1,438	2,284	1,059	15	1,209	383	186	4,948	455	6	218
219	Other personal service	3,162	2,086	156,204	15,632	3,151	6,046	3,399	103	2,543	3,180	993	23,723	1,182	33	219
220	Personal service not allocable	10	3	334	5	-	1	1	(14)	-	-	4	632	23	-	220
221	Business service	7,098	4,080	1,041,843	83,389	25,687	39,899	18,981	248	20,671	20,272	2,548	115,539	5,829	262	221
222	Advertising	1,753	1,221	617,937	38,344	14,032	19,638	8,439	110	11,090	8,272	437	26,288	1,180	52	222
223	Other business service	5,331	2,848	418,822	44,193	11,519	19,988	10,387	136	9,465	11,800	2,108	89,196	4,648	210	223
224	Business service not allocable	14	11	5,084	851	136	272	155	1	116	201	3	55	1	-	224
225	Automotive repair services and garages	3,080	1,982	149,033	10,487	1,359	3,479	2,286	90	1,102	1,086	993	32,584	1,607	2,703	225
226	Miscellaneous repair services, hand trades	1,530	961	104,609	7,363	2,328	3,187	1,361	30	1,795	510	528	17,571	1,145	37	226
227	Motion pictures	4,122	3,167	1,606,587	273,440	102,548	136,675	53,325	279	83,071	70,855	767	63,754	7,612	50	227
228	Motion-picture production	702	315	736,387	109,882	20,282	42,196	26,779	114	15,303	34,999	288	31,902	5,621	33	228
229	Motion-picture theatres	3,420	2,852	870,200	163,559	82,266	94,479	26,547	165	67,768	35,856	479	31,852	1,990	17	229
230	Amusement, except motion pictures	4,370	1,881	340,816	74,957	45,593	43,822	11,695	618	31,509	9,839	1,844	56,700	5,779	94	230
231	Other service, including schools	4,845	2,003	288,117	25,902	8,759	11,998	5,049	169	6,780	3,181	1,978	77,606	10,166	202	231
232	Service not allocable	232	95	17,379	1,616	687	821	275	7	540	224	93	5,629	574	17	232

For footnotes, see pp. 29-30.

Table 1. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups and minor industrial groups, for returns with net income and returns with no net income: Number of returns, total compiled receipts, net income or deficit, and dividends paid in cash and assets other than own stock; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income - Continued

(Money figures in thousands of dollars)

	Major industrial groups and minor industrial groups 7/ - Continued	Total number of returns 8/	Returns with net income 2/									Returns with no net income 2/				
			Number of returns	Total compiled receipts 9/	Net income 2/	Adjusted excess profits net income 10/	Taxes: Total tax	Taxes: Income tax 3/	Taxes: Declared value excess-profits tax	Taxes: Excess profits tax 4/	Dividends paid in cash and assets other than own stock	Number of returns	Total compiled receipts 9/	Deficit 2/	Dividends paid in cash and assets other than own stock	
233	Finance, insurance, real estate and lessors of real property	143,289	90,568	9,734,104	3,756,042	74,574	666,793	602,980	3,174	60,638	1,069,929	45,005	1,092,671	262,141	47,781	233
234	Finance	34,457	25,600	4,145,138	1,753,569	23,865	406,514	385,726	1,242	19,547	800,773	7,344	91,291	67,584	28,268	234
235	Banks and trust companies	15,246	14,038	2,820,124	1,008,291	13,284	295,960	284,099	769	11,092	278,755	818	40,449	12,734	1,924	235
236	Long-term credit agencies, mortgage companies, except banks	3,048	1,696	29,008	8,038	62	2,089	2,031	19	38	1,938	1,232	4,853	8,374	1,015	236
237	Short-term credit agencies, except banks	3,536	2,322	212,016	56,840	2,707	21,112	18,899	59	2,153	25,075	937	14,358	2,558	473	237
238	Sales finance and industrial credit	1,514	956	69,146	19,987	2,277	7,821	5,969	34	1,818	6,374	421	8,600	1,215	112	238
239	Personal credit	1,442	1,005	131,595	34,189	402	12,573	12,232	20	322	17,749	364	4,979	958	289	239
240	Other short-term credit agencies	157	105	2,379	748	3	197	194	1	2	362	39	153	74	22	240
241	Short-term credit agencies, except banks, not allocable	423	256	8,896	1,915	24	520	505	4	11	590	113	627	312	50	241
242	Investment trusts and investment companies 11/	3,527	2,656	324,328	259,444	155	15,568	15,378	68	123	215,384	814	3,642	6,167	18,989	242
243	Management type	516	406	182,379	158,213	-	4,864	4,815	49	-	136,375	95	933	1,351	17,120	243
244	Fixed or semifixed type	84	66	15,485	13,345	-	1,197	1,195	2	-	11,169	16	42	567	16	244
245	Installment investment plans and guaranteed face-amount certificates	83	60	21,142	2,418	-	236	236	(14)	-	499	21	23	5	-	245
246	Mineral, oil, and gas royalty companies	134	76	4,754	1,304	109	511	418	(14)	93	1,385	49	291	161	24	246
247	Investment trusts and investment companies not allocable	2,710	2,048	100,568	84,164	46	8,759	8,714	16	29	65,956	633	2,353	4,084	1,830	247
248	Other investment companies, including holding companies	1,884	1,388	444,882	320,597	1,216	38,693	37,655	49	990	259,801	451	7,102	14,387	1,240	248
249	Holding companies 12/	890	639	247,319	213,749	45	20,221	20,146	37	39	174,481	210	2,062	11,111	230	249
250	Operating-holding companies 13/	994	749	197,563	106,848	1,171	18,472	17,509	12	951	85,320	241	5,040	3,276	1,011	250
251	Security and commodity-exchange brokers and dealers	1,312	991	208,608	58,059	3,297	17,699	14,921	209	2,569	8,226	246	5,702	1,553	151	251
252	Other finance companies	1,499	655	58,130	26,553	1,962	10,671	8,991	25	1,655	6,004	653	7,997	11,416	461	252
253	Finance not allocable	4,405	1,854	48,041	15,749	1,183	4,722	3,750	45	927	5,589	2,193	7,187	10,394	4,015	253
254	Insurance carriers, agents, etc.	7,876	5,529	3,523,849	1,476,097	12,353	86,157	75,659	157	10,340	119,991	2,065	505,009	29,363	8,900	254
255	Insurance carriers	2,070	1,626	3,310,697	1,446,284	8,810	75,887	68,390	39	7,459	108,399	376	468,556	27,109	8,796	255
256	Life insurance companies	715	631	1,434,651	1,256,610	-	24,725	24,725	-	-	32,289	63	595	90	20	256
257	Mutual insurance, except life or marine or fire insurance companies issuing perpetual policies	471	436	28,716	23,428	-	7,642	7,642	-	-	38	35	252	72	-	257
258	Other insurance carriers	884	559	1,847,330	166,246	8,810	43,520	36,023	39	7,459	76,072	278	467,710	26,947	8,776	258
259	Insurance agents, brokers, etc.	5,806	3,903	213,151	29,813	3,542	10,270	7,270	119	2,881	11,592	1,689	36,453	2,254	104	259
260	Real estate, including lessors of buildings	94,136	55,955	1,859,364	423,177	27,424	131,643	108,465	1,699	21,479	86,579	32,796	464,073	144,556	9,518	260
261	Owner operators and lessors of buildings	74,074	47,185	1,580,998	361,400	22,172	112,429	93,973	1,117	17,339	74,694	25,580	401,944	112,005	6,679	261
262	Lessee operators of buildings	2,662	1,584	67,122	10,383	1,507	3,625	2,369	41	1,215	2,218	998	22,624	2,345	659	262
263	Owners for improvement	4,959	2,149	48,248	15,351	595	4,129	3,450	219	460	2,759	2,012	9,716	12,306	879	263
264	Trading for own account	2,561	1,259	17,841	6,800	129	1,691	1,523	63	104	1,415	1,074	2,925	5,719	805	264
265	Real estate agents, brokers, etc.	3,180	1,968	80,600	11,662	967	3,646	2,820	114	711	1,600	998	14,667	1,363	33	265
266	Title abstract companies	1,243	803	37,173	9,708	1,422	3,730	2,472	55	1,203	2,665	360	4,284	212	30	266
267	Real estate, including lessors of buildings, not allocable	5,457	1,007	27,382	7,874	632	2,393	1,857	90	446	1,228	1,774	7,913	10,606	432	267
268	Lessors of real property, except buildings	6,820	3,484	205,753	103,199	10,932	42,479	33,130	76	9,273	62,587	2,800	32,298	20,637	1,096	268
269	Agricultural, forest, etc., properties	1,064	558	11,910	5,738	116	1,724	1,617	18	89	3,548	471	2,578	2,637	232	269
270	Mining, oil, etc., properties	2,678	1,694	81,615	39,735	6,395	16,706	11,239	38	5,429	25,854	899	8,050	4,989	535	270
271	Railroad properties	415	216	89,774	46,982	3,870	20,196	16,881	6	3,309	29,158	124	18,905	8,299	185	271
272	Public-utility properties	178	103	14,813	6,551	523	2,766	2,338	2	426	2,538	65	648	797	2	272
273	Other real property, except buildings	2,053	739	5,446	2,831	7	739	727	6	6	1,113	1,044	1,523	2,924	139	273
274	Lessors of real property, except buildings, not allocable	432	174	2,195	1,362	21	348	328	6	15	377	197	594	991	2	274
275	Construction	12,801	7,811	2,458,988	146,070	42,036	62,134	28,480	1,042	32,611	27,957	4,023	488,965	33,451	1,514	275
276	General contractors	5,668	3,160	1,570,640	95,250	24,416	38,965	19,571	650	18,744	23,113	1,951	309,359	24,156	1,169	276
277	Special trade contractors	6,745	4,544	864,954	49,797	17,388	22,792	8,699	384	13,709	4,773	1,958	175,590	8,971	308	277
278	Construction not allocable	388	107	23,394	1,023	232	377	210	9	158	71	114	4,016	323	37	278
279	Agriculture, forestry, and fishery	6,528	3,865	893,856	149,892	41,613	63,727	32,848	631	30,249	25,923	2,287	99,516	16,079	1,661	279
280	Agriculture and services	5,964	3,568	847,807	142,890	39,626	60,779	31,473	613	28,693	24,402	2,069	93,951	13,481	1,592	280
281	Forestry	284	145	16,297	2,559	33	724	690	6	28	1,316	116	2,233	2,058	67	281
282	Fishery	280	152	29,753	4,442	1,955	2,224	685	12	1,528	205	102	3,332	541	2	282
283	Nature of business not allocable	17,027	1,908	139,661	15,283	2,022	5,362	3,492	115	1,755	3,036	3,459	26,563	10,949	2,466	283

For footnotes, see pp. 29-30.

Table 2. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend

(Money figures in thousands of dollars)

			Major industrial groups 7/																
			Mining and quarrying							Manufacturing									
		All industrial groups	Total mining and quarrying	Metal mining	Anthracite mining	Bituminous coal, lignite, peat, etc.	Crude petroleum and natural gas production	Nonmetallic mining and quarrying	Mining and quarrying not allocable	Total manufacturing	Food and kindred products	Beverages	Tobacco manufactures	Cotton manufactures	Textile-mill products, except cotton	Apparel and products made from fabrics	Leather and products	Rubber products	Lumber and timber basic products	
1	Number of returns 15/	421,125	7,296	848	148	1,544	3,309	1,263	184	79,112	8,728	2,591	210	824	3,579	7,626	2,059	453	2,335	1
	Receipts:																			
2	Gross sales 16/	203,574,934	3,233,935	679,478	315,688	1,343,307	570,097	320,515	4,851	133,127,968	19,135,506	4,383,328	2,210,152	2,756,617	4,673,328	3,843,745	2,164,415	3,287,142	1,371,035	2
3	Gross receipts from operations 17/	40,455,081	554,459	31,741	37,260	162,103	285,991	34,928	2,436	5,968,132	121,813	12,700	4,282	19,538	153,971	107,766	9,690	45,088	35,745	3
	Interest on Government obligations (less amortizable bond premium):																			
4	Wholly taxable 18/	1,501,733	6,314	3,436	308	1,200	823	542	5	109,757	6,080	1,926	176	2,086	4,348	1,585	1,451	2,536	1,732	4
5	Subject to declared value excess-profits tax and surtax 19/	301,280	563	150	26	156	174	57	(14)	10,959	674	118	125	85	74	134	61	48	73	5
6	Subject to surtax only 20/	5,591	29	1	(14)	23	2	3	-	447	13	7	2	9	5	2	2	4	16	6
7	Wholly tax-exempt 21/	206,535	281	67	3	34	116	61	-	6,559	844	242	77	98	139	61	57	5	109	7
8	Other interest	2,225,086	6,158	1,580	351	2,091	1,796	330	10	120,345	10,226	3,126	954	1,777	3,187	1,408	807	959	1,728	8
9	Rents 22/	2,358,378	24,034	1,526	4,587	12,293	3,753	1,809	66	207,793	19,339	5,447	2,858	7,577	6,087	2,730	1,374	4,048	4,925	9
10	Royalties 23/	253,862	25,694	1,827	7,341	7,813	7,733	963	17	91,648	2,764	452	4	82	904	4,139	109	2,116	2,387	10
11	Excess of net short-term capital gain over net long-term capital loss 24/	44,243	1,423	249	9	49	1,062	52	1	4,179	403	93	11	73	210	102	86	6	318	11
12	Excess of net long-term capital gain over net short-term capital loss 24/	878,645	42,685	4,207	3,786	4,050	29,259	1,308	75	220,778	12,050	5,233	978	6,059	6,649	1,587	1,335	763	39,793	12
13	Net gain, sales other than capital assets 25/	182,562	3,296	53	192	366	2,460	223	3	6,875	946	506	2	158	221	122	68	14	852	13
14	Dividends, domestic corporations 26/	1,418,466	21,583	8,012	114	3,357	8,854	1,246	(14)	357,546	20,764	3,757	3,827	6,258	5,618	1,733	1,595	1,583	2,726	14
15	Dividends, foreign corporations 27/	134,394	428	286	(14)	97	44	1	-	77,255	6,755	107	647	130	794	39	84	6,552	53	15
16	Other receipts	1,906,963	32,800	7,847	2,113	7,436	12,216	3,066	123	973,721	120,429	18,904	3,644	12,465	22,855	13,246	10,249	10,193	13,894	16
17	Total compiled receipts 9/	255,447,753	3,953,682	740,459	371,779	1,544,376	924,380	365,103	7,586	141,283,963	19,458,605	4,435,946	2,227,738	2,813,015	4,878,390	3,978,399	2,191,384	3,361,058	1,475,386	17
	Deductions:																			
18	Cost of goods sold 28/	157,376,645	2,315,560	479,324	271,727	1,068,574	295,641	196,981	3,312	102,511,816	15,915,494	2,786,144	1,841,832	2,223,082	3,653,514	3,016,536	1,772,756	2,506,609	1,034,855	18
19	Cost of operations 28/	22,665,652	375,086	18,747	28,403	123,105	180,530	22,546	1,755	4,316,081	55,322	5,120	261	8,137	101,271	79,165	6,126	708	22,325	19
20	Compensation of officers	34/4,118,474	51,432	4,305	2,714	15,503	17,406	11,261	243	1,734,710	150,808	44,037	6,394	25,462	95,276	136,381	47,665	16,877	32,165	20
21	Rent paid on business property	2,558,191	24,816	4,208	1,866	5,801	10,586	2,337	18	592,076	49,879	10,012	1,807	2,928	17,171	29,940	11,064	10,743	3,965	21
22	Repairs 29/	2,624,368	64,747	5,929	9,581	29,026	7,079	13,031	100	2,042,788	197,329	34,747	3,161	34,692	57,810	9,357	15,494	49,853	14,324	22
23	Bad debts	277,115	7,868	4,555	584	972	1,344	389	25	66,407	6,230	1,935	257	313	1,390	1,192	573	445	2,216	23
24	Interest paid	2,307,987	26,664	3,736	2,676	5,997	11,699	2,430	127	447,260	40,860	12,785	15,405	5,793	13,569	6,463	3,310	9,074	5,766	24
25	Taxes paid 30/	5,585,236	110,007	27,306	10,290	35,145	27,292	9,656	318	2,771,110	196,199	632,895	97,263	40,365	66,543	43,369	23,997	76,195	26,185	25
26	Contributions or gifts 31/	265,679	3,126	983	143	944	672	381	3	149,728	12,653	5,676	1,401	6,605	9,624	6,396	2,970	2,188	1,223	26
27	Depreciation	3,976,728	146,652	22,020	7,537	41,001	61,022	14,802	270	1,826,832	158,076	44,224	6,597	34,602	59,000	14,520	11,062	34,442	29,914	27
28	Depletion	692,840	211,433	48,988	7,389	39,206	102,746	12,693	411	427,574	438	620	-	31	33	17	56	173	35,431	28
29	Amortization 32/	1,950,771	28,174	13,424	1,365	4,035	7,074	2,114	162	1,284,576	9,743	3,936	-	4,582	6,248	583	213	86,335	2,051	29
30	Advertising	1,922,734	3,804	324	573	1,012	1,176	711	8	1,154,492	203,855	96,051	45,736	6,179	21,893	25,512	12,693	30,404	3,000	30
31	Amounts contributed under pension plan, etc.	766,206	6,057	953	308	529	3,772	484	11	461,858	36,214	7,003	2,225	3,362	8,495	4,249	3,475	3,812	1,961	31
32	Net loss, sales other than capital assets 25/	464,066	15,088	2,005	620	5,780	3,283	2,705	695	119,805	21,563	4,476	172	5,897	5,874	832	365	4,248	1,202	32
33	Other deductions	26,549,569	320,501	34,602	17,703	96,418	133,808	37,041	929	11,120,073	1,416,618	337,198	64,509	133,126	309,556	362,132	144,003	282,594	143,258	33
34	Total compiled deductions	35/234,102,261	3,711,013	671,409	363,477	1,473,048	865,130	329,562	8,387	131,027,187	18,471,280	4,026,859	2,087,017	2,535,154	4,427,269	3,736,642	2,055,822	3,114,700	1,359,841	34
35	Compiled net profit or net loss (17 less 34)	21,345,491	242,669	69,050	8,301	71,328	59,250	35,541	36/801	10,256,776	987,325	409,087	140,722	277,861	451,121	241,757	135,562	246,358	115,545	35
36	Net income or deficit 2/ (35 less 7)	21,138,957	242,388	68,983	8,298	71,294	59,134	35,480	36/801	10,250,217	986,481	408,845	140,645	277,762	450,982	241,696	135,505	246,353	115,436	36
37	Net operating loss deduction 33/	114,407	3,775	514	520	1,177	991	561	11	30,370	3,092	1,701	112	299	1,446	1,017	378	92	1,393	37
38	Adjusted excess profits net income 10/	8,308,740	38,579	2,498	895	13,578	8,494	13,050	65	5,251,670	440,272	230,495	13,268	175,962	245,737	127,516	62,518	171,316	29,712	38
39	Income tax 3/	4,182,705	86,528	24,113	2,944	24,545	24,481	10,266	179	1,947,769	222,852	73,984	49,317	41,634	81,775	41,710	28,371	30,291	30,362	39
40	Declared value excess-profits tax	55,039	345	54	10	92	78	111	(14)	30,106	4,111	2,038	20	495	1,475	1,688	664	535	205	40
41	Excess profits tax 4/	6,557,006	31,495	2,136	596	10,975	6,737	10,997	54	4,134,352	329,345	179,757	10,843	138,350	189,035	95,735	48,339	139,161	22,357	41
42	Total tax	10,794,750	118,368	26,302	3,551	35,613	31,296	21,374	233	6,112,228	556,289	255,779	60,181	180,479	272,285	139,133	77,374	169,987	52,923	42
43	Compiled net profit less total tax (35 less 42)	10,550,741	124,300	42,747	4,750	35,715	27,954	14,167	37/1,033	4,144,548	431,036	153,308	80,541	97,381	178,836	102,624	58,189	76,371	62,622	43
	Dividends paid:																			
44	Cash and assets other than own stock	6,097,391	159,817	52,102	6,497	29,332	53,640	18,012	234	2,824,733	262,072	76,579	35,508	39,522	81,776	26,116	27,176	39,756	40,190	44
45	Corporation's own stock	334,435	1,917	90	-	402	683	742	-	146,158	11,617	2,050	78	4,148	11,858	7,055	4,784	738	680	45

For footnotes, see pp. 29-30.

Table 2. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

Major industrial groups 7/ - Continued

		Manufacturing - Continued								
		Furniture and finished lumber products	Paper and allied products	Printing and publishing industries	Chemicals and allied products	Petroleum and coal products	Stone, clay, and glass products	Iron, steel, and products	Nonferrous metals and their products	Electrical machinery and equipment
1	Number of returns 15/	3,917	2,087	10,057	6,186	442	2,770	6,526	2,440	1,871
	Receipts:									
2	Gross sales 16/	1,965,514	3,516,871	3,491,881	9,376,689	9,257,830	2,280,910	17,890,376	3,842,812	6,967,010
3	Gross receipts from operations 17/	17,223	7,870	265,514	347,351	623,380	16,062	446,100	90,309	46,503
	Interest on Government obligations (less amortizable bond premium):									
4	Wholly taxable 18/	1,478	3,716	4,611	9,077	6,884	2,862	20,523	4,007	4,333
5	Subject to declared value excess-profits tax and surtax 19/	174	415	1,115	808	1,253	413	1,364	92	1,090
6	Subject to surtax only 20/	15	5	30	23	88	6	47	2	97
7	Wholly tax-exempt 21/	186	220	418	619	552	108	728	88	447
8	Other interest	969	3,639	2,700	7,171	16,476	1,514	16,455	1,402	19,682
9	Rents 22/	2,824	6,726	11,700	12,070	55,829	3,384	25,268	3,748	5,476
10	Royalties 23/	242	2,338	8,329	12,496	13,441	2,577	9,306	1,349	11,541
11	Excess of net short-term capital gain over net long-term capital loss 24/	75	78	112	265	188	211	462	76	456
12	Excess of net long-term capital gain over net short-term capital loss 24/	3,874	11,229	7,448	13,822	32,740	4,656	14,276	4,242	14,154
13	Net gain, sales other than capital assets 25/	260	115	474	263	131	237	482	130	979
14	Dividends, domestic corporations 26/	1,607	7,814	14,241	83,681	94,936	3,352	29,370	13,687	18,564
15	Dividends, foreign corporations 27/	329	1,573	1,012	7,316	22,974	2,844	3,629	3,876	9,389
16	Other receipts	11,744	21,649	35,690	38,561	258,015	24,695	75,695	29,409	24,268
17	Total compiled receipts 9/	2,006,514	3,584,258	3,845,276	9,910,212	10,384,718	2,343,832	18,534,081	3,995,228	7,123,989
	Deductions:									
18	Cost of goods sold 28/	1,487,678	2,584,588	2,111,355	6,407,994	6,853,274	1,606,678	14,013,044	3,000,015	5,413,082
19	Cost of operations 28/	11,400	3,624	137,232	295,447	330,893	10,617	275,391	55,745	8,112
20	Compensation of officers	62,073	63,827	147,974	123,116	22,594	46,561	214,752	61,479	64,003
21	Rent paid on business property	10,836	16,032	36,473	33,948	91,142	7,829	75,661	32,340	28,971
22	Repairs 29/	23,695	85,335	19,311	145,705	205,674	56,485	491,890	56,951	88,584
23	Bad debts	1,470	1,111	7,196	6,460	4,137	1,211	7,053	1,777	2,281
24	Interest paid	4,409	13,931	11,856	26,599	62,567	6,438	92,136	11,012	26,194
25	Taxes paid 30/	32,954	56,487	60,697	127,148	284,657	36,963	289,403	61,483	107,760
26	Contributions or gifts 31/	2,421	4,778	10,115	11,387	3,622	3,250	18,832	4,906	7,427
27	Depreciation	21,586	74,917	44,757	167,098	351,444	51,685	296,772	54,768	64,714
28	Depletion	1,963	4,711	89	11,991	324,000	1,912	23,438	19,687	117
29	Amortization 32/	1,755	12,480	498	165,327	298,716	11,126	281,133	83,131	46,296
30	Advertising	9,184	13,054	22,392	267,444	47,270	16,434	70,510	24,828	66,646
31	Amounts contributed under pension plan, etc.	3,034	10,782	16,977	50,591	82,035	7,533	73,639	10,524	53,148
32	Net loss, sales other than capital assets 25/	1,466	3,449	2,271	10,718	5,893	4,678	20,675	1,908	3,142
33	Other deductions	195,853	292,655	631,519	1,027,655	1,064,864	263,230	1,047,599	246,463	548,807
34	Total compiled deductions	1,871,778	3,241,761	3,260,712	8,878,627	10,032,784	2,132,631	17,291,929	3,727,018	6,529,282
35	Compiled net profit or net loss (17 less 34)	134,736	342,497	584,564	1,031,585	351,935	211,201	1,242,152	268,210	594,708
36	Net income or deficit 2/ (35 less 7)	134,551	342,277	584,146	1,030,965	351,382	211,093	1,241,423	268,122	594,261
37	Net operating loss deduction 33/	1,126	934	2,765	2,258	451	2,612	3,517	429	968
38	Adjusted excess profits net income 10/	56,131	158,505	319,227	413,926	13,014	82,084	724,556	110,203	372,694
39	Income tax 3/	30,295	69,596	97,830	225,502	98,260	52,857	212,072	58,469	90,272
40	Declared value excess-profits tax	562	365	1,862	1,249	115	529	3,967	1,009	798
41	Excess profits tax 4/	43,864	127,745	252,409	336,517	10,521	66,192	571,435	84,450	304,267
42	Total tax	74,721	197,707	352,100	563,268	108,896	119,577	787,473	143,928	395,338
43	Compiled net profit less total tax (35 less 42)	60,015	144,790	232,464	468,317	243,039	91,624	454,679	124,283	199,370
	Dividends paid:									
44	Cash and assets other than own stock	23,912	77,459	102,122	382,958	360,571	62,506	315,915	104,414	145,261
45	Corporation's own stock	1,876	6,379	13,445	5,654	11,863	1,630	14,081	2,624	6,176

		Manufacturing - Continued					Public utilities				
		Machinery, except transportation equipment and electrical	Automobiles and equipment, except electrical	Transportation equipment, except automobiles	Other manufacturing	Manufacturing not allocable	Total public utilities	Transportation	Communication	Other public utilities	
1	Number of returns 15/	6,192	620	1,102	3,951	2,546	19,736	13,193	3,594	2,949	1
	Receipts:										
2	Gross sales 16/	9,615,309	3,062,827	13,617,088	2,696,039	1,721,545	258,448	196,234	6,827	55,387	2
3	Gross receipts from operations 17/	153,361	1,746	3,381,786	23,043	37,290	21,453,950	13,857,907	2,715,820	4,880,222	3
	Interest on Government obligations (less amortizable bond premium):										
4	Wholly taxable 18/	9,618	1,437	15,625	2,152	1,514	32,435	19,151	5,413	7,870	4
5	Subject to declared value excess-profits tax and surtax 19/	1,372	102	890	397	80	2,446	2,079	47	320	5
6	Subject to surtax only 20/	41	(14)	25	2	5	90	49	3	37	6
7	Wholly tax-exempt 21/	1,268	30	53	148	60	2,841	2,465	50	327	7
8	Other interest	7,003	1,445	14,642	2,014	1,063	101,995	58,180	2,508	41,307	8
9	Rents 22/	6,808	3,951	8,912	3,811	2,899	364,316	314,165	25,377	24,774	9
10	Royalties 23/	8,450	1,266	5,162	1,357	837	5,734	4,535	731	468	10
11	Excess of net short-term capital gain over net long-term capital loss 24/	224	10	585	102	35	1,517	1,447	27	43	11
12	Excess of net long-term capital gain over net short-term capital loss 24/	6,592	2,277	26,115	2,663	2,243	37,079	27,709	1,828	7,543	12
13	Net gain, sales other than capital assets 25/	448	25	165	171	106	3,106	2,876	35	196	13
14	Dividends, domestic corporations 26/	10,401	1,499	25,881	3,314	1,339	322,673	76,589	177,823	68,261	14
15	Dividends, foreign corporations 27/	4,466	922	2,064	1,568	132	7,690	867	1,664	5,159	15
16	Other receipts	55,487	11,777	137,097	14,558	9,198	69,031	41,896	6,252	20,883	16
17	Total compiled receipts 9/	9,880,849	3,089,314	17,236,088	2,751,337	1,778,345	22,663,351	14,606,149	2,944,405	5,112,797	17
	Deductions:										
18	Cost of goods sold 28/	7,105,577	2,486,227	11,495,202	1,892,081	1,304,198	182,711	141,778	4,148	36,785	18
19	Cost of operations 28/	16,409	902	2,873,722	10,702	7,452	12,681,061	9,189,196	1,333,592	2,158,274	19
20	Compensation of officers	177,621	20,737	54,133	73,516	47,259	166,489	122,775	14,287	29,427	20
21	Rent paid on business property	40,416	8,288	45,443	17,478	9,714	690,391	614,899	51,188	24,304	21
22	Repairs 29/	177,580	76,658	149,602	29,324	19,226	47,882	40,815	3,673	3,394	22
23	Bad debts	3,881	6,627	5,566	1,759	1,326	20,313	3,770	4,906	11,637	23
24	Interest paid	24,713	5,644	34,423	8,059	6,254	950,671	527,870	61,468	361,333	24
25	Taxes paid 30/	151,421	41,633	240,104	53,732	23,657	1,357,140	757,151	171,537	428,451	25
26	Contributions or gifts 31/	14,011	1,208	13,399	4,078	1,560	23,596	7,091	6,073	10,433	26
27	Depreciation	112,777	36,235	110,747	28,830	18,067	1,165,016	455,990	246,544	462,483	27
28	Depletion	614	656	1,009	49	539	25,579	9,675	7	15,897	28
29	Amortization 32/	98,823	26,467	126,242	10,962	7,929	621,200	519,755	2,768	98,676	29
30	Advertising	66,182	19,566	30,790	37,848	17,020	47,722	23,793	14,192	9,738	30
31	Amounts contributed under pension plan, etc.	34,426	3,654	28,525	12,628	3,568	144,222	20,391	75,949	47,882	31
32	Net loss, sales other than capital assets 25/	6,504	611	10,359	1,582	1,919	94,856	57,668	1,608	35,580	32
33	Other deductions	920,391	184,019	1,000,179	316,169	187,675	1,504,584	798,527	263,304	442,753	33
34	Total compiled deductions	8,951,345	2,919,131	16,219,445	2,498,797	1,657,363	19,723,433	13,291,143	2,255,242	4,177,047	34
35	Compiled net profit or net loss (17 less 34)	929,503	170,183	1,016,643	252,539	120,982	2,939,918	1,315,006	689,162	935,750	35
36	Net income or deficit 2/ (35 less 7)	928,235	170,153	1,016,590	252,391	120,922	2,937,076	1,312,541	689,112	935,423	36
37	Net operating loss deduction 33/	2,291	103	998	1,562	828	8,464	5,117	346	3,001	37
38	Adjusted excess profits net income 10/	547,453	127,053	622,584	138,874	68,568	985,673	576,399	216,702	192,572	38
39	Income tax 3/	158,430	22,232	161,874	45,681	24,122	719,644	320,058	131,917	267,669	39
40	Declared value excess-profits tax	3,125	467	3,142	1,081	606	2,343	2,124	74	145	40
41	Excess profits tax 4/	437,820	100,379	485,483	107,377	52,972	825,619	477,244	183,786	164,589	41
42	Total tax	599,375	123,077	650,499	154,139	77,700	1,547,605	799,426	315,776	432,403	42
43	Compiled net profit less total tax (35 less 42)	330,128	47,106	366,144	98,400	43,282	1,392,313	515,580	373,386	503,346	43
	Dividends paid:										
44	Cash and assets other than own stock	193,096	25,135	293,476	51,392	27,840	1,242,972	369,666	377,431	495,875	44
45	Corporation's own stock	15,110	6,345	3,387	12,056	2,546	6,698	5,232	612	854	45

For footnotes, see pp. 29-30.

Table 2. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Trade																		
			Wholesale			Retail														
		Total trade	Total wholesale	Commission merchants	Other wholesalers	Total retail	General merchandise	Food stores, including market milk dealers	Package liquor stores	Drug stores	Apparel and accessories	Furniture and house furnishings	Eating and drinking places	Automotive dealers	Filling stations	Hardware	Building materials, fuel, and ice	Other retail trade	Retail trade not allocable	Trade not allocable
1	Number of returns 15/	120,948	35,681	5,318	30,363	71,209	5,327	5,552	1,727	4,090	10,220	4,852	9,750	7,847	1,721	2,174	6,955	7,100	3,894	14,058
	Receipts:																			
2	Gross sales 16/	64,436,727	31,119,174	1,301,127	29,818,047	28,149,153	9,575,545	5,969,779	207,976	930,463	3,381,174	862,769	1,379,651	1,329,198	254,146	229,782	1,453,048	1,515,602	1,060,019	5,168,399
3	Gross receipts from operations 17/	1,304,928	864,407	390,015	474,393	355,031	32,386	53,490	5,186	7,064	30,727	17,443	80,263	55,650	5,373	1,407	24,399	30,224	11,422	85,489
	Interest on Government obligations (less amortizable bond premium):																			
4	Wholly taxable 18/	26,191	9,187	775	8,413	15,197	8,067	1,280	16	314	1,656	1,097	417	618	68	110	667	547	340	1,807
5	Subject to declared value excess-profits tax and surtax 19/	1,590	350	19	330	1,155	331	546	-	5	32	24	25	51	38	2	33	27	40	86
6	Subject to surtax only 20/	125	56	6	50	57	24	3	-	1	3	2	2	3	6	(14)	10	2	2	12
7	Wholly tax-exempt 21/	1,146	453	62	391	644	138	105	(14)	7	279	21	28	4	3	2	23	19	14	49
8	Other interest	43,685	21,201	5,052	16,148	18,439	7,318	1,022	9	396	1,149	1,338	346	1,763	81	253	1,909	1,936	918	4,046
9	Rents 22/	143,143	25,854	2,709	23,145	104,088	54,328	4,374	113	1,757	18,222	3,547	4,950	4,576	2,410	506	4,380	2,866	2,058	13,202
10	Royalties 23/	6,486	3,547	259	3,288	1,812	532	32	2	216	203	28	42	284	37	17	233	149	38	1,127
11	Excess of net short-term capital gain over net long-term capital loss 24/	2,381	1,231	162	1,070	961	125	69	1	6	190	38	72	175	22	5	149	43	65	189
12	Excess of net long-term capital gain over net short-term capital loss 24/	49,200	21,382	1,690	19,692	21,236	6,339	2,037	261	443	1,354	624	2,124	1,967	402	338	3,339	1,105	904	6,582
13	Net gain, sales other than capital assets 25/	6,418	1,582	107	1,476	4,020	258	1,413	49	87	80	146	631	308	105	39	495	193	217	815
14	Dividends, domestic corporations 26/	48,400	25,091	7,409	17,681	20,214	10,402	1,173	9	1,013	3,098	636	444	777	256	108	985	777	537	3,095
15	Dividends, foreign corporations 27/	21,288	8,506	82	8,424	4,451	4,060	3	-	(14)	3	2	371	5	1	(14)	3	1	2	8,332
16	Other receipts	548,731	186,673	22,634	164,039	317,870	129,996	11,303	213	7,579	57,279	42,283	7,780	13,071	2,004	2,779	14,176	15,513	13,895	44,188
17	Total compiled receipts 9/	66,640,440	32,288,694	1,732,109	30,556,585	29,014,328	9,829,849	6,046,629	213,834	949,350	3,495,446	929,996	1,477,147	1,408,451	264,952	235,350	1,503,850	1,569,004	1,090,471	5,337,418
	Deductions:																			
18	Cost of goods sold 28/	50,701,527	26,971,566	1,205,957	25,765,610	19,646,325	6,231,199	4,796,960	169,262	634,696	2,192,787	484,977	772,806	958,357	190,809	166,813	1,091,978	1,090,588	865,093	4,083,635
19	Cost of operations 28/	674,561	438,043	134,887	303,156	186,899	9,682	36,925	4,361	4,105	11,674	3,420	49,563	30,453	3,266	618	17,264	10,936	4,633	49,618
20	Compensation of officers	1,213,639	522,228	62,556	459,672	564,358	87,715	42,753	9,744	23,181	98,490	45,457	50,014	64,803	5,095	12,124	51,126	53,541	20,315	127,054
21	Rent paid on business property	816,573	107,992	10,985	97,007	662,714	205,155	65,685	3,418	33,746	165,534	29,253	68,225	24,638	3,802	3,908	7,960	40,043	11,347	45,867
22	Repairs 29/	210,687	47,924	1,883	46,041	143,995	49,941	24,695	358	4,702	13,269	4,498	18,631	8,040	1,982	569	9,317	4,866	3,126	18,768
23	Bad debts	66,398	17,917	1,550	16,367	41,437	12,104	2,474	24	196	6,874	4,459	457	3,036	214	537	4,795	4,117	2,149	7,044
24	Interest paid	107,892	49,473	6,526	42,947	50,006	21,222	6,158	350	1,054	4,106	2,472	2,683	3,523	449	433	3,205	2,548	1,803	8,413
25	Taxes paid 30/	554,656	166,935	11,143	155,791	340,162	138,087	41,842	2,229	10,646	35,075	13,866	30,314	15,318	3,911	2,808	17,029	20,535	8,502	47,560
26	Contributions or gifts 31/	55,634	18,543	1,836	16,707	33,601	17,713	2,876	119	675	5,333	1,387	957	1,004	75	221	1,291	1,390	560	3,489
27	Depreciation	276,171	67,091	3,479	63,612	181,774	63,382	33,788	593	6,055	16,094	4,660	19,286	8,926	3,696	989	11,578	7,466	5,261	27,306
28	Depletion	2,331	1,437	136	1,302	591	78	15	3	5	12	7	17	22	7	5	313	20	87	302
29	Amortization 32/	6,230	5,072	123	4,950	1,007	109	254	2	17	28	21	138	110	14	5	148	143	17	151
30	Advertising	571,952	161,164	7,056	154,108	379,428	188,110	28,247	713	11,401	72,365	24,034	8,021	12,251	887	1,297	5,844	18,870	7,389	31,360
31	Amounts contributed under pension plan, etc.	87,221	30,705	1,837	28,868	52,038	38,822	2,103	24	1,289	4,033	940	978	600	280	132	583	1,548	706	4,477
32	Net loss, sales other than capital assets 25/	45,754	7,266	963	6,303	34,248	22,197	1,275	3	178	2,029	964	2,321	751	198	57	3,497	678	140	4,240
33	Other deductions	7,885,155	2,459,049	189,835	2,269,214	4,806,216	1,788,292	801,610	14,889	167,463	596,234	233,868	385,685	209,131	36,644	29,132	199,130	224,526	119,611	619,890
34	Total compiled deductions	63,276,381	31,072,406	1,640,752	29,431,654	27,124,801	8,873,809	5,887,662	206,092	899,409	3,223,937	854,283	1,410,097	1,340,946	251,328	219,629	1,425,057	1,481,815	1,050,738	5,079,174
35	Compiled net profit or net loss (17 less 34)	3,364,059	1,216,288	91,357	1,124,931	1,889,527	956,040	158,967	7,742	49,941	271,509	75,714	67,050	67,505	13,624	15,721	78,793	87,189	59,733	258,244
36	Net income or deficit 2/ (35 less 7)	3,362,913	1,215,835	91,295	1,124,540	1,888,883	955,902	158,862	7,742	49,934	271,230	75,693	67,022	67,501	13,621	15,719	78,770	87,170	59,719	258,195
37	Net operating loss deduction 33/	13,892	5,308	845	4,463	6,737	169	812	72	144	611	358	1,924	701	208	79	825	443	390	1,846
38	Adjusted excess profits net income 10/	1,638,641	582,475	36,823	545,652	973,903	608,158	68,166	840	21,061	147,291	21,165	28,399	12,595	5,365	2,614	17,343	32,080	8,826	82,264
39	Income tax 3/	628,993	232,796	17,641	215,155	334,669	141,650	35,063	1,861	9,591	42,330	18,710	14,092	16,881	2,880	3,638	19,696	18,690	9,586	61,528
40	Declared value excess-profits tax	15,034	5,489	396	5,093	8,052	1,834	673	101	261	1,826	394	441	562	49	171	812	549	379	1,493
41	Excess profits tax 4/	1,257,987	437,557	28,685	408,872	756,985	475,658	52,707	610	16,762	112,523	16,248	21,606	10,108	4,568	2,033	14,137	23,415	6,609	63,445
42	Total tax	1,902,014	675,842	46,722	629,120	1,099,706	619,143	88,444	2,572	26,615	156,678	35,353	36,139	27,552	7,497	5,842	34,645	42,654	16,574	126,466
43	Compiled net profit less total tax (35 less 42)	1,462,044	540,445	44,635	495,810	789,821	336,897	70,523	5,170	23,326	114,851	40,361	30,911	39,953	6,127	9,880	44,148	44,535	25,159	131,778
	Dividends paid:																			
44	Cash and assets other than own stock	557,351	195,483	22,227	173,255	323,353	169,624	36,542	222	8,167	33,006	13,361	10,447	8,726	3,796	2,209	17,725	12,269	7,258	38,516
45	Corporation's own stock	60,692	29,121	1,580	27,541	25,690	7,168	2,052	66	528	4,647	3,669	1,660	1,388	97	510	958	1,924	1,021	5,882

For footnotes, see pp. 29-30.

Table 2. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

Major industrial groups 7/ - Continued

		Service: Total service	Service: Hotels and other lodging places	Service: Personal service	Service: Business service	Service: Automotive repair services and garages	Service: Miscellaneous repair services, hand trades	Service: Motion pictures	Service: Amusement, except motion pictures	Service: Other service, including schools	Service: Service not allocable	Finance, insurance, real estate, and lessors of real property: Total finance, insurance, real estate, and lessors of real property	Finance: Total finance	Finance: Banks and trust companies	Finance: Long-term credit agencies, mortgage companies, except banks	Finance: Short-term credit agencies, except banks	Finance: Investment trusts and investment companies 11/	Finance: Other investment companies including holding companies 12/13/	Finance: Security and commodity-exchange brokers and dealers	Finance: Other finance companies	Finance: Finance not allocable	
1	Number of returns 15/	35,107	4,234	7,953	6,628	2,975	1,489	3,934	3,725	3,981	188	135,573	32,944	14,856	2,928	3,259	3,470	1,839	1,237	1,308	4,047	1
	Receipts:																					
2	Gross sales 16/	964,465	403,329	220,389	91,569	89,270	56,808	31,762	35,649	32,566	3,123	64,798	25,705	-	-	-	-	17,316	-	8,390	-	2
3	Gross receipts from operations 17/	4,754,310	627,952	725,569	1,035,466	82,180	64,408	1,536,058	342,407	321,251	19,039	3,957,015	688,728	403,636	15,091	106,986	-	39,986	87,342	8,811	26,876	3
	Interest on Government obligations (less amortizable bond premium):																					
4	Wholly taxable 18/	4,226	1,478	310	570	169	50	1,021	332	289	8	1,320,079	880,459	853,579	196	1,441	7,811	3,123	11,338	152	2,819	4
5	Subject to declared value excess-profits tax and surtax 19/	217	33	26	105	2	(14)	16	8	28	-	284,971	241,008	235,473	9	27	693	425	4,271	37	72	5
6	Subject to surtax only 20/	23	5	4	5	(14)	(14)	1	2	5	-	4,857	3,918	3,800	4	9	36	8	57	1	3	6
7	Wholly tax-exempt 21/	169	32	20	37	2	(14)	14	4	60	-	194,967	145,291	140,401	57	71	1,005	667	2,410	18	662	7
8	Other interest	8,048	1,355	497	1,090	90	35	4,214	217	532	18	1,938,067	1,045,969	835,964	9,527	100,042	22,275	59,550	6,167	1,891	10,553	8
9	Rents 22/	99,067	45,839	2,347	8,903	6,421	169	26,945	5,887	2,257	299	1,493,701	109,271	88,230	1,734	1,361	744	9,034	1,342	5,742	1,085	9
10	Royalties 23/	4,369	278	117	901	28	6	1,068	322	1,649	-	115,840	45,970	1,361	166	96	5,210	1,873	145	36,857	262	10
11	Excess of net short-term capital gain over net long-term capital loss 24/	571	89	45	151	33	11	44	95	101	1	32,336	26,835	19,096	179	357	3,868	930	1,258	30	1,117	11
12	Excess of net long-term capital gain over net short-term capital loss 24/	15,558	3,611	1,648	2,580	1,114	127	4,287	1,113	1,046	33	479,891	372,816	210,182	3,024	2,419	111,302	26,668	10,039	1,413	7,768	12
13	Net gain, sales other than capital assets 25/	2,217	347	366	431	193	14	198	427	240	-	155,783	89,753	5,512	932	229	7,510	524	74,093	354	600	13
14	Dividends, domestic corporations 26/	39,168	1,304	866	2,377	40	23	33,782	434	244	96	604,282	458,781	16,812	226	2,456	159,382	267,750	10,321	665	1,171	14
15	Dividends, foreign corporations 27/	3,409	94	1	302	-	(14)	3,005	3	3	(14)	22,531	21,010	813	2	3	4,045	16,064	43	29	10	15
16	Other receipts	76,173	10,425	5,850	12,895	2,075	526	27,946	10,615	5,450	392	157,659	80,915	45,715	2,713	10,876	4,090	8,066	5,485	1,736	2,233	16
17	Total compiled receipts 9/	5,971,993	1,096,171	958,067	1,157,382	181,617	122,180	1,670,341	397,516	365,722	23,008	10,826,774	4,236,429	2,860,573	33,860	226,374	327,970	451,984	214,311	66,127	55,229	17
	Deductions:																					
18	Cost of goods sold 28/	552,202	215,297	119,134	63,515	57,763	37,226	19,570	19,313	18,761	1,622	39,775	18,091	-	-	-	-	11,716	-	6,374	-	18
19	Cost of operations 28/	2,528,364	221,700	419,868	601,043	42,689	43,819	864,251	150,804	172,782	11,407	141,609	43,058	316	1,385	14,589	-	3,045	19,747	2,737	1,238	19
20	Compensation of officers	245,940	21,710	58,908	73,470	11,646	8,913	27,257	16,722	25,931	1,383	34/513,539	330,414	247,075	5,643	17,366	7,204	10,174	34,452	3,258	5,244	20
21	Rent paid on business property	232,513	49,688	26,957	22,570	14,737	1,956	88,581	15,808	11,732	483	175,558	57,191	41,041	835	7,112	767	1,712	4,240	580	903	21
22	Repairs 29/	101,282	46,058	15,078	6,659	2,315	852	17,961	8,670	3,493	196	122,483	18,154	15,124	198	297	185	858	575	693	224	22
23	Bad debts	9,523	1,742	2,289	1,713	426	235	1,366	311	1,419	23	100,291	89,162	61,433	3,458	11,702	1,411	3,543	339	5,987	1,310	23
24	Interest paid	53,337	27,398	3,272	2,457	1,480	313	14,518	2,445	1,320	133	702,486	361,483	257,847	4,572	23,578	15,622	42,695	9,935	1,153	6,082	24
25	Taxes paid 30/	143,788	46,365	20,453	14,740	4,527	1,997	33,656	14,909	6,696	445	588,709	155,984	124,764	1,500	6,695	5,348	7,540	6,938	1,085	2,115	25
26	Contributions or gifts 31/	8,097	1,208	1,102	1,131	95	66	2,611	1,525	335	24	22,046	16,706	13,521	50	585	575	1,176	523	148	129	26
27	Depreciation	138,636	48,098	20,996	15,524	4,865	2,465	29,110	10,827	6,405	347	357,425	59,707	46,479	498	2,142	558	3,417	1,346	4,445	821	27
28	Depletion	365	56	38	5	53	3	85	96	27	1	23,374	3,508	178	8	2	1,912	1,284	5	44	75	28
29	Amortization 32/	1,306	56	104	161	63	222	391	41	261	7	7,110	5,303	-	-	3	7	5,106	1	149	37	29
30	Advertising	76,270	10,168	10,871	5,497	766	729	38,729	4,750	4,657	104	55,467	38,345	24,649	390	9,499	72	261	1,974	557	945	30
31	Amounts contributed under pension plan, etc.	19,189	610	698	9,241	49	132	6,458	663	1,280	58	42,743	34,350	31,419	27	703	70	650	1,121	186	175	31
32	Net loss, sales other than capital assets 25/	12,709	4,639	613	955	382	117	4,919	620	463	(14)	163,514	47,481	31,210	3,626	189	3,188	3,921	1,039	1,666	2,643	32
33	Other deductions	1,246,608	298,214	203,533	261,106	30,878	16,915	255,033	80,831	94,364	5,733	4,081,775	1,126,216	829,559	11,970	77,563	36,769	48,009	73,160	21,911	27,273	33
34	Total compiled deductions	5,370,129	993,008	903,915	1,079,785	172,734	115,962	1,404,498	328,335	349,927	21,966	35/7,137,906	2,405,152	1,724,615	34,139	172,022	73,689	145,108	155,395	50,973	49,212	34
35	Compiled net profit or net loss (17 less 34)	601,864	103,163	54,141	77,597	8,882	6,218	265,843	69,182	15,796	1,042	3,688,869	1,831,276	1,135,958	36/279	54,352	254,282	306,877	58,916	15,154	6,016	35
36	Net income or deficit 2/ (35 less 7)	601,695	103,131	54,121	77,559	8,880	6,218	265,829	69,178	15,736	1,042	3,493,901	1,685,985	995,557	36/336	54,281	253,277	306,209	56,506	15,137	5,354	36
37	Net operating loss deduction 33/	11,801	5,464	1,301	946	482	224	879	1,650	831	23	37,029	10,895	4,838	708	390	758	2,310	709	610	571	37
38	Adjusted excess profits net income 10/	233,932	35,259	11,712	25,687	1,359	2,328	102,548	45,593	8,759	687	74,574	23,865	13,284	62	2,707	155	1,216	3,297	1,962	1,183	38
39	Income tax 3/	131,970	25,533	13,466	18,981	2,286	1,361	53,325	11,695	5,049	275	602,980	385,726	284,099	2,031	18,899	15,378	37,655	14,921	8,991	3,750	39
40	Declared value excess-profits tax	2,248	532	275	248	90	30	279	618	169	7	3,174	1,242	769	19	59	68	49	209	25	45	40
41	Excess profits tax 4/	182,300	27,197	9,634	20,671	1,102	1,795	83,071	31,509	6,780	540	60,638	19,547	11,092	38	2,153	123	990	2,569	1,655	927	41
42	Total tax	316,519	53,262	23,375	39,899	3,479	3,187	136,675	43,822	11,998	821	666,795	406,514	295,960	2,089	21,112	15,568	38,693	17,699	10,671	4,722	42
43	Compiled net profit less total tax (35 less 42)	285,345	49,901	30,766	37,697	5,404	3,032	129,168	25,359	3,797	221	3,022,076	1,424,762	839,998	37/2,367	33,240	238,713	268,184	41,217	4,483	1,294	43
	Dividends paid:																					
44	Cash and assets other than own stock	132,252	11,535	11,386	20,534	3,789	547	70,905	9,934	3,382	240	1,117,710	829,041	280,678	2,952	25,548	234,373	261,042	8,377	6,465	9,604	44
45	Corporation's own stock	7,913	524	319	923	58	338	4,576	790	385	-	106,671	98,314	91,461	222	772	1,426	1,971	2,034	9	418	45

For footnotes, see pp. 29-30.

Table 2. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess-profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued											
		Finance, insurance, real estate, and lessors of real property - Continued						Agriculture, forestry, and fishery					
		Insurance carriers, agents, etc.											
		Total insurance carriers, agents, etc.	Insurance carriers	Insurance agents, brokers, etc.	Real estate, including lessors of buildings	Lessors of real property except buildings	Construction	Total agriculture, forestry, and fishery	Agriculture and services	Forestry	Fishery	Nature of business not allocable	
1	Number of returns 15/	7,594	2,002	5,592	88,751	6,284	11,834	6,152	5,637	261	254	5,367	1
	Receipts:												
2	Gross sales 16/	-	-	-	36,058	3,034	621,962	777,917	744,349	9,532	24,036	88,714	2
3	Gross receipts from operations 17/	2,348,949	2,118,379	230,570	919,338	-	2,249,765	153,423	140,357	5,142	7,923	59,099	3
	Interest on Government obligations (less amortizable bond premium):												
4	Wholly taxable 18/	431,549	431,183	366	5,775	2,295	1,913	683	621	33	28	136	4
5	Subject to declared value excess-profits tax and surtax 19/	43,369	43,330	39	467	126	125	401	399	2	-	7	5
6	Subject to surtax only 20/	866	860	5	69	4	12	5	4	(14)	(14)	3	6
7	Wholly tax-exempt 21/	48,821	48,791	30	739	117	293	155	149	5	(14)	122	7
8	Other interest	860,382	858,365	2,017	29,804	1,912	2,204	2,819	2,603	194	23	1,765	8
9	Rents 22/	115,953	114,393	1,560	1,124,327	144,149	11,938	10,866	10,432	397	37	3,520	9
10	Royalties 23/	100	35	65	3,255	66,516	398	3,289	3,091	198	1	403	10
11	Excess of net short-term capital gain over net long-term capital loss 24/	1,814	1,622	192	3,505	182	1,264	318	267	44	7	255	11
12	Excess of net long-term capital gain over net short-term capital loss 24/	32,507	31,301	1,206	66,179	8,389	13,718	16,498	14,026	1,847	624	3,237	12
13	Net gain, sales other than capital assets 25/	487	321	165	64,759	784	2,221	1,652	946	661	45	994	13
14	Dividends, domestic corporations 26/	127,115	123,697	3,419	16,623	1,762	11,299	12,610	12,530	53	27	905	14
15	Dividends, foreign corporations 27/	1,338	1,179	158	170	13	397	1,393	1,392	-	(14)	3	15
16	Other receipts	15,609	5,796	9,812	52,368	8,767	30,443	11,345	10,590	422	333	7,060	16
17	Total compiled receipts 9/	4,028,858	3,779,253	249,604	2,323,437	238,051	2,947,953	993,373	941,758	18,530	33,085	166,223	17
	Deductions:												
18	Cost of goods sold 28/	-	-	-	19,415	2,270	475,498	528,030	502,318	8,364	17,348	69,528	18
19	Cost of operations 28/	39,619	1,271	38,347	58,933	-	1,861,551	67,166	59,835	2,981	4,350	20,174	19
20	Compensation of officers	34/60,402	34/11,221	49,180	117,141	5,582	130,123	46,071	44,427	588	1,056	16,530	20
21	Rent paid on business property	22,628	14,538	8,091	92,350	3,390	14,271	8,729	8,459	53	217	3,265	21
22	Repairs 29/	2,164	1,563	601	100,934	1,231	18,705	14,026	13,028	132	866	1,767	22
23	Bad debts	1,952	906	1,046	8,645	532	3,693	1,238	1,072	118	48	1,384	23
24	Interest paid	4,151	3,088	1,063	284,309	52,543	8,688	8,400	7,523	692	184	2,589	24
25	Taxes paid 30/	85,642	81,576	4,066	327,722	19,361	33,219	22,904	21,692	782	430	3,702	25
26	Contributions or gifts 31/	2,023	1,433	590	3,129	188	1,899	1,375	1,337	6	32	177	26
27	Depreciation	21,958	20,546	1,412	265,849	9,911	35,244	27,185	26,134	313	737	3,567	27
28	Depletion	16	10	6	675	19,175	371	1,576	735	837	4	236	28
29	Amortization 32/	4	-	4	1,220	585	1,988	64	63	1	-	123	29
30	Advertising	9,296	6,872	2,425	7,779	46	6,044	5,654	5,595	3	56	1,329	30
31	Amounts contributed under pension plan, etc.	7,154	6,184	970	1,090	149	3,012	1,694	1,655	19	21	210	31
32	Net loss, sales other than capital assets 25/	6,338	6,193	145	98,224	11,470	2,992	5,611	4,101	1,359	151	3,737	32
33	Other deductions	2,269,957	2,155,886	114,071	656,662	28,941	237,741	119,683	114,225	1,775	3,683	33,450	33
34	Total compiled deductions	35/2,533,303	35/2,311,287	222,016	2,044,077	155,373	2,835,040	859,406	812,199	18,024	29,183	161,767	34
35	Compiled net profit or net loss (17 less 34)	1,495,555	1,467,966	27,589	279,360	82,678	112,913	133,967	129,559	506	3,902	4,456	35
36	Net income or deficit 2/ (35 less 7)	1,446,734	1,419,175	27,559	278,621	82,561	112,620	133,813	129,408	501	3,902	4,334	36
37	Net operating loss deduction 33/	2,064	1,672	393	22,949	1,121	5,773	2,412	2,133	129	151	891	37
38	Adjusted excess profits net income 10/	12,353	8,810	3,542	27,424	10,932	42,036	41,613	39,626	33	1,955	2,022	38
39	Income tax 3/	75,659	68,390	7,270	108,465	33,130	28,480	32,848	31,473	690	685	3,492	39
40	Declared value excess-profits tax	157	39	119	1,699	76	1,042	631	613	6	12	115	40
41	Excess profits tax 4/	10,340	7,459	2,881	21,479	9,273	32,611	30,249	28,693	28	1,528	1,755	41
42	Total tax	86,157	75,887	10,270	131,643	42,479	62,134	63,727	60,779	724	2,224	5,362	42
43	Compiled net profit less total tax (35 less 42)	1,409,398	1,392,079	17,319	147,717	40,199	50,780	70,240	68,780	37/218	1,678	37/906	43
	Dividends paid:												
44	Cash and assets other than own stock	128,890	117,195	11,695	96,096	63,683	29,470	27,584	25,995	1,383	207	5,501	44
45	Corporation's own stock	6,041	5,905	136	2,255	61	3,212	975	959	-	16	197	45

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax

(Money figures in thousands of dollars)

				Major industrial groups 7/														
				Mining and quarrying														
		All industrial groups		Total mining and quarrying		Metal mining		Anthracite mining		Bituminous coal, lignite, peat, etc.		Crude petroleum and natural gas production		Nonmetallic mining and quarrying		Mining and quarrying not allocable		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	281,244	93,706	3,444	2,950	194	509	84	59	871	472	1,569	1,348	708	460	18	102	1
	Assets:																	
2	Cash 39/	55,674,440	2,042,560	489,145	66,718	159,221	18,061	23,070	1,495	127,335	8,497	122,197	32,119	56,101	5,983	1,221	563	2
3	Notes and accounts receivable	49,799,069	2,474,470	412,626	88,008	97,660	14,828	25,805	3,425	149,607	15,883	103,099	45,267	35,943	7,825	512	779	3
4	Less: Reserve for bad debts	591,977	51,955	6,131	2,716	616	26	950	46	2,898	193	966	2,249	692	185	8	17	4
5	Inventories	24,463,783	1,603,460	260,711	45,755	107,660	12,434	9,076	867	51,671	8,169	55,740	19,621	36,299	4,158	265	506	5
6	Investments, Government obligations 40/	128,083,516	1,851,521	473,903	43,682	210,918	19,822	22,672	697	110,578	4,961	77,620	15,891	51,573	2,294	542	17	6
7	Other investments	70,314,871	3,711,045	518,480	104,247	178,791	21,695	22,151	718	143,169	8,910	148,206	64,914	25,984	6,337	178	1,673	7
8	Gross capital assets 41/ (except land)	121,052,668	17,390,965	4,355,563	1,605,126	1,062,130	463,986	391,869	20,607	1,119,140	214,639	1,444,335	775,405	335,554	114,364	2,535	16,126	8
9	Less: Reserves	48,496,323	6,171,661	2,407,869	784,282	675,612	231,048	189,597	10,672	552,022	104,801	811,782	379,091	177,396	56,839	1,460	1,830	9
10	Land	6,678,194	1,603,405	71,929	65,979	5,702	32,333	4,006	157	18,865	14,362	25,549	12,691	17,174	4,884	633	1,552	10
11	Other assets	8,882,202	1,147,016	121,014	41,238	41,298	14,407	13,059	722	21,323	4,666	32,059	16,371	13,143	4,416	131	656	11
12	Total assets 42/	415,860,443	25,600,826	4,289,372	1,273,756	1,187,152	366,493	321,161	17,970	1,186,768	175,093	1,196,057	600,938	393,684	93,237	4,549	20,025	12
	Liabilities:																	
13	Accounts payable	15,398,527	2,056,453	324,079	112,894	68,274	21,499	17,687	5,611	77,436	26,504	142,216	49,277	18,119	8,941	347	1,061	13
	Bonds, notes, mortgages payable:																	
14	Maturity less than 1 year	6,099,546	1,108,803	108,924	56,518	10,942	7,143	2,133	1,797	28,153	7,143	59,705	35,588	7,920	4,486	72	360	14
15	Maturity 1 year or more	33,434,015	7,553,159	293,682	256,575	33,970	33,324	54,022	2,852	79,124	39,941	101,624	159,156	24,803	19,499	139	1,803	15
16	Other liabilities	216,369,216	4,916,375	250,334	80,010	81,039	19,523	17,242	2,835	76,067	11,779	56,945	39,188	18,721	5,727	320	957	16
17	Capital stock, preferred	13,416,667	1,346,974	149,990	45,162	38,363	3,629	12,940	857	30,824	8,683	45,966	21,599	21,768	9,896	130	498	17
18	Capital stock, common	57,692,498	7,054,902	1,290,248	607,319	288,316	218,950	96,353	5,068	371,516	67,626	402,289	256,449	130,668	40,601	1,106	18,625	18
19	Surplus reserves	10,462,884	593,757	182,595	76,432	61,180	12,213	7,976	805	40,878	3,976	41,080	55,033	31,459	2,313	22	2,092	19
20	Surplus and undivided profits 43/	66,866,479	5,661,764	1,884,852	352,189	636,922	111,972	131,093	3,685	527,643	41,651	436,383	168,232	150,265	23,300	2,545	3,349	20
21	Less: Deficit 44/	3,879,390	4,691,362	195,332	313,342	31,854	61,761	18,286	5,540	44,872	32,212	90,152	183,583	10,039	21,526	131	8,721	21
22	Total liabilities 42/	415,860,443	25,600,826	4,289,372	1,273,756	1,187,152	366,493	321,161	17,970	1,186,768	175,093	1,196,057	600,938	393,684	93,237	4,549	20,025	22
	Receipts:																	
23	Gross sales 16/	191,286,396	10,259,372	2,757,398	441,540	608,464	70,071	274,221	38,746	1,202,677	133,961	390,164	160,036	279,740	38,388	2,133	338	23
24	Gross receipts from operations 17/	34,932,318	4,977,597	420,433	121,125	27,396	3,991	25,199	11,803	103,662	50,354	235,855	46,907	26,245	7,777	2,077	293	24
	Interest on Government obligations (less amortizable bond premium):																	
25	Wholly taxable 18/	1,467,638	22,872	5,817	478	3,193	241	293	14	1,135	58	670	145	521	20	4	(14)	25
26	Subject to declared value excess-profits tax and surtax 19/	295,228	4,850	517	46	122	27	24	2	146	11	170	4	56	1	-	(14)	26
27	Subject to surtax only 20/	5,396	87	28	1	(14)	1	(14)	-	23	-	2	(14)	3	(14)	-	-	27
28	Wholly tax-exempt 21/	200,978	4,728	184	97	61	6	3	(14)	32	2	56	60	32	29	-	-	28
29	Other interest	2,149,359	57,040	5,250	772	1,485	89	345	7	1,867	202	1,301	388	247	81	5	4	29
30	Rents 22/	1,937,974	318,867	20,591	3,295	939	579	4,552	35	10,725	1,486	2,876	845	1,457	344	43	6	30
31	Royalties 23/	228,882	19,062	21,319	3,888	1,710	95	7,323	16	6,518	1,206	4,834	2,530	925	33	10	7	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	38,121	4,350	1,032	389	248	1	9	(14)	46	4	680	380	50	3	-	1	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	803,489	32,407	37,183	4,522	3,966	236	3,746	40	3,708	291	24,667	3,768	1,073	156	24	31	33
34	Net gain, sales other than capital assets 25/	157,348	17,901	1,905	1,321	5	41	98	91	283	71	1,444	967	73	148	(14)	2	34
35	Dividends, domestic corporations 26/	1,371,298	29,922	20,788	780	7,974	38	111	4	3,239	116	8,270	571	1,194	52	(14)	-	35
36	Dividends, foreign corporations 27/	132,008	1,925	427	(14)	286	(14)	(14)	-	97	-	44	(14)	1	(14)	-	-	36
37	Other receipts	1,743,488	135,429	24,701	7,599	5,819	2,003	1,852	240	6,088	1,222	8,515	3,413	2,364	677	64	44	37
38	Total compiled receipts 9/	236,749,921	15,886,409	3,317,576	585,853	661,669	77,420	317,775	50,999	1,340,245	188,983	679,547	220,016	313,980	47,710	4,361	726	38
	Deductions:																	
39	Cost of goods sold 28/	147,423,456	8,404,446	1,969,144	320,319	427,635	50,877	233,507	35,830	946,409	116,311	194,622	87,463	165,817	29,471	1,154	367	39
40	Cost of operations 28/	19,212,127	3,147,342	278,738	87,989	15,049	3,386	18,189	10,140	75,348	41,671	151,943	27,262	16,687	5,383	1,522	147	40
41	Compensation of officers	34/3,672,756	34/361,608	38,716	11,792	3,248	1,023	2,031	656	13,069	2,181	11,243	5,689	8,983	2,150	142	92	41
42	Rent paid on business property	2,208,831	306,081	19,034	5,503	3,864	336	1,533	332	4,321	1,404	7,378	3,047	1,936	374	5	9	42
43	Repairs 29/	2,342,161	254,802	56,405	7,906	3,947	1,931	9,412	169	26,534	2,329	5,685	1,301	10,747	2,161	80	15	43
44	Bad debts	216,458	52,694	6,294	1,420	4,442	112	478	106	621	337	494	717	259	124	1	24	44
45	Interest paid	1,923,125	334,911	16,033	9,681	2,672	990	2,520	150	4,286	1,614	5,199	5,784	1,311	1,082	46	61	45
46	Taxes paid 30/	5,014,534	499,194	89,420	19,221	22,660	4,501	9,345	900	30,014	4,762	18,905	7,856	8,417	1,158	59	45	46
47	Contributions or gifts 31/	261,487	2,095	2,990	126	955	28	141	2	920	18	599	71	372	7	2	(14)	47
48	Depreciation	3,489,348	431,553	109,187	35,134	15,797	6,175	6,042	1,462	35,065	5,628	40,371	18,923	11,780	2,859	132	88	48
49	Depletion	597,871	81,553	168,235	41,189	44,049	4,916	7,130	224	36,477	2,565	67,842	33,231	12,427	224	310	29	49
50	Amortization 32/	1,630,140	301,321	21,491	6,562	11,266	2,158	1,365	-	3,041	994	5,208	1,835	538	1,575	73	-	50
51	Advertising	1,812,705	93,912	3,350	377	188	135	550	23	908	97	1,051	61	647	61	7	(14)	51
52	Amounts contributed under pension plan, etc.	741,348	22,304	5,199	856	903	50	306	2	488	41	3,074	697	417	67	11	-	52
53	Net loss, sales other than capital assets 25/	209,736	205,304	4,820	6,088	44	1,827	615	5	2,098	2,043	1,141	1,398	917	128	5	688	53
54	Other deductions	23,847,936	2,313,507	231,530	82,471	25,648	8,650	14,347	2,910	79,484	14,942	80,997	49,719	30,751	5,845	304	405	54
55	Total compiled deductions	35/214,604,019	35/16,812,630	3,020,584	636,635	582,386	87,096	307,509	52,911	1,259,083	196,938	595,751	245,053	272,004	52,668	3,850	1,970	55
56	Compiled net profit or net loss (38 less 55)	22,145,902	36/926,221	296,993	36/50,781	79,283	36/9,676	10,266	36/1,913	81,162	36/7,955	83,796	36/25,037	41,976	36/4,958	511	36/1,244	56
57	Net income or deficit 2/ (56 less 28)	21,944,924	36/930,949	296,809	36/50,878	79,222	36/9,682	10,263	36/1,913	81,129	36/7,957	83,740	36/25,096	41,944	36/4,987	511	36/1,244	57
58	Net operating loss deduction 33/	109,185	-	3,623	-	501	-	520	-	1,151	-	933	-	508	-	10	-	58
59	Adjusted excess profits net income 10/	8,245,384	-	38,433	-	2,498	-	895	-	13,566	-	8,377	-	13,033	-	65	-	59
60	Income tax 3/	4,139,898	-	85,650	-	24,105	-	2,944	-	24,465	-	23,788	-	10,192	-	156	-	60
61	Declared value excess-profits tax	53,740	-	341	-	54	-	10	-	91	-	76	-	110	-	-	-	61
62	Excess profits tax 4/	6,508,046	-	31,371	-	2,136	-	596	-	10,965	-	6,636	-	10,983	-	54	-	62
63	Total tax	10,701,683	-	117,362	-	26,295	-	3,551	-	35,521	-	30,501	-	21,285	-	210	-	63
64	Compiled net profit less total tax (56 less 63)	11,444,219	36/926,221	179,630	36/50,781	52,988	36/9,676	6,715	36/1,913	45,640	36/7,955	53,295	36/25,037	20,691	36/4,958	301	36/1,244	64
	Dividends paid:																	
65	Cash and assets other than own stock	5,861,849	147,259	142,728	13,251	51,023	1,050	6,454	43	25,997	2,848	41,185	9,147	17,844	155	225	8	65
66	Corporation's own stock	326,544	5,113	1,844	64	90	-	-	-	392	-	625	58	737	6	-	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Manufacturing																		
		Total manufacturing		Food and kindred products		Beverages		Tobacco manufactures		Cotton manufactures		Textile mill products, except cotton		Apparel and products made from fabrics		Leather and products		Rubber products		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	59,844	15,371	6,776	1,368	2,018	458	175	21	754	50	3,088	396	6,285	1,047	1,736	272	357	86	1
	Assets:																			
2	Cash 39/	10,577,786	692,158	887,003	24,724	261,602	8,285	88,113	62	170,123	6,432	397,918	6,646	256,379	5,729	148,314	3,352	178,658	2,596	2
3	Notes and accounts receivable	13,037,061	834,681	898,278	41,293	199,565	12,703	301,813	74	164,987	2,312	355,055	6,225	257,091	8,007	157,047	5,474	289,339	7,799	3
4	Less: Reserve for bad debts	283,522	19,260	22,786	800	8,442	212	2,621	3	2,873	41	11,020	321	9,241	200	5,274	97	11,880	85	4
5	Inventories	16,179,819	1,076,440	1,639,552	62,874	498,628	58,566	1,140,873	473	485,829	3,429	741,685	9,578	461,826	12,649	324,943	9,456	335,999	7,893	5
6	Investments, Government obligations 40/	10,741,069	275,008	670,104	19,851	229,943	4,750	17,901	5	203,985	2,754	403,694	2,569	161,348	1,619	122,378	1,311	213,735	1,143	6
7	Other investments	9,693,472	366,698	673,577	15,478	171,278	4,559	85,649	1	109,043	1,588	223,306	1,690	83,105	1,738	53,699	1,603	123,795	2,679	7
8	Gross capital assets 41/ (except land)	47,733,459	4,337,104	3,829,526	212,863	888,651	58,788	247,761	238	1,082,985	9,274	1,541,418	22,615	274,172	12,214	271,820	11,892	859,715	26,301	8
9	Less: Reserves	26,413,611	2,310,644	1,936,943	99,068	386,530	19,664	105,818	66	650,027	4,291	856,615	12,004	141,693	5,320	156,409	4,148	517,463	14,692	9
10	Land	1,598,372	199,948	251,247	21,169	65,638	5,413	9,136	17	25,011	438	53,571	1,195	14,529	471	13,726	227	16,525	736	10
11	Other assets	2,430,585	283,632	186,507	17,829	94,731	4,476	20,088	59	32,969	745	86,561	1,956	49,503	2,371	27,255	1,376	29,166	1,178	11
12	Total assets 42/	85,294,490	5,735,766	7,076,064	316,214	2,015,064	137,663	1,802,896	860	1,622,034	22,638	2,935,573	40,150	1,407,020	39,278	957,499	30,444	1,517,589	35,548	12
	Liabilities:																			
13	Accounts payable	7,696,249	625,903	569,023	43,186	165,867	33,769	66,492	142	88,548	1,114	202,713	6,477	191,755	6,951	97,212	5,503	141,669	4,544	13
	Bonds, notes, mortgages payable:																			
14	Maturity less than 1 year	2,412,436	321,584	218,585	21,816	59,349	19,594	273,498	197	70,734	466	77,946	2,439	76,932	5,064	27,129	1,973	9,785	2,648	14
15	Maturity 1 year or more	5,697,403	687,327	550,819	48,864	240,474	8,145	329,131	121	46,239	5,357	161,767	6,721	47,938	4,083	36,669	1,057	188,312	6,164	15
16	Other liabilities	9,056,990	381,869	615,744	17,559	282,564	17,695	99,907	76	154,157	1,553	295,054	2,573	174,607	3,995	85,829	1,523	254,212	1,673	16
17	Capital stock, preferred	5,652,512	406,792	625,424	19,994	113,712	2,535	198,105	25	84,542	1,380	272,479	1,981	87,763	1,613	79,001	1,777	227,492	2,273	17
18	Capital stock, common	21,031,483	1,354,347	1,881,048	107,496	337,323	33,215	429,209	386	424,129	9,051	717,350	17,293	327,335	15,028	251,500	10,999	270,490	8,337	18
19	Surplus reserves	5,822,040	219,580	479,717	5,099	102,120	671	33,758	-	148,346	3,457	194,875	381	60,683	482	66,673	1,180	97,924	1,311	19
20	Surplus and undivided profits 43/	28,456,727	2,123,909	2,195,801	81,123	725,307	32,696	373,642	36	616,118	4,832	1,056,189	8,577	449,828	7,105	327,114	9,937	345,503	9,664	20
21	Less: Deficit 44/	531,349	385,545	60,097	28,924	11,651	10,657	847	124	10,778	4,572	42,800	6,292	9,822	5,042	13,629	3,505	17,796	1,065	21
22	Total liabilities 42/	85,294,490	5,735,766	7,076,064	316,214	2,015,064	137,663	1,802,896	860	1,622,034	22,638	2,935,573	40,150	1,407,020	39,278	957,499	30,444	1,517,589	35,548	22
	Receipts:																			
23	Gross sales 16/	124,876,085	7,205,410	18,013,627	907,219	4,209,928	149,745	2,203,232	2,395	2,683,165	29,478	4,587,395	63,810	3,713,510	95,976	2,111,801	47,195	3,219,201	59,991	23
24	Gross receipts from operations 17/	5,469,417	449,237	104,020	8,812	11,163	954	4,282	-	19,366	72	149,579	3,573	89,392	13,728	9,084	320	44,532	443	24
	Interest on Government obligations (less amortizable bond premium):																			
25	Wholly taxable 18/	105,804	3,379	5,897	133	1,866	44	176	-	2,058	25	4,295	30	1,553	23	1,426	25	2,515	21	25
26	Subject to declared value excess-profits tax and surtax 19/	10,530	375	640	19	115	(14)	125	-	85	-	72	1	134	-	61	(14)	48	(14)	26
27	Subject to surtax only 20/	439	3	12	(14)	7	-	2	-	9	-	4	1	2	-	2	-	4	-	27
28	Wholly tax-exempt 21/	6,401	141	804	36	235	7	77	-	98	-	136	2	61	-	57	(14)	5	(14)	28
29	Other interest	114,186	5,289	9,975	220	2,934	170	797	(14)	1,654	16	3,156	24	1,374	29	793	13	948	7	29
30	Rents 22/	191,356	14,293	17,803	1,342	4,711	681	2,855	2	7,381	54	5,892	170	2,634	86	1,336	31	4,040	8	30
31	Royalties 23/	87,252	3,768	2,694	49	405	7	4	-	82	-	894	8	4,117	22	109	1	2,114	2	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	3,527	448	378	9	91	2	11	-	70	-	191	14	66	30	86	-	6	(14)	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	193,094	8,531	11,401	283	4,790	307	977	-	6,019	26	6,343	57	1,504	46	1,301	33	742	21	33
34	Net gain, sales other than capital assets 25/	4,678	1,666	590	289	161	193	2	(14)	153	5	206	8	86	30	50	17	7	7	34
35	Dividends, domestic corporations 26/	349,205	5,875	20,223	119	3,598	134	3,558	-	6,218	35	5,597	18	1,710	22	1,569	26	1,530	53	35
36	Dividends, foreign corporations 27/	75,928	1,291	6,754	(14)	107	-	647	-	39	91	794	-	39	-	84	-	6,552	-	36
37	Other receipts	915,407	51,910	107,802	11,285	16,483	1,977	3,627	17	12,119	180	22,280	419	12,759	353	9,904	307	9,902	272	37
38	Total compiled receipts 9/	132,403,309	7,751,618	18,302,619	929,815	4,256,595	154,221	2,220,371	2,414	2,738,517	29,983	4,786,835	68,137	3,828,942	110,347	2,137,662	47,968	3,292,146	60,823	38
	Deductions:																			
39	Cost of goods sold 28/	95,774,047	5,965,051	14,906,777	834,059	2,647,404	124,765	1,836,330	2,010	2,162,903	24,864	3,583,814	52,038	2,909,564	80,054	1,727,413	40,911	2,455,452	46,227	39
40	Cost of operations 28/	3,944,236	340,821	43,757	5,220	4,402	479	261	-	8,054	18	98,363	2,244	66,546	9,463	5,641	248	298	337	40
41	Compensation of officers	1,579,688	136,723	140,569	8,140	40,060	3,495	6,315	72	24,586	491	91,559	3,149	128,442	6,437	45,440	2,039	15,660	1,152	41
42	Rent paid on business property	540,103	43,723	45,896	3,066	8,876	971	1,777	28	2,256	96	16,318	772	27,853	1,675	10,549	465	10,503	223	42
43	Repairs 29/	1,856,406	176,550	186,939	7,511	33,674	832	3,153	7	33,904	551	56,656	913	8,812	399	15,049	427	48,249	1,310	43
44	Bad debts	52,609	12,827	5,299	860	1,756	173	255	1	307	7	1,345	40	1,049	107	556	13	426	14	44
45	Interest paid	404,778	37,289	37,546	2,879	11,486	1,154	15,286	6	5,503	240	13,147	367	5,882	487	3,127	174	8,670	393	45
46	Taxes paid 30/	2,605,030	144,653	186,733	7,972	621,823	5,966	97,201	52	39,410	387	65,185	1,017	41,516	1,435	23,364	570	74,908	909	46
47	Contributions or gifts 31/	147,969	894	12,395	81	5,626	32	1,401	(14)	6,430	1	9,592	15	6,335	21	2,949	12	2,160	24	47
48	Depreciation	1,655,097	153,172	148,223	7,824	41,574	2,310	6,567	25	33,834	372	57,679	1,056	13,635	734	10,702	336	32,954	1,403	48
49	Depletion	382,754	34,166	387	41	607	-	-	-	15	16	29	4	17	(14)	56	-	173	-	49
50	Amortization 32/	1,102,501	167,047	7,647	1,924	2,906	1,031	-	-	4,582	-	6,203	45	431	96	213	-	82,533	3,803	50
51	Advertising	1,089,470	57,987	198,740	2,760	91,815	4,083	45,707	29	6,147	31	21,524	327	25,058	376	12,521	166	29,453	811	51
52	Amounts contributed under pension plan, etc.	445,984	13,983	35,053	1,069	6,345	656	2,223	-	3,160	-	8,467	16	4,138	41	3,455	20	3,712	100	52
53	Net loss, sales other than capital assets 25/	83,788	32,186	15,350	5,141	3,811	58	170	-	995	4,888	4,296	1,400	652	59	336	29	4,228	20	53
54	Other deductions	10,247,148	746,881	1,333,745	63,612	317,496	16,886	63,555	315	128,872	2,435	300,281	7,488	345,221	12,708	139,565	4,062	275,217	5,833	54
55	Total compiled deductions	121,911,609	8,063,952	17,305,056	952,158	3,839,660	162,891	2,080,202	2,544	2,460,956	34,399	4,334,456	70,893	3,585,150	114,094	2,000,937	49,471	3,044,594	62,559	55
56	Compiled net profit or net loss (38 less 55)	10,491,699	36/312,334	997,563	36/22,343	416,936	36/8,670	140,170	36/130	277,561	36/4,416	452,379	36/2,757	243,791	36/3,746	136,725	36/1,503	247,552	36/1,735	56
57	Net income or deficit 2/ (56 less 28)	10,485,298	36/312,475	996,759	36/22,379	416,701	36/8,677	140,093	36/130	277,463	36/4,416	452,243	36/2,759	243,731	36/3,746	136,667	36/1,503	247,546	36/1,735	57
58	Net operating loss deduction 33/	29,759	-	3,015	-	1,677	-	112	-	291	-	1,437	-	904	-	361	-	92	-	58
59	Adjusted excess profits net income 10/	5,208,460	-	432,642	-	230,070	-	13,268	-	172,558	-	245,158	-	126,505	-	62,328	-	170,861	-	59
60	Income tax 3/	1,933,090	-	220,714	-	73,609	-	49,105	-	41,099	-	81,290	-	41,417	-	28,322	-	30,243	-	60
61	Declared value excess-profits tax	29,858	-	4,067	-	2,037	-	20	-	491	-	1,472	-	1,676	-	652	-	535	-	61
62	Excess profits tax 4/	4,101,086	-	323,468	-	179,462	-	10,843	-	135,535	-	188,612	-	95,055	-	48,179	-	138,822	-	62
63	Total tax	6,064,034	-	548,249	-	255,108	-	59,969	-	177,125	-	271,374	-	138,148	-	77,154	-	169,601	-	63
64	Compiled net profit less total tax (56 less 63)	4,427,665	36/312,334	449,314	36/22,343	161,828	36/8,670	80,201	36/130	100,436	36/4,416	181,004	36/2,757	105,643	36/3,746	59,571	36/1,503	77,951	36/1,735	64
	Dividends paid:																			
65	Cash and assets other than own stock	2,740,109	60,919	256,622	1,729	72,054	159	64,819	25	38,938	59	80,834	785	25,613	48	26,942	177	39,053	568	65
66	Corporation's own stock	143,174	2,558	11,329	288	2,023	27	78	-	4,148	-	11,833	5	6,971	43	4,706	77	738	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Manufacturing - Continued																		
		Lumber and timber basic products		Furniture and finished lumber products		Paper and allied products		Printing and publishing industries		Chemicals and allied products		Petroleum and coal products		Stone, clay, and glass products		Iron, steel, and products		Nonferrous metals and their products		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	1,527	623	3,012	717	1,820	226	7,636	1,615	4,253	1,551	306	124	1,905	749	4,982	1,342	1,814	525	1
	Assets:																			
2	Cash 39/	126,013	10,639	145,076	8,393	308,192	5,224	443,361	5,808	1,003,167	46,808	883,803	49,952	256,315	12,573	1,546,088	109,108	279,912	5,859	2
3	Notes and accounts receivable	120,327	15,737	154,999	16,473	297,061	6,926	474,217	14,807	831,130	54,464	994,508	73,498	214,636	18,858	1,639,611	154,261	355,980	12,265	3
4	Less: Reserve for bad debts	3,408	800	6,935	597	11,281	294	18,194	929	29,513	1,201	9,460	1,959	7,984	2,391	38,057	3,789	8,485	534	4
5	Inventories	153,272	19,678	249,076	23,801	409,250	10,379	267,386	7,215	1,290,649	79,984	1,024,983	90,685	272,338	24,002	2,101,063	220,199	567,411	12,732	5
6	Investments, Government obligations 40/	134,683	5,578	137,028	3,749	334,049	3,201	460,786	1,087	830,753	45,404	910,508	34,422	326,499	7,017	1,978,211	65,204	358,039	3,957	6
7	Other investments	113,096	7,616	85,967	5,408	378,766	28,962	527,525	4,740	1,610,518	77,538	1,679,596	39,630	142,609	6,673	1,347,615	59,096	334,896	2,749	7
8	Gross capital assets 41/ (except land)	854,748	114,927	481,134	46,764	2,009,859	52,483	1,523,350	34,390	3,818,062	380,870	11,013,134	941,881	1,362,130	216,686	8,051,160	968,405	2,319,097	40,452	8
9	Less: Reserves	359,546	50,735	260,511	22,579	1,100,905	24,486	662,731	16,318	2,097,339	210,677	6,035,627	492,529	766,187	110,652	4,581,520	554,751	1,505,543	18,004	9
10	Land	47,396	12,144	32,295	3,909	62,799	1,112	100,659	1,404	134,619	8,495	233,224	40,814	49,827	9,730	194,610	36,939	25,465	1,664	10
11	Other assets	52,598	6,358	33,167	4,964	78,740	3,951	109,479	3,783	165,915	22,427	252,138	17,907	54,662	6,533	382,682	48,659	79,434	5,390	11
12	Total assets 42/	1,239,179	141,142	1,051,295	90,284	2,766,531	87,458	3,225,839	55,989	7,557,961	504,111	10,946,807	794,302	1,904,845	189,029	12,621,463	1,103,332	2,806,205	66,530	12
	Liabilities:																			
13	Accounts payable	60,603	15,251	76,908	11,724	152,506	5,930	227,115	12,984	492,934	46,215	652,750	59,305	106,021	14,859	1,251,461	104,567	204,576	8,626	13
	Bonds, notes, mortgages payable:																			
14	Maturity less than 1 year	39,408	12,236	34,981	10,239	49,512	4,852	100,378	5,402	187,012	29,089	96,062	20,680	43,489	9,763	268,554	42,423	67,573	7,430	14
15	Maturity 1 year or more	57,647	23,406	37,231	8,879	272,012	14,103	215,942	11,874	374,184	65,981	1,492,425	119,466	75,517	21,927	681,158	98,320	161,646	6,648	15
16	Other liabilities	88,367	14,351	106,058	6,157	223,734	2,040	487,387	10,138	686,452	30,396	352,263	31,935	139,989	9,010	1,296,008	52,089	233,674	5,853	16
17	Capital stock, preferred	41,355	2,937	67,271	6,105	403,959	2,520	203,811	3,413	644,219	56,539	332,147	69,391	133,776	20,777	847,023	139,288	250,660	3,674	17
18	Capital stock, common	495,526	57,975	312,927	36,345	658,695	21,163	739,964	24,473	2,090,397	121,848	3,657,341	249,559	649,068	83,955	2,656,224	288,127	939,688	18,038	18
19	Surplus reserves	48,534	2,186	43,320	1,644	118,013	20,513	157,189	895	470,847	49,958	660,634	16,319	94,146	5,562	744,595	46,834	144,845	1,128	19
20	Surplus and undivided profits 43/	473,940	43,455	384,142	26,450	905,743	20,010	1,144,924	9,684	2,640,478	168,275	3,708,912	234,644	692,551	52,389	4,903,215	362,393	812,186	22,816	20
21	Less: Deficit 44/	66,200	30,656	11,542	17,258	17,643	3,674	50,871	22,873	28,563	64,190	5,727	6,996	29,711	29,213	26,775	30,708	8,643	7,683	21
22	Total liabilities 42/	1,239,179	141,142	1,051,295	90,284	2,766,531	87,458	3,225,839	55,989	7,557,961	504,111	10,946,807	794,302	1,904,845	189,029	12,621,463	1,103,332	2,806,205	66,530	22
	Receipts:																			
23	Gross sales 16/	1,216,706	135,839	1,817,914	131,591	3,416,656	71,938	3,390,647	69,216	8,784,506	530,962	8,352,152	706,221	2,140,829	131,089	16,387,852	1,383,155	3,716,535	120,508	23
24	Gross receipts from operations 17/	29,107	4,390	15,918	683	7,263	495	234,343	21,093	338,403	6,979	559,134	52,589	10,391	5,061	434,571	11,018	84,168	4,765	24
	Interest on Government obligations (less amortizable bond premium):																			
25	Wholly taxable 18/	1,650	53	1,434	41	3,663	41	4,523	34	8,592	480	6,561	304	2,749	88	19,413	1,011	3,928	.67	25
26	Subject to declared value excess-profits tax and surtax 19/	70	2	171	3	415	(14)	1,102	2	624	184	1,251	3	389	4	1,332	31	92	-	26
27	Subject to surtax only 20/	14	(14)	15	-	5	(14)	30	(14)	21	-	88	(14)	6	(14)	47	(14)	2	-	27
28	Wholly tax-exempt 21/	109	(14)	178	7	218	(14)	408	1	608	11	549	3	104	4	710	18	88	(14)	28
29	Other interest	1,581	129	880	79	2,970	663	2,647	35	6,797	244	15,726	694	1,396	117	15,121	1,183	1,361	41	29
30	Rents 22/	4,253	620	2,406	348	6,618	52	11,016	569	11,232	748	53,428	1,571	2,707	647	23,170	2,005	3,390	94	30
31	Royalties 23/	2,265	79	162	79	2,309	(14)	7,864	457	12,273	181	12,642	438	2,510	52	8,887	406	1,325	24	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	187	89	69	5	74	(14)	107	4	217	45	142	46	186	25	387	74	65	10	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	37,582	1,244	3,577	163	11,164	33	7,234	54	12,136	798	16,725	610	4,415	234	13,248	981	4,155	86	33
34	Net gain, sales other than capital assets 25/	634	188	152	77	103	12	400	36	177	84	53	74	127	97	212	202	98	29	34
35	Dividends, domestic corporations 26/	2,709	16	1,527	75	7,628	116	14,170	30	82,847	286	93,183	695	3,285	67	27,387	1,972	13,640	47	35
36	Dividends, foreign corporations 27/	53	(14)	329	-	1,427	146	1,012	-	7,275	6	22,895	79	2,844	1	3,624	5	3,876	(14)	36
37	Other receipts	11,969	1,685	10,690	985	21,271	261	34,387	1,113	35,376	3,006	253,581	3,795	22,777	1,708	66,707	8,155	28,466	907	37
38	Total compiled receipts 9/	1,308,888	144,336	1,855,424	134,137	3,481,784	73,757	3,709,892	92,643	9,301,082	544,015	9,388,109	767,122	2,194,713	139,194	17,002,670	1,410,225	3,861,189	126,578	38
	Deductions:																			
39	Cost of goods sold 28/	904,267	115,838	1,363,830	111,257	2,504,696	58,546	2,044,795	44,901	5,989,862	376,941	6,206,522	522,726	1,496,194	104,749	12,775,991	1,145,794	2,894,300	101,675	39
40	Cost of operations 28/	17,584	3,553	10,519	463	3,247	363	118,998	13,183	291,033	3,536	296,545	25,484	5,507	4,685	269,432	5,589	51,176	3,670	40
41	Compensation of officers	27,260	4,272	55,839	5,449	61,013	2,146	138,896	6,551	111,827	10,086	20,481	1,420	41,112	5,128	190,759	21,958	55,680	5,399	41
42	Rent paid on business property	3,293	505	9,585	1,111	15,430	450	33,815	2,097	28,758	4,373	83,860	4,836	6,907	877	69,630	5,657	31,090	1,077	42
43	Repairs 29/	12,666	1,489	21,997	1,563	83,707	1,495	18,613	447	127,929	17,142	199,340	6,311	52,704	3,318	425,550	63,687	55,177	1,739	43
44	Bad debts	1,555	581	1,219	238	916	160	6,834	290	6,061	367	3,816	315	1,041	154	5,320	1,492	1,501	273	44
45	Interest paid	4,268	1,372	3,647	717	13,142	508	11,272	480	22,346	3,689	56,175	4,880	5,139	1,264	85,131	5,994	10,459	526	45
46	Taxes paid 30/	22,977	2,758	30,236	2,498	55,134	1,062	58,818	1,261	120,013	6,368	244,304	35,063	33,881	2,852	263,478	24,147	59,058	2,259	46
47	Contributions or gifts 31/	1,184	31	2,396	14	4,742	13	10,028	43	11,316	42	3,434	88	3,208	34	18,680	97	4,849	33	47
48	Depreciation	25,251	4,253	19,500	1,952	72,801	1,464	43,062	1,227	151,917	14,610	315,136	26,826	44,919	6,287	263,525	31,758	52,458	2,196	48
49	Depletion	32,597	2,431	1,894	68	4,611	99	83	6	11,605	340	287,306	26,631	1,699	187	20,039	3,397	19,542	80	49
50	Amortization 32/	1,799	228	1,545	211	12,364	116	482	15	116,363	48,661	254,005	33,085	10,826	299	246,173	33,522	81,840	1,286	50
51	Advertising	2,848	136	8,760	394	12,715	236	21,432	820	252,998	12,481	42,252	5,016	15,617	752	64,847	4,999	24,150	651	51
52	Amounts contributed under pension plan, etc.	1,930	26	2,953	80	10,567	78	16,900	68	48,719	1,813	78,247	2,871	7,488	45	70,751	2,729	10,412	108	52
53	Net loss, sales other than capital assets 25/	401	725	679	763	2,408	538	1,922	300	7,338	3,200	5,361	533	2,010	2,659	13,411	7,007	1,758	117	53
54	Other deductions	126,978	13,756	179,610	14,607	281,140	8,895	598,097	27,104	948,807	68,444	936,633	90,179	243,395	18,158	939,159	99,590	232,088	13,416	54
55	Total compiled deductions	1,186,860	151,955	1,714,211	141,385	3,138,633	76,168	3,124,044	98,793	8,246,894	572,092	9,033,415	786,263	1,971,649	151,447	15,721,876	1,457,416	3,585,539	134,506	55
56	Compiled net profit or net loss (38 less 55)	122,028	36/7,619	141,213	36/7,248	343,151	36/2,411	585,848	36/6,150	1,054,188	36/28,077	354,693	36/19,140	223,064	36/12,253	1,280,794	36/47,191	275,650	36/7,927	56
57	Net income or deficit 2/ (56 less 28)	121,919	36/7,619	141,035	36/7,256	342,933	36/2,411	585,440	36/6,151	1,053,580	36/28,088	354,144	36/19,143	222,961	36/12,257	1,280,083	36/47,209	275,562	36/7,927	57
58	Net operating loss deduction 33/	1,363	-	1,117	-	933	-	2,646	-	2,244	-	451	-	2,591	-	3,495	-	427	-	58
59	Adjusted excess profits net income 10/	29,487	-	55,916	-	157,461	-	316,018	-	412,000	-	13,014	-	81,907	-	717,183	-	109,803	-	59
60	Income tax 3/	29,881	-	30,079	-	69,068	-	97,105	-	224,217	-	94,336	-	52,523	-	210,912	-	58,349	-	60
61	Declared value excess-profits tax	195	-	559	-	361	-	1,845	-	1,240	-	115	-	527	-	3,965	-	994	-	61
62	Excess profits tax 4/	22,170	-	43,686	-	126,980	-	249,893	-	335,023	-	10,521	-	66,054	-	565,754	-	84,157	-	62
63	Total tax	52,245	-	74,324	-	196,410	-	348,843	-	560,480	-	104,972	-	119,104	-	780,631	-	143,501	-	63
64	Compiled net profit less total tax (56 less 63)	69,783	36/7,619	66,889	36/7,248	146,741	36/2,411	237,005	36/6,150	493,708	36/28,077	249,721	36/19,140	103,960	36/12,253	500,163	36/47,191	132,149	36/7,927	64
	Dividends paid:																			
65	Cash and assets other than own stock	36,720	1,125	23,234	448	76,858	267	100,453	193	373,915	8,215	346,480	14,074	60,943	1,375	293,627	19,694	103,817	425	65
66	Corporation's own stock	519	11	1,853	7	6,379	-	13,216	14	5,581	73	11,863	-	1,554	77	13,895	186	2,516	107	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Manufacturing - Continued												Public utilities						
		Electrical machinery and equipment		Machinery, except transportation equipment and electrical		Automobiles and equipment, except electrical		Transportation equipment, except automobiles		Other manufacturing		Manufacturing not allocable		Total public utilities		Transportation		Communication		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	1,323	484	4,432	1,523	491	105	721	331	2,792	990	1,641	768	11,672	4,984	7,975	3,815	1,793	525	1
	Assets:																			
2	Cash 39/	463,614	25,262	864,637	31,989	147,231	279,587	1,351,277	29,743	232,323	7,520	138,668	5,868	2,462,952	291,269	1,512,467	236,104	140,629	26,334	2
3	Notes and accounts receivable	1,014,954	70,367	991,938	74,858	172,433	136,019	2,612,295	60,789	307,515	15,194	232,281	26,277	1,960,566	286,230	1,169,658	241,187	296,604	28,924	3
4	Less: Reserve for bad debts	15,899	1,052	34,942	1,900	4,233	227	8,910	769	7,613	609	4,471	450	39,730	3,889	9,092	1,253	2,831	2,098	4
5	Inventories	866,989	77,309	1,544,193	117,867	243,581	127,779	1,019,651	50,106	365,731	24,457	174,911	25,331	966,897	148,446	601,861	130,990	67,438	8,927	5
6	Investments, Government obligations 40/	503,668	8,066	968,645	13,777	99,240	27,588	1,360,026	14,773	186,695	4,532	129,151	2,651	1,262,936	42,627	650,458	30,296	73,916	357	6
7	Other investments	757,183	30,025	423,630	21,646	63,534	31,183	486,191	15,601	136,027	3,933	82,866	2,560	10,651,422	1,004,973	4,253,341	907,892	3,308,704	57,516	7
8	Gross capital assets 41/ (except land)	1,095,769	74,493	2,494,543	238,818	272,460	608,327	2,579,738	177,868	529,617	44,607	332,608	41,946	49,179,001	6,908,770	23,698,805	5,958,489	6,591,378	409,944	8
9	Less: Reserves	660,821	37,318	1,445,919	130,294	140,793	361,814	1,592,021	85,477	285,646	18,332	167,004	17,424	12,695,465	1,823,701	6,158,399	1,521,952	2,391,342	178,620	9
10	Land	39,497	2,679	97,887	9,331	16,927	34,798	72,433	3,330	21,242	2,634	20,110	1,300	347,725	38,444	175,087	23,736	15,447	4,697	10
11	Other assets	132,595	18,394	248,522	25,955	41,415	62,623	197,108	16,104	46,564	5,091	28,784	5,504	1,877,973	349,951	1,302,452	323,797	97,869	8,835	11
12	Total assets 42/	4,197,549	268,224	6,153,134	402,048	911,795	945,862	8,077,788	282,069	1,532,454	89,027	967,905	93,564	55,974,277	7,243,119	27,196,638	6,329,287	8,197,814	364,816	12
	Liabilities:																			
13	Accounts payable	584,445	41,433	576,015	53,770	101,965	80,214	1,465,791	32,850	125,370	12,820	94,510	23,670	1,617,343	367,232	1,144,694	338,098	209,108	6,220	13
	Bonds, notes, mortgages payable:																			
14	Maturity less than 1 year	212,649	29,619	130,033	40,266	52,476	7,166	188,072	26,258	54,592	7,517	73,688	14,448	243,658	58,524	134,298	44,401	25,287	2,289	14
15	Maturity 1 year or more	181,617	33,287	260,607	32,974	31,646	26,234	138,558	114,684	69,867	18,820	45,995	10,214	17,727,147	3,174,406	8,416,157	2,810,341	1,504,547	102,314	15
16	Other liabilities	640,279	37,600	781,762	37,458	134,474	44,052	1,560,055	37,456	239,617	7,712	124,797	8,973	4,629,620	1,079,372	2,861,588	976,724	542,201	70,105	16
17	Capital stock, preferred	88,634	16,291	420,825	20,838	26,091	17,490	337,893	4,980	83,877	3,908	82,453	7,063	3,934,672	331,623	1,139,732	240,060	143,877	625	17
18	Capital stock, common	952,881	44,671	1,455,306	93,085	106,557	33,565	1,100,508	25,772	391,775	28,724	186,242	25,243	17,415,364	1,937,663	6,855,315	1,723,378	4,842,268	116,556	18
19	Surplus reserves	431,191	7,251	576,913	30,895	101,321	1,904	880,703	17,466	113,439	2,614	52,254	1,827	1,267,873	84,584	581,288	57,885	42,684	11,783	19
20	Surplus and undivided profits 43/	1,115,248	68,515	1,984,616	139,464	360,252	739,369	2,457,806	46,052	469,001	21,950	314,210	14,473	9,989,276	1,038,712	6,620,847	911,637	901,504	59,501	20
21	Less: Deficit 44/	9,396	10,443	32,944	46,703	2,987	4,132	51,599	23,451	15,084	15,038	6,244	12,346	850,678	828,998	557,281	773,238	13,663	4,577	21
22	Total liabilities 42/	4,197,549	268,224	6,153,134	402,048	911,795	945,862	8,077,788	282,069	1,532,454	89,027	967,905	93,564	55,974,277	7,243,119	27,196,638	6,329,287	8,197,814	364,816	22
	Receipts:																			
23	Gross sales 16/	6,502,235	435,181	9,006,512	552,395	1,934,320	1,121,817	13,387,238	196,527	2,534,198	114,170	1,545,928	148,995	220,395	33,158	160,727	31,336	6,186	417	23
24	Gross receipts from operations 17/	43,042	3,116	138,568	12,179	1,206	482	3,088,581	292,402	18,940	3,759	34,364	2,324	18,483,649	2,811,599	11,309,867	2,453,811	2,486,959	219,204	24
	Interest on Government obligations (less amortizable bond premium):																			
25	Wholly taxable 18/	4,100	219	9,394	219	1,165	268	15,413	118	2,042	83	1,388	54	30,404	1,866	17,733	1,339	5,036	361	25
26	Subject to declared value excess-profits tax and surtax 19/	1,082	7	1,348	24	8	94	890	-	397	(14)	78	(14)	2,345	100	2,003	75	42	3	26
27	Subject to surtax only 20/	97	(14)	41	(14)	(14)	-	25	-	2	-	5	-	88	(14)	49	(14)	2	(14)	27
28	Wholly tax-exempt 21/	446	(14)	1,257	11	5	26	53	(14)	138	10	58	1	2,696	143	2,330	133	39	10	28
29	Other interest	19,463	188	6,579	353	827	616	14,279	326	1,932	77	996	64	81,310	14,860	38,491	13,937	2,269	227	29
30	Rents 22/	5,291	178	6,093	662	1,020	2,928	8,399	504	2,970	835	2,710	159	313,495	47,430	264,507	46,763	24,793	205	30
31	Royalties 23/	11,280	262	7,940	501	267	999	5,133	29	1,291	20	685	152	5,201	505	4,102	427	706	3	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	407	49	212	12	7	3	453	10	87	13	28	8	984	507	921	506	26	1	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	13,385	738	5,491	701	922	1,342	25,396	564	2,594	64	1,994	147	34,316	2,245	25,112	2,209	1,790	(14)	33
34	Net gain, sales other than capital assets 25/	912	67	294	114	12	13	82	41	106	37	62	44	1,753	1,204	1,546	1,189	28	6	34
35	Dividends, domestic corporations 26/	18,425	139	10,162	239	1,063	436	24,562	1,318	3,285	29	1,329	3	313,574	7,351	69,510	6,523	176,997	826	35
36	Dividends, foreign corporations 27/	9,322	67	4,436	30	107	815	2,057	7	1,523	45	132	-	7,353	337	530	337	1,664	(14)	36
37	Other receipts	21,617	2,458	51,824	3,234	8,570	3,186	131,536	4,978	13,607	674	8,153	946	55,480	10,345	30,111	9,016	5,198	786	37
38	Total compiled receipts 9/	6,651,105	442,668	9,250,151	570,673	1,949,498	1,133,025	16,704,097	496,824	2,583,111	119,816	1,597,910	152,897	19,553,042	2,931,652	11,927,539	2,567,600	2,711,738	222,050	38
	Deductions:																			
39	Cost of goods sold 28/	5,011,257	378,559	6,606,151	455,608	1,530,127	951,555	11,291,725	177,363	1,764,676	89,716	1,159,997	124,895	157,278	22,815	117,935	21,590	3,702	340	39
40	Cost of operations 28/	5,866	2,158	9,323	6,374	612	235	2,625,755	249,424	7,634	2,835	5,700	1,260	10,560,017	2,036,414	7,357,676	1,778,061	1,148,092	181,271	40
41	Compensation of officers	55,321	8,199	155,210	21,070	18,504	2,001	47,564	6,092	66,532	6,432	41,059	5,543	137,923	23,604	97,318	21,402	12,921	935	41
42	Rent paid on business property	24,960	3,847	36,002	4,167	6,751	1,500	42,721	2,406	15,555	1,730	7,718	1,796	528,998	155,844	467,767	141,927	37,745	13,254	42
43	Repairs 29/	84,046	4,298	166,588	10,491	30,299	46,342	146,529	3,005	28,027	1,072	16,798	2,203	33,269	12,843	27,831	11,609	2,528	842	43
44	Bad debts	1,865	265	3,183	610	605	6,017	5,181	377	1,360	330	1,158	144	17,952	2,193	2,544	1,101	4,086	801	44
45	Interest paid	22,970	3,054	21,837	2,675	4,224	1,387	31,200	3,149	7,213	800	5,108	1,096	789,767	146,539	387,962	129,818	57,111	4,135	45
46	Taxes paid 30/	101,179	6,194	140,212	9,944	23,279	18,049	230,387	9,321	51,010	2,183	20,925	2,385	1,160,917	186,978	587,151	165,984	162,772	7,958	46
47	Contributions or gifts 31/	7,242	164	13,923	70	1,200	3	13,325	26	4,034	30	1,519	21	23,288	92	6,856	83	6,060	2	47
48	Depreciation	59,344	5,211	102,446	9,668	12,656	23,532	104,530	6,083	26,569	2,016	15,813	2,031	1,032,722	121,872	356,333	95,167	231,405	14,466	48
49	Depletion	117	-	517	97	1	655	984	25	16	8	459	80	23,136	2,395	7,545	2,127	6	(14)	49
50	Amortization 32/	43,667	2,422	90,474	8,134	15,793	10,659	105,598	20,250	10,248	439	6,811	824	492,566	124,594	398,138	117,705	759	1,987	50
51	Advertising	60,861	5,410	61,086	4,711	10,543	8,917	29,000	1,691	36,494	1,194	14,902	1,997	45,046	2,476	21,254	2,408	14,138	41	51
52	Amounts contributed under pension plan, etc.	52,571	571	32,983	1,313	2,229	1,424	27,833	690	12,378	175	3,470	86	140,663	3,431	17,308	3,072	75,887	62	52
53	Net loss, sales other than capital assets 25/	2,889	182	3,878	2,389	525	86	8,925	1,396	1,075	258	1,369	437	51,572	41,016	29,896	26,996	1,409	153	53
54	Other deductions	500,270	46,411	843,864	69,942	108,098	75,085	945,193	48,877	294,316	18,663	165,550	20,415	1,242,089	235,908	589,946	188,267	250,500	10,328	54
55	Total compiled deductions	6,034,425	466,944	8,287,678	607,263	1,765,446	1,147,448	15,654,432	530,173	2,327,139	127,879	1,468,357	165,214	16,437,204	3,119,014	10,473,461	2,707,316	2,009,122	236,576	55
56	Compiled net profit or net loss (38 less 55)	616,680	36/24,276	962,473	36/36,590	184,053	36/14,423	1,049,665	36/33,349	255,971	36/8,063	129,553	36/12,316	3,115,838	36/187,362	1,454,078	36/139,716	702,616	36/14,527	56
57	Net income or deficit 2/ (56 less 28)	616,233	36/24,277	961,217	36/36,602	184,048	36/14,449	1,049,612	36/33,349	255,833	36/8,073	129,495	36/12,318	3,113,143	36/187,506	1,451,747	36/139,849	702,576	36/14,537	57
58	Net operating loss deduction 33/	968	-	2,196	-	100	-	994	-	1,524	-	820	-	8,301	-	4,982	-	329	-	58
59	Adjusted excess profits net income 10/	370,367	-	544,374	-	126,719	-	621,476	-	134,457	-	64,889	-	979,328	-	573,879	-	216,372	-	59
60	Income tax 3/	90,053	-	157,647	-	22,143	-	161,654	-	45,408	-	23,916	-	715,052	-	318,261	-	131,596	-	60
61	Declared value excess-profits tax	779	-	3,101	-	465	-	3,141	-	1,080	-	540	-	2,285	-	2,076	-	67	-	61
62	Excess profits tax 4/	302,408	-	435,495	-	100,095	-	484,611	-	104,051	-	50,210	-	820,299	-	475,195	-	183,503	-	62
63	Total tax	393,240	-	596,242	-	122,703	-	649,406	-	150,539	-	74,667	-	1,537,636	-	795,532	-	315,166	-	63
64	Compiled net profit less total tax (56 less 63)	223,440	36/24,276	366,231	36/36,590	61,350	36/14,423	400,259	36/33,349	105,433	36/8,063	54,886	36/12,316	1,578,202	36/187,362	658,545	36/139,716	387,450	36/14,527	64
	Dividends paid:																			
65	Cash and assets other than own stock	143,284	1,571	188,209	3,721	20,231	4,879	291,896	778	49,495	281	26,073	322	1,202,525	35,824	343,687	23,738	374,395	2,496	65
66	Corporation's own stock	5,033	1,138	14,993	117	6,345	-	3,385	2	11,948	108	2,267	279	5,292	1,406	4,117	1,114	612	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Public utilities-Con.		Trade																
						Wholesale						Retail								
		Other public utilities		Total trade		Total wholesale		Commission merchants		Other wholesalers		Total retail		General merchandise		Food stores, including market milk dealers		Package liquor stores		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	1,904	644	91,464	19,123	27,859	6,040	3,643	1,233	24,216	4,807	53,175	10,595	4,383	468	3,758	1,005	1,339	177	1
	Assets:																			
2	Cash 39/	809,856	28,831	3,792,830	152,865	1,421,281	76,895	171,889	14,039	1,249,391	62,856	2,063,750	59,078	766,637	6,623	224,077	4,521	9,253	523	2
3	Notes and accounts receivable	494,304	16,119	4,576,585	246,151	2,568,833	137,650	293,401	22,435	2,275,433	115,215	1,601,168	78,028	523,144	12,217	133,398	5,464	2,453	266	3
4	Less: Reserve for bad debts	27,807	538	179,482	7,645	79,844	2,894	7,489	206	72,355	2,688	82,142	3,114	38,681	471	3,363	182	12	(14)	4
5	Inventories	297,598	8,528	6,341,721	240,636	2,853,057	111,968	57,301	5,756	2,795,755	106,212	2,974,070	100,642	1,205,906	14,376	436,838	5,880	29,368	2,452	5
6	Investments, Government obligations 40/	538,562	11,973	2,547,729	40,516	820,265	18,253	98,656	2,554	721,609	15,699	1,571,084	17,975	878,663	7,990	148,595	221	824	13	6
7	Other investments	3,089,377	39,565	2,002,332	84,250	943,686	43,504	177,256	5,726	766,430	37,779	761,441	30,585	388,655	13,252	54,327	871	801	97	7
8	Gross capital assets 41/ (except land)	18,888,817	540,337	4,955,590	352,416	1,212,386	120,309	57,060	8,679	1,155,326	111,630	3,273,367	178,408	1,417,401	12,062	504,557	19,078	7,181	684	8
9	Less: Reserves	4,145,725	123,129	2,496,439	137,297	574,820	39,349	24,452	2,205	550,368	37,144	1,675,734	76,377	701,369	5,029	259,129	8,154	2,672	188	9
10	Land	157,191	10,011	811,061	46,554	168,447	12,290	7,220	575	161,226	11,715	550,686	25,393	283,617	1,842	40,954	1,116	352	40	10
11	Other assets	477,652	17,319	611,952	58,361	236,884	29,487	20,658	3,343	216,226	26,143	324,984	21,832	129,283	3,658	36,895	1,716	1,797	303	11
12	Total assets 42/	20,579,825	549,015	22,963,879	1,076,807	9,570,174	508,112	851,501	60,696	8,718,673	447,416	11,362,673	432,451	4,853,256	66,521	1,317,151	30,531	49,344	4,190	12
	Liabilities:																			
13	Accounts payable	263,541	22,914	3,505,375	259,063	1,894,935	138,161	261,829	24,424	1,633,106	113,737	1,321,252	87,201	439,643	8,800	246,603	8,978	10,241	1,381	13
	Bonds, notes, mortgages payable:																			
14	Maturity less than 1 year	84,073	11,833	1,157,095	112,449	767,683	67,212	42,371	4,607	725,312	62,605	314,423	35,581	25,485	1,404	120,482	2,540	4,034	506	14
15	Maturity 1 year or more	7,806,443	261,751	1,238,479	127,551	532,327	52,876	37,424	7,933	494,903	44,943	623,259	57,281	262,098	4,496	67,881	4,282	4,818	624	15
16	Other liabilities	1,225,831	32,543	2,314,601	99,420	817,822	50,563	63,149	5,577	754,673	44,986	1,323,144	39,554	617,176	4,775	114,485	2,731	4,094	278	16
17	Capital stock, preferred	2,651,063	90,938	1,147,811	65,991	413,356	25,970	32,899	2,130	380,457	23,840	652,957	30,563	353,094	12,681	73,643	874	336	68	17
18	Capital stock, common	5,717,781	97,729	5,590,420	377,771	2,161,342	160,190	163,840	19,693	1,997,502	140,497	2,894,692	162,901	1,218,336	13,301	250,722	11,775	10,086	1,261	18
19	Surplus reserves	643,902	14,916	1,034,697	21,444	390,089	13,926	26,191	523	363,898	13,403	574,574	3,969	374,453	1,335	38,414	216	304	(14)	19
20	Surplus and undivided profits 43/	2,466,925	67,574	7,287,664	199,882	2,698,785	89,954	234,118	7,067	2,464,667	82,887	3,840,848	89,045	1,583,287	22,932	454,569	4,562	15,895	405	20
21	Less: Deficit 44/	279,734	51,183	312,264	186,763	106,166	90,739	10,321	11,257	95,845	79,482	182,476	73,644	20,314	3,203	49,648	5,427	465	334	21
22	Total liabilities 42/	20,579,825	549,015	22,963,879	1,076,807	9,570,174	508,112	851,501	60,696	8,718,673	447,416	11,362,673	432,451	4,853,256	66,521	1,317,151	30,531	49,344	4,190	22
	Receipts:																			
23	Gross sales 16/	53,482	1,405	61,308,324	2,250,873	29,650,006	1,102,062	1,208,048	85,207	28,441,958	1,016,855	26,849,730	873,229	9,367,475	112,349	5,782,255	136,349	184,447	12,281	23
24	Gross receipts from operations 17/	4,686,823	138,584	1,042,112	167,391	723,477	112,472	337,945	37,124	385,532	75,348	257,152	39,244	31,075	845	37,203	6,914	1,845	778	24
	Interest on Government obligations (less amortizable bond premium):																			
25	Wholly taxable 18/	7,634	166	25,421	514	8,859	216	713	34	8,146	182	14,835	228	7,903	75	1,261	2	15	(14)	25
26	Subject to declared value excess-profits tax and surtax 19/	299	21	1,566	17	341	8	17	2	323	6	1,141	9	326	1	546	-	-	-	26
27	Subject to surtax only 20/	37	(14)	122	2	55	1	6	-	49	1	56	1	24	-	3	-	-	-	27
28	Wholly tax-exempt 21/	326	(14)	1,126	19	438	15	61	1	376	14	641	2	137	(14)	105	-	(14)	-	28
29	Other interest	40,550	697	41,882	1,283	20,437	478	4,890	97	15,546	382	17,587	654	7,058	168	1,007	9	9	(14)	29
30	Rents 22/	24,195	462	134,459	5,930	23,655	1,720	2,541	134	21,114	1,585	98,703	3,385	52,629	539	4,067	231	105	(14)	30
31	Royalties 23/	393	75	5,838	516	3,407	110	255	4	3,152	106	1,458	270	456	4	30	2	(14)	-	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	37	-	2,007	332	1,056	173	103	58	953	116	813	123	124	(14)	58	10	1	-	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	7,414	36	45,579	1,317	20,302	629	1,620	52	18,683	577	19,130	525	6,092	72	1,800	71	200	(14)	33
34	Net gain, sales other than capital assets 25/	179	9	5,096	777	1,247	264	75	16	1,172	247	3,172	419	217	20	1,330	58	30	-	34
35	Dividends, domestic corporations 26/	67,066	3	47,243	721	24,519	201	7,122	22	17,397	179	19,705	481	10,153	245	1,167	5	9	-	35
36	Dividends, foreign corporations 27/	5,159	-	21,283	3	8,503	2	81	-	8,421	2	4,450	(14)	4,060	-	3	-	-	-	36
37	Other receipts	20,171	543	515,673	26,672	173,009	12,057	18,707	3,435	154,302	8,622	301,153	12,396	125,886	2,214	10,599	557	116	80	37
38	Total compiled receipts 9/	4,913,766	142,002	63,197,731	2,456,368	30,659,309	1,230,407	1,582,185	126,185	29,077,125	1,104,222	27,589,725	930,965	9,613,615	116,533	5,841,432	144,208	186,778	13,140	38
	Deductions:																			
39	Cost of goods sold 28/	35,642	885	48,150,774	1,847,132	25,654,870	983,823	1,118,523	80,338	24,536,347	903,485	18,709,554	634,470	6,089,865	76,927	4,643,165	111,487	149,551	10,247	39
40	Cost of operations 28/	2,054,249	77,082	482,337	125,706	331,683	87,515	105,606	21,619	226,077	65,896	119,988	25,888	9,181	225	23,756	5,453	1,518	679	40
41	Compensation of officers	27,683	1,266	1,104,873	79,579	482,190	33,630	53,494	7,408	428,696	26,222	507,602	36,822	84,521	1,355	37,444	3,386	8,414	739	41
42	Rent paid on business property	23,486	662	764,188	36,037	98,765	7,876	9,330	1,342	89,435	6,534	623,865	24,883	200,871	1,085	62,620	2,202	2,962	247	42
43	Repairs 29/	2,910	392	195,966	10,726	44,683	2,510	1,636	177	43,047	2,333	134,342	6,768	48,691	750	23,491	907	280	42	43
44	Bad debts	11,321	291	59,264	4,920	15,895	1,744	1,189	297	14,706	1,447	37,195	2,597	10,810	127	1,956	485	21	2	44
45	Interest paid	344,694	12,585	98,643	7,548	45,441	3,367	5,976	325	39,465	3,043	46,023	3,142	20,586	400	5,913	198	306	32	45
46	Taxes paid 30/	410,993	13,036	518,832	24,731	154,787	9,500	10,294	635	144,494	8,865	320,104	12,490	135,352	1,725	40,401	976	1,911	159	46
47	Contributions or gifts 31/	10,372	7	54,826	273	18,289	93	1,769	12	16,519	80	33,109	146	17,583	6	2,828	29	111	2	47
48	Depreciation	444,984	12,239	254,419	17,154	61,468	4,715	3,105	310	58,363	4,406	168,932	9,687	61,701	1,131	32,091	1,322	514	50	48
49	Depletion	15,585	268	1,687	602	995	424	134	1	861	424	482	95	77	1	8	6	1	(14)	49
50	Amortization 32/	93,869	4,902	4,651	1,561	3,644	1,428	100	23	3,544	1,405	881	111	109	(14)	247	7	1	-	50
51	Advertising	9,654	27	544,768	21,339	151,043	9,217	6,125	831	144,918	8,387	364,778	10,040	182,795	2,842	27,626	511	638	42	51
52	Amounts contributed under pension plan, etc.	47,469	297	85,044	1,963	30,174	406	1,754	77	28,419	329	50,545	1,407	37,578	1,218	2,078	23	24	(14)	52
53	Net loss, sales other than capital assets 25/	20,267	13,867	24,514	14,658	5,047	2,138	853	97	4,195	2,041	16,734	11,280	9,796	9,202	1,164	82	1	1	53
54	Other deductions	401,643	37,313	7,449,844	329,002	2,322,588	113,431	168,619	16,576	2,153,969	96,855	4,554,952	178,009	1,750,500	21,854	776,149	19,493	12,836	1,151	54
55	Total compiled deductions	3,954,621	175,121	59,794,631	2,522,931	29,421,562	1,261,817	1,488,507	130,067	27,933,054	1,131,750	25,689,085	957,835	8,660,015	118,846	5,680,939	146,566	179,089	13,394	55
56	Compiled net profit or net loss (38 less 55)	959,145	36/ 33,119	3,403,101	36/ 66,562	1,237,747	36/ 31,410	93,677	36/ 3,882	1,144,070	36/ 27,528	1,900,640	36/ 26,870	953,600	36/ 2,313	160,493	36/ 2,358	7,689	36/ 254	56
57	Net income or deficit 2/ (56 less 28)	958,819	36/ 33,120	3,401,975	36/ 66,582	1,237,310	36/ 31,426	93,616	36/ 3,883	1,143,694	36/ 27,543	1,899,999	36/ 26,873	953,463	36/ 2,314	160,388	36/ 2,358	7,689	36/ 254	57
58	Net operating loss deduction 33/	2,990	-	13,117	-	5,162	-	808	-	4,354	-	6,207	-	162	-	751	-	50	-	58
59	Adjusted excess profits net income 10/	189,076	-	1,628,206	-	579,030	-	36,516	-	542,514	-	967,562	-	605,668	-	68,069	-	838	-	59
60	Income tax 3/	265,195	-	621,369	-	230,138	-	17,182	-	212,956	-	330,373	-	140,714	-	34,793	-	1,761	-	60
61	Declared value excess-profits tax	143	-	14,496	-	5,377	-	384	-	4,993	-	7,687	-	1,799	-	654	-	87	-	61
62	Excess profits tax 4/	161,600	-	1,250,213	-	435,080	-	28,424	-	406,656	-	752,158	-	473,720	-	52,627	-	608	-	62
63	Total tax	426,938	-	1,886,077	-	670,594	-	45,989	-	624,605	-	1,090,218	-	616,233	-	88,074	-	2,457	-	63
64	Compiled net profit less total tax (56 less 63)	532,207	36/ 33,119	1,517,023	36/ 66,562	567,153	36/ 31,410	47,688	36/ 3,882	519,466	36/ 27,528	810,422	36/ 26,870	337,367	36/ 2,313	72,419	36/ 2,358	5,232	36/ 254	64
	Dividends paid:																			
65	Cash and assets other than own stock	484,443	9,590	543,421	3,915	191,729	1,178	21,743	140	169,986	1,038	314,813	2,185	165,476	1,289	36,161	113	207	-	65
66	Corporation's own stock	563	292	59,878	438	28,675	288	1,471	109	27,204	180	25,374	97	7,168	-	1,869	2	66	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

	Major industrial groups 7/ - Continued: Trade - Continued: Retail - Continued																				
	Drug stores		Apparel and accessories		Furniture and house furnishings		Eating and drinking places		Automotive dealers		Filling stations		Hardware		Building materials, fuel, and ice		Other retail trade		Retail trade not allocable		
	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1 Number of returns with balance sheets 38/	2,823	467	8,600	936	3,740	799	5,485	2,144	6,013	1,493	1,104	407	1,786	170	5,536	1,064	5,447	1,031	3,161	434	1
Assets:																					
2 Cash 39/	51,596	1,122	327,717	4,070	95,049	4,804	85,578	4,711	138,643	15,267	18,335	1,604	21,935	708	143,057	6,447	113,989	5,780	67,885	2,898	2
3 Notes and accounts receivable	27,566	726	206,307	5,039	181,217	9,941	28,209	2,830	94,439	10,367	15,012	1,598	19,953	933	173,559	11,569	130,252	9,179	65,659	7,899	3
4 Less: Reserve for bad debts	379	4	8,415	234	8,935	464	300	6	3,706	569	454	44	633	34	7,247	471	7,405	388	2,612	247	4
5 Inventories	123,422	4,934	328,571	9,396	144,793	8,691	58,498	7,125	141,031	13,997	17,034	1,750	41,214	2,378	133,429	7,422	209,215	14,588	104,749	7,653	5
6 Investments, Government obligations 40/	17,520	34	181,588	526	85,929	1,790	32,574	586	63,831	2,665	10,270	174	8,750	542	65,362	1,624	48,626	1,220	28,552	590	6
7 Other investments	14,588	171	86,653	741	38,616	1,548	23,091	1,825	28,232	5,392	7,223	762	6,438	114	54,363	2,945	35,132	1,934	23,320	933	7
8 Gross capital assets 41/ (except land)	85,634	3,903	235,057	5,738	94,923	4,434	254,832	39,955	145,140	25,187	59,581	8,420	20,890	1,576	216,692	22,224	122,851	8,894	108,628	26,253	8
9 Less: Reserves	47,902	2,005	132,787	2,438	40,974	1,882	137,503	16,280	66,362	9,517	36,215	4,859	9,872	651	125,113	12,474	61,901	3,552	53,935	9,346	9
10 Land	3,871	84	29,016	65	19,596	1,063	32,343	4,062	31,207	6,202	21,967	2,322	4,574	213	56,007	5,970	14,861	1,235	12,320	1,178	10
11 Other assets	8,901	312	43,983	1,122	16,332	1,719	17,063	2,950	16,553	3,473	1,986	1,099	2,645	201	19,457	2,071	20,639	1,757	9,451	1,453	11
12 Total assets 42/	284,816	9,277	1,297,690	24,024	626,546	31,642	394,384	47,757	589,008	72,465	114,739	12,827	115,894	5,980	729,567	47,327	626,260	40,646	364,017	39,264	12
Liabilities:																					
13 Accounts payable	40,942	2,643	192,077	7,762	48,073	4,674	49,999	11,390	76,716	11,552	13,885	2,135	11,541	748	55,976	7,306	96,184	15,756	39,371	4,076	13
Bonds, notes, mortgages payable:																					
14 Maturity less than 1 year	5,434	825	26,364	1,857	13,396	4,126	12,741	5,228	39,797	6,079	3,375	737	3,029	1,203	26,169	3,644	23,550	3,334	10,567	4,098	14
15 Maturity 1 year or more	18,190	960	68,606	2,428	25,126	2,490	41,829	12,258	39,772	7,894	6,319	1,904	4,420	613	27,619	4,866	34,546	4,399	22,036	10,065	15
16 Other liabilities	32,046	900	188,834	2,423	81,919	3,501	50,585	6,596	57,340	6,587	15,542	1,004	6,693	529	42,270	2,592	76,244	4,910	35,916	2,729	16
17 Capital stock, preferred	13,212	135	80,390	1,109	39,265	1,702	13,867	4,802	11,865	2,557	1,710	301	1,684	164	23,537	2,435	25,188	2,285	15,168	1,451	17
18 Capital stock, common	74,161	4,096	254,615	9,708	175,323	14,586	95,323	16,253	166,621	27,231	45,843	5,417	46,602	2,833	292,159	25,271	160,705	15,002	104,198	16,167	18
19 Surplus reserves	12,731	13	56,516	129	19,446	329	11,797	281	7,636	418	1,639	83	905	1	17,408	468	22,348	472	10,977	225	19
20 Surplus and undivided profits 43/	92,130	1,559	446,094	3,343	236,105	6,525	127,786	5,155	207,835	18,145	28,388	2,851	43,688	865	266,836	12,021	208,530	5,692	129,705	4,988	20
21 Less: Deficit 44/	4,029	1,854	15,806	4,736	12,108	6,291	9,540	14,206	18,575	7,997	1,960	1,607	2,667	976	22,408	11,276	21,036	11,203	3,920	4,535	21
22 Total liabilities 42/	284,816	9,277	1,297,690	24,024	626,546	31,642	394,384	47,757	589,008	72,465	114,739	12,827	115,894	5,980	729,567	47,327	626,260	40,646	364,017	39,264	22
Receipts:																					
23 Gross sales 16/	861,946	31,811	3,281,318	56,440	811,130	35,771	1,149,563	145,651	1,220,556	93,796	222,957	24,826	212,799	8,645	1,356,132	81,742	1,434,771	56,215	964,383	77,352	23
24 Gross receipts from operations 17/	3,639	451	26,228	2,597	14,698	1,421	38,325	12,257	48,517	5,168	2,874	1,496	744	211	18,922	3,522	23,848	2,770	9,234	813	24
Interest on Government obligations (less amortizable bond premium):																					
25 Wholly taxable 18/	312	(14)	1,641	7	1,073	20	409	6	554	63	61	6	107	(14)	646	19	526	18	327	12	25
26 Subject to declared value excess-profits tax and surtax 19/	4	-	32	(14)	24	-	22	3	51	-	38	1	2	-	30	3	26	(14)	39	1	26
27 Subject to surtax only 20/	1	-	2	-	2	-	2	-	3	-	6	-	(14)	-	10	(14)	2	(14)	1	(14)	27
28 Wholly tax-exempt 21/	7	-	279	-	21	-	28	(14)	4	-	3	(14)	2	-	22	1	18	(14)	14	(14)	28
29 Other interest	385	2	1,109	29	1,267	61	305	25	1,650	101	70	11	243	8	1,801	96	1,816	106	868	37	29
30 Rents 22/	1,601	55	17,828	214	3,307	225	4,392	396	3,759	776	2,117	238	465	17	3,906	405	2,729	74	1,800	215	30
31 Royalties 23/	215	1	198	2	28	(14)	3	38	100	184	30	7	17	-	226	7	125	23	30	2	31
32 Excess of net short-term capital gain over net long-term capital loss 24/	5	(14)	169	17	38	(14)	52	10	159	12	1	21	3	1	107	41	41	1	56	9	32
33 Excess of net long-term capital gain over net short-term capital loss 24/	331	6	1,290	29	602	4	1,507	118	1,825	100	273	16	299	6	3,069	58	1,001	26	843	19	33
34 Net gain, sales other than capital assets 25/	48	10	51	12	97	18	411	61	243	48	48	49	32	1	371	91	131	15	164	35	34
35 Dividends, domestic corporations 26/	1,012	(14)	3,084	10	629	2	424	16	645	130	246	10	105	(14)	951	54	773	2	527	8	35
36 Dividends, foreign corporations 27/	-	-	3	-	2	-	371	-	5	-	1	-	(14)	-	2	(14)	1	-	2	-	36
37 Other receipts	7,195	271	55,949	950	39,827	2,282	5,552	1,301	11,923	1,034	1,737	229	2,690	42	13,271	794	13,961	1,266	12,447	1,374	37
38 Total compiled receipts 9/	876,701	32,609	3,389,181	60,309	872,743	39,805	1,201,363	159,881	1,289,993	101,412	230,462	26,909	217,508	8,930	1,399,444	86,834	1,479,770	60,516	990,734	79,878	38
Deductions:																					
39 Cost of goods sold 28/	583,739	23,637	2,126,100	37,812	451,856	21,397	636,571	85,230	876,881	70,442	166,675	19,064	153,602	6,699	1,016,127	64,286	1,032,794	39,805	782,628	67,435	39
40 Cost of operations 28/	1,627	304	9,053	1,588	2,273	643	22,064	7,731	25,786	3,282	1,719	818	171	99	12,821	2,876	6,805	1,787	3,214	403	40
41 Compensation of officers	19,426	1,482	93,044	3,329	41,397	3,140	37,299	7,057	58,118	5,867	3,870	926	10,984	577	46,481	3,865	48,364	3,678	18,238	1,421	41
42 Rent paid on business property	31,383	1,293	159,464	4,039	27,008	1,812	57,094	6,845	21,548	2,788	2,737	842	3,569	156	7,089	728	37,309	1,965	10,211	881	42
43 Repairs 29/	4,442	103	12,926	245	4,225	182	15,109	2,276	7,123	830	1,754	184	504	35	8,491	693	4,496	272	2,810	248	43
44 Bad debts	171	11	6,603	228	3,960	423	346	69	2,544	411	163	30	477	38	4,322	401	3,875	203	1,947	167	44
45 Interest paid	960	55	3,858	154	2,080	363	2,081	442	2,983	491	315	100	358	51	2,784	378	2,237	259	1,561	217	45
46 Taxes paid 30/	9,673	418	33,782	720	13,212	487	23,347	3,603	13,746	1,377	3,402	406	2,614	81	15,653	1,140	19,168	977	7,841	422	46
47 Contributions or gifts 31/	641	4	5,280	11	1,367	6	877	29	967	26	70	3	213	1	1,269	14	1,355	10	546	5	47
48 Depreciation	5,597	254	15,520	401	4,335	258	15,407	2,735	7,681	1,132	3,160	466	890	67	10,342	1,087	6,894	428	4,799	356	48
49 Depletion	4	-	9	3	5	2	10		20	2	7	1	5	-	311	2	14	6	14	73	49
50 Amortization 32/	17	-	26	(14)	18	3	95	36	91	15	14	(14)	5	(14)	117	31	124	19	17	(14)	50
51 Advertising	11,043	237	70,221	1,525	22,784	966	6,331	1,260	11,297	870	787	87	1,220	52	5,510	286	17,648	910	6,877	452	51
52 Amounts contributed under pension plan, etc.	1,283	6	3,977	27	907	27	940	35	576	14	279	-	132	-	528	52	1,540	3	704	(14)	52
53 Net loss, sales other than capital assets 25/	141	24	1,652	56	537	418	1,807	451	344	382	106	48	13	2	524	492	542	93	108	28	53
54 Other deductions	157,488	5,487	576,645	12,359	219,616	11,739	313,471	47,883	189,172	17,562	31,228	4,589	27,107	1,332	183,832	13,086	207,772	12,777	109,138	8,697	54
55 Total compiled deductions	827,634	33,317	3,118,159	62,497	795,582	41,867	1,132,854	165,682	1,218,876	105,494	216,285	27,563	201,865	9,190	1,316,199	89,419	1,390,936	63,194	950,653	80,807	55
56 Compiled net profit or net loss (38 less 55)	49,067	36/707	271,022	36/2,188	77,162	36/2,062	68,510	36/5,800	71,117	36/4,082	14,177	36/654	15,643	36/260	83,245	36/2,585	88,834	36/2,678	40,081	36/929	56
57 Net income or deficit 2/ (56 less 28)	49,060	36/707	270,744	36/2,188	77,141	36/2,062	68,482	36/5,801	71,112	36/4,082	14,174	36/654	15,641	36/260	83,223	36/2,586	88,816	36/2,678	40,066	36/930	57
58 Net operating loss deduction 33/	108	-	572	-	344	-	1,705	-	684	-	188	-	73	-	783	-	421	-	366	-	58
59 Adjusted excess profits net income 10/	20,889	-	146,283	-	21,100	-	26,318	-	12,539	-	5,365	-	2,575	-	17,340	-	31,884	-	8,694	-	59
60 Income tax 3/	9,205	-	41,794	-	18,526	-	13,181	-	16,729	-	2,851	-	3,532	-	19,508	-	18,378	-	9,421	-	60
61 Declared value excess-profits tax	222	-	1,748	-	380	-	349	-	554	-	46	-	161	-	796	-	527	-	363	-	61
62 Excess profits tax 4/	16,615	-	111,717	-	16,193	-	20,123	-	10,068	-	4,568	-	2,005	-	14,134	-	23,282	-	6,496	-	62
63 Total tax	26,041	-	155,260	-	35,109	-	33,652	-	27,351	-	7,446	-	5,699	-	34,438	-	42,187	-	16,280	-	63
64 Compiled net profit less total tax (56 less 63)	23,026	36/707	115,763	36/2,188	42,062	36/2,062	34,857	36/5,800	43,766	36/4,082	6,731	36/654	9,944	36/260	48,807	36/2,585	46,647	36/2,678	23,801	36/929	64
Dividends paid:																					
65 Cash and assets other than own stock	8,045	69	32,380	34	13,167	109	10,111	153	8,278	119	3,771	11	2,042	14	16,401	201	11,571	53	7,204	19	65
66 Corporation's own stock	526	2	4,646	2	3,660	-	1,644	(14)	1,371	18	61	35	485	25	946	-	1,911	13	1,021	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Trade - Continued: Trade not allocable		Major industrial groups 7/ - Continued: Service: Total service		Hotels and other lodging places		Personal service		Business service		Automotive repair services and garages		Miscellaneous repair services, hand trades		Motion pictures		Amusement, except motion pictures		Other service, including schools		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	10,430	2,488	20,815	9,228	2,841	804	5,200	1,811	3,747	1,992	1,795	779	883	429	3,018	650	1,555	1,258	1,689	1,432	1
	Assets:																					
2	Cash 39/	307,800	16,892	591,985	67,948	115,418	13,143	69,020	5,780	106,672	17,509	12,216	2,303	8,873	1,014	166,665	9,723	76,751	8,893	33,790	9,295	2
3	Notes and accounts receivable	406,583	30,473	438,170	80,807	45,575	5,547	58,834	9,262	163,605	34,901	14,197	3,480	10,918	1,951	98,083	8,654	15,873	3,619	29,311	12,360	3
4	Less: Reserve for bad debts	17,496	1,636	13,974	3,348	1,826	203	2,085	243	4,345	569	375	156	252	89	2,516	924	413	31	2,098	1,132	4
5	Inventories	514,594	28,027	394,944	24,236	39,397	3,456	29,469	3,834	20,171	2,749	6,740	1,196	7,127	1,418	282,707	6,834	2,765	1,909	5,909	2,318	5
6	Investments, Government obligations 40/	156,381	4,288	296,805	17,098	58,851	1,431	27,657	985	48,202	7,062	3,091	605	2,549	158	102,882	452	29,897	2,399	22,963	3,986	6
7	Other investments	297,205	10,160	632,032	47,987	55,764	5,385	32,315	3,489	86,367	12,559	3,497	2,030	1,780	337	414,826	12,517	16,333	6,384	19,040	4,999	7
8	Gross capital assets 41/ (except land)	469,838	53,698	2,637,261	404,001	1,128,750	134,330	365,482	75,905	207,769	35,962	59,480	20,898	24,638	4,219	590,732	34,597	158,953	51,126	95,959	45,937	8
9	Less: Reserves	245,886	21,571	1,238,928	171,503	491,056	54,447	196,557	41,849	94,033	12,765	28,848	8,938	12,804	1,739	296,357	14,909	74,501	18,500	43,561	17,860	9
10	Land	91,928	8,871	330,586	78,855	243,454	30,942	30,394	5,827	13,630	1,986	20,523	5,126	1,166	210	165,517	14,479	39,289	16,735	13,771	3,460	10
11	Other assets	50,084	7,042	164,159	37,798	33,183	6,042	23,125	3,875	32,925	8,190	3,433	1,343	1,746	431	49,604	7,732	10,696	3,550	9,169	6,504	11
12	Total assets 42/	2,031,032	136,245	4,433,039	583,879	1,227,510	145,626	437,654	66,864	580,964	107,583	93,952	27,886	45,740	7,910	1,572,143	79,155	275,641	76,084	184,253	69,867	12
	Liabilities:																					
13	Accounts payable	289,188	33,701	393,403	80,417	61,126	12,058	34,474	9,575	111,243	19,665	12,558	3,768	6,218	2,124	128,414	13,307	23,207	8,160	14,844	11,470	13
	Bonds, notes, mortgages payable:																					
14	Maturity less than 1 year	74,989	9,656	112,611	53,116	39,531	19,771	13,440	5,081	17,027	4,593	3,558	1,608	1,908	658	20,170	11,727	9,810	4,917	6,658	4,336	14
15	Maturity 1 year or more	82,893	17,394	999,228	194,056	515,977	78,687	37,952	15,463	37,731	30,958	26,007	9,111	3,335	1,033	325,691	25,303	33,259	21,788	15,160	11,370	15
16	Other liabilities	173,635	9,303	460,638	86,900	104,526	18,965	40,759	5,893	94,487	12,866	7,841	2,519	5,364	897	125,089	24,191	49,079	8,816	32,239	12,065	16
17	Capital stock, preferred	81,497	9,458	214,539	31,594	76,330	7,763	28,858	3,740	31,637	6,206	3,711	1,657	815	319	48,840	5,838	7,659	2,735	16,663	2,822	17
18	Capital stock, common	534,386	54,680	935,726	172,048	227,132	32,862	136,378	29,014	131,789	27,125	23,117	10,539	14,012	3,879	268,006	10,431	74,267	29,882	57,286	27,563	18
19	Surplus reserves	70,035	3,549	192,648	10,481	33,977	414	6,394	217	15,142	3,909	433	524	1,236	27	116,637	2,180	10,574	1,325	7,860	1,857	19
20	Surplus and undivided profits 43/	748,032	20,883	1,388,172	140,051	303,872	30,167	155,599	14,151	153,908	22,049	24,836	4,519	14,256	1,244	587,660	28,085	85,888	21,998	57,415	17,556	20
21	Less: Deficit 44/	23,622	22,380	263,925	184,782	134,961	55,061	16,199	16,271	12,002	19,787	8,109	6,359	1,403	2,274	48,363	41,907	18,102	23,537	23,872	19,172	21
22	Total liabilities 42/	2,031,032	136,245	4,433,039	583,879	1,227,510	145,626	437,654	66,864	580,964	107,583	93,952	27,886	45,740	7,910	1,572,143	79,155	275,641	76,084	184,253	69,867	22
	Receipts:																					
23	Gross sales 16/	4,808,588	275,583	806,262	125,489	367,913	26,146	175,025	38,342	72,749	17,295	69,802	14,572	43,202	11,658	24,437	3,541	25,014	7,808	25,598	5,676	23
24	Gross receipts from operations 17/	61,483	15,675	4,228,776	397,122	562,647	50,022	615,636	88,897	915,694	87,808	65,864	12,250	58,576	4,244	1,455,982	51,027	291,601	39,085	248,579	59,204	24
	Interest on Government obligations (less amortizable bond premium):																					
25	Wholly taxable 18/	1,727	71	3,491	650	1,096	326	295	11	508	59	35	133	48	1	1,007	5	270	56	227	58	25
26	Subject to declared value excess-profits tax and surtax 19/	85	(14)	142	70	12	17	25	(14)	58	47	1	(14)	(14)	-	15	(14)	8	(14)	23	6	26
27	Subject to surtax only 20/	11	1	21	1	4	-	4	(14)	5	1	(14)	-	(14)	-	1	(14)	1	(14)	5	(14)	27
28	Wholly tax-exempt 21/	48	2	157	4	27	(14)	19	(14)	34	3	2	(14)	(14)	-	14	-	3	(14)	57	1	28
29	Other interest	3,858	151	7,060	499	1,159	38	449	41	989	97	62	26	31	4	3,845	66	189	26	324	194	29
30	Rents 22/	12,101	825	82,858	12,820	37,035	6,641	1,917	371	7,224	1,441	4,593	1,368	137	21	25,452	1,289	4,598	1,190	1,618	495	30
31	Royalties 23/	973	135	2,527	1,812	256	22	116	(14)	500	398	18	3	4	2	1,055	7	234	77	344	1,303	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	138	36	353	173	51	17	24	11	117	33	28	2	6	5	32	11	72	19	23	74	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	6,147	163	12,266	996	2,393	48	1,384	98	2,397	137	825	115	106	4	3,683	78	846	168	607	340	33
34	Net gain, sales other than capital assets 25/	677	95	1,274	585	240	87	201	96	255	132	112	56	5	5	113	38	264	55	83	116	34
35	Dividends, domestic corporations 26/	3,019	39	38,841	279	1,280	13	860	5	2,363	10	33	6	23	(14)	33,748	20	250	184	189	40	35
36	Dividends, foreign corporations 27/	8,331	1	3,408	1	94	(14)	1	(14)	302	-	-	-	(14)	-	3,005	-	3	(14)	2	1	36
37	Other receipts	41,511	2,218	63,171	10,038	8,314	1,133	4,959	682	10,187	2,350	1,631	370	439	70	26,078	1,455	8,526	1,665	2,880	2,078	37
38	Total compiled receipts 9/	4,948,697	294,997	5,250,606	550,541	982,521	84,513	800,915	128,554	1,013,382	109,810	143,006	28,899	102,578	16,015	1,578,468	57,538	331,879	50,334	280,558	69,585	38
	Deductions:																					
39	Cost of goods sold 28/	3,786,350	228,840	452,441	80,024	193,472	16,756	91,500	23,787	50,605	11,918	45,390	9,155	27,921	8,041	14,245	2,422	13,549	4,211	14,481	3,491	39
40	Cost of operations 28/	30,666	12,303	2,233,890	219,788	193,074	22,007	353,964	54,806	526,382	50,894	34,845	5,969	39,661	3,311	815,532	30,495	125,160	19,677	136,302	30,305	40
41	Compensation of officers	115,081	9,128	200,012	35,833	18,810	1,936	48,100	8,415	61,959	9,286	8,823	1,946	6,911	1,659	23,872	2,327	13,063	2,738	17,404	7,232	41
42	Rent paid on business property	41,558	3,278	195,355	30,714	41,947	6,128	21,793	4,177	16,706	5,300	10,754	3,363	1,527	338	81,902	5,659	11,674	3,169	8,711	2,449	42
43	Repairs 29/	16,941	1,448	87,555	11,424	40,052	5,069	12,529	2,152	6,103	487	1,646	520	730	102	16,793	952	6,949	1,388	2,608	708	43
44	Bad debts	6,174	579	7,503	1,689	1,542	149	1,865	304	1,434	244	260	138	143	82	1,061	253	204	102	978	410	44
45	Interest paid	7,180	1,039	43,987	7,814	23,223	3,581	2,412	760	1,656	727	1,031	364	256	45	12,709	1,315	1,730	606	867	389	45
46	Taxes paid 30/	43,941	2,741	124,011	15,476	41,209	4,166	16,813	3,035	12,539	1,831	3,308	989	1,621	319	31,478	1,318	11,712	2,325	4,950	1,440	46
47	Contributions or gifts 31/	3,428	35	7,810	153	1,183	10	1,028	25	1,077	41	84	6	62	3	2,583	15	1,496	11	273	42	47
48	Depreciation	24,019	2,751	115,645	19,439	41,855	5,139	16,903	3,454	12,598	2,681	3,463	1,107	2,120	300	27,308	1,262	7,201	3,215	3,943	2,193	48
49	Depletion	210	83	166	180	51	3	35	2	3	(14)	(14)	53	3	-	17	61	35	59	21	1	49
50	Amortization 32/	126	22	645	641	28	28	31	63	101	60	29	29	183	39	43	347	22	15	208	53	50
51	Advertising	28,947	2,081	67,970	6,127	9,038	943	9,392	1,210	4,614	742	632	107	609	108	36,456	1,152	3,904	656	3,274	1,157	51
52	Amounts contributed under pension plan, etc.	4,325	150	18,260	776	578	32	686	10	8,944	169	41	8	125	7	6,417	24	662	1	751	526	52
53	Net loss, sales other than capital assets 25/	2,733	1,240	6,302	4,972	1,095	2,791	316	246	563	183	44	198	61	46	3,896	989	266	224	61	295	53
54	Other deductions	572,304	37,562	1,051,827	156,447	266,260	25,835	165,478	30,940	225,672	30,261	22,621	6,283	13,449	2,679	234,855	14,959	59,983	16,908	60,503	28,017	54
55	Total compiled deductions	4,683,983	303,279	4,613,379	591,498	873,418	92,572	742,846	133,386	930,956	114,825	132,970	30,235	95,383	17,079	1,309,167	63,550	257,611	55,304	255,336	78,707	55
56	Compiled net profit or net loss (38 less 55)	264,713	36/8,282	637,227	36/40,957	109,102	36/8,060	58,069	36/4,833	82,426	36/5,015	10,036	36/1,337	7,195	36/1,063	269,301	36/6,011	74,268	36/4,969	25,222	36/9,122	56
57	Net income or deficit 2/ (56 less 28)	264,666	36/8,284	637,069	36/40,961	109,075	36/8,060	58,050	36/4,833	82,391	36/5,018	10,034	36/1,337	7,195	36/1,063	269,287	36/6,011	74,265	36/4,969	25,165	36/9,123	57
58	Net operating loss deduction 33/	1,748	-	11,443	-	5,402	-	1,249	-	898	-	451	-	220	-	826	-	1,589	-	784	-	58
59	Adjusted excess profits net income 10/	81,614	-	231,980	-	34,751	-	11,537	-	25,638	-	1,330	-	2,294	-	101,438	-	45,574	-	8,731	-	59
60	Income tax 3/	60,858	-	129,256	-	24,887	-	13,144	-	18,707	-	2,187	-	1,327	-	52,325	-	11,541	-	4,864	-	60
61	Declared value excess-profits tax	1,432	-	2,107	-	507	-	255	-	232	-	80	-	28	-	236	-	607	-	155	-	61
62	Excess profits tax 4/	62,975	-	180,857	-	26,950	-	9,485	-	20,629	-	1,077	-	1,773	-	82,152	-	31,493	-	6,757	-	62
63	Total tax	125,266	-	312,220	-	52,345	-	22,885	-	39,568	-	3,344	-	3,129	-	134,714	-	43,641	-	11,776	-	63
64	Compiled net profit less total tax (56 less 63)	139,448	36/8,282	325,007	36/40,957	56,758	36/8,060	35,184	36/4,833	42,858	36/5,015	6,692	36/1,337	4,067	36/1,063	134,587	36/6,011	30,627	36/4,969	13,446	36/9,122	64
	Dividends paid:																					
65	Cash and assets other than own stock	36,880	552	126,422	3,573	10,439	353	10,654	112	20,165	108	1,000	2,689	506	37	70,533	47	9,775	37	3,125	172	65
66	Corporation's own stock	5,829	53	7,802	38	524	-	231	28	906	5	54	4	338	-	4,576	-	790	-	383	1	66

For footnotes, see pp. 29-30.

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																		
		Service - Continued		Finance, insurance, real estate, and lessors of real property																
		Service not allocable		Total finance, insurance, real estate, and lessors of real property		Finance: Total finance		Finance: Banks and trust companies		Finance: Long-term credit agencies, mortgage companies, except banks		Finance: Short-term credit agencies, except banks		Finance: Investment trusts and investment companies 11/		Finance: Other investment companies, including holding companies 12/ 13/		Finance: Security and commodity exchange brokers and dealers		
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	87	73	81,671	34,515	24,246	6,048	13,706	641	1,500	992	2,218	816	2,365	687	1,301	399	963	226	1
	Assets:																			
2	Cash 39/	2,580	288	37,411,858	692,800	35,402,829	431,848	34,597,607	343,204	25,235	8,850	121,129	9,710	187,520	13,262	235,233	12,139	132,925	5,934	2
3	Notes and accounts receivable	1,774	1,034	28,733,631	749,411	27,938,591	533,018	26,074,220	211,399	70,596	14,255	896,431	55,969	122,879	40,972	385,826	64,507	280,026	4,782	3
4	Less: Reserve for bad debts	63	1	62,983	12,949	53,514	6,342	-	-	245	206	23,994	1,582	484	414	27,295	2,792	343	220	4
5	Inventories	659	523	32,535	13,556	9,510	2,749	-	-	-	-	3,279	523	-	-	1,963	128	-	-	5
6	Investments, Government obligations 40/	712	21	112,513,859	1,396,545	87,934,170	902,906	86,375,292	823,353	17,781	3,232	98,157	8,159	451,358	16,067	227,741	10,944	673,910	6,250	6
7	Other investments	2,109	286	46,530,129	1,983,275	21,640,913	1,182,751	11,499,304	183,825	104,330	34,414	110,874	8,726	3,160,368	246,173	5,526,858	527,915	958,294	23,073	7
8	Gross capital assets 41/ (except land)	5,500	1,028	11,182,020	3,481,306	1,452,401	155,201	1,050,309	28,222	11,426	7,274	26,264	2,737	50,337	15,796	183,882	20,629	36,571	2,254	8
9	Less: Reserves	1,211	495	2,770,747	827,220	293,555	41,408	145,470	6,234	2,029	984	12,960	1,023	17,398	5,220	53,548	3,729	18,369	294	9
10	Land	2,844	88	3,055,480	1,100,441	188,786	43,346	81,257	5,875	6,660	9,234	2,702	645	14,220	4,715	59,177	11,076	12,801	152	10
11	Other assets	278	132	3,581,767	334,171	1,108,486	73,378	933,588	10,764	12,666	4,971	15,969	2,079	24,739	16,633	49,989	11,958	55,141	1,977	11
12	Total assets 42/	15,181	2,904	240,207,549	8,911,336	175,328,616	3,277,447	160,466,106	1,600,407	246,421	81,042	1,237,850	85,944	3,993,538	347,985	6,589,825	652,776	2,130,956	43,909	12
	Liabilities:																			
13	Accounts payable	1,319	290	1,506,282	488,227	903,745	160,910	-	-	18,893	7,703	74,030	6,880	94,423	32,757	139,988	24,877	535,011	6,078	13
	Bonds, notes, mortgages payable:																			
14	Maturity less than 1 year	508	425	1,913,589	444,239	1,401,416	230,774	-	-	33,531	7,956	391,034	18,284	57,098	46,478	90,906	119,887	776,190	10,305	14
15	Maturity 1 year or more	4,115	342	7,315,435	2,970,367	1,632,437	500,573	-	-	61,863	34,557	184,450	17,983	330,989	97,033	532,150	215,514	459,508	3,533	15
16	Other liabilities	1,254	687	199,369,453	3,091,612	151,963,595	1,747,299	150,856,887	1,546,315	26,988	14,242	100,063	3,615	553,301	37,364	107,766	58,280	97,247	5,431	16
17	Capital stock, preferred	27	514	2,244,423	417,992	1,814,601	265,176	156,575	16,010	10,698	9,616	104,742	5,724	218,220	60,241	1,260,670	123,777	28,670	2,282	17
18	Capital stock, common	3,739	753	10,640,636	2,259,346	6,617,809	822,185	2,942,070	93,312	74,485	41,574	196,962	27,628	1,115,591	136,348	1,987,729	275,180	92,238	8,576	18
19	Surplus reserves	396	28	1,862,067	151,463	1,673,922	94,192	1,117,484	17,921	5,781	1,151	23,213	2,584	128,284	25,258	350,178	30,198	17,259	5,514	19
20	Surplus and undivided profits 43/	4,737	280	16,959,581	1,607,695	10,045,582	551,467	5,409,969	56,400	46,218	22,903	167,208	9,853	1,831,206	131,675	2,333,490	226,548	134,656	10,124	20
21	Less: Deficit 44/	914	414	1,603,917	2,519,605	724,489	1,095,129	16,879	129,551	32,034	58,661	3,852	6,606	335,574	219,168	213,051	421,484	9,823	7,934	21
22	Total liabilities 42/	15,181	2,904	240,207,549	8,911,336	175,328,616	3,277,447	160,466,106	1,600,407	246,421	81,042	1,237,850	85,944	3,993,538	347,985	6,589,825	652,776	2,130,956	43,909	22
	Receipts:																			
23	Gross sales 16/	2,522	451	55,087	8,221	25,286	407	-	-	-	-	-	-	-	-	17,241	66	-	-	23
24	Gross receipts from operations 17/	14,198	4,585	3,243,400	659,938	658,086	24,359	391,054	9,010	12,798	1,714	97,032	8,814	-	-	39,127	618	85,452	1,597	24
	Interest on Government obligations (less amortizable bond premium):																			
25	Wholly taxable 18/	8	(14)	1,294,480	15,495	862,585	10,245	837,346	9,515	165	26	1,309	121	7,572	119	2,874	156	10,969	32	25
26	Subject to declared value excess-profits tax and surtax 19/	-	-	279,623	4,213	239,396	639	234,280	572	6	2	25	1	667	21	400	21	3,935	3	26
27	Subject to surtax only 20/	-	-	4,689	73	3,816	28	3,720	23	1	(14)	9	(14)	34	1	5	3	45	(14)	27
28	Wholly tax-exempt 21/	-	-	190,026	4,145	142,170	2,515	137,867	1,944	54	3	40	31	965	31	647	19	2,120	287	28
29	Other interest	11	8	1,893,907	33,477	1,014,585	22,824	819,351	10,564	7,580	1,569	95,681	3,855	21,121	402	57,718	1,545	5,958	183	29
30	Rents 22/	284	4	1,174,777	230,012	102,677	5,846	85,205	2,708	1,264	421	1,132	208	688	38	8,485	362	1,213	101	30
31	Royalties 23/	-	-	103,159	8,286	42,154	2,073	1,277	12	159	5	83	14	4,241	188	1,659	52	144	1	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	(14)	(14)	28,815	2,122	24,949	885	17,951	418	147	22	298	60	3,578	156	805	100	1,199	35	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	24	9	451,345	11,950	360,859	3,726	205,393	1,623	2,790	82	2,181	87	108,998	377	25,851	370	9,684	37	33
34	Net gain, sales other than capital assets 25/	-	-	138,940	11,480	85,124	3,491	5,001	468	784	60	172	27	7,371	79	458	36	70,601	2,686	34
35	Dividends, domestic corporations 26/	96	-	577,626	14,204	443,404	3,772	15,673	506	195	22	2,384	62	151,725	1,488	261,729	1,545	10,165	68	35
36	Dividends, foreign corporations 27/	(14)	-	21,819	289	20,508	81	811	2	1	1	3	-	3,878	19	15,759	59	37	-	36
37	Other receipts	156	235	130,693	20,164	73,246	5,243	43,375	1,056	2,184	439	9,936	745	3,709	246	6,165	1,694	5,204	206	37
38	Total compiled receipts 9/	17,300	5,292	9,588,385	1,024,068	4,098,846	86,134	2,798,503	38,221	28,130	4,368	210,286	14,026	314,548	3,166	438,904	6,645	206,726	5,235	38
	Deductions:																			
39	Cost of goods sold 28/	1,279	242	33,600	5,242	17,783	293	-	-	-	-	-	-	-	-	11,656	53	-	-	39
40	Cost of operations 28/	8,970	2,326	105,148	26,338	36,032	5,814	156	65	742	225	9,514	4,490	-	-	3,006	4	19,299	397	40
41	Compensation of officers	1,069	295	34/455,823	34/42,511	314,082	12,251	240,511	4,070	4,474	1,026	15,055	2,047	6,250	664	9,023	862	32,791	1,445	41
42	Rent paid on business property	340	130	141,105	29,013	53,834	2,603	39,562	950	676	141	6,514	537	682	66	1,599	91	3,866	339	42
43	Repairs 29/	145	47	86,959	27,354	17,004	992	14,693	343	129	59	263	30	114	67	769	79	565	8	43
44	Bad debts	17	6	68,930	27,439	64,271	22,240	50,722	9,951	230	3,171	10,106	1,509	780	608	1,693	1,802	278	60	44
45	Interest paid	102	27	557,156	120,156	329,164	26,676	249,192	6,114	2,977	1,405	22,000	1,475	12,740	2,385	30,458	11,171	9,533	180	45
46	Taxes paid 30/	382	54	467,759	98,886	149,069	5,033	121,935	1,945	853	530	6,262	368	4,699	417	6,692	560	6,634	220	46
47	Contributions or gifts 31/	24	(14)	21,294	463	16,462	149	13,445	22	45	3	578	5	568	1	1,156	3	514	4	47
48	Depreciation	253	88	271,943	70,729	55,685	3,484	45,130	1,092	336	124	1,988	138	425	115	3,084	247	1,307	35	48
49	Depletion	-	1	20,225	2,540	3,338	108	176	1	8	(14)	1	-	1,850	57	1,223	8	4	(14)	49
50	Amortization 32/	-	7	6,440	597	5,205	76	-	-	-	-	3	-	7	-	5,100	6	(14)	1	50
51	Advertising	49	52	50,963	3,900	37,036	1,117	24,155	367	337	49	8,975	495	69	3	257	4	1,916	36	51
52	Amounts contributed under pension plan, etc.	58	-	42,162	417	34,063	157	31,267	76	20	7	688	14	69	-	616	31	1,120	1	52
53	Net loss, sales other than capital assets 25/	(14)	-	37,000	97,862	27,259	16,662	24,650	6,115	216	3,041	113	52	412	1,963	1,811	2,036	16	201	53
54	Other deductions	3,007	2,565	3,327,589	685,257	1,067,531	43,442	804,197	15,529	9,304	2,222	71,748	5,153	33,575	1,751	43,401	3,844	69,709	2,981	54
55	Total compiled deductions	15,693	5,839	35/5,694,096	35/1,238,703	2,227,818	141,097	1,659,790	46,622	20,347	12,003	153,807	16,315	62,241	8,096	121,544	20,802	147,551	5,908	55
56	Compiled net profit or net loss (38 less 55)	1,606	36/547	3,894,289	36/214,635	1,871,028	36/54,963	1,138,513	36/8,401	7,783	36/7,635	56,479	36/2,288	252,307	36/4,931	317,360	36/14,157	59,175	36/673	56
57	Net income or deficit 2/ (56 less 28)	1,606	36/547	3,704,264	36/218,780	1,728,858	36/57,478	1,000,646	36/10,346	7,729	36/7,638	56,439	36/2,319	251,342	36/4,962	316,713	36/14,176	57,055	36/960	57
58	Net operating loss deduction 33/	23	-	34,677	-	10,160	-	4,689	-	652	-	383	-	711	-	2,029	-	705	-	58
59	Adjusted excess profits net income 10/	687	-	73,441	-	23,739	-	13,216	-	62	-	2,704	-	155	-	1,216	-	3,279	-	59
60	Income tax 3/	272	-	591,718	-	380,959	-	282,129	-	1,969	-	18,801	-	14,359	-	37,245	-	14,651	-	60
61	Declared value excess-profits tax	7	-	2,939	-	1,195	-	744	-	15	-	56	-	65	-	43	-	208	-	61
62	Excess profits tax 4/	540	-	59,712	-	19,447	-	11,042	-	38	-	2,150	-	123	-	990	-	2,554	-	62
63	Total tax	819	-	654,369	-	401,601	-	293,915	-	2,023	-	21,008	-	14,547	-	38,278	-	17,413	-	63
64	Compiled net profit less total tax (56 less 63)	788	36/547	3,239,920	36/214,635	1,469,426	36/54,963	844,599	36/8,401	5,760	36/7,635	35,471	36/2,288	237,761	36/4,931	279,082	36/14,157	41,762	36/673	64
	Dividends paid:																			
65	Cash and assets other than own stock	224	17	1,050,609	25,370	787,148	8,731	277,070	1,723	1,792	760	24,359	389	210,490	1,420	254,659	1,196	7,945	121	65
66	Corporation's own stock	-	-	104,558	329	96,635	115	91,189	84	22	4	759	13	899	15	1,370	(14)	2,034	-	66

For footnotes, see pp. 29-30.

65	Cash and assets other than own stock	224	17	1,050,609	25,370	787,148	8,731	277,070	1,723	1,792	760	24,359	389	210,490	1,420	254,659	1,196	7,945	121	65
66	Corporation's own stock	-	-	104,558	329	96,635	115	91,189	84	22	4	759	13	899	15	1,370	(14)	2,034	-	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued																
		Finance, insurance, real estate, and lessors of real property - Continued																
		Finance - Continued				Insurance carriers, agents, etc.						Real estate, including lessors of buildings		Lessors of real property, except buildings		Construction		
		Other finance companies		Finance not allocable		Total insurance carriers, agents, etc.		Insurance carriers		Insurance agents, brokers, etc.								
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	596	553	1,597	1,734	4,943	1,593	1,388	293	3,555	1,300	49,592	24,704	2,890	2,170	7,310	3,416	1
	Assets:																	
2	Cash 39/	28,984	12,872	74,198	25,876	1,454,340	106,272	1,381,561	97,796	72,779	8,476	484,699	139,291	69,990	15,389	208,955	47,546	2
3	Notes and accounts receivable	26,880	17,606	81,733	123,528	135,294	20,826	-	-	135,294	20,826	590,936	173,277	68,810	22,290	435,748	128,062	3
4	Less: Reserve for bad debts	378	98	774	1,031	1,641	182	-	-	1,641	182	7,679	6,374	149	51	3,532	1,299	4
5	Inventories	3,390	927	878	1,170	-	-	-	-	-	-	21,366	9,615	1,658	1,192	127,267	31,715	5
6	Investments, Government obligations 40/	12,605	1,613	77,326	33,286	24,209,333	443,487	24,187,913	442,193	21,420	1,294	318,868	45,547	51,488	4,604	114,527	27,971	6
7	Other investments	38,434	52,741	242,451	105,885	23,673,257	416,866	23,619,376	408,203	53,882	8,663	991,285	321,049	224,674	62,609	103,527	28,536	7
8	Gross capital assets 41/ (except land)	72,811	33,913	20,801	44,375	402,508	31,163	361,147	24,074	41,361	7,089	6,769,123	2,393,711	2,557,989	901,231	363,604	140,519	8
9	Less: Reserves	38,158	10,693	5,622	13,231	16,362	4,740	7,841	3,174	8,521	1,567	2,146,872	678,777	313,958	102,295	191,014	69,813	9
10	Land	736	1,000	11,233	10,651	13,927	2,310	10,034	1,720	3,892	590	2,710,959	956,138	141,809	98,646	36,576	10,982	10
11	Other assets	5,548	5,941	10,846	19,054	2,199,311	135,172	2,170,652	131,762	28,659	3,410	202,363	87,974	71,607	37,648	56,481	22,450	11
12	Total assets 42/	150,850	115,822	513,070	349,563	52,069,967	1,151,174	51,722,843	1,102,575	347,124	48,599	9,935,047	3,441,451	2,873,919	1,041,264	1,252,138	366,668	12
	Liabilities:																	
13	Accounts payable	8,471	34,741	32,928	47,874	145,232	30,018	-	-	145,232	30,018	397,338	251,772	59,967	45,527	189,561	65,973	13
	Bonds, notes, mortgages payable:																	
14	Maturity less than 1 year	4,475	2,059	48,182	25,805	10,170	3,021	-	-	10,170	3,021	482,417	190,916	19,587	19,529	78,073	30,167	14
15	Maturity 1 year or more	11,282	27,726	52,196	104,228	13,375	3,102	-	-	13,375	3,102	4,557,789	1,909,925	1,111,834	556,767	65,453	36,786	15
16	Other liabilities	21,303	49,512	200,040	32,540	46,811,393	925,464	46,773,315	922,706	38,079	2,759	500,639	303,141	93,825	115,708	201,868	63,845	16
17	Capital stock, preferred	4,653	9,439	30,374	38,087	25,380	2,459	9,947	1,169	15,433	1,290	299,252	121,492	105,190	28,864	33,956	13,961	17
18	Capital stock, common	67,071	46,396	141,662	193,171	740,447	122,535	675,718	111,685	64,728	10,851	2,288,305	938,561	994,076	376,064	262,583	94,138	18
19	Surplus reserves	18,798	6,015	12,925	5,552	6,967	882	-	-	6,967	882	158,484	50,388	22,695	6,001	34,792	9,739	19
20	Surplus and undivided profits 43/	33,633	10,964	89,202	83,000	4,337,411	330,794	4,277,248	325,269	60,163	5,525	1,959,782	559,268	616,805	166,166	416,438	93,526	20
21	Less: Deficit 44/	18,837	71,030	94,439	180,695	20,408	267,102	13,385	258,253	7,022	8,848	708,959	884,013	150,061	273,361	30,586	41,467	21
22	Total liabilities 42/	150,850	115,822	513,070	349,563	52,069,967	1,151,174	51,722,843	1,102,575	347,124	48,599	9,935,047	3,441,451	2,873,919	1,041,264	1,252,138	366,668	22
	Receipts:																	
23	Gross sales 16/	8,045	341	-	-	-	-	-	-	-	-	27,056	7,601	2,745	213	486,838	119,611	23
24	Gross receipts from operations 17/	7,656	1,081	24,967	1,526	1,872,643	456,994	1,682,644	427,458	190,000	29,536	712,671	178,585	-	-	1,878,933	341,877	24
	Interest on Government obligations (less amortizable bond premium):																	
25	Wholly taxable 18/	135	16	2,214	261	426,282	4,367	425,969	4,346	312	20	4,805	769	808	114	1,481	420	25
26	Subject to declared value excess-profits tax and surtax 19/	37	(14)	46	18	39,719	3,507	39,695	3,504	24	4	407	45	101	22	104	22	26
27	Subject to surtax only 20/	(14)	(14)	1	1	821	33	816	33	5	(14)	49	13	3	(14)	4	4	27
28	Wholly tax-exempt 21/	4	14	474	186	47,116	1,525	47,102	1,524	14	1	634	98	106	6	153	140	28
29	Other interest	648	1,228	6,527	3,480	854,092	5,233	852,389	5,067	1,703	166	23,631	5,153	1,599	266	1,840	351	29
30	Rents 22/	3,796	1,857	893	150	113,704	1,980	112,391	1,808	1,313	171	840,302	201,408	118,094	20,778	8,980	2,728	30
31	Royalties 23/	34,363	1,787	227	14	82	18	32	3	50	15	2,485	549	58,437	5,646	360	38	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	3	25	968	68	1,002	803	825	795	177	8	2,741	401	123	33	1,006	248	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	340	906	5,622	243	26,348	5,986	25,199	5,946	1,149	40	56,619	1,938	7,519	301	11,603	1,980	33
34	Net gain, sales other than capital assets 25/	333	21	404	115	355	124	207	108	148	15	52,921	7,691	540	174	1,622	552	34
35	Dividends, domestic corporations 26/	483	178	1,049	103	117,548	9,167	114,192	9,145	3,355	23	15,058	1,162	1,617	102	10,772	512	35
36	Dividends, foreign corporations 27/	29	(14)	10	(14)	1,145	192	987	192	158	1	154	16	13	-	397	(14)	36
37	Other receipts	1,065	378	1,608	478	11,720	2,959	4,049	1,300	7,671	1,660	38,021	11,237	7,706	724	23,999	6,176	37
38	Total compiled receipts 9/	56,939	7,830	45,009	6,643	3,512,577	492,888	3,306,498	461,228	206,079	31,659	1,777,552	416,666	199,410	28,380	2,428,092	474,659	38
	Deductions:																	
39	Cost of goods sold 28/	6,126	241	-	-	-	-	-	-	-	-	13,797	4,759	2,020	189	364,694	99,265	39
40	Cost of operations 28/	2,330	384	985	248	27,544	7,768	437	727	27,108	7,042	41,571	12,756	-	-	1,546,305	294,205	40
41	Compensation of officers	2,242	903	3,736	1,234	34/49,737	34/8,467	34/9,835	34/1,341	39,901	7,126	88,060	20,557	3,945	1,235	101,616	25,563	41
42	Rent paid on business property	401	170	535	328	17,735	4,567	11,261	3,245	6,475	1,322	67,093	21,031	2,442	811	10,608	3,235	42
43	Repairs 29/	398	292	73	114	1,370	770	1,080	473	290	297	67,765	25,287	819	305	12,934	5,492	43
44	Bad debts	25	4,355	437	784	1,291	603	594	306	697	297	3,117	4,393	250	203	2,275	1,351	44
45	Interest paid	582	546	1,682	3,399	1,532	2,568	742	2,333	791	235	193,975	74,575	32,485	16,337	5,921	2,599	45
46	Taxes paid 30/	693	347	1,301	645	72,214	13,178	68,757	12,689	3,457	489	232,376	76,000	14,100	4,675	26,168	6,292	46
47	Contributions or gifts 31/	43	105	114	7	1,934	70	1,379	54	556	17	2,729	230	169	13	1,809	65	47
48	Depreciation	3,056	1,330	358	404	20,611	1,246	19,457	1,033	1,154	213	188,542	63,456	7,106	2,542	25,141	9,595	48
49	Depletion	4	40	73	2	16	-	10	-	6	-	513	113	16,357	2,319	324	47	49
50	Amortization 32/	94	46	1	23	4	-	-	-	4	-	665	510	567	11	1,718	270	50
51	Advertising	434	117	894	45	7,995	1,231	5,948	920	2,047	311	5,907	1,542	25	10	4,731	1,228	51
52	Amounts contributed under pension plan, etc.	185	(14)	98	27	6,963	182	6,043	136	920	47	1,021	57	114	21	2,190	822	52
53	Net loss, sales other than capital assets 25/	2	1,611	40	1,642	1,152	5,180	1,067	5,125	84	55	6,544	69,425	2,046	6,595	569	2,293	53
54	Other deductions	14,633	6,932	20,964	5,028	1,781,987	474,104	1,688,528	457,826	93,459	16,278	460,766	157,522	17,305	10,189	176,342	54,326	54
55	Total compiled deductions	31,247	17,421	31,291	13,929	35/1,992,086	35/519,937	35/1,815,137	35/486,207	176,949	33,730	1,374,441	532,213	99,751	45,457	2,283,347	506,649	55
56	Compiled net profit or net loss (38 less 55)	25,692	36/9,591	13,718	36/7,286	1,520,491	36/27,049	1,491,361	36/24,979	29,130	36/2,070	403,112	36/115,547	99,660	36/17,077	144,746	36/31,990	56
57	Net income or deficit 2/ (56 less 28)	25,688	36/9,605	13,244	36/7,471	1,473,374	36/28,574	1,444,258	36/26,503	29,116	36/2,071	402,478	36/115,645	99,554	36/17,083	144,593	36/32,130	57
58	Net operating loss deduction 33/	485	-	505	-	2,026	-	1,669	-	356	-	21,397	-	1,094	-	5,588	-	58
59	Adjusted excess profits net income 10/	1,924	-	1,183	-	12,310	-	8,785	-	3,525	-	26,485	-	10,907	-	41,953	-	59
60	Income tax 3/	8,734	-	3,071	-	75,204	-	68,107	-	7,097	-	103,624	-	31,930	-	28,176	-	60
61	Declared value excess-profits tax	21	-	42	-	149	-	38	-	111	-	1,528	-	68	-	1,014	-	61
62	Excess profits tax 4/	1,623	-	927	-	10,303	-	7,437	-	2,866	-	20,711	-	9,251	-	32,544	-	62
63	Total tax	10,378	-	4,040	-	85,656	-	75,583	-	10,073	-	125,863	-	41,249	-	61,735	-	63
64	Compiled net profit less total tax (56 less 63)	15,314	36/9,591	9,678	36/7,286	1,434,835	36/27,049	1,415,778	36/24,979	19,057	36/2,070	277,249	36/115,547	58,411	36/17,077	83,011	36/31,990	64
	Dividends paid:																	
65	Cash and assets other than own stock	5,845	415	4,987	2,707	119,928	8,825	108,359	8,723	11,570	102	81,803	6,857	61,730	957	27,833	1,376	65
66	Corporation's own stock	-	-	362	-	5,981	60	5,855	50	126	10	1,882	154	61	-	3,027	175	66

For footnotes, see pp. 29-30.

Table 3. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by major industrial groups, for returns with net income and returns with no net income: 2/ Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, and dividends paid by type of dividend; also, for returns with net income: Net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, and compiled net profit less total tax - Continued

(Money figures in thousands of dollars)

		Major industrial groups 7/ - Continued										
		Agriculture, forestry, and fishery								Nature of business not allocable		
		Total agriculture, forestry, and fishery		Agriculture and services		Forestry		Fishery				
		Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	Net income	No net income	
1	Number of returns with balance sheets 38/	3,412	1,702	3,139	1,521	135	92	138	89	1,612	2,417	1
	Assets:											
2	Cash 39/	105,857	13,685	97,632	12,329	3,578	1,059	4,647	297	33,072	17,571	2
3	Notes and accounts receivable	160,697	23,542	148,588	20,135	8,205	3,103	3,904	304	43,986	37,578	3
4	Less: Reserve for bad debts	1,514	78	1,482	74	5	2	27	2	1,108	772	4
5	Inventories	149,635	18,602	142,809	18,023	3,091	307	3,734	271	10,255	4,074	5
6	Investments, Government obligations 40/	118,466	4,193	112,908	4,053	3,213	104	2,345	36	14,221	3,882	6
7	Other investments	141,877	40,311	134,796	38,350	3,740	1,916	3,341	45	41,600	50,769	7
8	Gross capital assets 41/ (except land)	587,852	108,077	531,616	91,426	44,387	12,353	11,849	4,298	58,317	53,645	8
9	Less: Reserves	257,335	35,891	245,130	32,249	8,409	2,619	3,797	1,024	24,914	11,309	9
10	Land	209,707	49,934	203,519	47,326	4,752	2,458	1,435	150	16,758	12,269	10
11	Other assets	30,605	8,510	26,825	7,514	3,085	845	695	151	7,666	10,903	11
12	Total assets 42/	1,245,845	230,883	1,152,080	206,832	65,638	19,526	28,127	4,525	199,853	178,610	12
	Liabilities:											
13	Accounts payable	135,713	29,853	127,229	27,060	4,762	1,569	3,722	1,224	30,520	26,891	13
	Bonds, notes, mortgages payable:											
14	Maturity less than 1 year	58,696	17,474	56,612	15,492	959	1,421	1,125	561	14,463	14,732	14
15	Maturity 1 year or more	78,550	56,196	66,905	52,410	9,970	2,723	1,675	1,062	18,640	49,896	15
16	Other liabilities	71,312	16,103	58,207	14,213	9,885	1,518	3,220	373	14,400	17,243	16
17	Capital stock, preferred	26,831	8,930	25,124	7,365	1,465	1,313	242	253	11,932	24,931	17
18	Capital stock, common	467,686	111,888	436,521	89,332	24,099	20,195	7,067	2,361	58,352	140,382	18
19	Surplus reserves	61,959	4,069	56,750	3,998	3,153	46	2,056	25	4,212	15,965	19
20	Surplus and undivided profits 43/	418,352	58,547	378,698	48,318	30,112	9,720	9,542	509	65,416	47,253	20
21	Less: Deficit 44/	73,255	72,177	53,965	51,354	18,767	18,980	523	1,843	18,082	158,684	21
22	Total liabilities 42/	1,245,845	230,883	1,152,080	206,832	65,638	19,526	28,127	4,525	199,853	178,610	22
	Receipts:											
23	Gross sales 16/	703,184	61,726	671,379	60,201	8,950	417	22,855	1,108	72,821	13,343	23
24	Gross receipts from operations 17/	118,075	21,930	109,072	19,463	3,628	576	5,376	1,891	47,522	7,379	24
	Interest on Government obligations (less amortizable bond premium):											
25	Wholly taxable 18/	629	51	569	50	32	1	28	(14)	110	19	25
26	Subject to declared value excess-profits tax and surtax 19/	397	4	395	4	2	-	-	-	4	2	26
27	Subject to surtax only 20/	4	(14)	4	(14)	(14)	-	(14)	-	1	1	27
28	Wholly tax-exempt 21/	153	2	148	2	5	-	(14)	-	83	36	28
29	Other interest	2,427	325	2,242	298	167	23	19	4	1,497	184	29
30	Rents 22/	8,697	1,805	8,309	1,762	356	38	32	5	2,760	554	30
31	Royalties 23/	2,990	116	2,799	112	190	4	1	-	236	134	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	248	41	202	41	41	-	5	-	150	89	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	15,279	607	12,976	475	1,685	133	617	(14)	2,825	258	33
34	Net gain, sales other than capital assets 25/	1,308	270	613	266	650	4	45	(14)	772	46	34
35	Dividends, domestic corporations 26/	12,420	134	12,360	123	33	11	27	-	828	66	35
36	Dividends, foreign corporations 27/	1,390	2	1,390	2	-	-	(14)	-	2	(14)	36
37	Other receipts	9,401	1,360	8,747	1,295	355	31	299	34	4,963	1,165	37
38	Total compiled receipts 9/	876,604	88,375	831,205	84,095	16,094	1,238	29,305	3,042	134,575	23,275	38
	Deductions:											
39	Cost of goods sold 28/	465,048	53,585	440,788	52,289	7,929	314	16,331	982	56,429	11,015	39
40	Cost of operations 28/	45,436	13,659	40,780	12,198	1,945	202	2,711	1,259	16,020	2,422	40
41	Compensation of officers	41,301	3,323	39,897	3,179	509	60	895	84	12,803	2,681	41
42	Rent paid on business property	7,458	970	7,219	945	47	3	192	22	1,982	1,043	42
43	Repairs 29/	11,332	2,147	10,647	1,859	92	39	593	250	1,336	359	43
44	Bad debts	823	378	763	275	39	77	21	27	809	477	44
45	Interest paid	5,561	2,271	5,047	2,101	379	125	135	46	1,278	1,016	45
46	Taxes paid 30/	19,676	2,170	18,714	1,973	589	148	373	49	2,721	787	46
47	Contributions or gifts 31/	1,339	22	1,301	22	5	-	32	(14)	162	7	47
48	Depreciation	22,802	3,568	22,062	3,306	225	63	515	198	2,392	891	48
49	Depletion	1,256	302	684	48	569	254	4	-	89	131	49
50	Amortization 32/	17	46	17	45	-	1	-	-	109	3	50
51	Advertising	5,383	240	5,329	235	2	1	52	4	1,025	238	51
52	Amounts contributed under pension plan, etc.	1,637	53	1,599	53	18	-	20	1	208	1	52
53	Net loss, sales other than capital assets 25/	817	4,551	688	3,221	10	1,300	118	31	353	1,677	53
54	Other deductions	99,105	15,235	94,927	14,173	1,212	460	2,966	602	22,462	7,980	54
55	Total compiled deductions	728,990	102,520	690,463	95,921	13,570	3,045	24,956	3,554	120,180	30,728	55
56	Compiled net profit or net loss (38 less 55)	147,614	36/14,146	140,742	36/11,827	2,524	36/1,807	4,348	36/512	14,395	36/7,453	56
57	Net income or deficit 2/ (56 less 28)	147,461	36/14,147	140,594	36/11,828	2,519	36/1,807	4,348	36/512	14,312	36/7,490	57
58	Net operating loss deduction 33/	2,196	-	1,927	-	126	-	143	-	482	-	58
59	Adjusted excess profits net income 10/	41,569	-	39,601	-	31	-	1,937	-	2,014	-	59
60	Income tax 3/	32,238	-	30,890	-	682	-	666	-	3,349	-	60
61	Declared value excess-profits tax	593	-	580	-	4	-	9	-	106	-	61
62	Excess profits tax 4/	30,216	-	28,672	-	26	-	1,518	-	1,748	-	62
63	Total tax	63,046	-	60,141	-	712	-	2,192	-	5,203	-	63
64	Compiled net profit less total tax (56 less 63)	84,568	36/14,146	80,600	36/11,827	1,812	36/1,807	2,156	36/512	9,192	36/7,453	64
	Dividends paid:											
65	Cash and assets other than own stock	25,407	905	23,886	895	1,316	7	205	2	2,796	2,126	65
66	Corporation's own stock	920	30	905	30	-	-	16	-	49	75	66

For footnotes, see pp. 29-30.

66 Corporation's own stock | 920 | 30 | 903 | 30 | - | - | 10 | - | 45 | 75 | 66
For footnotes, see pp. 29-30.

Table 4. - Corporation income and declared value excess-profits tax returns with balance sheets, 1/ 1945, by total assets classes: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, adjusted excess profits net income, income tax, declared value excess-profits tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend

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

		Total assets classes 42/											
		Total	Under 50	50 under 100	100 under 250	250 under 500	500 under 1,000	1,000 under 5,000	5,000 under 10,000	10,000 under 50,000	50,000 under 100,000	100,000 and over	
1	Number of returns with balance sheets 38/	374,950	177,788	61,431	60,308	27,583	17,669	22,057	3,948	3,197	427	542	1
	Assets:												
2	Cash 39/	57,716,999	721,935	706,867	1,316,705	1,256,061	1,804,607	8,199,085	4,491,353	9,723,828	3,959,563	25,536,996	2
3	Notes and accounts receivable	52,273,539	687,148	799,017	1,642,743	1,609,803	1,980,758	6,697,718	3,435,803	7,643,578	3,149,262	24,627,709	3
4	Less: Reserve for bad debts	643,932	19,601	21,471	43,159	42,444	47,210	125,312	54,854	120,578	32,290	137,014	4
5	Inventories	26,067,243	540,459	621,742	1,308,619	1,397,831	1,642,882	4,476,510	2,056,818	4,591,402	1,754,866	7,676,113	5
6	Investments, Government obligations 40/	129,935,036	79,499	167,923	546,233	803,959	1,683,838	12,555,864	8,775,656	20,064,045	8,367,725	76,890,293	6
7	Other investments	74,025,917	162,680	216,325	585,767	756,739	1,234,813	5,557,891	3,541,267	10,079,168	4,768,707	47,122,560	7
8	Gross capital assets 41/ (except land)	138,443,632	1,836,213	2,192,955	4,795,848	4,603,994	5,236,534	13,902,085	7,228,713	19,707,404	10,495,979	68,443,907	8
9	Less: Reserves	54,667,984	832,215	910,706	1,964,906	1,966,099	2,344,016	6,381,725	3,206,484	8,962,958	3,760,575	24,338,298	9
10	Land	8,281,599	304,072	437,090	985,597	884,922	871,789	1,965,485	720,303	1,107,239	332,925	672,178	10
11	Other assets	10,029,217	167,469	169,103	352,894	361,741	372,861	1,059,801	602,806	1,501,722	798,120	4,642,700	11
12	Total assets 42/	441,461,268	3,647,660	4,378,846	9,526,342	9,666,507	12,436,856	47,907,402	27,591,380	65,334,850	29,834,282	231,137,144	12
	Liabilities:												
13	Accounts payable	17,454,980	648,679	582,372	1,097,637	1,036,609	1,069,587	2,614,521	1,031,942	2,530,997	916,031	5,926,606	13
	Bonds, notes, mortgages payable:												
14	Maturity less than 1 year	7,208,349	255,238	236,148	490,048	490,332	588,798	1,626,836	630,507	1,267,106	445,879	1,177,458	14
15	Maturity 1 year or more	40,987,175	599,225	778,019	1,850,807	1,663,344	1,691,532	3,905,745	1,698,785	4,816,719	3,395,834	20,587,163	15
16	Other liabilities	221,285,591	429,321	393,251	873,071	1,158,149	2,631,951	20,724,769	14,061,645	32,073,099	13,827,510	135,112,824	16
17	Capital stock, preferred	14,763,641	119,517	129,275	324,807	370,336	525,216	1,681,657	833,319	2,573,474	1,572,283	6,633,758	17
18	Capital stock, common	64,747,400	1,845,617	1,601,979	2,983,537	2,692,982	2,929,019	7,677,425	3,610,570	8,560,477	4,224,622	28,621,171	18
19	Surplus reserves	11,056,641	26,491	41,101	132,634	188,943	311,626	1,317,444	835,433	2,234,954	1,063,855	4,904,160	19
20	Surplus and undivided profits 43/	72,528,243	906,006	1,140,741	2,585,002	2,730,725	3,384,687	10,215,051	5,327,557	12,387,194	4,781,621	29,069,658	20
21	Less: Deficit 44/	8,570,751	1,182,435	524,041	811,201	664,913	695,559	1,856,046	438,378	1,109,171	393,352	895,654	21
22	Total liabilities 42/	441,461,268	3,647,660	4,378,846	9,526,342	9,666,507	12,436,856	47,907,402	27,591,380	65,334,850	29,834,282	231,137,144	22
	Receipts:												
23	Gross sales 16/	201,545,767	6,942,610	7,119,878	13,963,891	13,547,401	15,065,732	36,588,245	15,151,196	32,558,197	11,985,151	48,623,467	23
24	Gross receipts from operations 17/	39,909,914	1,743,896	1,213,547	2,048,676	1,729,841	1,889,048	4,324,765	1,902,371	5,859,591	2,980,285	16,217,895	24
	Interest on Government obligations (less amortizable bond premium):												
25	Wholly taxable 18/	1,490,510	1,717	2,341	7,322	9,858	18,729	138,460	97,617	226,335	93,403	894,727	25
26	Subject to declared value excess-profits tax and surtax 19/	300,079	221	85	391	725	1,786	14,918	13,218	41,224	20,034	207,476	26
27	Subject to surtax only 20/	5,484	21	43	75	91	148	783	492	1,089	326	2,416	27
28	Wholly tax-exempt 21/	205,706	162	218	752	902	2,675	22,623	15,096	32,039	13,691	117,548	28
29	Other interest	2,206,398	10,695	11,655	28,527	29,501	43,124	218,848	122,361	269,053	121,095	1,351,539	29
30	Rents 22/	2,256,841	186,215	176,767	362,771	273,545	115,653	231,090	92,827	175,190	110,252	532,530	30
31	Royalties 23/	247,944	8,853	6,605	16,273	16,740	18,488	41,642	34,056	51,621	11,687	41,978	31
32	Excess of net short-term capital gain over net long-term capital loss 24/	42,471	1,889	1,384	2,588	2,507	2,368	7,181	4,689	7,063	2,992	9,810	32
33	Excess of net long-term capital gain over net short-term capital loss 24/	835,896	22,677	21,177	39,426	38,408	45,752	142,154	81,191	179,365	83,326	182,421	33
34	Net gain, sales other than capital assets 25/	175,249	19,321	14,648	23,026	16,836	18,883	32,945	9,847	17,585	1,798	20,359	34
35	Dividends, domestic corporations 26/	1,401,220	3,140	3,383	11,377	17,753	30,888	148,192	81,705	236,355	138,140	730,287	35
36	Dividends, foreign corporations 27/	133,934	138	27	443	462	1,137	8,279	4,375	24,418	9,993	84,661	36
37	Other receipts	1,878,917	89,386	78,950	154,112	144,250	143,224	330,627	138,099	238,273	54,286	507,708	37
38	Total compiled receipts 9/	252,636,330	9,030,941	8,650,707	16,659,649	15,828,823	17,397,634	42,250,752	17,749,140	39,917,400	15,626,460	69,524,822	38
	Deductions:												
39	Cost of goods sold 28/	155,827,902	5,178,860	5,464,855	10,835,154	10,571,358	11,682,327	28,224,778	11,377,229	24,673,801	9,321,980	38,497,562	39
40	Cost of operations 28/	22,359,469	941,119	708,180	1,204,759	1,036,468	1,086,149	2,422,425	953,405	3,255,382	1,576,986	9,174,595	40
41	Compensation of officers	4,034,364	595,627	433,249	681,161	495,009	432,019	674,192	192,525	261,768	65,380	203,433	41
42	Rent paid on business property	2,514,912	246,938	138,051	196,712	156,046	143,708	309,892	133,031	262,353	105,769	822,413	42
43	Repairs 29/	2,596,964	65,460	57,730	111,935	109,098	123,602	375,986	193,945	517,391	203,053	838,763	43
44	Bad debts	269,153	16,854	14,683	24,902	21,186	18,691	43,380	17,722	30,830	10,200	70,704	44
45	Interest paid	2,258,036	36,310	42,448	96,625	87,822	92,700	253,684	123,800	282,537	165,688	1,076,421	45
46	Taxes paid 30/	5,513,728	143,594	130,757	258,914	243,096	295,060	851,676	380,164	871,550	380,164	1,958,754	46
47	Contributions or gifts 31/	263,583	4,194	5,386	13,294	15,459	19,637	53,314	24,896	48,169	16,825	62,409	47
48	Depreciation	3,920,901	99,989	99,847	196,590	181,617	200,481	487,856	226,824	560,828	265,103	1,601,764	48
49	Depletion	679,424	3,370	3,774	9,499	13,728	20,369	62,730	37,598	118,892	32,165	377,299	49
50	Amortization 32/	1,931,462	1,361	1,528	6,890	12,752	25,735	108,784	76,597	254,197	146,931	1,296,687	50
51	Advertising	1,906,618	50,296	47,085	99,797	102,569	131,100	371,244	201,288	344,652	120,650	437,937	51
52	Amounts contributed under pension plan, etc.	763,652	1,247	2,140	7,647	14,815	26,345	79,815	46,225	121,314	55,502	408,801	52
53	Net loss, sales other than capital assets 25/	415,040	28,874	12,843	26,445	19,551	24,047	69,527	24,009	63,101	21,944	124,698	53
54	Other deductions	26,161,442	1,349,066	1,111,554	2,051,453	1,833,781	1,879,250	4,411,463	2,020,569	4,350,524	1,616,544	5,537,238	54
55	Total deductions	231,416,649	8,763,158	8,274,111	15,821,777	14,914,358	16,201,219	38,800,749	16,029,827	36,017,288	14,104,684	62,489,478	55
56	Compiled net profit or net loss (38 less 55)	21,219,681	267,793	376,597	837,872	914,465	1,196,416	3,450,003	1,719,313	3,900,112	1,521,776	7,035,344	56
57	Net income or deficit 2/ (56 less 28)	21,013,975	267,621	376,379	837,120	913,563	1,193,741	3,427,380	1,704,217	3,868,073	1,508,085	6,917,796	57
58	Net operating loss deduction 33/	109,185	21,220	11,546	15,990	10,551	10,520	19,044	6,514	9,766	3,086	947	58
59	Adjusted excess profits net income 10/	8,245,384	15,022	60,767	268,201	416,503	628,330	1,810,840	852,662	1,808,821	580,053	1,804,184	59
60	Income tax 3/	4,139,898	91,582	95,519	180,273	184,472	231,771	645,789	326,233	724,039	301,302	1,358,918	60
61	Declared value excess-profits tax	53,740	4,310	3,390	5,321	4,879	5,372	12,266	4,302	9,295	2,011	2,596	61
62	Excess profits tax 4/	6,508,046	11,608	47,658	210,296	322,032	481,082	1,389,174	658,151	1,429,852	464,686	1,493,507	62
63	Total tax	10,701,683	107,501	146,566	395,890	511,383	718,224	2,047,229	988,685	2,163,185	767,999	2,855,021	63
64	Compiled net profit less total tax (56 less 63)	10,517,998	160,282	230,030	441,982	403,083	478,191	1,402,774	730,628	1,736,927	753,778	4,180,323	64
	Dividends paid:												
65	Cash and assets other than own stock	6,009,107	61,185	60,089	140,664	153,593	204,164	680,363	410,956	1,072,477	538,907	2,686,709	65
66	Corporation's own stock	331,657	3,060	5,968	16,969	21,404	28,657	70,731	36,627	51,765	13,261	83,215	66

For footnotes, see pp. 29-30.

Table 5. - Corporation income and declared value excess-profits tax returns, 1/ 1945, by net income and deficit classes, for returns with net income and returns with no net income: Number of returns, and net income or deficit; also, for returns with net income: Total tax, income tax, declared value excess-profits tax, excess profits tax, and adjusted excess profits net income

(Net income and deficit classes and money figures in thousands of dollars)

Net income and deficit classes 2/	Returns with net income 2/							Returns with no net income 2/	
				Taxes					
	Number of returns	Net income 2/	Adjusted excess-profits net income 10/	Total tax	Income tax 3/	Declared value excess-profits tax	Excess profits tax 4/	Number of returns	Deficit 2/
Under 1	59,737	24,628	1	5,181	5,025	155	1	69,755	18,377
1 under 2	30,532	44,742	6	9,984	9,657	322	5	13,790	19,778
2 under 3	21,542	53,316	16	12,305	11,868	426	12	7,388	18,164
3 under 4	16,893	58,813	32	13,781	13,267	487	27	4,612	16,000
4 under 5	14,346	64,457	27	15,280	14,721	535	23	3,185	14,283
5 under 10	48,479	354,661	428	87,551	84,321	2,903	326	7,767	54,951
10 under 15	26,983	330,635	4,827	86,391	80,321	2,252	3,818	3,272	39,833
15 under 20	15,597	269,914	18,044	78,348	62,524	1,714	14,110	1,890	32,606
20 under 25	10,429	233,398	26,930	74,067	51,668	1,248	21,151	1,221	27,296
25 under 50	23,090	810,206	177,905	325,716	180,990	3,820	140,906	2,552	88,812
50 under 100	14,432	1,013,553	350,751	504,344	224,155	4,139	276,050	1,366	95,165
100 under 250	11,011	1,725,564	736,413	931,417	353,475	6,276	571,666	809	123,023
250 under 500	4,571	1,597,154	751,849	885,148	304,365	4,962	575,821	276	97,148
500 under 1,000	2,535	1,756,507	814,093	956,868	326,706	4,714	625,448	128	90,118
1,000 under 5,000	2,278	4,608,699	2,129,043	2,507,930	844,730	10,986	1,652,214	83	155,962
5,000 under 10,000	296	2,046,643	850,332	1,048,894	367,311	4,576	677,008	7	46,828
10,000 and over	268	7,172,315	2,448,044	3,251,431	1,247,487	5,524	1,998,419	5	87,904
Total	303,019	22,165,206	8,308,740	45/10,794,750	45/4,182,705	55,039	6,557,006	118,106	1,026,250
No income data (inactive corporations)	-	-	-	-	-	-	-	33,335	-

For footnotes, see pp. 29-30.

Footnotes for tables in this release

1/ The information contained in this release is compiled from the returns as filed, prior to revisions that may be made as a result of audit by the Bureau of Internal Revenue. Data are likewise prior to any changes resulting from carry-backs, relief granted under section 722 of the Internal Revenue Code, recomputation of amortization of emergency facilities, or from the renegotiation of war contracts, after the returns were filed. The effect of renegotiation settlements reached after the returns were filed is to be shown in special tabulations which will appear in the complete reports, "Statistics of Income, Part 2," for each of the years 1942 through 1945.

2/ "Net income" or "Deficit" for 1944 and 1945 is the amount reported for declared value excess-profits tax computation, adjusted by excluding net operating loss deduction and adding Government interest subject to surtax only and excess of net long-term capital gain over net short-term capital loss. See note 33.

3/ "Income tax" consists of normal tax, surtax, and alternative tax reported in lieu of normal tax and surtax where the income includes an excess of net long-term capital gain over net short-term capital loss, if and only if such tax is less than the normal tax and surtax. Tabulated with the income tax for returns with net income is a small amount of tax reported on returns with no net income, under the special provisions applicable to certain mutual insurance companies, other than life or marine.

4/ The excess profits tax shown is that imposed by section 710 of the Internal Revenue Code as amended and should not be confused with the declared value excess-profits tax. For 1945 the amount shown is the excess profits tax reported on corporation excess profits tax returns, less the 10 percent credit.

The allowance of the current credit of 10 percent against the excess profits tax in lieu of the post-war refund and the credit for debt retirement was provided by the Tax Adjustment Act of 1945 for taxable years beginning after December 31, 1943, but this change was not taken into account in the 1944 data for the reason that a majority of the returns for 1944 were filed previous to July 31, 1945, the date of the Tax Adjustment Act of 1945, and accordingly show post-war refund and credit for debt retirement. Thus, for 1944 the amount of excess profits tax shown is the excess profits tax liability reported on corporation excess profits tax returns, less the credit for debt retirement and the net post-war refund. Throughout this release, the tax is before the amount deferred under section 710(a) (5) (relating to abnormalities under section 722) and after any adjustments reported on the returns under other relief provisions.

5/ The excess profits net income is obtained from the normal-tax net income (computed without allowance of credit for income subject to excess profits tax and without allowance of dividends received credit) by making certain adjustments, consisting principally of the exclusion of long-term capital gains and losses, and dividends received from domestic corporations.

6/ The adjusted excess profits net income, as reported on Form 1121, is the excess profits net income less the sum of the specific exemption, excess profits credit, and unused excess profits credit adjustment. For part year returns, the amounts of excess profits net income and adjusted excess profits net income have been placed on an annual basis.

The total amount of adjusted excess profits net income for 1944 does not include a deficit of $6,579,233 reported on 2,556 taxable excess profits tax returns with no adjusted excess profits net income.

7/ The industrial classification is based on the business activity reported on the return. When multiple businesses are reported on a return, the classification is determined by the business activity which accounts for the largest percentage of total receipts. Therefore, the industrial groups do not reflect pure industry classifications. There is no change in the industrial groups between 1944 and 1945.

8/ Total number of returns includes returns of inactive corporations.

9/ "Total compiled receipts" consists of gross sales (less returns and allowances), gross receipts from operations (where inventories are not an income-determining factor), all interest received on Government obligations (less amortizable bond premium), other interest, rents, royalties, excess of net short-term capital gain over net long-term capital loss, excess of net long-term capital gain over net short-term capital loss, net gain from sale or exchange of property other than capital assets, dividends, and other receipts required to be included in gross income. "Total compiled receipts" excludes nontaxable income other than tax-exempt interest received on certain Government obligations.

10/ "Adjusted excess profits net income," allowed as a credit on Form 1120 in computing normal tax and surtax net income, is, in general, equal to the adjusted excess profits net income, as reported on Form 1121. However, in case the excess profits tax is determined as provided in section 721 of the Internal Revenue Code (relating to abnormalities in income in the taxable period), section 726 (relating to corporations completing contracts under the Merchant Marine Act of 1936), section 731 (relating to corporations engaged in mining strategic minerals), or section 736(b) (relating to corporations with income from long-term contracts), the credit reported on Form 1120 for adjusted excess profits net income is the amount of which the excess profits tax is 95 percent. For the purpose of computing such credit, the excess profits tax used is the tax computed without regard to the limitation provided in section 710(a) (1)(B) (the 80 percent limitation), without regard to the credit provided in section 729(c) and (d) for foreign taxes paid, and without regard to the adjustments provided in section 734 in case of position inconsistent with prior income tax liability.

11/ The industrial classification designated "Investment trusts and investment companies" consists of corporations which derived 90 percent or more of receipts from investments and which at no time during the taxable year had investments in corporations in which they owned 50 percent or more of the voting stock.

12/ The industrial classification designated "Holding companies" consists of corporations which derived 90 percent or more of receipts from investments and which at some time during the taxable year had investments in corporations in which they owned 50 percent or more of the voting stock.

13/ The industrial classification designated "Operating-holding companies" consists of corporations which derived less than 90 percent but more than 50 percent of receipts from investments.

14/ Less than $500.

15/ Number of returns shown excludes returns of inactive corporations.

16/ "Gross sales" consists of amounts received for goods, less returns and allowances, in transactions where inventories are an income-determining factor. For "Cost of goods sold," see "Deductions."

17/ "Gross receipts from operations" consists of amounts received from transactions in which inventories are not an income-determining factor. For "Cost of operations," see"Deductions."

18/ "Interest received on Government obligations, wholly taxable" consists of interest on Treasury notes issued on or after December 1, 1940, and obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof, reported as item 9(b), page 1, Form 1120.

19/ "Interest received on Government obligations, subject to declared value excess-profits tax and surtax" consists of interest on United States savings bonds and Treasury bonds owned in principal amount of over $5,000 issued prior to March 1, 1941, reported as item 9(a), page 1, Form 1120.

20/ "Interest received on Government obligations, subject to surtax only" consists of interest on obligations of instrumentalities of the United States (other than obligations of Federal land banks, joint stock land banks, and Federal intermediate credit banks) issued prior to March 1, 1941, reported as item 32, page 1, Form 1120.

21/ "Interest received on Government obligations, wholly tax-exempt" consists of interest on obligations of States, Territories, or political subdivisions thereof, the District of Columbia, and United States possessions; obligations of the United States issued on or before September 1, 1917; all postal savings bonds; Treasury notes issued prior to December 1, 1940; Treasury bills issued prior to March 1, 1941; United States savings bonds and Treasury bonds owned in principal amount of $5,000 or less, issued prior to March 1, 1941; and obligations issued prior to March 1, 1941, by Federal land banks, joint stock land banks, and Federal intermediate credit banks. Interest from such sources is reported under item 15(a) of schedule M, page 4, Form 1120.

22/ Amount shown as "Rents" consists of gross amounts received. The amounts of depreciation, repairs, interest, taxes, and other expenses, which are deductible from the gross amount received for rents, are included in the respective deduction items.

23/ Amount shown as "Royalties" consists of gross amounts received. The amount of depletion, which is deductible from the gross amount of royalties received, is included in the item of "Depletion" in deductions.

24/ Capital gain or loss is the amount of gain or loss arising from the sale or exchange of capital assets. (A net loss from this source is not deductible for the current year, but may be carried over and applied against capital gains in the five succeeding taxable years to the extent not allowed as a deduction against any net capital gains of any taxable year intervening between the taxable years in which the net capital loss was sustained and the taxable year to which carried.) The excess of the net long-term capital gain over the net short-term capital loss is excluded from net income for the purpose of computing declared value excess-profits tax. The term "Capital assets" means property held by the taxpayer (whether or not connected with trade or business), but excludes (1) stock in trade or other property which would properly be included in inventory if on hand at the close of the taxable year, (2) property held primarily for sale to customers in the ordinary course of trade or business, (3) property used in trade or business, of a character which is subject to the allowance for depreciation, (4) Government obligations 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 the date of issue, and (5) real property used in the trade or business of the taxpayer. Beginning 1942 gains and losses from (a) sale or exchange of depreciable property and real property, used in the trade or business and held for more than 6 months, and from (b) involuntary conversion of such property and of capital assets held for more than 6 months are treated as long-term capital gains and losses, if the gains exceed the losses. If the losses exceed the gains, the net loss is deductible as an ordinary loss. For taxable years beginning after December 31, 1941, "short-term" applies to gains or losses on the sale or exchange of capital assets held six months or less; "long-term" applies to gains or losses on capital assets held over six months.

25/ "Net gain or loss, sales other than capital assets" is the net amount of gain or loss arising from the sale or exchange of depreciable and real property used in trade or business and short-term noninterest-bearing Government obligations issued on or after March 1, 1941, on a discount basis. If the property used in trade or business has been held for more than 6 months, special treatment of the gain or loss is provided as described in note 24 above.

26/ "Dividends, domestic corporations" consists of dividends received from domestic corporations subject to income taxation under chapter 1 of the Internal Revenue Code. This item is reported in column 2, schedule E, page 3, Form 1120, and is the amount used for computation of the dividends received credit.

27/ "Dividends, foreign corporations" is the amount reported in column 3, schedule E, page 3, Form 1120, and is not used for the computation of dividends received credit.

28/ Where the amount reported as "Cost of goods sold" or "Cost of operations" includes items of deductions such as depreciation, taxes, etc., these items ordinarily are not transferred to their specific headings. However, an exception is made with respect to amounts reported in costs and identifiable as "Amortization of emergency facilities" and "Amounts contributed under pension plan, etc.," such amounts being transferred to their respective deduction items.

Footnotes for tables in this release - Continued

29/ Amount shown as "Repairs" is the cost of incidental repairs, including labor and supplies, which do not add materially to the value of the property or appreciably prolong its life.

30/ The item "Taxes paid" excludes (1) Federal income tax and Federal excess profits taxes, (2) estate, inheritance, legacy, succession, and gift taxes, (3) income taxes paid to a foreign country or possession of the United States if any portion is claimed as a tax credit, (4) taxes assessed against local benefits, (5) Federal taxes paid on tax-free covenant bonds, and (6) taxes reported in "Cost of goods sold" and "Cost of operations."

31/ The deduction claimed for "Contributions or gifts" is limited to 5 percent of net income as computed without the benefit of this deduction.

32/ Amount shown as "Amortization" is the deduction provided by section 124 of the Internal Revenue Code as amended with respect to the amortization of the cost of emergency facilities necessary for national defense. On September 29, 1945, the President proclaimed the ending of the emergency period defined in section 124(e)(2). As a result, taxpayers holding certified emergency facilities on which the 60 month amortization period had not expired could elect to terminate the amortization period as of September 30, 1945, and recompute the amortization deduction for each tax year involved, on the basis of the actual number of months in the shortened period. Thus, the amortization deductions reported on the 1945 returns are, in many instances, the increased amounts based on the shortened period, whereas the amounts reported on returns for 1944 and earlier years are based on a 60 month period and are subject to adjustment to give effect to the recomputation.

33/ The net operating loss deduction tabulated herein is the amount originally reported, consisting only of the net operating loss carry-over reduced by certain adjustments, and does not take into account whatever revisions may subsequently be made as the result of any carry-back of net operating loss from the two succeeding tax years. In general, the net operating loss carry-over is the sum of the net operating losses, if any, for the two preceding taxable years. If there is net income in the first preceding taxable year, the net operating loss for the second preceding taxable year is reduced to the extent such loss has been absorbed by such net income.

34/ Amount shown as "Compensation of officers" excludes compensation of officers of life insurance companies which file Form 1120L. Data not available.

35/ See note 34.

36/ Compiled net loss or deficit.

37/ Compiled net loss after total tax payment.

38/ "Number of returns with balance sheets" excludes returns of inactive corporations and returns of active corporations for which balance sheet data are lacking.

39/ Amount shown as "Cash" includes bank deposits.

40/ Amount shown as "Investments, Government obligations" consists of obligations of the United States or agency or instrumentality thereof as well as obligations of States, Territories, and political subdivisions thereof, the District of Columbia, and United States possessions.

41/ Amount shown as "Capital assets" consists of (1) depreciable tangible assets such as buildings, fixed mechanical equipment, manufacturing facilities, transportation facilities, and furniture and fixtures, (2) depletable tangible assets -- natural resources, and (3) intangible assets such as patents, franchises, formulas, copyrights, leaseholds, goodwill, and trade-marks. (Amounts in tables 3 and 4 of this release exclude land.)

42/ Assets and liabilities are tabulated as of December 31, 1945, or close of fiscal year nearest thereto. Total assets classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization, and bad debts. Adjustments are made in tabulating the data as follows: (1) Reserves, when shown under liabilities, are used to reduce corresponding asset accounts, and "Total assets" and "Total liabilities" are decreased by the amount of such reserves, and (2) a deficit in surplus, shown under assets, is transferred to liabilities, and "Total assets" and "Total liabilities" are decreased by the amount of the deficit.

43/ Amount shown as "Surplus and undivided profits" consists of paid-in or capital surplus and earned surplus and undivided profits. See note 44.

44/ Amount shown as "Deficit" consists of negative amounts of earned surplus and undivided profits.

45/ Included in the total, but not in the detail, under "Income tax" and "Total tax," is $114,562 of tax reported on returns with no net income. See note 3.

INTERNAL REVENUE COLLECTIONS, TEXAS DISTRICTS, FISCAL YEARS 1948 and 1947 (PRELIMINARY)

	1st District (Austin)	2nd District (Dallas)	State Total
Corporation taxes, 1948	$170,957,685.46	$116,922,977.58	$287,880,663.04
" " 1947	125,882,894.90	108,827,222.34	234,710,117.24
Increase	45,074,790.56	8,095,755.24	53,170,545.80
Individual income taxes, 1948	240,991,782.02	239,799,202.52	480,790,984.54
" " " 1947	218,499,298.15	199,256,679.37	417,755,977.52
Increase	22,492,483.87	40,542,523.15	63,035,007.02
Income tax withheld, 1948	153,805,948.68	132,148,374.51	285,954,323.19
" " " 1947	125,733,644.58	110,103,150.55	235,836,795.13
Increase	28,072,304.10	22,045,223.96	50,117,528.06
Employment taxes, 1948	38,514,708.70	34,552,006.27	73,066,714.97
" " 1947	31,441,783.93	28,318,057.70	59,759,841.63
Increase	7,072,924.77	6,233,948.57	13,306,873.34
Other taxes, 1948	81,980,913.76	73,385,890.22	155,366,803.98
" " 1947	67,387,062.58	70,230,402.96	137,517,465.54
Increase	14,693,851.18	3,155,487.26	17,849,338.44
Total collections, 1948	686,251,038.62	596,808,451.10	1,283,059,489.72
" " 1947	568,944,684.14	516,735,512.92	1,085,680,197.06
Increase	117,306,354.48	80,072,938.18	197,379,292.66

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Statement by Secretary Snyder for Press and Radio Conference, Fort Worth Club, Fort Worth, Texas, 11 A.M., C.S.T., July 8, 1948.

Business activity and high employment in the Lone Star State were reflected by an increase of approximately 18 percent in Federal internal revenue collections in Texas for the fiscal year 1948, just ended, over those for the fiscal year 1947, Secretary of the Treasury John W. Snyder said in Fort Worth today.

For the nation as a whole, the increase was slightly more than 6 percent.

Texas collections from 1946 to 1947 (fiscal years) increased 1.1 percent.

The collections referred to include corporation taxes, individual income taxes, withheld income taxes, employment taxes, and miscellaneous levies such as the excise taxes on liquor, tobacco and other articles.

The 1948 corporation tax collections for the State rose more than 22 percent over those for the previous year. Individual income tax payments increased more than 15 percent, and withholdings of individual income tax more than 21 percent.

The Texas collections for both the fiscal year 1948 and the fiscal year 1947, divided between the State's two collection districts and by tax classifications, are shown on an attached page.

783

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Siler

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Siler – Get the figures for increases. Table to be attached

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

No. S-783

Summary of attached address by Secretary Snyder.
For release 1:30 P.M., C.S.T., July 8, 1948.

"WOMEN IN GOVERNMENT"

Business and professional women are achieving positions and responsibilities of ever-increasing importance because they have proven their ability to compete in all walks of life. They are "brilliantly and effectively contributing to national ~~affairs~~." and at the same time to maintain the high standards of the American home.

progress

The role which women play in the field of Government - or in any field of activity - should not be a matter for excessive praise any more than it should be a matter for prejudice or concern. "I am personally convinced that the place of women in Government and business has matured to the point ~~that any other~~ when assuming either attitude would be somewhat presumptuous."

American women eligible to vote today outnumber men by a million and a half. Their potential power is tremendous. If they are to make this ~~potential~~ force active for the welfare of all, there must be a complete shift in thinking from the right of franchise to the duty of franchise.

"In all of the various spheres of activity which this audience represents - the sciences, the arts, business competition, the Government service - women play a distinguished part."

In the Government service, women have won their way to high honors and responsibilities. The Treasury is among the beneficiaries of this growing availability of competent women in administrative and executive capacities.

From 1923, when 81,000 women had full-time employment in the Government, the number grew until it exceeded 1,000,000 at the time of Japan's surrender. The percentage of women employed by the Treasury has constantly far exceeded the general average in the Federal Government.

This progress made by women in business and government is an important phase of our long, continuing struggle for a greater measure of human freedom. It is a bright chapter in the advance of the fundamental principles of our country's civilization.

Today, there are still approximately 400,000 women on the Federal payroll.

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TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder before the Biennial Convention of the National Federation of Business and Professional Women's Clubs in the Coliseum of the Will Rogers Memorial, Fort Worth, Texas, is scheduled for delivery at 1:30 P. M., C.S.T., July 8, 1948, and is for release at that time.

Here in the United States, business and professional women are achieving positions and responsibilities of ever increasing importance. Against the fictions and figments of prejudice, you have proven your ability, your stamina and your inspiration to compete in all walks of life, and at the same time to maintain the high standards of the American home. Today, whether in law or economics, in administration or politics, in public or domestic life, you are brilliantly and effectively contributing to national progress.

It is particularly to the women of government that I want at this time to pay tribute -- to those women who have actively participated in the processes of democratic government and whose skill and perseverance have been a stimulating influence in public life at every level.

Active participation in government takes two distinct forms. First, it can mean taking part in the functioning of government in an indirect though important manner. This we traditionally call "good citizenship." To us today, it seems a little incongruous that what we now consider an inherent right of citizenship -- the right to vote -- was until fairly recently denied to women. It was denied to them until they earned it, and earned it in one of the most memorable advancements of our whole continuing fight for greater individual and national freedom. When the first Woman's Rights Convention met at Seneca Falls, New York, just one hundred years ago, it was resolved, along with other objectives, that the women of this country should have the elective franchise. It is especially interesting to note, however, that of the twelve resolutions adopted, the elective franchise resolution was the only one not unanimously approved. Those in opposition feared that such a demand would defeat other purposes deemed more rational, and that inclusion of such a platform pledge would make the whole movement appear ridiculous. In this climate of thought, it took real steadfastness of purpose to gain the voting privilege for women. It is a sad commentary, however, that twenty-eight years after actual achievement of this goal, we find outselves peculiarly but nevertheless vitally concerned with the necessity of impressing upon women as well as men their duty to vote.

There will be an opportunity in November for each of us to show just how much we value and appreciate this obligation to vote. And surely, a consideration of the nations throughout the world wherein the right to vote is entirely denied or is meaningless in application, emphasizes our own unfettered privilege and makes clear and binding our duty as citizens to exercise that privilege.

Today we probably have a million and a half more women that men in this country who are eligible to vote. Consequently, if they were to vote in anything like a solid bloc on such issues as the making of the peace, social legislation, and the war against inflation, their power would be tremendous. My point is, that if they are to activate this force for the national welfare, the shift in thinking from the <u>right</u> of franchise to the <u>duty</u> of franchise must be made complete and absolute.

Indirect participation in government includes knowledge and association with a wide variety of community and national affairs. It includes, too, participation in party politics where the issues are often sharply drawn, necessitating the thoughtful selection of candidates for public office. All this is closely related to direct activity in government -- and is actually being a part of public service.

I do not believe that the role which women play in the field of government today -- or, as far as that goes, in any field of activity -- should be a matter for excessive praise any more than it should be a matter for prejudice or concern. I am personally convinced that women's place in government and in business has matured to the point where assuming either attitude would be somewhat presumptuous. I make this statement with apology, not for the sentiment expressed, but because it should need no expression in view of women's contribution to the conduct of the business of this country. The effectiveness of the tremendous strides which have been taken in our western world to emancipate women, and to create greater opportunity for their varied talents, is forcefully emphasized here in this national convention of business and professional women. And in all of the various spheres of activity which this audience represents -- the sciences, the arts, the professions, Government service -- women play a distinguished part. It is true that it has not always been a conspicuous part, for much of the burden of routine work, of mass production, rests on the shoulders of women. This type of work in itself is of primary necessity.

The history of the Federal Government reveals that women were employed in this routine work long before they were admitted to the higher ranks. In the Treasury, for example, factory-type jobs at the Philadelphia mint were opened to women at an early date. Later women were employed for some types of light shop work in the Bureau of Engraving and Printing. And, in the case of clerical work, the lower grades such as copyist positions were opened to women about 1850. For many years women who received titles, women who were placed in positions of responsibility, and women who were paid salaries at the higher levels were rare. It is rather ironic to note that the early advocates of the employment of women by the Federal Government subscribed to this principle only because women were obtainable at lower wages than men. This discrimination was evident not only in the administrative practices, but also in the earliest statutes which recognized women as government workers. But, in the final analysis, availability at lower wage scales ultimately proved a real benefit because it gave women the opportunity and the challenge to prove their worth. And the history of their substantial contributions has and will preserve for them their place in government.

Another early fault of our American thinking which affected women particularly, was the eleemosynary and political view of public employment. Too often, public employment went to those who had a charitable or political claim to a public job, rather than to those who had the ability to do the job. Not only did this doubtful philosophy create the political hack, with consequent injury to the country, but it definitely limited the employment of women in government. In spite of temporary setbacks caused by periods in which the political or charitable theory of public service accorded women less opportunity to work, women have always regained and advanced their occupational positions. In 1899, the pressure to provide jobs for Spanish War veterans resulted in intensified discrimination against women in public service. Officials used all sorts of excuses for not hiring women. In one story, spread by newspapers throughout the country, officials were quoted as saying that women were not adaptable and that they were "inclined to insist on having all the privileges in the way of vactions and sick leave to which they are entitled." This argument, though appearing rather silly to us today, must have had its injurious effect.

From time to time, efforts were made in both private business and in Government to prove that women were not as efficient as men. In 1911 wide publicity was given to a statement, attributed to the President of the Civil Service Commission, to the effect that the Government would no longer hire women stenographers because blondes were "too frivolous" and brunettes "too chatty."

But these resistances were in themselves real evidence of the progress being made by women in the business world. For not only were women progressing in point of numbers in Government service, but they were being appointed to positions of ever greater responsibility and importance -- all resulting from the fact that they were demonstrating, day by day, their adaptability and efficiency in carrying out the responsibilities assigned to them.

By the time, in 1933, when a woman for the first time became a Cabinet member, women had fully proven their competence to serve in the highest public administrative positions. The Treasury benefited by this growing availability of competent women in administrative positions as early as twenty-five years ago, when it advanced one of its employees, Miss Mary M. O'Reilly, to the position of Assistant Director of the Bureau of the Mint. Today, we are proud to have as the first woman ever to hold the office of Director of the Mint, Mrs. Nellie Tayloe Ross, who was appointed to the position which she presently holds in April 1933. The advancement of Mrs. Ross in public service has been symbolic of the achievements of women in public affairs. After years of service in her chosen political party, she was elected Governor of Wyoming, the first woman to be elected Governor of any State. To me, there is a logical thread of continuity running through this record of achievement. Especially is it significant that Wyoming, which as a territory in 1869 was the first to recognize woman suffrage, should be the first State to elect a woman Governor. Mrs. Ross has done more than her share to stress the capacity of women in Government.

In mentioning a few of the women who have given distinguished service in my own Department, I must not omit those who have carried and are carrying our Savings Bond program to the women of America. The Director of the Women's Section of the United States Savings Bonds Division, Mrs. Nancy C. Robinson of Jackson, Mississippi, is now ably continuing the work performed with distinction during the war by such leaders as Dr. Mabelle Blake, Mrs. Genevieve Forbes Herrick, and Miss Harriet Elliott. Your presiding officer, Miss Sally Butler, is a member of my Treasury Staff whose accomplishment as Deputy Director of the U. S. Savings Bonds Division for Indiana is outstanding. Miss Marguerite Rawalt, a member of your Executive Board and legal advisor to your Federation, likewise plays a most important part in Treasury activities in her capacity as Special Attorney with the Bureau of Internal Revenue.

These are examples of but a single Department. Within the last sixteen years, particularly, there have been countless instances of women being advanced to the highest professional, technological, judicial, and administrative fields of government. Women have assumed high diplomatic posts as ministers to the governments of Denmark and Norway. A woman is now a United States Representative on the United Nations General Assembly, and Chairman of the Human Rights Commission of the United Nations Economic and Social Council. Women have been called to new responsibilities not only in key civilian capacities, but in the Armed forces, where they have held high rank as officers in all the services. A woman became chairman of the Women's Advisory Committee of the War Manpower Commission, another was chosen to the War Mobilization and Reconversion Advisory Board, and still another to direct the Office of Price Administration's Consumer Division.

It was only a few years ago that Federal Judiciary appointments first went to women judges; one to the United States Customs Court of Appeals, a second to the United States Circuit Court of Appeals, and a third to the United States Tax Court. Women administer the Children's and Women's Bureaus, and the Agriculture Department's Human Nutrition and Home Economics Bureau. Chairmanship of the United States Employees' Compensation Commission was assumed by a woman in 1943. Likewise, women have served on the Social Security Board and the Civil Service Commission. A recent appointment to another field was that of the first woman member of the Federal Communications Commission. Many scores of women have held, and now hold, elective offices in the municipal and state governments, and today there are seven women members of the Congress of the United States, the dean of whom is Mary T. Norton of New Jersey. Jeannette Rankin was the first woman elected to the Congress of the United States, and Hattie W. Caraway -- the first and, so far, the only woman elected to the Senate.

By citing just a few of these outstanding examples, however, I do not mean to imply that all the able women who are making a real contribution in Government eventually reach positions of public notice. That is far from the case. In the Government, business and professional women are ably filling many positions which do not receive general public recognition or acclaim. We have women lawyers, women economists, and women administrators of outstanding ability, doing the workmanlike every day jobs that are necessary to make a business as large as that of the United States Government operate smoothly. And certainly of not the least importance, we have the unmeasured contributing force of women serving in confidential and secretarial positions to hundreds of officials.

Figures showing Federal employment for women separately have only been maintained since 1923. From that time until the United States entered World War II, the number of women employees in the Government had increased from fifteen to twenty percent of the total. For the same period, the number on Treasury rolls increased from thirty to thirty-five percent. During the war, women replaced men to a considerable extent in Government, as elsewhere. From early in 1944 to the surrender of Japan, more than one million women were on the full-time Federal payroll, and at the end of that time, constituted forty percent of the employees, as compared to the Treasury figure of over fifty percent. The ending of the war of course resulted in a rapid decrease in Federal employment, but in April, 1948, there were still more than 400,000 women on the Federal payroll. It is interesting to note that the Treasury percentage figure still far exceeds the general average in the Federal Government.

One further point I wish to bring out will probably be surprising to most of you. Notwithstanding general opinion, there are relatively few jobs in Washington, when measured against the total number of Federal employees, which are subject to political changes. The great bulk of Government employment is controlled by Civil Service. Most people believe that Civil Service supplies personnel largely to the jobs in the lower brackets. But the facts are otherwise. In all Departments and branches, higher offices which were formerly appointive have gone under Civil Service and are being filled by career men and women. From its rolls, the Departments select and appoint their research workers, scientists, librarians, and administrative staffs. And, among these highly educated, experienced workers, a good percentage are women.

The progress made by women in business and in Government in this past century is only one important phase among many in our long continuing struggle for a greater measure of human freedom. And the status of women must be regarded in each stage of this advancement as a part of the total social movement of the time. It cannot be approached, therefore, as a movement solely by women and for women. For it is just one chapter in the advance of the fundamental principles of our country's civilization, the principles of freedom enshrined in the Declaration of Independence.

Under our system, Government derives from the people — and this means all the people, both women and men. This Government will not function properly unless all the people participate in it. We must be an active, living part of our Government. We must give a part of our time and effort to Government, either directly or indirectly. For, as long as qualified persons, <u>women</u> or <u>men</u>, devote their energies wholeheartedly to public service, we will steadily progress through better Government to a greater and fuller freedom.

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COMMITTEE TO DIRECT MANAGEMENT STUDIES OF THE BUREAU OF INTERNAL REVENUE

Committee Members	Alternate Members
A.L.M. Wiggins, Under Secretary of the Treasury, Chairman	John S. Graham, Executive Assistant to the Under Secretary
George Schoeneman, Commissioner of Internal Revenue, Vice Chairman	Stewart Berkshire, Assistant Commissioner, Bureau of Internal Revenue
T. C. Atkeson, Assistant to the Commissioner of Internal Revenue, Executive Director	W. A. Gallahan, Senior Tax Advisor to the Commissioner of Internal Revenue
Fred Martin, Assistant Commissioner of Internal Revenue, Member	Aubrey Marrs, Head, Technical Staff, Bureau of Internal Revenue
E. F. Bartelt, Fiscal Assistant Secretary of the Treasury, Member	R. W. Maxwell, Commissioner, Bureau of Accounts
W. W. Parsons, Administrative Assistant to the Secretary, Member	James H. Hard, Director of Personnel
John L. Fahs, Collector of Internal Revenue, State of Florida, Member	Al Chamberlin, Assistant Collector of Internal Revenue, State of Maryland
B. W. Wilde, Agent in Charge, Dallas, Texas, Member	Hoke Murray, Agent in Charge, Richmond, Virginia
C. B. Stauffacher, Asst. Director in Charge of Administrative Management, Bureau of the Budget, Member	W. E. Mattingly, Group Head, Estimates Division, Bureau of the Budget

Richard W. Nelson, Office of the Assistant to the Commissioner of Internal Revenue, Secretary of the Committee

Immediate

S-784

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Secretary Snyder today announced the creation of a committee to direct management studies of the Bureau of Internal Revenue with a view to improving its operating efficiency. The committee will function under the chairmanship of Under Secretary Wiggins. The vice chairman is Commissioner of Internal Revenue George J. Schoeneman. A list of the membership of the Committee is attached.

The committee will coordinate and direct the implementation of proposals contained in recent reports on the Bureau by the Bureau and Treasury Department staffs and by a staff employed by the Joint Committee on Internal Revenue Taxation, as well as ~~and~~ other proposals which will result from management studies within the Bureau itself or which emanate from outside specialists.

Secretary Snyder said it was the responsibility of the committee to develop the best methods and use the ablest men, both inside and outside the Treasury, to accomplish its objectives. Private management consultants may be employed.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, July 2, 1948

No. S-784

Secretary Snyder today announced the creation of a committee to direct management studies of the Bureau of Internal Revenue with a view to improving its operating efficiency. The committee will function under the chairmanship of Under Secretary Wiggins. The vice chairman is Commissioner of Internal Revenue George J. Schoeneman. A list of the membership of the Committee is attached.

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Attachment

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COMMITTEE TO DIRECT MANAGEMENT STUDIES
OF THE BUREAU OF INTERNAL REVENUE

Committee Members	Alternate Members
A. L. M. Wiggins, Under Secretary of the Treasury, Chairman	John S. Graham, Executive Assistant to the Under Secretary
George Schoeneman, Commissioner of Internal Revenue, Vice Chairman	Stewart Berkshire, Assistant Commissioner, Bureau of Internal Revenue
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C. B. Stauffacher, Assistant Director in Charge of Administrative Management, Bureau of the Budget, Member	W. E. Mattingly, Group Head, Estimates Division Bureau of the Budget

Richard W. Nelson, Office of the Assistant to the Commissioner of Internal Revenue, Secretary of the Committee

5-785

RELEASE, MORNING NEWSPAPERS,
Saturday, July 3, 1948.

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 July 8 and to mature October 7, 1948, which were offered June 29, 1948, were opened at the Federal Reserve Banks on July 2.

The details of this issue are as follows:

Total applied for - $1,802,239,000
Total accepted - 1,101,588,000 (includes $30,633,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High	- 99.753	Equivalent rate of discount approx. 0.977% per annum
Low	- 99.747	" " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 42,720,000	$ 35,300,000
New York	1,539,891,000	934,037,000
Philadelphia	15,725,000	8,676,000
Cleveland	19,282,000	13,982,000
Richmond	2,590,000	2,060,000
Atlanta	5,050,000	2,930,000
Chicago	75,951,000	45,741,000
St. Louis	1,615,000	1,456,000
Minneapolis	2,675,000	2,304,000
Kansas City	19,070,000	12,392,000
Dallas	5,505,000	4,995,000
San Francisco	72,165,000	37,715,000
TOTAL	$1,802,239,000	$1,101,588,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Saturday, July 3, 1948.

No. S-735

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 July 8 and to mature October 7, 1948, which were offered June 29, 1948, were opened at the Federal Reserve Banks on July 2.

The details of this issue are as follows:

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Total accepted - 1,101,588,000 (includes $30,633,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.753 Equivalent rate of discount approx. 0.977% per annum
Low - 99.747 Equivalent rate of discount approx. 1.001% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 42,720,000	$ 35,300,000
New York	1,539,891,000	934,037,000
Philadelphia	15,725,000	8,676,000
Cleveland	19,282,000	13,982,000
Richmond	2,590,000	2,060,000
Atlanta	5,050,000	2,930,000
Chicago	75,951,000	45,741,000
St. Louis	1,615,000	1,456,000
Minneapolis	2,675,000	2,304,000
Kansas City	19,070,000	12,392,000
Dallas	5,505,000	4,995,000
San Francisco	72,165,000	37,715,000
TOTAL	$1,802,239,000	$1,101,588,000

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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.

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 July 15, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1948 (9). 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

~~Exhibit 1~~

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TREASURY DEPARTMENT
Washington

S-786

FOR RELEASE, MORNING NEWSPAPERS,
Friday, July 9, 1948.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing July 15, 1948 ~~(4)~~, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1948 ~~(5)~~, and will mature October 14, 1948 ~~(6)~~, 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~~ daylight saving time, Monday, July 12, 1948 ~~(7)~~. 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

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Friday, July 9, 1948.

No. S-786

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Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern daylight saving time, Monday, July 12, 1948. 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 July 15, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1948. 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.

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5-787

RELEASE, MORNING NEWSPAPERS,
Tuesday, July 13, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated July 15 and to mature October 14, 1948, which were offered July 9, 1948, were opened at the Federal Reserve Banks on July 12.

The details of this issue are as follows:

Total applied for - $1,655,491,000
Total accepted - 905,908,000 (includes $50,358,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price -- 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.753 Equivalent rate of discount approx. 0.977% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 20,367,000	$ 15,792,000
New York	1,375,673,000	729,500,000
Philadelphia	21,255,000	12,624,000
Cleveland	17,955,000	11,835,000
Richmond	6,334,000	5,114,000
Atlanta	9,796,000	6,746,000
Chicago	74,667,000	45,714,000
St. Louis	3,190,000	2,946,000
Minneapolis	6,230,000	5,773,000
Kansas City	37,278,000	27,091,000
Dallas	8,155,000	7,832,000
San Francisco	74,591,000	34,941,000
TOTAL	$1,655,491,000	$905,908,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, July 13, 1948.

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St. Louis	3,190,000	2,946,000
Minneapolis	6,230,000	5,773,000
Kansas City	37,278,000	27,091,000
Dallas	8,155,000	7,832,000
San Francisco	74,591,000	34,941,000
TOTAL	$1,655,491,000	$905,908,000

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TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

Wednesday, July 7, 1948 TC - 10

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Thursday, July 8, 11 to 11:30 A.M., CST. Secretary Snyder's press conference in the twelfth floor reception room of the Fort Worth Club, Fort Worth, Texas. Press and radio representatives of Fort Worth, Dallas and adjacent territory are invited to attend.

Thursday, July 8, 1:30 P.M., CST. Secretary delivers address at the Coliseum in the Will Rogers Memorial, Fort Worth, before the Biennial Convention of the National Federation of Business and Professional Women's Clubs. Subject: "Women in Government."

Thursday, July 8, 3 to 3:30 P.M., CST. Secretary Snyder will call on Mayor F. Edgar Deen in his offices at the Fort Worth Municipal Building.

Thursday, July 8, 6:30 P.M., CST. The Secretary will be the honored guest at a reception and dinner given by Mr. Amon Carter of Fort Worth, at the Fort Worth Club.

Saturday, July 17. The Secretary will attend the joint annual meeting of the Boards of Directors of the Kansas City and Denver Branches of the Federal Reserve Bank, to be held at Denver, Colorado.

Tuesday, July 27, 8 P.M. Secretary Snyder will be honor guest at a dinner meeting of the General Electric Company's Annual Business Conference, Association Island, Lake Ontario.

Tuesday, August 3. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Thursday, July 15, 1 P.M. Under Secretary Wiggins will deliver a speech before the Durham Kiwanis Club, Durham, North Carolina.

Thursday, July 15, 8 P.M. Mr. Wiggins will address the Carolinas Bankers Conference at Chapel Hill, North Carolina.

COMPTROLLER OF THE CURRENCY

Monday and Tuesday, July 12 and 13. T. V. Roberts, Assistant Counsel, Office of the

COMPTROLLER OF THE CURRENCY (Continued)

Comptroller of the Currency, will participate in a panel discussion at the Carolinas Bankers Conference, Chapel Hill, North Carolina. Subject: "Banking Laws and Regulations."

UNITED STATES COAST GUARD

July 6 to 26. Lt. Commander J. D. McCubbin, USCG, of the Search and Rescue Agency, will attend the North Pacific Regional Air Navigation Meeting of the International Civil Aviation Organization at Seattle, Washington. Commander McCubbin is the U. S. spokesman for Search and Rescue, and will be temporary chairman of the meeting as the United States is the host government. Commander David O. Reed, USCG, is his alternate. Eleven member governments and one non-member government are participating.

Thursday, July 8. Admiral Joseph F. Farley, Commandant, USCG, will attend a meeting of the American Bureau of Shipping, New York City.

OFFICE OF THE GENERAL COUNSEL

Monday, September 6. Thomas J. Lynch, General Counsel, will speak before the Real Property, Probate and Trust Law Section of the American Bar Association, at the Association's annual convention in Seattle, Washington.

DIVISION OF SAVINGS BONDS

Friday, July 9. Leon J. Markham, National Director of Sales, will attend a regional meeting of Payroll Savings Directors in the middle Atlantic area, in New York City. The object of the meeting is to outline plans for continuing payroll savings activities in the autumn of 1948.

Vernon L. Clarke, National Director, is in Des Moines, Iowa, making a survey of savings bonds activities in the middle west.

RESIGNATIONS

Melville E. Locker, of the General Counsel's office, has resigned to accept a position as Assistant to the Comptroller of E.C.A. Mr. Locker enters upon his new duties July 8.

RELEASES

The tax study, "Federal Excise Taxes on Alcoholic Beverages", for release in morning newspapers Friday, July 16, will be available in Room 4408, on Tuesday, July 13.

Secretary Snyder's Fort Worth speech, "Women in Government" is available in Room 4408.

TREASURY EXHIBIT ROOMS

Fourteen hundred and eighty persons visited the Treasury exhibit rooms on Wednesday, July 7. These rooms, which contain many valuable historical documents, and interesting displays from the various bureaus of the Department, are open from 9 A.M. to 3 P.M., Mondays through Fridays.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2041, 2042, 2043; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

Secretary Snyder today issued the following statement:

I have received press inquiries as to Governor Warren's telegram to me yesterday concerning difficulties

Immediate

5-788.

Secretary Snyder today issued the following statement:

I have received press inquiries as to Governor Warren's telegram to me yesterday concerning difficulties encountered by the University of California in importing cancer research equipment.

The Smoot-Hawley Tariff Act prohibits the importation of such equipment by the University of California without specific markings as to the country of origin. Under that law no discretion was left to the Secretary of the Treasury or the Commissioner of Customs to allow entry of the equipment without proper markings.

However, in attempting to work out the situation so that the equipment may become available for public use, I have ~~suggested~~ requested the Public Health Service to take over its importation. The statutory marking requirement of the Tariff Act which has been the source of difficulty to the University of California will not apply to the importation of this equipment if made by an agency of the United States Government.

I understand it will be the purpose of the Public Health Service to make the equipment available to the University of California.

The telegram to Secretary Snyder from Governor Warren to which the Secretary's statement refers was as follows:

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

IMMEDIATE RELEASE,
Tuesday, July 13, 1948. No. S-788

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I understand it will be the purpose of the Public Health Service to make the equipment available to the University of California.

The telegram to Secretary Snyder from Governor Warren to which the Secretary's statement refers was as follows:

Urgently needed scientific equipment is being held in United States Customs House San Francisco due to technical non-compliance under section 11.11B, Customs Regulations of 1943. Scientific instruments classified under paragraph 360 Tariff Act. Further delay in delivery is seriously retarding endocrine and cancer research under three different divisions of the University of California. Large sums of money have been furnished for this research by United States Public Health Service, American Cancer Society and the State of California. This is not an ordinary commercial transaction since the equipment is to be used in nonprofit medical research of tremendous importance. The instruments were made to order for this purpose by the Reichert Optical Works in Vienna, Austria. Commissioner of Customs in Washington has properly ruled under regulations that equipment is subject to exportation or destruction. In view of the circumstances, however, am calling this situation to your attention in the hope that some way can be found to expedite the delivery of this equipment for its urgently needed use.

Earl Warren, Governor of California

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Wednesday, July 14, 1948 TC - 11

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Saturday, July 17. Secretary Snyder will attend the joint annual meeting of the Boards of Directors of the Kansas City and Denver Branches of the Federal Reserve Bank, to be held at Denver, Colo.

Wednesday, August 4. Secretary Snyder will address the American Legion Boys' Forum of National Government at American University, Washington, D. C.

Wednesday, September 22. The Secretary will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Tuesday, July 27, 8 P.M. Under Secretary Wiggins will be honor guest at a dinner meeting of the General Electric Company's Annual Business Conference, Association Island, Lake Ontario.

OFFICE OF THE GENERAL COUNSEL

Monday, September 6. Thomas J. Lynch, General Counsel, will speak before the Real Property, Probate and Trust Law Section of the American Bar Association, at the Association's annual convention in Seattle, Washington.

Tuesday, September 28. Mr. Lynch will speak before a banquet meeting of the Tax Executives Institute, Mount Washington Hotel, Bretton Woods, New Hampshire.

OFFICE OF DIRECTOR OF PERSONNEL

Friday, July 23, 10 A.M. James H. Hard, Director of Personnel, will hold a meeting of the personnel officers of the various bureaus of the Treasury to discuss personnel problems in the Department, in Room 4426.

OFFICE OF TAX LEGISLATIVE COUNSEL

Thursday, July 29. Vance N. Kirby, Tax Legislative Counsel, will lecture before the Third Institute for the Society of Chartered Life Underwriters, to be held at the University of Connecticut at Storrs. Subject: "Income and Estate Taxes Affecting Life Insurance."

BUREAU OF INTERNAL REVENUE

Thursday, August 19, 12:30 P.M. George J. Schoeneman, Commissioner of Internal Revenue, will be guest speaker at a luncheon meeting of the National Society of Public Accountants, Hotel Copley Plaza, Boston, Massachusetts.

BUREAU OF INTERNAL REVENUE (Continued)

Charles Oliphant, Chief Counsel of the Bureau; Owen Swicker, of the Chief Counsel's staff; and Aubrey Marrs, Chief of the Bureau's Technical Staff, are attending a calendar session of the United States Tax Court in Honolulu, T. H., Judge Murdock presiding. They were accompanied to Hawaii by members of the legal and technical staffs of the Pacific Division, and are expected to return to the mainland late next week.

BUREAU OF NARCOTICS

Sunday, July 18. Harry J. Anslinger, Commissioner of Narcotics, leaves on an inspection trip to the West Coast, stopping enroute at Chicago, Los Angeles, San Francisco, Portland, Seattle and Indianapolis.

BUREAU OF CUSTOMS

Friday, July 16. Edson J. Shamhart, Deputy Commissioner of Customs, who has been on the Mexican border handling the reorganization of the Customs Agency Service in that area, will return to Washington.

UNITED STATES COAST GUARD

Captain A. C. Richmond, Chief of the Planning and Control Staff of the United States Coast Guard; Willard E. Johnson, Budget Officer of the Treasury Department; and Harold E. Merrick, of the Senate Appropriations Committee staff, leave Friday, July 16, for Alaska. The trip, to be made by plane, is in connection with a survey relative to the reestablishment of a Coast Guard district in Alaska.

BUREAU OF FEDERAL SUPPLY

Four of the Bureau's Supply Center Managers have arrived for conferences on the Bureau's new responsibilities in the Surplus Property Disposal and Typewriter programs. They are Fred Young, D. J. Ariagno, Alden W. Pool and W. B. Ihlanfeldt, Managers of the New York, Kansas City, Denver and Seattle Supply Centers respectively.

DIVISION OF SAVINGS BONDS

Thursday, July 15. Leon J. Markham, National Director of Sales, will attend a luncheon meeting of the Board of Directors of the Advertising Council, Waldorf-Astoria Hotel, New York City.

RESIGNATIONS AND TRANSFERS

Benson E. L. Timmons, Assistant to the Assistant Secretary, resigned July 13 to accept a reserve appointment in the State Department Foreign Service. He will be assigned to the ECA, and will act as assistant to David Bruce, head of the ECA mission at Paris, France.

Paul King, Deputy Director, Administration Branch, Bureau of Federal Supply, has been detailed to direct the operation of the Surplus Property Program. A. J. Doyle will be the Acting Deputy Director of the Administration Branch.

Jay L. Chambers has been designated Acting Assistant Director, Administration, Bureau of Federal Supply, in the absence of H. M. Kurth.

MEETING OF TREASURY BOND REPRESENTATIVES

A meeting of all Treasury Bond representatives will be held Friday morning, July 16, at 9:30 in the Conference Room 4426, to discuss plans and exchange ideas in connection with the Security Bond Drive and the revitalized payroll savings plan in the Department.

FOR IMMEDIATE RELEASE,
July 13, 1948

5-789

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamations of April 13, 1942, and April 29, 1943, for the 12 months commencing May 29, 1948, as follows:

Country of Origin	Wheat: Established Quota (Bushels)	Wheat: Imports May 29, 1948, to July 3, 1948 (Bushels)	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Established Quota (Pounds)	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Imports May 29, 1948, to July 3, 1948 (Pounds)
Canada	795,000	8	3,815,000	57,855
China	-	-	24,000	160
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	8	4,000,000	58,015

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TREASURY DEPARTMENT
Washington

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Thursday, July 15, 1948

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China	-	-	24,000	160
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	8	4,000,000	58,015

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FOR IMMEDIATE RELEASE
July 13, 1948

5-790

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, 1948, to July 3, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of July 3, 1948
Buttons	850,000	Gross	143,052
Cigars	200,000,000	Number	678,565
Coconut Oil	448,000,000	Pound	43,062,425
Cordage	6,000,000	"	1,408,008
Rice	1,040,000	"	-
Sugars, refined)	1,904,000,000	"	2,240,000
unrefined)		"	199,482,253
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Thursday, July 15, 1948.

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Sugars, refined)	1,904,000,000	"	2,240,000
unrefined)		"	199,482,253
Tobacco	6,500,000	"	203,278

791

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, 1947, to July 3, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to July 3, 1948 1/
United Kingdom.....	4,323,457	19,703	1,441,152	19,703
Canada.............	239,690	133,655	-	-
France.............	227,420	-	75,807	-
British India......	69,627	69,627	-	-
Netherlands........	68,240		22,747	
Switzerland........	44,388		14,796	
Belgium............	38,559		12,853	
Japan..............	341,535		-	
China..............	17,322		-	
Egypt..............	8,135		-	
Cuba...............	6,544		-	
Germany............	76,329		25,443	
Italy..............	21,263		7,088	
Totals	5,482,509	222,985	1,599,886	19,703

1/ Included in total imports, column 2.

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FOR IMMEDIATE RELEASE
July 13, 1948

5-791

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, 1947, to July 3 1948, inclusive 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" 4/	Less than 3/4" harsh or rough 5/
	Established Quota	Imports Sept. 20, 1947, to July 3, 1948	Imports Sept. 20, 1947, to July 3, 1948	Imports Sept. 20, 1947, to July 3 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	43,574,472	-
Peru	247,952	247,952	1,903,999	-
British India	2,003,483	20,422	-	41,377,035
China	1,370,791	-	-	-
Mexico	8,883,259	8,883,259	-	-
Brazil	618,723	618,723	-	-
Union of Soviet Socialist Republics	475,124	475,124	177,949	-
Argentina	5,203	-	-	-
Haiti	237			
Ecuador	9,333			
Honduras	752			
Paraguay	871			
Colombia	124			
Iraq	195			
British East Africa	2,240			
Netherlands East Indies	71,388			
Barbados	-			
Other British West Indies 1/	21,321			
Nigeria	5,377			
Other British West Africa 2/	16,004			
Other French Africa 3/	689			
Algeria and Tunisia	-			
	14,516,882	10,245,480	45,656,420	41,377,035

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.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, July 15, 1948

No. S-791

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(In pounds)

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Italy..............	21,263		7,088	
Totals	5,482,509	222,985	1,599,886	19,703

1/ Included in total imports, column 2.

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FOR IMMEDIATE RELEASE
July 13, 1948

S-792

The Bureau of Customs announced today preliminary figures showing the imports for consumption of commodities within quota limitations provided for under the General Agreement on Tariffs and Trade, from the beginning of the quota periods to May 29, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 3, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	4,675
Cream, fresh or sour	Calendar year	1,500,000	Gallon	648
Butter	Quota ineffective for the period April through October			
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	(1) 24,930,188	Pound	13,077,492
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1947	150,000,000	Pound	149,093,628
Other		60,000,000	Pound	52,979,610
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	98,719

(1) The proviso to Item 717(b) limits the imports for consumption at the quota rate to 18,697,641 pounds during the first 9 months of the calendar year.

Due to a provision of the President's proclamation No. 2769 of January 30, 1948, in which the entry of a specified quantity of Cuban filler tobacco, unstemmed or stemmed (other than cigarette leaf tobacco) and scrap tobacco affects the rate of duty on such tobacco from countries other than Cuba, a record is maintained of imports from Cuba. 10,975,602 pounds of such Cuban tobacco were imported for consumption during the period January 1 to July 3, 1948, inclusive.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, July 15, 1948.

No.S-792

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S-793

July 6, 1948

TO MR. BARTELT:

The following market transactions were made during the month of June, 1948, in direct and guaranteed securities of the Government for Treasury investment and other accounts:

Sales	$ 200,000
Purchases	1,324,500
Net Purchases	$1,124,500

(Sgd.) S. P. Gerardi

Chief, Division of Investments

7/6/48 kw

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING PAPERS,
Thursday, July 15, 1948 No. S-793

During the month of June, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $1,124,000, Secretary Snyder announced today.

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~~ALPHA~~

of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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~~ALPHA~~

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 July 22, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 22, 1948 (9). 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

~~Exhibit I~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, July 16, 1948.
~~(1)~~

No-S-794

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~x -day Treasury bills, for cash and in exchange for Treasury bills maturing July 22, 1948 ~~(4)~~x, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 22, 1948 ~~(5)~~, and will mature October 21, 1948 ~~(6)~~x, 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 ~~Standard~~ time, Monday, July 19, 1948 ~~(7)~~. 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

TREASURY DEPARTMENT

Information Service

WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Friday, July 16, 1948.

No. S-794

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing July 22, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 22, 1948, and will mature October 21, 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 daylight saving time, Monday, July 19, 1948. 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 July 22, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 22, 1948. 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

June 28, 1948

5-795

MEMORANDUM

TO: Mr. Saxon

FROM: Mr. Shere

Under Secretary Wiggins has today approved for release the Division of Tax Research study entitled "Federal Excise Taxes on Alcoholic Beverages," together with the proposed press release. In accordance with the usual procedure, we are turning the stencils for this study over to Miss Waite for the processing of the necessary copies. Will you kindly set as early a release date as is practicable.

To Grace Waite

For your info in connection with our conversation by telephone 6/28/48

[illegible]

TREASURY DEPARTMENT
Washington

RELEASE MORNING NEWSPAPERS,
Friday, July 16, 1948

No. S-795

Problems connected with the taxation of distilled and malt liquors and wines are discussed in a Treasury staff study entitled "Federal Excise Taxes on Alcoholic Beverages" made public today. The study is one of a series of analyses dealing with postwar tax revision. It is not intended to make policy recommendations, but to provide information of use in determining whether the taxes in question should be modified.

Subjects covered in the study include the economic backgrounds of the affected industries, the effects of the taxes on profits, and their bearing on business costs and competition. Administration and compliance matters and certain technical questions also are covered. The taxes imposed on alcoholic beverages in the United States are compared with those levied in Canada and the United Kingdom.

* * *

The present tax of $9 per proof gallon on distilled spirits is the largest single source of excise tax revenue. It amounts to roughly 50 percent of the retail price of popular liquor brands. The rate was $3 in 1940, went to $4 in 1941, to $6 in 1942, and to $9 in 1943. The World War I rate increases were from $1.10 per proof gallon (1914) to $3.20 in 1917 and $6.40 in 1918. The top World War I rate remained in effect through the prohibition era. The tax was fixed at $2 in January, 1934.

For the fiscal year 1947 the $9 per proof gallon rate yielded a total Federal revenue of $1,685,400,000. This was slightly less than the 1946 yield. Most of the tax is paid on whiskey.

Wartime restrictions on the production of whiskey resulted in widespread "stretching" of whiskey stocks through the blending of whiskey with neutral spirits. In the fiscal year 1947 about 90 percent of the whiskey bottled in the United States was blended, compared with about 50 percent in the fiscal year 1943. Stocks of whiskey in bonded warehouses declined sharply during this period, but have since been restored to near their prewar peak.

The distilled spirits industry is marked by concentration of supply. Four companies have assumed a leading position. For the fiscal year 1947 they accounted for 75 percent of the domestic whiskey bottled for consumption. The industry has a producing capacity greatly in excess of consumption.

Income and price changes probably have an important bearing on the demand for distilled spirits. It is difficult to draw definite conclusions as to their effect, however, for a period which has been marked by such abrupt changes as prohibition and repeal, and by the abnormalities of the war era.

Since repeal, consumption has increased almost continuously from year to year, and the increases exceed the growth in population. During the war the increase in estimated expenditures for distilled spirits was relatively much larger than the increase in the level of income. For 1946, estimated consumer expenditures for distilled spirits amounted to 3.5 percent of disposable income, compared with 2.2 percent in 1939. Past experience does not indicate whether there will be a significant long term growth in consumption.

It is doubtful, according to the study, that the wartime increases in the excise tax affected profits of the industry appreciably during the war. The future effect of the tax on profits will depend on the pattern of competition and price policy which develops in the postwar period.

As to whether high liquor taxes cause more widespread bootlegging and "moonshining", the study says there is no present way of determining the extent to which illicit liquor operations would be carried on under different rates of tax. The future level of illicit operations will depend to a substantial extent on the level of consumer incomes and other factors, as well asthe rate of tax.

* * *

A tax on fermented malt liquors such as beer and ale has been in effect continuously since 1862. The tax per barrel of 31 gallons was $6 in 1940. It went to $7 in 1942 and to $8 in 1944. For the World War I period, comparable increases in the tax were from $1.50 (1914) to $3 in 1917 and to $6 in 1918. The $6 tax remained in effect during prohibition, and was reduced to $5 in 1933.

The tax on beer is the third most important source of excise revenue, ranking after the distilled spirits tax and the excises on cigarettes. The beer tax yielded $661,400,000 for the fiscal year 1947.

Beer is produced in all but 10 states, but about 80 percent of the breweries are located in 13 states. Some increase in concentration appears to have occurred in the industry since 1935.

Per capita consumption of beer from 1933 to the outbreak of World War II was only a little more than half as high as in the years just preceding World War I, indicating that a change in consumer habits had occurred during prohibition. By 1945, however, increased per capita consumption again approached the pre-prohibition peak. Nevertheless, estimated consumer expenditures for beer are now lower in relation to disposable income than they were before the war.

There is little evidence as to the bearing of either price changes or taxes on beer consumption.

The wartime tax increases probably did not adversely affect beer sales during the war, due to price ceilings and to the limitations on materials and supplies which tended to restrict output. The present high level of demand in relation to productive capacity minimizes any adverse effect of the tax on sales. If price competition should again become intensive, the tax would tend to have a more adverse effect on the profits of producers in the principal market areas.

* * *

Wines have been taxed continuously since 1914. The rates vary according to wine types, and in the case of still wines are scaled according to alcoholic content. The principal rates are: Still wines, not over 14 percent alcohol 15 cents per wine gallon, 14 percent to 21 percent alcohol 60 cents per gallon; sparkling wines, natural, 15 cents per $\frac{1}{2}$ pint, and artificially carbonated, 10 cents per $\frac{1}{2}$ pint.

These present rates are roughly three or four times those prevailing before the war. There were similar increases in wine taxes at the time of World War I. The revenue yield is not large; for the fiscal year 1947 it was $57,200,000.

Home wine production was stimulated during the prohibition period, and it has been estimated that the amount of home-produced wine in the period 1936-39 exceeded the tax-paid withdrawals of wine containing not over 14 percent alcohol.

The domestic wine industry is concentrated heavily in two sections. One of these is California, and the other is a group of eastern states, notably New York. California produces more than 90 percent of the total. Fluctuations in wine production are large — even larger than the fluctuations in grape production. To a large extent, wineries are operated by the producers of grapes.

Wine consumption increased rapidly following repeal. There was little increase during the war years, but a large rise occurred in 1946.

It is doubtful whether the increases in tax rates had a very significant effect on the volume of wine sales during the war. The tax increases were relatively larger than the beer tax increases, and generally larger than the liquor tax increases, but the wine taxes had been much lower before the war than the beer or liquor taxes, both on the physical volume basis and in relation to price.

The present tax represents about 5 percent of the price for the lowest priced brands of wines of lower alcoholic content, and ranges from 10 to 20 percent of price of the "fortified" wines, or those of higher alcoholic content. The tax on wine of higher alcoholic content is a more important element in price, but it is still much lower than the tax on distilled spirits.

However, in the event of a recurrence of extreme competition in the industry it might become difficult for producers of wine to shift the tax forward to consumers.

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FEDERAL EXCISE TAXES ON ALCOHOLIC BEVERAGES

Division of Tax Research, Treasury Department
June 1948

Federal Excise Taxes on Alcoholic Beverages

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, business costs, competition and 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 revising the taxes.

The study was prepared in the Excise Tax Section of the Division of Tax Research. In its preparation valuable assistance was received from other members of the Treasury tax staff, including the Office of Tax Legislative Counsel on legal matters and the Bureau of Internal Revenue on administrative matters.

Division of Tax Research
U. S. Treasury Department

June 1948

FEDERAL EXCISE TAXES ON ALCOHOLIC BEVERAGES

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FEDERAL EXCISE TAXES ON ALCOHOLIC BEVERAGES

PART I - Excise Tax on Distilled Spirits 1/

I. Description of the tax

The tax is applicable to all distilled spirits produced or imported into the United States, and all products of distillation containing distilled spirits or alcohol on which the tax has not been paid. The tax is levied at a specific rate on the proof gallon or wine gallon, if below proof. 2/

Payment of tax is required at the time the product is withdrawn from the internal revenue or customs bonded warehouse. The tax is paid by purchasing tax stamps to be affixed to the containers prior to withdrawal from bond.

The principal exemptions from tax are withdrawals for the following purposes:

1. Export.
2. Ethyl alcohol for industrial use or in the manufacture of chemicals. 3/
3. Ethyl alcohol for use by the Federal, State or local governments, a university or college, laboratory for scientific research, or hospital or charitable clinic.
4. Brandy and wine spirits for use in the fortification of wine.

1/ This analysis is limited to the gallonage tax. In addition to this tax there are special taxes on distillers, dealers and others engaged in the industry as well as stamp taxes on containers. (See Appendix, p. 101.) The tax on rectification is considered in Part IV below.

2/ The proof gallon or gallon of proof spirits is one "which contains one-half its volume of alcohol of a specific gravity of ... (.7939) at sixty degrees Fahrenheit" (Internal Revenue Code, Section 2809). Imported perfumes containing distilled spirits are taxed on the basis of the wine gallon of perfume.

3/ Provided it is rendered unfit for beverage or liquid medicinal purposes, or is changed into some other chemical substance.

II. Changes in the tax since 1913

Distilled spirits have been taxed continuously since 1862. During the prohibition period withdrawals of beverage spirits were permitted only for medicinal purposes, and such spirits were taxed at the non-beverage rate then in effect. Beginning with the Revenue Act of 1942 a drawback has been allowed on distilled spirits used in medicines, food flavorings and food products unfit for beverage purposes. The tax rates and effective dates of changes since 1913 are shown below:

Changes in tax rates since 1913

(Per proof gallon)

Revenue Act	Effective date	Rate	Revenue Act	Effective date	Rate
	In effect Jan. 1, 1914	$ 1.10	1938	July 1	$ 2.25 d/
1917	Oct. 3	3.20 a/	1940	July 1	3.00 e/
1918	Feb. 24, 1919	6.40 a/	1941	Oct. 1	4.00
1926	Dec. 5, 1933 b/	1.10	1942	Nov. 1	6.00 f/
1934 c/	Jan. 12	2.00	1943	Apr. 1, 1944	9.00 g/

a/ Beverage rate. Rates for other than beverage purposes were $2.20 under Revenue Act of 1917, effective October 3, 1917; $1.65 and $1.10 under the Revenue Act of 1926, effective January 1, 1927 and January 1, 1928, respectively.
b/ Made effective by the Twenty-first Amendment to the Constitution.
c/ Liquor Taxing Act of 1934.
d/ Brandy taxed at $2.
e/ Brandy taxed at $2.75.
f/ Drawback of $3.75 if used in flavorings, medicines, or food products unfit for beverage purposes.
g/ Drawback of $6 if used in flavorings, etc.

III. Revenue collections, 1936-1947

The tax on distilled spirits is the largest single source of excise tax revenue. This tax produced 68 percent of the total collections from taxes on alcoholic beverages and 23 percent of total excise tax collections for the fiscal year 1947.

Collections, fiscal years 1936-1947 a/

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1936	$ 222.4	1942	$ 574.6
1937	274.0	1943	781.9
1938	260.1	1944	899.4
1939	283.6	1945	1,484.3
1940	317.7	1946	1,746.6
1941	428.6	1947	1,685.4

a/ Represents collections from the gallonage tax only. Collections do not reflect drawbacks allowed on spirits for non-beverage use.

IV. Economic background of the industry

A. Character of supply

1. Sources of supply and types of products

Prior to the war domestic production accounted for about 90 percent of the distilled spirits consumed in the United States. After restrictions were placed on domestic production imports increased and reached a peak of more than one-third of consumption in the fiscal year 1944. (Table 1) Imported spirits are subject to both customs duty and the internal excise tax. The duties have tended to limit imports to specialty products, of which Scotch whisky has normally been the most important. Under the Geneva trade agreements the duty was reduced effective January 1, 1948 from $2.50 per proof gallon to $2.25 on rum, $1.50 on whisky and $1.25 on brandy, gin, cordials and liqueurs.

The tax on distilled spirits is applicable to a wide variety of products. However, most of the tax base normally is represented by whisky, which is sold either as straight whisky or blended with neutral spirits. 1/ In 1941, the last year when domestic production

1/ Whisky blended with neutral spirits must be labeled as "blended whisky" or "spirit whisky", according to the composition, and is commonly referred to as a "spirit blend". (Regulations No. 5, issued under provisions of the Federal Alcohol Administration Act, as amended, Secs. 21 and 34.)

Table 1

Distilled spirits: Tax-paid withdrawals, production at registered and fruit distilleries, and stocks in internal revenue bonded warehouses, fiscal years 1935-1947

(In millions of tax gallons) 1/

Fiscal year	Tax-paid withdrawals				Production	Stocks in bonded warehouses at end of fiscal year 2/
	Total	Distilled spirits		Ethyl alcohol		
		Domestic	Imported			
1935	82.5	58.1	7.5	17.0	169.1	160.8
1936	110.2	76.3	9.8	24.1	253.9	310.8
1937	136.2	87.7	16.1	32.3	259.0	462.6
1938	129.2	85.9	14.3	29.0	150.2	497.5
1939	125.7	92.4	11.1	22.2	145.3	522.1
1940	140.7	104.0	12.4	24.3	143.5	525.4
1941	141.8	102.7	11.2	27.9	175.2	551.4
1942	157.7	119.3	13.5 3/	24.9	158.0 4/	587.8
1943	154.6	131.2	17.8 3/	5.7	39.9 4/	476.3
1944	142.2	84.3	51.7 3/	6.2	23.8 4/	376.3
1945	168.6	114.5	26.3 3/	27.8	128.2 4/	338.2
1946	197.9	130.9	19.7 3/	47.3	305.1 5/	420.3
1947	189.1	126.4	15.6 3/	47.1	315.2	525.8

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue; press releases of Bureau of Customs and Bureau of Internal Revenue, Accounts and Collections Unit.

1/ A tax gallon for spirits of 100 proof or over is equivalent to the proof gallon. For spirits of less than 100 proof the tax gallon is equivalent to the wine gallon. On most domestic distilled spirits the tax is paid on the proof gallon. Most distilled spirits imported are somewhat below 100 proof and the tax is paid on the wine gallon.

2/ Represents original entry gallons.

3/ Estimated from sales of revenue stamps.

4/ Exclusive of unfinished and high-proof spirits for industrial purposes.

5/ Includes 31.5 million tax gallons produced for industrial purposes.

was not affected by wartime restrictions, the distilled spirits bottled in the United States for beverage purposes consisted of about 85 percent whisky, 10 percent gin, and the balance chiefly of brandy, cordials and liqueurs, and rum. (Table 2) In the same year whisky comprised about 70 percent of total distilled spirits imports, but the war in Europe subsequently reduced the proportion. Rum is normally the next most important type of distilled spirits imported.

All distilled spirits must be produced or imported under bond to insure payment of the tax. Some types are normally aged before they are withdrawn from Government bonded warehouses and bottled for sale. Most whisky, brandy, and rum are aged in this manner and on certain types the ageing period is prescribed by the Government. 1/ Gin customarily is not aged before being withdrawn for consumption. This is also the case with alcohol or neutral spirits used in blended whisky. 2/

Because of the varied character of the products, the supply of domestic distilled spirits withdrawn for consumption is normally derived partly from current production and partly from accumulated stocks. The supply of whisky, in particular, over short periods of time depends upon the size and age composition of stocks. However, as indicated by the wartime experience, the industry has considerable flexibility in the way in which given stocks may be utilized. In general, an increase in demand for whisky may be met by one or more of the following types of adjustment in the use of the available stocks: (1) reducing total stocks, (2) selling less straight whisky and more blended whisky, (3) increasing the proportion of neutral spirits or alcohol used in spirit blends, and (4) reducing the proof, or percentage of alcoholic content. The increase in wartime demand for whisky, when only limited production was permitted, was met principally by reducing stocks and by using a larger proportion of the withdrawals of whisky to make spirit blends, a process commonly referred to as "stretching" stocks. Stocks of whisky in bonded warehouses declined from 517 million proof gallons on June 30, 1942 to 308 million proof gallons on June 30, 1945. (Table 3) In the fiscal year 1947 about 90 percent of the whisky bottled in the United States was blended compared with about 50 percent in the fiscal year 1943, the earliest year for which this information is available. (Table 4) Except

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1/ To be labeled as a "straight whisky" whisky must be aged for not less than two years; to qualify as "bottled in bond" distilled spirits must be aged for not less than four years.

2/ Under the law whisky is distilled at not over 160 proof, alcohol or neutral spirits at 160 proof or more. Temporary legislation permits distilleries to produce spirits at 160 proof or more and remove them without reducing them below 160 proof. (Internal Revenue Code, Sec. 2883(c)(d) and (e).)

1

Table 2

Types of distilled spirits available for consumption as beverages, 1941 1/

(Millions of gallons)

Type of product	Bottled domestically 2/		Imported	
	Amount	Percent distribution	Amount	Percent distribution
	(Wine gallons)		(Proof gallons)	
Whisky	119.5	85.1 %	10.3	71.0 %
Rum	1.4	1.0	3.6	25.1
Gin	13.3	9.5	.1	.4
Brandy	2.0	1.4	.3	2.2
Cordials and liqueurs	3.8	2.7	.1	.9
Alcohol	.3	.2	3/	4/
Other spirits	.2	.1	.1	.4
Total	140.5	100.0	14.5	100.0

Treasury Department, Division of Tax Research

Sources: Annual Report of the Commissioner of Internal Revenue for the Fiscal Year Ended June 30, 1941, p. 163, and Department of Commerce, Foreign Commerce and Navigation of the United States, 1941.

1/ Domestic bottling for fiscal year, imports for calendar year.
2/ Includes some imported products used in rectification or bottled after withdrawal from customs custody.
3/ Less than 50,000 gallons.
4/ Less than .05 percent.

Note: Tax-paid withdrawals of ethyl alcohol in the fiscal year 1941 were about 27.9 million gallons. About 22.8 million gallons were used for rectifying purposes as components of the above beverages bottled domestically. The remaining 5.1 million gallons were presumably used in medicines, flavorings, and other products.

Table 3

Whisky: Domestic production, tax-paid withdrawals, and stocks on hand June 30, fiscal years 1934 - 1947

(In millions of tax gallons 1/)

Fiscal year	Production	Tax-paid withdrawals	Stocks in internal revenue bonded warehouses at end of fiscal year
1934	62.4	18.9	57.7
1935	149.1	50.8	152.8
1936	223.7	67.3	300.7
1937	223.5	72.6	445.3
1938	102.9	68.6	471.2
1939	93.0	72.1	478.9
1940	99.0	81.3	480.9
1941	121.9	80.5	504.1
1942	120.3	84.7	516.9
1943	19.5	87.9	424.8
1944	-	58.8	348.6
1945	41.6	63.9	307.6
1946	147.5	63.2	374.1
1947	168.0	58.8	464.8

Treasury Department, Division of Tax Research

Source: Annual Report of the Commissioner of Internal Revenue, for the Fiscal Year Ended June 30, 1947.

1/ A tax gallon for spirits of 100 proof or over is equivalent to the proof gallon. For spirits of less than 100 proof the tax gallon is equivalent to the wine gallon.

1

Table 4

Amount of whisky bottled by types and amount produced by rectification, fiscal years 1939-1947

(Millions of gallons)

Fiscal year	Types of whisky bottled 1/					Whisky used in and produced by rectification 2/		
	Bottled in bond	Straight 3/	Blended 4/	Total	Blended whisky as percent of total 4/	Whisky used	Whisky produced	Whisky used as a percent of whisky produced
	(Wine gallons)					(Proof gallons)		
1939	6.3	5/	5/	5/	5/	13.6	33.6	40.3
1940	13.6	5/	5/	5/	5/	15.3	38.0	40.3
1941	13.5	5/	5/	119.5	5/	17.0	44.3	38.4
1942	13.4	5/	5/	136.0	5/	20.7	56.0	36.9
1943	16.6	48.6	70.1	135.3	51.8	29.0	60.8	47.8
1944	9.3	20.2	66.9	96.4	69.4	32.1	57.9	55.5
1945	9.6	15.9	117.7	143.2	82.2	40.8	101.6	40.2
1946	7.0	12.7	144.1	163.8	88.0	45.8	124.7	36.7
1947	9.3	7.2	149.7	166.2	90.1	43.7	130.7	33.4

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue.

1/ Includes imported and domestic liquors. Includes products bottled for exportation except in 1947.
2/ The difference between the amount used and the amount produced represents principally alcohol and high-proof spirits mixed with straight whisky to produce blended whisky. Rectified whisky produced is included under blended whisky bottled.
3/ Includes a small amount of whisky aged less than two years which is not eligible for labelling as "straight whisky".
4/ Includes blends of straight whisky.
5/ Not available.

during the fiscal years 1943 to 1945, when the supply of spirits available for blending purposes was sharply curtailed, the proportion of whisky used in blends decreased after 1940. 1/

2. Concentration of supply

For about 15 years the distilling industry was prohibited from operating for the purpose of producing beverage spirits. After the repeal of prohibition in 1933 facilities for the production and distribution of distilled spirits had to be almost completely re-established. The re-established industry differs in certain important respects from that which had developed prior to prohibition, and has to some extent the characteristics of a new industry. Prior to prohibition a very high degree of concentration of control had been achieved at one time in the production and sale of distilled spirits. 2/

Most of the present plants in the industry have been newly built, re-built, or converted from industrial alcohol production. Prior to prohibition most distilleries were small and the number had declined steadily for a period of years. 3/ In 1916 there were 279 grain distilleries operated, and of these about two-thirds had a capacity of less than 2500 proof gallons per day. 4/ Since the industry resumed operations, the number of grain distilleries has not exceeded 150. Only about 15 percent of those now authorized to operate have a capacity of less than 2500 proof gallons per day, and the capacity of the 12 largest distilleries is as large as the total amount produced in 1916. 5/

1/ Under the regulations, a "blended whisky" may contain not more than 80 percent neutral spirits, and "spirit whisky" not more than 95 percent neutral spirits. Whisky must be at least 80 proof.

2/ In 1899 it was reported that The Distilling Company of America and its subsidiaries controlled about 85 percent of the production of neutral spirits and about 90 percent of the standard brands of Kentucky whisky. The control of rye whisky production was substantially lower at that time. (House of Representatives, Preliminary Report on Trusts and Industrial Combinations, 56th Congress, 1st Session, Doc. No. 476, Part I, pp. 85,86.)

3/ Treasury Department, Bureau of Industrial Alcohol, Statistics Concerning Intoxicating Liquors, 1933, p. 45. In 1901 there were 1,258 grain distilleries operated.

4/ Annual Report of the Commissioner of Internal Revenue, fiscal year 1916, p. 136. Data are reported on the basis of grain capacity and have been converted on the basis of 5 proof gallons per bushel of grain.

5/ Unpublished data of the Bureau of Internal Revenue.

Although a number of producers entered the business following the resumption of the legal sale of beverage spirits, four companies have assumed a leading position in the industry. 1/ These companies began operations with large amounts of capital which enabled them to establish organizations for national distribution of their products. Some of them also owned or acquired most of the important brand names which had been used prior to prohibition. 2/ By 1938 these four companies accounted for more than half of the production of whisky and of the stocks of whisky held in bonded warehouses. 3/ During the war the four leading companies acquired additional distilleries or purchased some of the stocks owned by other companies and in September, 1943 they held nearly 60 percent of the total stocks of whisky. 4/ This high proportion of control of inventories placed these companies in a favorable position to establish strong consumer preferences in the postwar market. For the fiscal year 1947, the four companies accounted for 75 percent of the domestic whisky bottled for consumption. 5/

The industry has a producing capacity greatly in excess of consumption. 6/ However, in view of the restrictions that have prevailed on the production of beverage spirits during most of the time since 1942, capacity has not been as important a factor in the market position of the companies as the stocks of whisky held. In 1938 the estimated capacity of all whisky distilleries was 435 million proof gallons. 7/ The largest amount produced in any year after repeal was 224 million proof gallons in 1936. (Table 3) The maximum tax-paid withdrawals have been substantially smaller than this amount. Present producing capacity appears to be approximately twice as large as the prewar level, but the larger whisky distillers now produce a large proportion of their high proof spirits for blending purposes. 8/

1/ Temporary National Economic Committee, Investigation of Concentration of Economic Power, Part 6, "Liquor Industry".
2/ Ibid, p. 2490
3/ Ibid, pp. 2678,2680.
4/ U. S. Senate, Hearings before a Subcommittee of the Committee on the Judiciary, 78th Congress, 1st Session, p. 158. These companies also acquired a substantial interest in the wine industry and subsequently acquired some rum distilleries.
5/ Unpublished data of the Bureau of Internal Revenue. The proportion of whisky bottled by these companies is higher than the proportion of whisky produced. A higher proportion of their sales consists of spirit blends compared with the balance of the industry.
6/ Excess capacity appears to have been a characteristic of the industry prior to prohibition. (Report on Trusts and Industrial Combinations, op. cit., p. 81.)
7/ Temporary National Economic Committee, op. cit., p. 2677.
8/ Unpublished data of the Bureau of Internal Revenue.

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In view of the large producing capacity of the industry the relative position of different companies under unrestricted production will depend to a large extent upon the distribution facilities and the merchandising policies of the several companies.

Imports of the principal types of products are usually handled by exclusive distributors. In some cases a domestic distiller is the agent for these products. 1/

3. Competition and price policy

Despite the relatively large importance of the tax the products of the industry are sold over a fairly wide price range. Price differentiation may arise from a number of factors. In the case of whisky, differences in price may reflect differences in the age of the product offered, whether it is a straight or blended whisky, the proportion of neutral spirits used in blended whisky, and the proof of the product; in addition to these factors the reputation of the producer or the popularity of the brand may be important. 2/ There are indications that the industry's pricing methods place great stress on the consumer's preference for particular types or characteristics of products. 3/ Whisky is now sold in two fairly distinct price classes, the older straight whiskies and whisky blends. 4/ Just prior to the war younger straight whisky sold at prices competitive with the blended products. Gin, an unaged product, usually sells at lower prices than whisky. Some low-priced brands of rum and brandy sell for less than gin, but most of the brands sell at prices comparable to whisky.

Distilled spirits are generally sold under brand names. In some cases the products of a distiller will be sold under the private brand of a distributor, but since the repeal of prohibition most sales have been made under producer brands. Each of the larger companies

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1/ TNEC, op. cit., p. 2583 et seq.

2/ The discussion refers to normal supply conditions. An unusual scarcity or oversupply of one class of products would affect its relationship to the prices of other products.

3/ Considerable attention was given to this question in the TNEC Hearings in 1939, but from the evidence the basis of pricing was not clear.

4/ Straight whisky includes whisky of a given season's production which may or may not be bottled-in-bond and also mixtures of the production of different years. The latter may not be labeled bottled-in-bond and are usually referred to as blends of straight whiskies. Imported specialty whiskies such as Scotch, Irish or Canadian usually sell at or above the prices of the older domestic straight whiskies.

has a number of brands covering different types of whiskies and different price lines, and they also have popular brands of gin and certain other distilled spirits. The relative emphasis placed on straight whisky and blends differs considerably among companies. Both before and during the war new brands were frequently introduced. The total number of active brands, excluding private brands, is probably substantially in excess of 100. In one State store prices are listed for 74 brands of domestic whisky and 34 brands of imported whisky. (Table 5) Although there has been no decrease in the number of brands carried in these stores since 1939, it is possible that the total number of brands for the country has decreased. It appears, however, that there has been a marked increase in the concentration of sales in leading brands. It has been stated that the five leading brands now account for nearly 50 percent of total whisky sales compared with not more than 20 percent prior to the war. 1/ Increasing concentration of sales in a limited number of brands, similar to that which has occurred in the cigarette and a number of other industries, has been predicted. 2/ Such a development is characteristic of decreasing price competition, but it is not yet clear to what extent the change that has taken place represents a definite trend and to what extent it is a reflection of the wartime shortages in supplies. The substantial increases in advertising expenditures of leading companies from 1934 to 1938 would indicate increasing effort to establish consumer preference. 3/

The development of the price policy of the industry has been affected by unusual conditions during most of the period since 1933. Although no reliable price series is available, it is generally reported that prices declined substantially as the industry accumulated an adequate supply of aged whisky in the 1930's. 4/ There is evidence that the decreases in prices during the latter part of the prewar period were confined largely to bottled-in-bond products. (Table 5) Information on certain leading brands indicates, however, that prices on established brands were not changed very frequently. 5/ There is some evidence that larger distillers gave special discounts from list prices prior to the war when market conditions were unsettled. 6/ Smaller distillers probably have to sell their products on a price basis where they are unable to support a national system of distribution or intensive advertising. Price competition may also arise through the introduction of a new brand.

1/ Journal of Commerce, Fifteenth Annual Wine and Spirits Number, November 21, 1947, pp. 2, 6. Both figures are presumably based on sales data for monopoly States.

2/ Ibid., p. 2.

3/ TNEC, op. cit., pp. 2717-2718. The advertising expenditures, which are shown only for newspapers and national magazines, increased from $4.2 million in 1934 to $11.9 million in 1938.

4/ Ibid. Testimony of a number of witnesses.

5/ Ibid., p. 2696. On most of these brands list prices were changed only two or three times in a 4-year period 1934-1938.

6/ Business Week, September 28, 1940, p. 45.

Table 5

Whisky by types: Number of brands and price range in Virginia State stores 1937, 1939 and 1947

(4/5 quart sizes, 90-proof basis 1/)

Type	Number of brands			Price range					
	July 16, 1937	Feb. 1, 1939	Dec. 1, 1947	July 16, 1937: High	July 16, 1937: Low	Feb. 1, 1939: High	Feb. 1, 1939: Low	Dec. 1, 1947: High	Dec. 1, 1947: Low
Blended whisky	12	15	40	$1.95	$1.00	$1.90	$1.05	$4.10	$2.75
Whisky (less than 2 years old)									
Bourbon	5	3)	4	1.05	1.00	1.05	1.00)	2.60	2.55
Rye	1	1)		.95	.95	1.00	1.00)		
Corn	2	0	2	1.00	.90	-	-	2.60	2.60
Straight whisky 2/									
Bourbon	14	20	7	1.50	1.15	1.50	1.00	5.15	3.10
Rye	10	11	1	1.40	1.10	1.70	1.05	4.60	4.60
Corn	1	4	0	1.05	1.05	1.10	1.05	-	-
Blends of straight whisky 2/									
Bourbon	6	6)	3	2.20	1.25	2.30	1.30)	4.15	3.80
Rye	3	3)		2.30	1.50	2.25	1.50)		
Bottled in bond									
Bourbon	5	5	11	3.60	2.30	2.25	1.85	5.35	4.35
Rye	3	5	2	2.35	2.35	2.00	1.75	5.00	4.70
Scotch type American whisky	0	0	1	-	-	-	-	3.90	3.90
Total domestic	62	73	74 3/						
Canadian whisky	3	3	3	3.40	2.75	3.45	3.00	4.95	4.60
Scotch whisky	14	17	29	3.65	2.40	3.80	2.30	7.05	4.80
Irish whisky	2	2	2	2.65	2.55	2.70	2.60	4.85	4.75
Irish American whisky	1	1	0	1.45	1.45	1.70	1.70	-	-
Total imported	20	23	34						

Treasury Department, Division of Tax Research

Source: TNEC, Investigation of Concentration of Economic Power, Part 6, "Liquor Industry", March 1939, Exhibits 419,433; and Alcoholic Beverage Control Board, Commonwealth of Virginia, List No. 113, effective December 1, 1947.

1/ In order to eliminate differences in price due to differences in proof, the sales prices for brands other than 90 proof were converted to a 90 proof basis. For the years 1937 and 1939 prices were usually quoted on quart sizes and have been reduced by 20 percent for comparability with present prices which are commonly on the basis of the 4/5 quart bottle. All figures have been rounded to the nearest 5 cents.

2/ Straight whisky is whisky that is at least 2 years old.

3/ Includes three brands of bourbon whisky liqueurs, ranging from $2.25 to $2.35.

However, in view of the apparent emphasis being placed on brand preference, future changes in demand may result in less price variation than in the past.

Price policies at the wholesale and retail level differ between the so-called monopoly and license States. In 17 States where the sale of distilled spirits is conducted by the State, prices are usually fixed on the basis of a uniform mark-up. 1/ Except for cut-price sales, the price to the consumer on package sales among these States varies only by the amount of the mark-up and any tax that may be imposed. 2/

In the license States there has been an increasing effort to secure resale price maintenance. Although some producers distribute their products through exclusive wholesalers this is not the general practice in the industry. Prior to the war some wholesalers apparently had engaged in cutting prices to retailers. 3/ Intensive price wars were experienced at the retail level on several occasions but they were generally concentrated in certain areas, particularly in the large metropolitan centers. 4/ Experience of distributors led both wholesalers and retailers to join in efforts to "stabilize" the industry and to induce distillers to price their products under the Fair Trade Acts. In some States laws were passed requiring fair trade pricing, in contrast to the usual type of law which permits producers to prescribe resale prices, and in some cases a minimum and profitable retail mark-up was required. 5/ The wartime increase in demand and subsequent limitations on supplies tended to relieve the industry of the problem of resale price maintenance. The effectiveness of the laws will not be known until the industry has again built up adequate supplies to meet the demand.

1/ One State has a monopoly at the wholesale but not at the retail level.

2/ Under a provision known as the "Des Moines demand warranty" the purchase agreement of State monopolies apparently assures them of the lowest price at which a distiller sells to any buyer. (U.S. Senate, Hearings before a Subcommittee of the Committee on the Judiciary, op. cit., p. 199; and TNEC, op. cit., p. 2572 et. seq.)

3/ Report of the Federal Trade Commission on Resale Price Maintenance, p. 370.

4/ The two most extreme price wars occurred in 1935-36 and in 1940. Two-year-old whisky first became freely available in 1935-36 while 1940 represented a four-year-age for the very large production of 1936. These two ages are those when whisky can be used for straight whisky and bottled-in-bond, respectively.

5/ Federal Trade Commission, op. cit., p. 87.

4. Costs and prices

Producer costs of distilled spirits are fairly uniform, except for differences in ageing or special processing that may be involved. In general there are not large differences in distilling and bottling costs for a given class of product. The cost of distilling depends largely upon the raw material used. Grain is the principal raw material for the production of whisky and gin; brandy is produced from various fruits and rum is produced from molasses. In 1939 the cost of materials represented about one-third of the value of products at the distillery, and salaries and wages about 12 percent. 1/ The average value of whisky per proof gallon at the still was about 50 cents compared with 60 cents in 1937. Packaging costs, which include bottling, labeling and casing, are not reported by the Census. Prior to the war these costs were estimated to amount to 40 cents per gallon or nearly as much as the cost of distilling. 2/

Ageing may result in substantial differences in producers' costs for different brands of whisky. The difference in cost depends upon the way in which the distilled product is aged, the length of the ageing period and the proportion of aged whisky used in the product bottled for sale. If whiskies of different year's production are mixed or whisky is blended with neutral spirits, the product is subject to a rectification tax of 30 cents per proof gallon in addition to the cost of rectification. The principal costs involved in ageing whisky are the cost of the barrel or cooperage in which it is stored, storage charges, insurance, interest and property taxes. These costs are not reported by the Census and considerable variation is found in estimates, but before the war they probably amounted to at least 30 to 40 cents per proof gallon for a 4-year period. 3/ In addition to the outlay required, an important factor in ageing costs is the loss which occurs through leakage and evaporation. The loss varies depending upon storage conditions but usually is relatively heaviest in the first year and probably averages about 20 percent on 4-year ageing. 4/ Through this

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1/ Department of Commerce, Census of Manufactures, 1939; Vol. II, Part I. Salaries and wages are those for manufacturing; total salaries and wages amounted to about 15 percent of the value of the product.

2/ Analyst, February 8, 1939, p. 227. The cost estimate included overhead and was given on a bottle basis. It is assumed that the estimate was made for quart bottles.

3/ TNEC, op. cit., pp. 2483,2517. The cost of a barrel was reported to be $5-$7, which would amount to 10 cents or more per proof gallon. Ageing costs were indicated to be 5 cents per gallon per year on original entry gauge.

4/ The maximum statutory allowance for this period is 11 proof gallons per barrel which contains about 50 proof gallons. (Internal Revenue Code, Section 2901.)

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loss the cost of distilling and storing is increased by 25 percent. Before the war the total cost of a proof gallon of whisky aged four years was probably at least 2-1/2 times as much as the cost of distilling a proof gallon. The difference would be relatively smaller after the addition of tax and bottling costs because these are practically the same for aged and unaged whisky.

The prices of distilled spirits that can be utilized for consumption without ageing would normally bear a close relationship to costs of production, but the price of aged liquors may differ substantially from the cost at which they were produced several years previously. For several years, following repeal, the price of aged whisky was high in relation to the current cost of production and ageing, but as aged stocks reached a relatively high level the price structure weakened and profits declined. The price-cost relationship has widened since the imposition of restrictions on production in 1948. However, present costs are very much higher than the prewar level.

B. <u>Character of demand</u>

Habits and social attitudes appear to be important factors determining the demand for distilled spirits. There may be a certain amount of substitution between distilled spirits and other alcoholic beverages based upon price considerations, but the type of satisfaction obtained from the different forms of alcoholic beverages suggests that it is rather limited. Distilled spirits also provide satisfaction essentially different from that supplied by non-alcoholic beverages, such as soft drinks. Income and price changes probably have an important bearing on the consumption of distilled spirits but it is difficult to determine their effect.

For most of the past generation the demand for distilled spirits has been affected by extreme changes in the legalization of sale and by war-induced abnormalities. For approximately 50 years prior to prohibition the total consumption of distilled spirits had increased but the increase appears to have been very largely a reflection of population growth. Comparison of per capita consumption for different periods of time is affected by changes in the proportion of the population living in jurisdictions where the sale of distilled spirits has been legal. These proportions changed substantially in the years immediately preceding prohibition but there appears to have been no significant change

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in recent years. 1/ Since repeal consumption has increased almost continuously from year to year and the increases exceeded the growth in population. Some of the growth in the 1930's can probably be attributed to the readjustment of consumers to the legalization of beverage sales. To some consumers distilled spirits represented a new product. A large part of the increase is probably also attributable to the rise in the level of national income. In the years 1936-1941 the fluctuations in the consumption of distilled spirits were smaller than the fluctuations in disposable income. 2/

Evidence regarding the effect of price changes on the consumption of distilled spirits is limited. Adequate data on retail price changes are not available and since about 1942 consumption has been affected to some extent by limitations on supply. Most of the evidence appears to support the conclusion that within fairly wide limits a price change has less than a proportionate effect on the unit volume of sales. 3/ The price reductions in the late 1930's, which in some cases were accompanied by price wars, did not seem to result in increases in consumption proportionate to the decrease in prices. 4/ Although, as indicated above, demand and

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1/ Annual Reports of the Distilled Spirits Institute. A slight decrease since 1941 is indicated in the proportion of the population living in "wet" areas.

2/ Based on Department of Commerce data on disposable income. Disposable income is the series used prior to the revision published in the Survey of Current Business for July 1947.

3/ In the testimony given before the Temporary National Economic Committee one industry representative seemed to take the position that consumer purchases of whisky were largely independent of price. (Part 6, "Liquor Industry," p. 2519.)

4/ There was a very drastic price war in New York City in the summer of 1940. As the population of the City is over 50 percent of the total for the State, any increase in consumer purchases because of the lower prices should have been reflected in State liquor tax receipts. An examination of these figures shows that there was an increase in wholesale (and presumably retail) purchases during the price war. However, after prices were stabilized there was such a large decrease that the total for the year was no higher than would have been expected if there had been no price war. Apparently, consumers added to their inventories during the price war with the result that their total expenditures for the year were less than they would have been in the absence of price reductions. The inference that lower prices did not affect demand is not conclusive, however, because the price changes were not effective for a long enough period to produce a change in habitual consumption patterns.

supply conditions have been abnormal for most of the war and postwar period, increases in the rate of tax and in prices exclusive of tax have been accompanied by a large increase in estimated consumer expenditures for distilled spirits. The increase in estimated expenditures has been relatively much larger than the increase in the level of income. For 1946 estimated consumer expenditures for distilled spirits amounted to 3.5 percent of disposable income compared with 2.2 percent in 1939. (Table 6) The increase in the ratio after 1941 may have been due in part to the shortages of other consumer goods. Consumer expenditures for distilled spirits in 1947 were appreciably below the 1946 level, but the ratio to disposable income is still much higher than in the prewar years.

C. Outlook for the industry

Indicated consumption of distilled spirits in 1947 was substantially below the 1946 level. Tax-paid withdrawals decreased by 19 percent. Some of the decline in tax-paid withdrawals, however, appears to have resulted from dealers' efforts to reduce inventories. Sales to consumers in monopoly States declined only about 8 percent while sales by wholesalers in license States, as indicated by tax collections, declined by 27 percent.1/ Since incomes were higher in 1947, the decrease was greater in relation to the level of income. The decline may have been due in part to the fact that in 1947 consumers bought more durable goods and had to pay higher prices for goods and services in general. Under more normal consumption patterns, purchases of distilled spirits, as in the past, are likely to rise and fall with changes in the level of income. Past experience does not indicate, however, whether there will be a significant long-term growth in consumption.

As consumption declined in 1947, stocks of whisky increased until production ceased under the grain-saving program. The supply of well-aged stocks, of course, has continued to decline because there was no significant production between 1942 and 1945. Stocks more than 4 years old amounted to 125 million proof gallons on June 30, 1947, a decrease of about 50 million gallons from June 30, 1946. (Table 7) The June 30, 1947 stocks of 4-year old whisky were at about the level of June 30, 1942. However, they will continue to decline until 1949 when the whisky produced in 1945 becomes 4 years old. The age distribution of whisky stocks apparently will be abnormal for some time in the future.

1/ Distilled Spirits Institute, Statistical Reports.

Table 6

Disposable income, tax-paid withdrawals of distilled spirits and consumer expenditures for distilled spirits, 1935-1946

Calendar year	Disposable income 1/		Tax-paid withdrawals		Consumer expenditures for distilled spirits 2/		
	Amount (billions)	Percent change from preceding year	Amount (Millions of proof gallons)	Percent change from preceding year	Amount (millions)	Percent of disposable income	Per proof gallon tax-paid 3/
1935	$ 56.3	-	97.9	-	$ 996	-	$ 10.17
1936	65.2	15.8 %	129.8	32.6 %	1,304	2.0 %	10.05
1937	69.2	6.1	134.4	3.5	1,469	2.1	10.93
1938	62.9	- 9.1	125.0	- 7.0	1,396	2.2	11.17
1939	67.7	7.6	132.1	5.7	1,511	2.2	11.44
1940	72.9	7.7	141.5	7.1	1,675	2.3	11.84
1941	88.7	21.7	155.6	10.0	1,979	2.2	12.72
1942	110.6	24.7	161.6	3.9	2,683	2.4	16.60
1943	124.6	12.7	135.5	-16.2	3,202	2.6	23.63
1944	137.4	10.3	157.7	16.4	3,845	2.8	24.38
1945	139.7	1.7	177.7	12.7	4,400	3.1	24.76
1946	146.0	4.5	215.6	21.3	5,060	3.5	23.47

Treasury Department, Division of Tax Research

Source: Department of Commerce, press release of April 30, 1947 and Survey of Current Business, May 1942, April 1944, February 1946 and February 1947. Disposable income and consumer expenditures are from the series published prior to the revision given in Supplement to Survey of Current Business, July 1947. Tax-paid withdrawals: Annual Reports of the Commissioner of Internal Revenue.

1/ Disposable income represents income payments less personal taxes.
2/ Includes expenditures for drinks at bars and restaurants as well as package purchases.
3/ Computed on rounded figures.

Table 7

Stocks of whisky in internal revenue bonded warehouses
as of June 30, 1946 and 1947

(In millions of tax gallons 1/)

Year of production	Season	Stocks 2/ 1946	Stocks 2/ 1947	Increase (+) or decrease (-) from 1946 to 1947
1938	Fall	.9	-	- .9
1939	Spring	3.8	-	- 3.8
	Fall	5.3	1.6	- 3.7
1940	Spring	13.2	5.8	- 7.4
	Fall	21.0	8.5	- 12.5
1941	Spring	40.3	24.2	- 16.1
	Fall	47.9	32.2	- 15.7
1942	Spring	46.6	37.5	- 9.1
	Fall	17.5	14.3	- 3.2
1943	Spring	-	-	-
	Fall	-	-	-
1944	Spring	-	-	-
	Fall	13.0	12.3	- .7
1945	Spring	25.3	24.9	- .4
	Fall	70.0	69.3	- .7
1946	Spring	69.2	68.8	- .4
	Fall	-	59.5	+ 59.5
1947	Spring	-	106.0	+ 106.0
Total		374.1	464.8	+ 90.7
Whisky over 4 years old		179.0	124.1	- 54.9

Treasury Department, Division of Tax Research

Source: Bureau of Internal Revenue, Alcohol Tax Unit, press release of October 21, 1947.

1/ A tax gallon for spirits of 100 proof or over is equivalent to the proof gallon. For spirits of less than 100 proof the tax gallon is equivalent to the wine gallon.

2/ Excludes a small amount produced in 1921 and prior years. Represents original entry gallons; losses not determined until withdrawal.

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Production of whisky in the first 6 months of 1947 amounted to 107 million proof gallons, or at an annual rate nearly as high as the peak prewar year of production. Total stocks on June 30, 1947 had risen to 465 million proof gallons or within 50 million gallons of the prewar peak. Subsequent to June 30, production was at a relatively low level until October, the last month preceding the adoption of the grain-saving program. With present capacity and unlimited use of grain, distillers probably could produce in a few months as much whisky as they would desire to add to stocks in one season. However, high grain prices would have tended to limit production of whisky in the absence of grain restrictions. 1/

After supplies of aged whisky have been built up under unlimited production, competition in the industry is likely to be intensive. Storage costs tend to force aged stocks on to the market when adequate production is in prospect. Continued improvement in the supply situation would bring prices more nearly in line with costs and might result in a period of price weakness and instability. A continuation of the concentration of sales in leading brands, however, would tend to reduce the extent of price competition at the distiller level. Price cutting at the wholesale and retail levels might again become serious unless pricing under fair trade laws prevented it.

V. Effects of the tax

A. On profits

All branches of the distilled spirits industry became increasingly profitable during the war. In 1945 net income after taxes of distillers, rectifiers and blenders filing corporation tax returns increased by 230 percent over 1939. (Table 8) Beginning with 1942 distillers' profits reflect the production of spirits for war purposes. This continued through August 1945. Profits of distillers reporting to the Securities and Exchange Commission in 1946 exceeded those for the war years. Total net profits before income taxes were nearly 10 times as high as in 1939. (Table 9) Net profits after income taxes were 39.5 percent of net worth compared with the prewar high of 18.9 percent in 1937. Liquor wholesalers and retail package stores filing corporation tax returns showed relatively larger increases in profits than distillers from 1939 to 1945. (Table 8)

Wartime controls tended to minimize the effect of the excise tax increases on the profits of the industry. After the production of beverage spirits was stopped in 1942, supplies remained

1/ In the latter part of 1947 corn and rye prices both rose to more than five times the 1939 level. (Department of Labor, Wholesale Prices; December and Year 1939, and "Average Wholesale Prices and Index Numbers of Individual Commodities," October 1947.)

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Table 8

Number of corporation income tax returns, receipts and net income of distillers and distributors of distilled spirits, 1938-1945

(Money figures in millions)

Year	Returns with net income: Number of returns	Returns with net income: Total compiled receipts	Returns with net income: Net income after tax 1/	Returns with no net income: Number of returns	Returns with no net income: Total compiled receipts	Returns with no net income: Deficit
			Distillers, rectifiers and blenders			
1938	106	$ 351.6	$ 20.3	208	$ 74.5	$ 4.4
1939	94	346.8	18.2	154	85.5	5.0
1940	123	421.6	23.6	116	75.0	4.0
1941	152	659.8	29.0	69	22.3	.8
1942	167	874.6	36.8	61	15.2	1.4
1943	157	1,076.3	34.2	41	18.8	.7
1944	157	1,271.3	33.5	38	36.4	1.1
1945	147	1,755.9	46.8	60	63.4	3.1
			Wholesalers			
1938	2/	2/	2/	2/	2/	2/
1939	2/	2/	2/	2/	2/	2/
1940	794	796.1	13.6	547	106.3	3.0
1941	908	1,131.0	20.0	417	85.9	1.6
1942	979	1,504.2	24.1	296	57.4	1.4
1943	1,014	1,592.3	33.8	153	22.3	.7
1944	932	2,092.2	41.8	165	39.6	.7
1945	956	2,490.4	45.0	238	92.7	3.5
			Retail package liquor stores			
1938	547	37.2	.5	1,070	41.2	1.1
1939	654	45.0	.7	1,008	40.3	1.0
1940	733	56.3	.8	970	41.1	.9
1941	900	75.1	1.2	882	38.3	.9
1942	1,171	116.3	2.0	634	32.3	.6
1943	1,484	160.1	4.5	298	13.4	.3
1944	1,416	168.3	4.6	275	15.6	.3
1945	1,489	197.6	5.5	238	16.2	.4

Treasury Department, Division of Tax Research

Source: Statistics of Income, Part 2.

1/ Net income after corporation income, excess profits and declared value excess profits taxes.

2/ Not available.

Table 9

Net profits and rate of return on net worth of distillers reporting to Securities and Exchange Commission, 1936-1946 1/

Year	Net profits: Before income taxes	Net profits: After income taxes	Net profits as a percent of net worth 2/: Before income taxes	Net profits as a percent of net worth 2/: After income taxes
	(Millions)			
1936	$ 32.3	$ 26.5	21.6 %	17.8 %
1937	38.6	31.0	23.5	18.9
1938	31.2	24.7	15.5	12.3
1939	28.4	22.9	13.3	10.7
1940 3/	32.8	24.6	15.3	11.4
1941	44.8	30.7	19.1	13.1
1942 4/	73.5	33.9	29.5	13.6
1943	113.7	39.4	44.0	15.2
1944	155.8	46.4	56.4	16.8
1945	220.9	64.7	67.4	19.7
1946	288.1	148.4	76.7	39.5

Treasury Department, Division of Tax Research

Source: Securities and Exchange Commission, Survey of American Listed Corporations, "Data on Profits and Operations," Part I.

1/ Companies included for the whole period are: The American Distilling Company, Distillers Corporation - Seagrams Limited, Mohawk Liqueur Corporation, National Distillers Products Corporation, Old Poindexter Distillery, Incorporated, Schenley Distillers Corporation and Hiram Walker - Gooderham & Worts Limited. For the years 1937-1946: Brown-Forman Distillers Corporation and Merchants Distilling Corporation. For 1942-1943: Tom Moore Distillery Company. For 1945-1946: Philip Blum and Company, Incorporated, Glenmore Distilleries Company, Logansport Distilling Company, Incorporated, and Park and Tilford, Incorporated.

2/ Net worth as of the beginning of year. Includes preferred and common stock and surplus.

3/ Two registrants' statements were for eight-months' interim period. Net worth ratios adjusted to a full year.

4/ One registrant's statement for a nine-months' interim period. Net worth ratios adjusted to a full year.

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short despite the additional production allowed for limited periods in 1944 and 1945. Although it appears that the price ceilings imposed were not fully effective, the extensive "black market" sales indicate that the ceilings did limit price increases on legal sales. 1/ The increases in tax, which were reflected in ceiling prices, undoubtedly held down consumption to some extent and thus were probably effective in limiting the scope of the black market.

The present Federal tax represents approximately 50 percent of the retail price of the most popular brands of distilled spirits. 2/ It is somewhat lower in relation to the higher priced products. As indicated in Section IV above, there is insufficient evidence to determine the extent to which the tax may reduce consumption. Conditions in the industry do not yet reflect a normal demand-supply relationship and the shortage of aged whisky stocks has prevented the industry from experiencing strong pressure on prices. After the termination of price ceilings, prices were increased somewhat, but later declined as production rose.

Thus far in the postwar period the industry appears to have avoided over-production. Moreover, with the continued high level of income dealers have been able to dispose of slow-moving stocks accumulated during the war. Under these conditions, profits may continue at a high level with the existing tax rate. However, a large increase in stocks or a substantial decline in the level of income would tend to stimulate price competition. With such a development the present rate of tax might have a substantial adverse effect on the profits of the industry. However, the postwar pattern of competition and price policy of the industry has not yet been clearly established, and until these factors are more fully known it is difficult to reach a conclusion on the probable effects of the tax on profits.

B. On business costs and competition

Taxable distilled spirits do not enter into the cost of other products to a very substantial extent. The principal business use is in the manufacture of high grade perfumes and certain food and medicinal

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1/ United States Senate, Hearings before a Subcommittee of the Committee on the Judiciary, 78th Congress, 1st Session, Part 2, pp. 491-493. Prior to the issuance of Maximum Price Regulation No. 445, effective August 14, 1943, higher ceiling prices were obtained by introducing new brands. (Part 2, pp. 426-439.)

2/ The ratio will differ with the amount of taxes imposed by State and local governments, or the amount of the mark-up made by State monopolies. For information on State taxes, see Treasury Department study "Federal-State Tax Coordination," July 1947.

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products. The tax on the distilled spirits used for these purposes provides for a drawback of $6 per proof gallon. The net tax of $3 per proof gallon probably is not an important factor in the competitive position of the products made from tax-paid distilled spirits.

The tax on distilled spirits is higher in relation to the price of the product than the taxes on fermented malt liquors and wines. Although the latter afford a closely allied form of consumer satisfaction, it is doubtful whether the present differences in tax are sufficient to cause an appreciable amount of substitution of the lower taxed products for distilled spirits. It would appear that social considerations affecting the choice of alcoholic liquors are so strong that a much larger tax differential would be necessary to produce a substantial change in consumption habits.

The flat specific tax on distilled spirits tends to give more expensive products a competitive advantage. 1/ For example, although at the distiller level one product may sell at half the price of another before tax, the addition of tax plus wholesale and retail mark-ups on cost including tax would raise the price of the cheaper product at the retail level to approximately 75 percent of the more expensive product. This tends to affect adversely distillers concentrating on low priced lines. The amount of tax may be reduced by lowering the proof of the product within certain limits, but this process increases bottling, packaging and distribution costs in relation to the price of the product per unit of proof. There is no clear-cut division in the industry between producers of the lower and higher priced products but some firms do tend to concentrate on either blends or straight whisky products.

By increasing the capital requirements of wholesalers and retailers the tax tends to limit competition at these levels. However, the State or local restrictions imposed on the number of liquor licensees may be a much more important factor. Where these restrictions effectively limit the number of outlets, the additional capital requirement resulting from the tax is not likely to be an important factor in reducing competition.

C. On consumers

Reported data on consumer expenditures for distilled spirits in relation to size of consumer income do not appear to be sufficiently complete to afford a reliable indication of the distribution of the

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1/ An official of one of the largest concerns recently pointed out that 65 percent of the whisky sales are in the top price brackets. Under the present tax rate, the price differential between advertised brands and lower-priced brands is only about 10 percent according to this official. (Journal of Commerce, New York, September 11, 1947.)

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tax burden. 1/ However, consumers purchasing the higher-priced products tend to pay less tax in relation to their expenditures because the tax varies only with the quantity purchased. The upper income groups probably purchase relatively more of the higher-priced packaged goods and distilled spirits sold by the drink. This would tend to make the tax regressive.

Distilled spirits are not included in the Consumers' Price Index of the Bureau of Labor Statistics.

Before the war, the consumption of distilled spirits fluctuated less than disposable income. Compared with prewar levels consumption has risen less than half as much as disposable income. From this experience it is not possible to determine what the relationship will be under more normal conditions. However, it appears that the tax would generally have the effect of withdrawing relatively more purchasing power from the income stream in periods of low business activity than in periods of high business activity.

VI. Administration and compliance

Because of the ease with which distilled spirits can be produced and the high value of the product in relation to its bulk, the law provides for close supervision over the production and distribution of the product in order to assure payment of the proper tax. 2/ The detailed records and reports required of distillers and others and the personnel engaged in the supervision of operations involve substantial costs for the industry and the Government. Part of this cost relates to the production and use of industrial alcohol, which is not subject to tax. In addition to the administrative cost of supervising operations in authorized plants, the Government normally has a large enforcement personnel engaged in suppressing illicit production and distribution of distilled spirits. This work is conducted in close cooperation with State enforcement agencies. The total cost of collection and enforcement of the Federal taxes on all alcoholic beverages is less than one percent of the revenue from this source. However, a relatively higher proportion of the enforcement cost is attributable to suppression of the illicit traffic in distilled spirits than in other alcoholic beverages.

1/ The data collected in Family Spending and Saving in Wartime (Department of Labor, Bulletin No. 822, 1945, p. 78) indicate that consumers understated their expenditures for distilled spirits by perhaps as much as two-thirds. Expenditures of income groups under $5,000, as reported, rose proportionately as the size of family income increased.

2/ The Federal Alcohol Administration Act requires all producers (other than brewers), importers and wholesale distributors of alcoholic beverages to secure basic permits. The number of such permits outstanding on June 30, 1946 was 16,094. (Annual Report of the Commissioner of Internal Revenue, fiscal year ended June 30, 1946, p. 44.)

When the rate of tax on distilled spirits was increased during the war it was believed that wartime limitations on the use of materials required for illicit operations would prevent an expansion of "bootlegging". Experience has shown that such operations were confined to a relatively low level during and since the war. Sugar rationing was an important factor confronting illicit operators because it afforded enforcement officers a close check on sugar users. Government controls over industrial use and inventories of sugar, which were continued after consumer rationing ended, were terminated effective October 1947. Since that time the Bureau of Internal Revenue has been confronted with an increase in the use of sugar in illicit distilling, but it is not yet clear how extensive this will become. For checking the use of this material, the Bureau has reinstated its own program authorized by the law and which was in effect prior to sugar rationing. 1/ However, this program is much more restricted in scope than the controls in force under sugar rationing.

Another factor that appears to have a significant effect on illicit operations is the level of income and employment. The high-employment level of income which has prevailed for a number of years has tended to curtail evasion of the tax on distilled spirits. Unemployment tends to stimulate such activities through the willingness and low cost at which labor can be obtained for such purposes. At the same time the reduced income of consumers causes them to seek a lower priced product and thus furnish an expanded market for illicit production.

There is no way of determining the extent to which illicit operations would be carried on under different rates of tax. Between 1934 and 1940 there was little change in the rate. During this period considerable progress was made in dispersing organized operations which had developed during prohibition. These efforts reduced illicit production in northern States to relatively low levels, but the suppression of smaller scale operations in the South proved to be more difficult. The increase in tax of $.75 per proof gallon in 1940 resulted in some increase in illicit activities which was largely offset by intensified enforcement efforts. Subsequent increases in rates were followed by large increases in employment and wartime restrictions. The future level of illicit operations will depend to a substantial extent on how favorable factors other than the rate of tax may be. Under conditions which prevailed during the years just before the war the present rate would probably stimulate a considerable increase in the production and purchase of untaxed spirits. Intensified enforcement efforts could offset this to a substantial degree but probably not fully without some reduction in the tax rate.

1/ Regulations No. 17.

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While tax reduction would be likely to curtail illicit production, it would not necessarily result in increased revenue. Complete elimination of present illicit production probably would offset only a relatively small reduction in the present rate of tax. The level of the tax rate, however, is not only a question of revenue considerations. Widespread liquor law violations would have undesirable social effects.

VII. Technical problems

The principal technical problems that arise under this tax are:

1. Whether floor stocks taxes should be imposed or refunds made on floor stocks if the tax rate is changed.

2. Whether the present provision for a drawback on distilled spirits used in non-beverage products should be modified.

A. Floor stocks taxes and refunds

Increases in the rate of tax on distilled spirits beginning with the Revenue Act of October 3, 1917 have been accompanied by taxes on floor stocks. Since the product is not highly perishable such taxes appear to be necessary, because there would otherwise be a strong tendency to accumulate tax-paid inventories at the lower rate. 1/ In view of the large stocks normally carried in bond during the ageing process, producers and dealers would have an opportunity to build up tax-paid inventories to such an extent that the increased tax rate might be applicable to only a small portion of sales to consumers for a considerable period of time. The necessity for financing payment of the tax would be the principal deterrent to such accumulations. In addition to defeating the objective of the Government in raising the tax, failure to levy a floor stocks tax would benefit those who have the resources to take advantage of the opportunity.

There has been no experience with a reduction in the tax rate on distilled spirits since 1869, except during the period when the sale of distilled spirits for beverage purposes was prohibited. 2/ In

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1/ According to the report of the Industrial Commission in 1900 tax-paid withdrawals of spirits in anticipation of the increase in tax of 20 cents per proof gallon in 1894 were equal to two or three years' supply. (House of Representatives, Preliminary Report on Trusts and Industrial Combinations, supra, Part I, p. 91 and Part II, p. 247.)

2/ Refunds were granted on certain stocks withdrawn at the beverage tax rate prior to July 1, 1919, the effective date of wartime prohibition. (House Report No. 1124 to accompany H. R. 10528, 68th Congress, 2nd Session.)

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connection with the provision for reduction in the War Tax Rate from $9 to $6 per proof gallon the Congress, in the Revenue Act of 1945, provided for refunds on floor stocks subject to certain conditions. 1/ Reduction in the tax by any other amount would presumably raise the question of whether this provision should be amended.

The possibility that the industry would experience substantial losses in the case of a tax reduction without provision for refund would depend upon the amount of the tax reduction, the level of tax-paid stocks in relation to sales and the conditions of demand and supply at the time of the reduction. A relatively small reduction without provision for refunds would probably not disturb the industry appreciably unless it were in a very unfavorable position. A reduction of 50 cents per proof gallon would amount to only 8 cents to 10 cents per fifth, depending upon the proof of the product. At present prices this would represent 3 percent or less of the retail price on package sales. It would be a much smaller percentage of the price on sales by-the-drink and would probably be insufficient to result in a price adjustment on such sales. However, stocks of tax-paid spirits normally held by the industry are so large in relation to sales that a substantial reduction in tax without provision for refunds might result in large losses and disruption of normal business activity. The size of stocks appears to vary considerably with the season of the year as well as with the volume of business. Floor stocks returns filed under the Revenue Acts of 1940-1943 indicate that stocks at the seasonal peak prior to the Christmas Holidays amounted to about one-third of the year's sales. (Table 10) Most of the stocks are held by retailers and wholesalers. In 1942 and 1944 the proportion held by retailers increased compared with the earlier years. Retailers on the average appear to carry stocks equal to from 1-1/2 to more than 2 months' sales. Those carrying an unusually high proportion of slow-moving stocks would have relatively larger inventories.

Although prices would tend to fall after a tax reduction, the change might take place slowly or rapidly depending upon market conditions. At the present time the relationship between demand and supply is relatively favorable and under these conditions it might be several months before a tax reduction would be reflected in lower prices to consumers. If a refund were granted under these conditions special provisions would be necessary to assure consumers the benefit of the reduction and to prevent undue windfalls to holders of tax-paid stocks. 2/

1/ Revenue Act of 1945, Section 302. The refund provision was made permanent by the Excise Tax Act of 1947.

2/ A provision of this nature is included in Section 1656(b) of the Internal Revenue Code, relating to refunds on alcoholic beverages.

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Table 10

Floor stocks of tax-paid distilled spirits in possession of producers and distributors on dates of imposition of floor stocks taxes under Revenue Acts of 1940-1943

(Amounts in million proof gallons)

	July 1, 1940	October 1, 1941	November 1, 1942	April 1, 1944
Stocks:				
Retail dealers	16.0	21.8	30.1	23.3
Wholesale dealers, including importers	18.9	24.0	19.3	17.4
Distillers, rectifiers, etc.	3.6	5.5	3.1	3.7
Other 1/	.2	.3	1.5	.2
Total	38.7	51.6	54.0	44.6
Precent of total held by:				
Retail dealers	41.3	42.2	55.7	52.2
Wholesale dealers, including importers	48.8	46.5	35.7	39.0
Distillers, rectifiers, etc.	9.3	10.7	5.7	8.3
Other 1/	.5	.6	2.8	.4
Total	100.0	100.0	100.0	100.0
Tax-paid withdrawals 2/	141.5	155.6	161.6	157.8
Stocks as a percent of tax-paid withdrawals:				
Total	27.4	33.2	33.4	28.3
Retail dealers	11.3	14.0	18.6	14.8
Wholesale dealers, including importers	13.4	15.4	11.9	11.0
Distillers, rectifiers, etc.	2.8 3/	3.9 3/	2.1 3/	3.2 3/
Other 1/	.2 3/	.2 3/	1.0 3/	.1 3/

Treasury Department, Division of Tax Research

Source: Unpublished data of the Alcohol Tax Unit, Bureau of Internal Revenue.

1/ Manufacturers of flavoring extracts, foods, medicines, etc.
2/ Total domestic and imported products for calendar year in which floor stocks tax imposed.
3/ As percent of domestic withdrawals only.

The effect which a tax reduction without refunds would have upon the industry should be weighed against the administrative problems involved. The total number of producers, wholesalers, and retail dealers handling distilled spirits is over 250,000. No regular reports are now obtained from retailers which represent most of the total number involved. The securing of returns, verifying their accuracy and the payment of claims would represent a major undertaking for the Bureau of Internal Revenue. It would be very difficult to avoid payment of fraudulent claims, since returns could not be investigated for a substantial period subsequent to the date of filing without the recruitment of a large force especially for this purpose.

B. Drawback on distilled spirits used in non-beverage products

Since the Revenue Act of 1942 a drawback has been allowed on distilled spirits used in the manufacture of certain products, principally food flavorings and medicinal preparations, where the user meets conditions prescribed by law and regulations. In order to qualify for a drawback the users must pay a special tax graduated according to the amount of spirits used. Since the minimum tax is $25 and the drawback allowable at present is $6 per proof gallon, manufacturers using not more than 4.25 proof gallons would gain no advantage from qualifying for a drawback. Where a user does qualify for a drawback additional capital is tied up pending receipt of the refund, and special records must be kept. Smaller users feel that the present law is discriminatory and have suggested that it be modified to provide for securing distilled spirits on the payment of a nominal tax at the time the spirits are withdrawn for use. 1/

If a lower tax is to be provided on distilled spirits used in medicinal preparations and food products, the drawback system is considered essential to prevent the diversion of the distilled spirits to beverage use. 2/ Experience has indicated that very rigid controls are necessary to prevent such diversion. The drawback system minimizes the possibility of illegal sale of beverage spirits by requiring payment of the full beverage tax rate in advance, and that the claimant for a drawback assume the burden of proving proper use of the taxable spirits.

1/ Hearings before the Committee on Ways and Means on Proposed Revisions of the Internal Revenue Code, 80th Congress, 1st Session, p. 407 et seq.

2/ Denatured alcohol, which is tax free, may be used in the manufacture of medicinal preparations for external use.

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The risk of diversion is much greater where the beverage spirits can be obtained initially at a reduced rate of tax. The special tax serves to limit the number of users who might otherwise attempt to obtain spirits at the reduced rate to be sold for beverage purposes. 1/ Without such a tax the Bureau of Internal Revenue would have to process many more claims for refund and there would be a substantial increase in the administrative cost of the drawback system.

1/ During the fiscal year 1946 the number of special tax stamps purchased was 1,291. (Annual Report of the Commissioner of Internal Revenue, Fiscal Year ended June 30, 1946, p. 144.) About 5-1/2 million proof gallons were used by manufacturers paying the special tax. (Unpublished data of the Bureau of Internal Revenue.)

PART II - Excise Tax on Fermented Malt Liquors 1/

I. Description of the tax

The tax is applicable to fermented malt beverages of domestic production containing one-half of one percent or more of alcohol by volume. Imported fermented malt liquors are not subject to excise tax but are subject to the tariff duty. 2/ The chief products included in the tax base are beer, lager beer, porter, and ale.

Payment of tax is required of the brewer at the time the product is withdrawn from the brewery or the brewer's warehouse. The tax is paid by purchasing stamps to be affixed to the packages or cancelled in a manner approved by the Commissioner, prior to withdrawal.

Exemptions from the tax are provided for:

1. Withdrawals for export.
2. Withdrawals for production of cereal beverages containing less than one-half of one percent alcohol.
3. Consumption on brewery premises.

II. Changes in the tax since 1913

A tax on fermented malt liquors has been in effect continuously since 1862. During the prohibition period the rate enacted in 1919 remained in effect. The tax rates and effective dates of changes since 1913 are shown below:

1/ This analysis is limited to the gallonage tax. In addition to this tax there are special taxes on brewers and dealers in malt liquor. (See Appendix, p. 101.)

2/ The duty as established by reciprocal trade agreements is $7.75 per barrel of 31 gallons.

Changes in tax rates since 1913

(Per barrel of 31 gallons)

Revenue Act	Effective date	Rate	Revenue Act	Effective date	Rate
	In effect Dec. 31, 1913	$ 1.00	1933 a/	Apr. 7	$ 5.00
1914	Oct. 22	1.50	1934 b/	Jan. 12	5.00
1917	Oct. 3	3.00	1940	July 1	6.00
1918	Feb. 24, 1919	6.00	1942	Nov. 1	7.00
			1943	Apr. 1, 1944	8.00

a/ Act of March 22, 1933, (Public No. 3, 73d Congress, 1st Session) which legalized the sale of beer containing not more than 3.2 percent alcohol by weight. The tax on beer of greater alcoholic content was not reduced until the Liquor Taxing Act of 1934.

b/ Liquor Taxing Act of 1934.

III. Revenue collections, 1936 - 1947

The tax on beer is the third most important source of excise revenue, being exceeded only by collections from the excises on distilled spirits and cigarettes. In the fiscal year 1947 collections from the tax on beer equalled 39 percent of the excise tax collected on distilled spirits.

Collections, fiscal years 1936 - 1947

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1936	$ 244.6	1942	$ 366.2
1937	277.5	1943	455.6
1938	269.3	1944	559.2
1939	259.7	1945	638.7
1940	264.6	1946	650.8
1941	316.7	1947	661.4

IV. Economic background of the industry

A. Character of supply

Between 1920 and 1933 production of fermented malt liquors was confined to providing material for conversion to cereal beverages containing less than one-half percent alcohol, known as "near beer." When the sale of beer was legalized in 1933, 1/ the industry was re-established largely on the basis of plant facilities which existed prior to prohibition, although some new breweries were constructed.

After the industry became re-established, the number of breweries operated was only about one-half as large as the number operated just prior to World War I. 2/ The maximum number of breweries operated after 1933 was 750 in the fiscal year 1935, following which the number declined steadily to about 450 in 1946. (Table 1) Apparently over-optimistic estimates of the market for beer had led to the establishment of an excessive number of breweries. About one-half of the decline in number since 1935 occurred during the war years.

Although the number of breweries has declined substantially, there is still a fairly low degree of concentration of production in the industry. Perhaps the major reason for the lack of concentration is the importance of transportation costs in relation to the value of the product. 3/ Beer is produced in all but ten States. About 80 percent of the breweries are located in thirteen States, and these breweries accounted for 86 percent of total production in the fiscal year 1947. (Table 2) For the year 1941, a comparison of production and consumption by States indicates, however, that production exceeded consumption to a substantial extent in only a few States. (Table 3)

1/ From April 7, 1933, to the ratification of the Twenty-first Amendment the sale of beer containing not more than 3.2 percent alcohol by weight was legalized. (Public No. 3, 73d Cong., 1st Sess.)

2/ The number of breweries operated in 1914 was 1,392. (Treasury Department, Bureau of Industrial Alcohol, Statistics Concerning Intoxicating Liquors, December 1933, p. 86.) There was a significant decline in the number of breweries after 1908 but some of this decline may have been associated with the spread of prohibition in individual States.

3/ For example, the rate on minimum carload shipments is 36 cents per 100 pounds between Chicago and St. Louis, 70 cents between Chicago and New York and 84 cents between Chicago and Denver. The transportation cost, including reshipment of the barrel, would be about $1.30 per barrel more between Chicago and New York than between Chicago and St. Louis (assuming steel barrels, weighing about 60 pounds). The difference in cost of bottle shipments would be over $2 per case because the bottles are heavier than the contents.

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Table 1

Number of breweries operated, production, and withdrawals of fermented malt liquors, fiscal years 1934-1947

(Millions of barrels)

Fiscal year	Number of breweries operated	Production	Withdrawals 1/ Total	Tax paid Total	Tax paid For bottling	Tax paid For kegs, etc.
1934	714	37.7	32.7	32.3	8.0	24.3
1935	750	45.2	42.8	42.2	11.0	31.3
1936	732	51.8	49.3	48.8	16.3	32.4
1937	720	58.7	55.9	55.4	22.9	32.5
1938	696	56.3	54.4	53.9	24.3	29.7
1939	653	53.9	52.2	51.8	24.7	27.1
1940	611	54.9	53.4	53.0	27.0	26.0
1941	574	55.2	53.3	52.8	27.8	25.0
1942	530	63.7	61.7	60.9	35.3	25.6
1943	491	71.0	69.3	68.6	41.1	27.5
1944	469	81.7	78.6	77.0	47.2	29.7
1945	468	86.6	83.6	79.6	50.4	29.2
1946	471	85.0	83.6	81.3	53.3	28.0
1947	465	87.9	83.6	82.6	54.9	27.8

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue.

1/ The difference between total withdrawals and tax-paid withdrawals represents tax-free withdrawals and tax-free beer consumed on brewery premises.

Table 2

Fermented malt liquors: Number of breweries and production grouped according to the number of breweries operated in a State, fiscal year 1947

Size of class (number of breweries in State)	Number of States	Number of breweries 1/	Production (in thousands of barrels)	Percentage distribution	
				Breweries	Production
0	10	0	0	-	-
1	6	6	638	1.3 %	.7 %
2	7	14	1,947	3.0	2.2
3 - 5	7	27	2,225	5.8	2.5
6 - 10	7	46	7,446	9.9	8.5
11 - 20	6	83	21,728	17.8	24.7
21 - 50	5	166	34,991	35.7	39.8
Over 50	2	123	18,881	26.5	21.5
Total	50 2/	465	87,857	100.0	100.0

Treasury Department, Division of Tax Research

Source: Annual Report of the Commissioner of Internal Revenue.

1/ Represents number operated during any part of the year.
2/ Includes District of Columbia and Hawaii.

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Table 3

Production and consumption of fermented malt liquors by regions and States, 1941

(Amounts in thousands of barrels)

Region and State	Production	Consumption	Surplus or deficit (-) 1/	Production as a percent of consumption
Northeast	23,799	23,061	738	103.2 %
Maine	-	271	- 271	-
New Hampshire	35	228	- 193	15.4
Vermont	-	124	- 124	-
Massachusetts	1,357	2,098	- 742	64.7
Rhode Island	691	473	218	146.1
Connecticut	347	1,083	- 736	32.0
Pennsylvania	6,791	5,976	815	113.6
New York	9,062	8,520	542	106.4
New Jersey	4,079	2,823	1,256	144.5
Delaware	55	125	- 70	44.0
Maryland	1,382	1,340	42	103.1
North Central	27,601	20,217	7,384	136.5
Ohio	4,167	3,660	506	113.9
Indiana	1,997	1,246	750	160.3
Illinois	3,930	4,708	- 778	83.5
Michigan	3,100	3,587	- 487	86.4
Wisconsin	6,346	2,201	4,145	288.3
Minnesota	2,178	1,354	824	160.9
Iowa	123	837	- 715	14.7
Missouri	5,266	1,583	3,683	332.7
North Dakota	-	149	- 149	-
South Dakota	3	128	- 125	2.3
Nebraska	491	433	58	113.4
Kansas	-	331	- 331	-
South	4,071	8,521	- 4,450	47.8
District of Columbia	161	421	- 260	38.2
Virginia	139	898	- 759	15.5
West Virginia	27	646	- 619	4.2
North Carolina	111	458	- 348	24.2

(Continued on next page)

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Table 3 - concluded

Production and consumption of fermented malt liquors by regions and States, 1941

(Amounts in thousands of barrels)

Region and State	Production	Consumption	Surplus or deficit (-) 1/	Production as a percent of consumption
South (continued)				
South Carolina	-	283	- 283	-
Georgia	76	262	- 186	29.0
Florida	259	600	- 341	43.2
Kentucky	1,053	823	230	127.9
Tennessee	195	513	- 318	38.0
Alabama	-	302	- 302	-
Mississippi	-	177	- 177	-
Arkansas	-	221	- 221	-
Louisiana	1,082	667	415	162.2
Oklahoma	50	349	- 299	14.3
Texas	918	1,901	- 983	48.3
West	4,446	5,126	- 680	86.7
Montana	186	260	- 74	71.5
Idaho	36	140	- 104	25.7
Wyoming	53	77	- 24	68.8
Colorado	307	370	- 63	83.0
New Mexico	-	73	- 73	-
Arizona	19	144	- 126	13.2
Utah	123	145	- 22	84.8
Nevada	15	67	- 52	22.4
Washington	941	736	205	127.9
Oregon	164	431	- 267	38.1
California	2,602	2,683	- 82	97.0
Total United States	59,917	56,925	2,992	105.3

Treasury Department, Division of Tax Research

Source: U. S. Tariff Commission, "Fermented Malt Liquors, Possibilities of Conserving Rail Transportation," March 1943.

1/ Differences will not necessarily add to totals due to rounding.

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For the fourteen States having excess production, however, the excess amounted to only about 20 percent of the total production for the country in that year.

Some increase in concentration appears to have occurred in the industry since 1935. For that year it was reported that the four largest companies, representing six plants, produced only about 12 percent of the total value of malt liquors. 1/ The eight largest companies, with eleven plants, produced about 18 percent of the total value. In the fiscal year 1946 the nine largest breweries, each producing over 1 million barrels, accounted for about 21 percent of the total production. Breweries producing less than 100,000 barrels in 1946 accounted for 14 percent of the output. The remainder of the production, or nearly two-thirds of the total, was produced in breweries of intermediate size. (Table 4) The largest breweries are generally those whose production is distributed on a national basis, although some breweries that do not distribute nationally are comparable with the national brewers. The concentration of production on the basis of company control probably is somewhat higher than is shown for individual breweries, but it does not appear that multiple ownership of breweries by individual companies is very extensive. 2/

Beer production includes some specialized products such as lager beer and ale but these do not constitute a large proportion of the total. There is also considerable variation in the alcoholic content of the product of different producers. The alcoholic content of beer ranges from around 2 percent to a maximum of 5 percent by volume, the average before the war being about 4-1/2 percent. 3/ On the bulk of the production, therefore, the differences in the character of the product are those associated with the taste or other features attributed to the products of individual brewers.

Competition in the industry differs to a considerable extent from one geographic area to another. There are a limited number of brands of beer distributed on a national basis, but these brands do not all compete in all markets. Because of the transportation costs there are numerous market areas, with a certain amount of overlapping.

1/ National Resources Committee, The Structure of the American Economy, Part I, "Basic Characteristics," June 1939, pp. 250-251.

2/ The number of corporation tax returns filed in the brewing industry is about the same as the number of plants reported by the Alcohol Tax Unit.

3/ An article in the American Brewer, November 1947, p. 21, presents data showing an average alcoholic content for beer of 4.6 percent in the years 1936-1939. The average declined to a low 4.0 percent in 1946 but rose to 4.3 percent in the first 6 months of 1947. The alcoholic content runs higher for ale than for beer.

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Table 4

Number of breweries and production of fermented malt liquors by size of brewery, fiscal year 1946 1/

Production size-class (Thousands of barrels)	Breweries		Total production	
	Number	Percent of total	Barrels (In millions)	Percent of total
0 - 100	253	55.4 %	11.7	13.8 %
100 - 200	89	19.5	12.5	14.7
200 - 400	65	14.2	19.4	22.9
400 - 600	25	5.5	12.1	14.3
600 - 1,000	16	3.5	11.6	13.7
Over 1,000	9	2.0	17.5	20.6
Total	457	100.0	84.8	100.0

Treasury Department, Division of Tax Research

Source: Bureau of Internal Revenue, Alcohol Tax Unit, unpublished data.

1/ Excludes breweries in part-time operation, which had a total output of 174,000 barrels.

In each market area there is competition both between the national brands and between these brands and the products of breweries in the local or regional market areas. In some market areas competition is very strong while in others it is limited. However, in most market areas the number of brewers represented probably is not large and there may be a fairly high concentration of sales among a few brewers. 1/ Comparison of production and consumption for different areas in 1941 showed that production exceeded consumption by about 30 percent in the north central States whereas consumption exceeded production by more than 50 percent in the southern States and parts of the Southwest. (Table 3) In general price competition is stronger in the surplus areas, and as the result of this competition producers in these areas tend to seek outlets in the deficit areas. In addition to the competition from national brands, breweries in a local market area may experience competition from production of adjacent market areas. A study made in 1941 revealed a substantial amount of inter-area shipment of beer. 2/

The national brands generally do not compete on a price basis. These brands are sometimes referred to as premium brands, for which producers attempt to establish consumer preference by intensive advertising. The locally produced products compete largely on a price basis although there has been a growing effort to establish brand preference by brewers not having national distribution. The increase in the proportion of beer sold in bottles and cans has made it possible for producers to place increasing emphasis on brand preference. The proportion of beer bottled increased from about 25 percent in the fiscal years 1934-1936 to about 50 percent in the fiscal year 1940. The proportion increased further during the war and amounted to about two-thirds in the fiscal year 1947. (Table 1) However, the concentration of sales in leading brands apparently has not reached the point where competition is based principally upon the characteristics of the products. In markets where inter-area shipment of beer is feasible there was keen price competition before the war. The high ratio of fixed investment of breweries to sales tends to encourage full utilization of capacity, 3/ and the pressure for increased outlets tends to induce price competition.

1/ For example, the products of only about 20 breweries are distributed in the District of Columbia, and five have the bulk of the business.

2/ U. S. Tariff Commission, "Fermented Malt Liquors, Possibilities of Conserving Rail Transportation," March 1943.

3/ For 1943 fixed assets represented two-thirds of the total assets of breweries filing balance sheets with corporation income tax returns and amounted to about one-third of sales (Statistics of Income, Part 2).

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The method of distribution of beer differs depending upon the location of the brewers. The brewers whose products are distributed on a national basis usually sell to wholesalers while the local brewers usually sell direct to retailers. 1/ Some retail dealers serve only one brand of draught beer but most of them carry a number of bottled brands. The increasing importance of sales of packaged beer has resulted in greater potential competition at the retail level where sales are made through many outlets other than specialized liquor dealers, such as chain stores and super markets. Prior to the war some efforts were made to establish resale price maintenance for fermented liquors, but the experience was not very widespread and appears not to have been successful. 2/ Resale price agreement in a given market encounters the possibility that outside brewers will enter the market. In general it appears that at least in metropolitan areas there has been considerable competition in the industry at the distributing as well as the producing level.

The latest published information on the cost of producing beer is for 1939. For that year the value of beer produced was approximately $500 million (exclusive of Federal excise tax), an average of a little less than $10 per barrel. 3/ The cost of grain and other cereals used amounted to 17 percent of the value of products and manufacturing wages and salaries represented 14 percent. There appears to be a substantial difference between the cost of beer distributed in barrels for sale by the glass and that produced for sale in bottles or cans. On the basis of selected brands the price of beer sold by the case in 1939 was about twice the price of beer in barrels, for equivalent amounts f.o.b. the brewery and exclusive of Federal excise tax. 4/ Ceiling prices were imposed on beer during the war. Although the cost of materials and labor increased, restrictions on the use of grain resulted in less materials being used per unit of output. The industry was given substantial price relief in 1946 and prices appear to have increased somewhat after the termination of price ceilings. 4/ Moreover, breweries increased the proportion of output sold in packaged form, which according to reports is more profitable than bulk sales. 5/

1/ Federal Trade Commission, Resale Price Maintenance, 1945, pp. 415, 416.
2/ Ibid., pp. 416-440
3/ Department of Commerce, Census of Manufactures: 1939, Vol. II, Part 1. Although the cost of containers is reported as being included, it is not clear whether the value reflects the case price for bottled beer or the bulk price.
4/ Unpublished information of the Bureau of Labor Statistics.
5/ Standard and Poor's Industry Surveys, "Brewing and Distilling," March 7, 1947.

B. Character of demand

Widespread consumption of beer in the United States followed the Civil War and appears to have been associated with the growth of particular national groups in the population. The pattern of beer consumption at present is probably less dependent than formerly on the national origins of the population. However, social attitudes and consumer tastes are important basic factors in the demand for beer. These factors influence the decisions of consumers with respect to whether they will use alcoholic beverages in any form and their preference for one type over another. There is a considerable area of possible substitution of other drinks for beer, through the use of non-alcoholic beverages or other alcoholic beverages. Relative prices presumably affect the choice of some consumers, but it is difficult to arrive at a tangible basis for comparison of prices. On the basis of alcoholic content, the price of inexpensive types of beer is probably about the same as for wine in eastern markets and somewhat less than for distilled spirits, but it is doubtful whether consumer comparisons are influenced to a large extent by this consideration.

From the resumption of legal sale of beer in 1933 to the outbreak of World War II, aggregate consumption of beer remained below the peak year reached in the pre-prohibition period; per capita consumption was only a little more than half as high as in the years just preceding World War I. 1/ This would indicate that some change in consumer habits had occurred during prohibition. During this period a large increase in consumption of soft drinks had taken place. Beer consumption increased very little after 1936 until the beginning of the war. By 1945, however, consumption was more than 50 percent above the highest prewar year 1937. (Table 5) As a result of this increase per capita consumption again approached the pre-prohibition peak. It seems likely that a substantial part of the increase in consumption over the prewar level resulted from the rise in the level

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1/ Statistical Abstract, 1946, p. 861. In the years 1911-1914 average consumption was slightly more than 20 gallons per capita and in the fiscal years 1937-1940 about 13 gallons per capita. It should be noted that during the earlier period prohibition existed in nine States. Per capita consumption data after 1914 were affected by a rapid increase in State prohibition.

Table 5

Disposable income, tax-paid withdrawals of beer and consumer expenditures for beer, 1934-1946

Calendar year	Disposable income 1/ Amount (billions)	Disposable income 1/ Percent change from preceding year	Tax-paid withdrawals of beer Amount (millions of barrels)	Tax-paid withdrawals of beer Percent change from preceding year	Consumer expenditures for beer Amount (millions)	Consumer expenditures for beer Percent of disposable income	Consumer expenditures for beer Per barrel of beer tax-paid 2/
1934	$ 51.0	-	40	-	$ 1,259	2.5 %	$ 31.48
1935	56.3	10.4 %	45	13 %	1,445	2.6	32.00
1936	65.2	15.8	53	17	1,715	2.6	32.35
1937	69.2	6.1	56	5	1,813	2.6	32.53
1938	62.9	- 9.1	51	- 8	1,680	2.7	32.69
1939	67.7	7.6	53	3	1,730	2.6	32.77
1940	72.9	7.7	52	- 2	1,733	2.4	33.45
1941	88.7	21.7	57	11	1,976	2.2	34.43
1942	110.6	24.7	65	13	2,206	2.0	34.16
1943	124.6	12.7	73	13	2,543	2.0	34.98
1944	137.4	10.3	80	9	2,910	2.1	36.60
1945	139.7	1.7	82	3	3,015	2.2	36.84
1946	146.0	4.5	80	- 3	3,065	2.1	38.53

Treasury Department, Division of Tax Research

Source: Department of Commerce, press release of April 30, 1947 and Survey of Current Business, May 1942, April 1944, February 1946 and February 1947. Disposable income and consumer expenditures are from the series published prior to the revision given in Supplement to Survey of Current Business, July 1947. Tax-paid withdrawals: Annual Reports of the Commissioner of Internal Revenue.

1/ Disposable income equals income payments less personal taxes.
2/ Computed from rounded figures on consumers' expenditures and unrounded figures on tax-paid withdrawals.

of consumer incomes and the growth in population. Some of the change may represent a shift in consumer habits. But because of the large wartime increases in consumer incomes, changes in prices and the abnormal character of wartime consumption patterns, the trend in consumption of beer is not yet clear.

Except for two years since 1935, increases and decreases in disposable income 1/ have been accompanied by corresponding changes in beer consumption. (Table 5) For the years 1935-39 the changes in beer consumption and disposable income were relatively about the same, but for the whole war period the increase in beer consumption was only a little more than half as large as the increase in disposable income. For some time during and immediately following the war, consumption was restricted to a certain extent by the availability of supplies. Grain restrictions continued to affect production until March 1, 1947. 2/

Very little evidence is obtainable regarding the effect of price changes on the consumption of beer. There has been no reliable price series developed since repeal and the important changes which have occurred in other factors such as income and consumption patterns prevent a reliable determination of price effects. On the basis of changes in wholesale prices, it appears that the retail price of beer is not more than one-fourth to one-third above the prewar level. 3/ This increase is relatively small compared with changes in the prices of distilled spirits (tax included) which are now more than twice the prewar level. Despite the smaller change in price the increase in the consumption of beer has been only a little larger than the increase in the consumption of distilled spirits.

1/ Disposable income represents income payments less personal taxes. Unless otherwise noted, Department of Commerce data on income and expenditures in this study are those issued prior to the revisions published in "National Income," Supplement to Survey of Current Business, July 1947.

2/ The general limitations on the use of grain in producing beer were terminated by War Food Order No. 141, Amendment 5, effective March 1, 1947. (12 FR, 1347.) This superseded W.F.O. No. 66. Restrictions on the use of wheat and rice were continued until W.F.O. No. 141 was terminated on July 1, 1947. (12 FR, 4368.)

3/ No price series on beer is maintained by the Bureau of Labor Statistics. The comparison has been made on the basis of unpublished wholesale prices for selected brands.

Prior to the tax increase in 1940 changes in the price of beer were apparently too small to have an important effect on consumption. The tax increase of $1.00 per barrel on July 1, 1940 amounted to only about 3 percent of the retail price. Because consumption in the year following the tax increase failed to rise while disposable income increased, it has been contended that the higher tax rate had an adverse effect on the consumption of beer. 1/ It is doubtful, however, whether the failure of beer consumption to increase can be attributed to the change in tax because it appears that prices were not generally increased by retailers following the tax increase. 2/

C. Outlook for the industry

The experience of the past 10 years indicates that most of the increase in consumption that has taken place has been the result of the rise in the level of consumer incomes. It is not possible to determine whether there is an increasing or decreasing trend in consumption. The tax-paid withdrawals in the calendar year 1947 increased approximately 10 percent over 1946, and exceed any previous year. Consumption in 1946 had dropped substantially below the level of 1945 and even below the level of 1944. After the removal of the principal grain restrictions in March 1947 the rate of production increased substantially.

1/ House of Representatives, Revenue Revision of 1941, p. 1080. "Report on Effects of the Excise Taxes on the Brewing Industry."

2/ An extensive check of retail outlets by the Bureau of Internal Revenue disclosed that although producers and wholesalers commonly increased prices by the amount of the change in tax, about two-thirds of the retailers did not increase their prices. In other cases retailers increased prices by varying amounts, some by less than the amount of the tax and some by more than the amount of the tax. It was difficult for retailers to reflect the precise amount of the $1.00 per barrel increase in terms of even coin intervals on the retail unit of sale. Retailers subsequently may have succeeded in making an adjustment for the tax through changes in the amounts served in the case of sales by the glass or in conjunction with other changes in the case of bottle sales.

As the result principally of the higher level of consumption, the industry is in a more favorable position than it was before the war. While a substantial number of small breweries have discontinued operations, some increase in plant capacity appears to have taken place since the close of the war. It appears that this is largely in the form of expansion of bottling facilities. Wartime experience may have enabled brewers to obtain a large output from their existing facilities. Operations apparently have been at a much higher percentage of capacity than before the war, resulting in lower overhead costs per unit of output. Offsetting these advantages, material and labor costs have risen. 1/ For 1945, the latest year for which the information is available, unit labor costs were 36.5 percent above the 1939 level. 2/ In the fiscal year 1947 the industry used 44.2 pounds of materials per barrel of beer produced compared with 50.0 pounds in the fiscal year 1942, a decrease of 12 percent. (Table 6)

In view of the high level of demand in relation to present capacity, the industry is probably experiencing much less competitive pressure on prices than before the war. Moreover, the continued growth in the proportion of beer sold in bottles and cans suggests that brand preference will be a more important factor in competition in the future. However, in view of the relatively large number of producing units which can enter the more important markets any substantial reduction in consumption would probably stimulate price competition.

1/ In 1947 the principal raw material, malt, reached a price approximately six times as high as in 1939. (Department of Labor, Wholesale Prices, December and Year 1939, and "Average Wholesale Prices and Index Numbers of Individual Commodities," October 1947.)

2/ Department of Labor, Productivity and Unit Labor Costs in Selected Manufacturing Industries, 1939-1945. According to these data there was a decrease in output per man-hour between 1939 and 1945 of 7.5 percent. It is possible that the reduction in productivity represented a temporary situation arising from unusual factors existing during the war.

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Table 6

Materials used and production of fermented malt liquors, fiscal years 1935-1947

Fiscal year	Materials used (thousand pounds)	Production (thousand barrels)	Pounds of material per barrel produced
1935	2,393,453	45,229	52.9
1936	2,720,621	51,812	52.5
1937	3,055,774	58,748	52.0
1938	2,905,783	56,340	51.6
1939	2,738,260	53,871	50.8
1940	2,768,810	54,892	50.4
1941	2,761,101	55,214	50.0
1942	3,183,970	63,717	50.0
1943	3,465,033	71,018	48.8
1944	3,802,870	81,726	46.5
1945	3,971,334	86,604	45.9
1946	3,835,382	84,978	45.1
1947	3,887,175	87,857	44.2

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue.

V. Effects of the tax

A. On profits

The increases in tax made by the Revenue Acts of 1942 and 1943 probably did not adversely affect sales during the war years because of the existence of ceilings on prices and the limitations on materials and supplies which tended to restrict output. The industry showed large increases in profits during the war. In 1938 over one-half, and in 1939 nearly one-half, of the breweries filing corporation income tax returns 1/ showed a deficit, but by 1945 more than 95 percent of them reported profits. (Table 7) Aggregate net income before income taxes increased by about 190 percent from 1939 to 1945. On the basis of data reported by the Securities and Exchange Commission for listed corporations, the industry experienced further increases in profits in 1946. (Table 8) For these corporations the rate of return before income tax was twice as high in 1946 as in 1939. On the basis of net income after income taxes the rate of return exceeded that of the most profitable prewar year, 1936.

Data are not available on the profits of distributors or retail dealers in beer but it is probable that their profits have also been favorable. Some difficulty was experienced, however, in adjusting the price ceilings to reflect the increases in tax in 1942 and 1943. Since the increase in tax represented odd fractional cents for the retail package or glass of beer, the changes in price ceilings did not uniformly reflect the increases in tax. 2/ A change in the tax rate on beer usually does not work out to an even-cent basis for the different size units sold at retail. For this reason, the amount of a change in the tax rate would have an important bearing on tax shifting at the retail level. A change of $1 or less per barrel amounts to less than one-half cent on all common retail units smaller than one quart. As will be seen from Table 9, it is difficult to make a change in rate which would facilitate price adjustments on all retail units.

The increase in the tax rate on beer during the war years amounted to 60 percent, but the increase in tax in relation to the price of beer has not been very large. 3/ The Federal tax now represents about 20 percent of the retail price (including tax) of the inexpensive brands of beer, compared with roughly 15 percent before the wartime tax increases. 4/ The tax is a lower percentage of price for "premium beer," and a lower percentage of the price of bottled beer than of draught beer of the same brand.

1/ The number of corporation income tax returns for breweries is approximately the same as the number of breweries reported in operation by the Alcohol Tax Unit. This would indicate that most of the units in the industry operate as corporations and are included in the corporation income tax statistics.

2/ In 1942 the increase in the retail price to cover the increased tax exceeded the amount involved on 12-ounce bottles but was less than the amount involved on quart bottles. No increase was allowed on the price of draught beer because the amount involved was less than one-half cent on regular size glasses.

3/ Because of the tendency for a tax levied at the manufacturers' level to be pyramided retail prices tend to increase by more than the amount of the tax.

4/ The ratio will vary with the taxes imposed by State and local governments. For information on State taxes, see Treasury Department study "Federal-State Tax Coordination," July 1947.

Table 7

Breweries and malt producers: Number of corporation returns, compiled receipts, net income or deficit, and income taxes, 1938-1945

(Dollar amounts in millions)

Year	Total number of returns	Returns with net income					Returns with no net income		
		Number of returns	Total compiled receipts	Net income	Income taxes 1/	Income after taxes	Number of returns	Total compiled receipts	Deficit
1938	650	281	$698	$ 62.8	$ 11.0	$ 51.8	369	$ 158	$ 10.5
1939	615	326	774	77.0	13.3	63.7	289	115	7.9
1940	562	262	743	62.7	14.4	48.3	300	154	11.0
1941	514	296	954	88.5	30.9	57.6	218	94	6.7
1942	485	368	1,193	120.7	59.9	60.8	117	48	2.5
1943	477	428	1,530	171.9	95.8	76.1	49	18	.9
1944	459	427	1,804	184.9	111.9	73.0	32	14	.5
1945	454	434	1,936	200.3	123.7	76.5	20	26	.5

Treasury Department, Division of Tax Research

Source: Statistics of Income, Part 2.

1/ Including excess-profits taxes.

Table 8

Net profits before and after income taxes, and rate of return on net worth of breweries reporting to Securities and Exchange Commission, 1936-1946 1/

Year	Net profits: Before income taxes	Net profits: After income taxes	Net profits as percent of net worth 2/: Before income taxes	Net profits as percent of net worth 2/: After income taxes
	(Millions)			
1936	$ 9.7	$ 7.8	24.3 %	19.7 %
1937	7.6	5.9	18.2	14.2
1938	8.2	6.6	18.3	14.7
1939	10.2	8.1	21.0	16.8
1940 3/	9.9	7.5	15.4	11.8
1941	13.8	8.7	20.8	13.1
1942	17.7	8.6	25.6	12.5
1943	25.7	11.4	31.6	14.0
1944	29.3	11.6	33.9	13.4
1945	38.7	13.8	35.9	12.8
1946	46.4	25.0	44.9	24.2

Treasury Department, Division of Tax Research

Source: Securities and Exchange Commission, Survey of American Listed Corporations, "Data on Profits and Operations," Part I.

1/ Companies included for the whole period are: Berghoff Brewing Corporation, Brewing Corporation of America, The Berger Brewing Company, Centlivre Brewing Corporation, Columbia Brewing Company, The Croft Brewing Company, Duquesne Brewing Company of Pittsburgh, Falstaff Brewing Corporation, Fort Pitt Brewing Company, Peter Fox Brewing Company, Frankenmuth Brewing Company, Goebel Brewing Company, Griesedieck Western Brewery Company, Harvard Brewing Company, G. Heileman Brewing Company, Hyde Park Breweries Association, Inc., G. Krueger Brewing Company, Minneapolis Brewing Company, Pfeiffer Brewing Company, Pittsburgh Brewing Company, The Renner Company, Standard Brewing Company of Scranton, Sterling Brewers, Inc., and Tivoli Brewing Company. Companies included for only part of the period are: Atlantic Company (1940-1946), Canadian Breweries, Limited (1945-1946), Cooper Brewing Company, Inc. (1945-1946), Friars Ale Brewing Company (1944-1946), George Muehlebach Brewing Company (1945-1946), Red Top Brewing Company (1945-1946), Jacob Ruppert (1943-1946), Grand Valley Brewing Company (1936-1943).

2/ Net worth as of the beginning of year. Includes preferred and common stock and surplus.

3/ Report for the Croft Brewing Company was for a nine-month interim period. Net worth ratios are adjusted to a full year.

Table 9

Fermented malt liquors: Tax and tax plus mark-up on the tax for selected retail sales units and various changes in rate of tax per barrel

(In cents)

Size of retail sales unit	$1 tax per barrel		$2 tax per barrel		$3 tax per barrel	
	Tax per retail unit	Tax plus mark-up per retail unit 1/	Tax per retail unit	Tax plus mark-up per retail unit 1/	Tax per retail unit	Tax plus mark-up per retail unit 1/
Bottle or can						
Quart	.81	1.34	1.61	2.68	2.42	4.02
12-ounce	.30	.50	.60	1.00	.91	1.51
Draught beer						
12-ounce	.30	.56	.60	1.12	.91	1.68
11-ounce	.28	.51	.55	1.02	.83	1.54
10-ounce	.25	.47	.50	.93	.76	1.40
8-ounce	.20	.37	.40	.74	.60	1.12
7-ounce	.18	.33	.35	.65	.53	.98
6-ounce	.15	.28	.30	.56	.45	.84

Treasury Department, Division of Tax Research

1/ The figures showing tax plus mark-up assume that in addition to passing on the tax, the wholesaler takes a mark-up of 23 percent on the tax and the retailer a further mark-up of 35 percent in the case of bottled beer (O.P.A. regulations governing sales for off-premise consumption). In the case of draught beer, the respective mark-ups are assumed to be 23 percent and 50 percent.

Throughout the period from April 1933 to July 1940 the tax on beer was $5 per barrel. Prices also remained fairly stable after the first year or two of legalized sales. There is no apparent basis for determining the effect of the tax in this period. Per capita consumption was much higher prior to prohibition when the tax was only $1 per barrel. It is doubtful, however, whether a comparison of tax rates for these periods has much significance even if allowance were made for changes in prices. It is likely that changes in consumption habits between the two periods were a much more important factor than the increase in the tax rate.

Since 1940 price increases, exclusive of tax, have been greater than the increase in the tax rate of $3 per barrel. Although it is probable that the increase in consumption would have been somewhat greater in the absence of the tax increase, past experience does not give a good indication of how much greater. The effect of the total price increase, including tax, apparently has been smaller than the increasing effect which higher incomes had on consumption. It should be noted, however, that the increase in the price of beer, including the higher tax, has been substantially less than the general increase in prices of consumer goods.

The present high level of demand in relation to the capacity of the industry minimizes any adverse effect that the tax may have on sales. With a very substantial reduction in consumption or increase in the capacity of the industry, however, the effect of the tax on the profits of the industry probably would be more serious. Available evidence indicates that in the more important market areas price competition might become intensive under such conditions. While some producers in some markets might be able to maintain prices through reduction in supplies placed on the market, for the bulk of production prices net of the tax probably would be lower by reason of the existence of the tax.

B. On competition

Beer competes with other taxed alcoholic beverages, and with non-taxed beverages. The taxes on alcoholic beverages probably cause some shift in consumption to non-alcoholic beverages. Moreover, the taxes on alcoholic beverages are not uniform. In relation to price the tax on beer is lower than the tax on distilled spirits but generally higher than the taxes on wine. But wartime increases in the tax on beer were relatively smaller than the increases in the taxes on wine and distilled spirits. Since demand for alcoholic beverages has continued at a relatively high level following the close of the war and uncertainties exist with respect to the supply of distilled spirits and beer, it is possible that the competitive position of the different products has not yet been seriously affected by the present tax rates.

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Experience has not shown the extent to which price is a factor in consumption of these products and whether demand is more sensitive to price changes for one product than for another.

The tax may have some effect on the competitive position of different producers in the brewing industry. Since the tax is a specific amount per barrel, it represents a higher proportion of the price (before tax) of the lower priced than the higher priced products. This tends to create a competitive disadvantage for the lower priced products. For example, the price of certain premium beers at the brewery is from 50 to 75 percent higher than the price of local non-premium beer. 1/ The price including tax, however, is only about one third higher. The specific tax thus brings the prices of the different products relatively much closer and this may induce some shift in consumption to the higher-priced product. 2/ However, although the appeal to consumers based on price differentials is reduced by the tax, the difference between the low and high priced products is still large enough for non-premium beer to account for the major part of sales.

C. On consumers

Reported data on consumer expenditures for beer in relation to the size of consumer incomes do not appear to be sufficiently complete to afford a reliable indication of the distribution of the tax burden. 3/ If to a large extent the lower income consumers purchase lower priced beer, the tax would represent a higher proportion of their expenditures for beer than of the expenditures of the higher income groups. This factor, together with the widespread consumption of beer, suggests that the tax burden may be distributed somewhat regressively.

Beer is not included in the Consumers' Price Index of the Bureau of Labor Statistics.

1/ Based on unpublished price information of the Bureau of Labor Statistics.

2/ The absolute difference in price, tax included, may remain the same as the difference before tax. But when the price for both products is increased very substantially by the tax the relative difference in the prices of the two products may become very small. (Cf. Treasury Department Study, "Federal Excise Taxes on Tobacco," pp. 23, 24.)

3/ Data for 1941 expenditures are reported in Department of Labor, Family Spending and Saving in Wartime, Bulletin No. 822, 1945, p. 78, but it is indicated that in the survey consumers may have understated their expenditures by as much as two-thirds. Expenditures as reported were proportional to the size of the family income.

As indicated above, the consumption of beer has fluctuated less than consumer incomes. 1/ If this relationship exists in the future, the tax would have the effect of withdrawing relatively more purchasing power from the income stream in periods of low business activity than in periods of high business activity.

VI. Administration and compliance

The number of taxpayers involved is not large, there being less than 500 breweries in operation. However, the Government supervision over brewery operations entails additional expenditures not involved in most of the excise taxes. The procedures prescribed for construction and operation of plants and detailed reports required of taxpayers for protection of the revenue impose substantial compliance burdens on breweries. However, there is less possibility for evasion of this tax than the tax on distilled spirits, and enforcement costs are correspondingly lower. Although the present tax is relatively high compared with the value of beer, because of its bulk, it is difficult to produce or transport the product illegally without detection.

VII. Technical problems

The principal technical problems that arise under this tax are:

1. Whether floor stocks taxes should be imposed or refunds made on floor stocks, if the tax rate is changed.

2. The taxation of imported beer.

A. Floor stocks taxes and refunds

Floor stocks taxes were levied on beer under the Revenue Acts of 1914, 1940, 1942, and 1943. 2/ Although beer is too perishable to be stored for long periods, withdrawals in the absence of a floor stocks tax probably would be large enough to result in substantial avoidance of an increase in the tax. Moreover, an increase in tax

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1/ P. 46.

2/ The Revenue Acts of 1917 and 1918 did not contain special provisions for taxes on floor stocks. However, the increase in tax under the 1917 Act was interpreted as being applicable to stocks removed before the effective date of the Act. The 1940 Act provided an exemption for stocks held on premises of dealers who paid an occupational tax as a retail dealer but not as a wholesale dealer.

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without provision for a tax on floor stocks would result in inequities because of the superior financial resources and facilities of some dealers and brewers for carrying such stocks.

There has been no experience with a reduction in the tax on beer since 1901. 1/ However, in connection with possible future reduction in the war tax rate from \$8 to \$7 per barrel the present law provides for refunds on floor stocks subject to certain conditions. 2/

Tax-paid floor stocks of fermented malt liquors normally appear to be small in relation to sales. The stocks reported under the Revenue Act of 1942 represented less than three weeks' tax-paid withdrawals and under the Revenue Act of 1943 less than two weeks' withdrawals. (Table 10) In each of these years stocks of retailers amounted to less than a week's supply. The stocks of bottled beer are probably larger in relation to sales than stocks of draught beer. In view of the small stocks, the losses which the industry might experience under a tax reduction without provision for refunds on floor stocks would not be large.

A tax reduction of less than \$3 per barrel would represent less than one cent on all retail sales units, except quart bottles or two 12-ounce bottles. Thus, retailers might gain a windfall from a refund on floor stocks unless some provision were made to assure consumers the benefit of the reduction. 3/ Because their sales are in larger quantities, wholesalers and brewers could adjust prices by the amount of the tax change. Since competition would tend to force reductions in prices by brewers and wholesalers there would be more need for a refund on floor stocks at these levels.

The payment of floor stocks refunds to all dealers would involve almost 400,000 returns. There is more possibility of fraud and closer examination of returns is required on refunds than on floor stocks taxes. This work could be reduced by providing for refunds only where stocks exceeded a minimum amount. However, this type of provision would discriminate against small dealers. The difficulties involved could

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1/ Although the rate of \$6 per barrel imposed by the 1918 Act was reduced to \$5 by the Liquor Taxing Act of 1934, a tax of \$5 per barrel on 3.2 percent beer had been in effect from April 7, 1933.
2/ Revenue Act of 1945, Section 302. The refund provision was made permanent by the Excise Tax Act of 1947.
3/ A provision of this nature is included in Section 1656(b) of the Internal Revenue Code, relating to refunds on alcoholic beverages.

Table 10

Floor stocks of tax-paid fermented malt liquors in possession of producers and distributors on dates of imposition of floor stocks taxes under Revenue Acts of 1940-1943

(In thousands of barrels)

	July 1, 1940	November 1, 1942	April 1, 1944
Stocks:			
Retail dealers	1/	1,448	1,445
Wholesale dealers	1,113	1,608	951
Brewers	454	453	311
Other	0	1	1
Total	2/	3,510	2,709
Percent of total held by:			
Retail dealers	-	41.3%	53.3%
Wholesale dealers	-	45.8	35.1
Brewers	-	12.9	11.5
Other	-	*	*
Total		100.0	100.0
Tax-paid withdrawals during calendar year 3/	51,811	64,584	79,514
Stocks as a percent of tax-paid withdrawals:			
Retail dealers	1/	2.2%	1.8%
Wholesale dealers	2.1%	2.5	1.2
Brewers	.9	.7	.4
Other	-	*	*
Total	2/	5.4	3.4

Treasury Department, Division of Tax Research

Source: Unpublished data of the Alcohol Tax Unit, Bureau of Internal Revenue.

1/ Stocks held by retail dealers on retail premises exempt from tax and figures therefor not available.
2/ Not available.
3/ Domestic beer only. Imports are negligible in ordinary years but may have been as much as 1 percent of total withdrawals in 1944.

* Less than .05 percent.

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be minimized and greater equity achieved by limiting refunds to wholesalers and producers.

B. The taxation of imported beer

Most excise taxes apply to products imported as well as to those produced within the United States. Imported beer, however, is subject only to tariff duty. For many years the duty was substantially higher than the excise tax on domestic beer, but as the result of decreases in the import duty and increases in the excise tax the duty is now 25 cents per barrel less than the excise tax of $8. 1/ This has increased competition from imported beer to some extent. As a result legislation has been proposed to subject imported beer to the present excise tax. 2/ There are different ways in which the present discrimination might be corrected. This matter, together with other cases of discrimination between imported and domestic products, is being made the subject of a separate study.

1/ Under the Tariff Act of 1930 the duty on beer was $31 per barrel. Under the provisions of Sec. 336 of this Act the rate was reduced to $15.50 per barrel and was subsequently reduced under trade agreements to the present level of $7.75. Prior to the Revenue Act of 1940, the excise tax on beer was $5 per barrel.

2/ H. R. 2287, 80th Cong., 1st Sess.

PART III - Excise Taxes on Wines

I. Description of the tax

The tax is imposed on wine, which is defined as the product of the alcoholic fermentation of the juice of fruits and berries or imitations thereof. The tax is levied at a specific rate on the basis of the volume of the product and varies with the type of wine.

Payment of the tax is required at the time of removal of the wine from the winery, bonded storeroom, or customs custody, for consumption or sale. The tax is payable by the proprietor of the winery or warehouse, or the importer, and is paid by purchasing tax stamps to be affixed to the containers prior to removal. 1/

Exemptions from the tax are provided for withdrawals for:

1. Export.
2. Use as distilling material in the production of brandy and alcohol.
3. Production of vinegar or de-alcoholized wine.
4. Family use. 2/
5. Use of the United States (but not for resale in the United States).

II. Changes in the tax since 1913

Wines have been taxed continuously since 1914, the tax remaining in effect during the period of prohibition. Prior to 1914 a tax was imposed on artificial or imitation wine, but this tax apparently was superseded by the tax levied under the Revenue Act of 1916. 3/ The rates and effective dates of changes in the various wine taxes since 1913 are shown below:

1/ In the case of bulk shipments by tank truck or railroad tank car, the stamps are affixed to the route board of the truck or car.

2/ Not exceeding 200 gallons per year.

3/ The tax on artificial or imitation wine was not repealed until the Act of March 22, 1933. (Public No. 3, 73d Cong., 1st Session)

Changes in tax rates since 1913

Revenue Act	Effective date	Rate: Still wines a/ (per wine gal.)			Rate: Sparkling wines: Natural (per ½ pint, or fraction thereof)	Rate: Sparkling wines: Artificially carbonated (per ½ pint, or fraction thereof)	Rate: Liqueurs, cordials, etc. b/ (per ½ pint, or fraction thereof)
1914	Oct. 22	-	8¢ c/	-	5¢	5¢	1½¢
1916	Sept. 8	4¢	10	25¢	3	1½	No change
1917	Oct. 3	8	20	50	6	3	3¢
1918	Feb. 24, 1919	16	40	$1	12	6	6
1928	June 29	4	10	25¢	----------No change-----------		
1934 d/	Jan. 12	10	20	40	5¢	2½¢	2½¢
1936 e/	July 10	5	10	20	2½	1½	1½
1940	July 1	6	18	30	3	1½	1½
1941	Oct. 1	8	30	65	7	3½	3½
1942	Nov. 1	10	40	$1	10	5	5
1943	Apr. 1, 1944	15	60	2	15	10	10

a/ Beginning with the Revenue Act of 1916, the rates shown are, respectively, for wine containing by volume (1) not over 14-percent alcohol, (2) over 14-percent but not over 21-percent alcohol, and (3) over 21-percent but not over 24-percent alcohol. Wine containing over 24 percent of alcohol by volume is classified as a distilled spirit and taxed as such.

b/ Applicable where product is made from fortified wine and distilled spirits. Cordials and liqueurs made from unfortified wine are subject to the rectification tax.

c/ Proportional rates provided for fractional parts of a gallon.

d/ Liquor Taxing Act of 1934.

e/ Liquor Tax Administration Act of 1936.

III. Revenue collections, 1936-1947

The taxes on wines produce the least revenue of the taxes on the three broad groups of alcoholic beverages. For the fiscal year 1947 collections from the taxes on wines amounted to only 2.3 percent of the collections from all taxes on alcoholic beverages.

Collections, fiscal years 1936-1947

(In millions)

Fiscal year	Collections a/	Fiscal year	Collections a/
1936	$ 10.4	1942	$ 25.2
1937	9.1	1943	33.7
1938	6.9	1944	34.1
1939	7.8	1945	47.4
1940	9.4	1946	60.8
1941	12.8	1947	57.2

a/ Includes collections from the tax on brandy used for fortification of wines which was in effect prior to July 1, 1940.

IV. Economic background of the industry

A. Character of supply

1. Types of wines and sources of supply

There are several different classes of wine but because of variations in their characteristics or use no terminology is uniformly accepted. The following classifications indicate the more important ways in which they are referred to:

Tax classification	General descriptive terms	Trade examples a/
Still wine		
Under 14%	Natural (unfortified) or table	(Sauterne, claret, (burgundy
14-21%	Fortified, sweet, or dessert	(Port, sherry, tokay, (muscatel
21-24% b/......	(not marketed)	------------------
Sparkling wine		
Natural) Artificially car-) bonated)	Sparkling	(Champagne, (sparkling burgundy

a/ In trade usage wines are often distinguished by degree of dryness or sweetness.

b/ Wines containing more than 24 percent alcohol are classed as distilled spirits.

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The fruits used in the production of wine ordinarily do not ferment to more than 14 percent alcohol. The product of complete fermentation generally has a non-sweet or "dry" taste, although some natural wines are sweet-tasting. 1/ The "fortification" of wine by the addition of distilled spirits, such as brandy or alcohol, prior to the completion of the fermentation of the sugar content, produces a sweet or "fortified" wine. The addition of spirits results in the product having a higher alcoholic content than the natural wines. Sparkling wines are made from unfortified still wines by secondary fermentation in bottles or other containers, or by artificial carbonation.

Domestic production of wine was smaller than imports prior to about 1870, but since that time it has exceeded imports. 2/ Prior to the outbreak of World War II imports represented only about 5 percent of the consumption of still wines (Table 1) but more than 50 percent of the consumption of sparkling wines. (Table 2) On the basis of volume only about 2 percent of the total wine consumption is represented by sparkling wine. However, sparkling wines sell at a much higher price and represent a larger proportion of the total on the basis of value. Since repeal still wine commercially produced has predominantly been in the fortified category. During the period 1936-1939, still wine having an alcoholic content of 14 percent or more accounted for two-thirds of the total. (Table 1) It appears that this represents a marked shift from the ratio prevailing when wines were not subject to tax. 3/ Home wine production was stimulated during the prohibition period and it has been estimated that the amount of home-produced wine in the period 1936-1939 exceeded the tax-paid withdrawals of wine containing not over 14 percent alcohol. 4/

1/ Grapes vary in their sugar content and taste. Eastern grapes usually have a lower sugar content than California grapes and it may be necessary to add sugar to the juice to make a stable wine. In California the addition of sugar is prohibited.

2/ Statistical Abstract, 1946, p. 375.

3/ Tariff Commission, Grapes, Raisins and Wines, 1939, p. 290. About 60 percent of the still wines consumed prior to prohibition were estimated to be of the table variety.

4/ It has been estimated that home produced wine averaged 32 million gallons in the years 1936-1939. (Tariff Commission, War Changes in Industry Series, "Grapes and Grape Products," 1947, p. 35.) Estimated home-produced wine plus tax-paid withdrawals of domestic still wines containing not more than 14 percent alcohol amounted to 56 percent of the estimated total consumption of domestic still wines in the years 1936-1939.

Table 1

Still wines: Wineries operated, production, tax-paid withdrawals, and stocks on June 30, fiscal years 1935-1947

(Thousands of wine gallons)

Fiscal year	Wineries operated	Production			Tax-paid withdrawals					Stocks on June 30 2/
		Total	For use as wine	For use as distilling material	Total	Domestic			Imported	
						Total 1/	Not over 14 percent alcohol	Over 14 and not over 21 percent		
1935	1,116	91,729	3/	3/	37,858	35,419	12,146	23,270 4/	2,441	56,464
1936	1,245	170,876	3/	3/	50,005	47,484	15,790	31,691 4/	2,521	78,545
1937	1,206	122,045	3/	3/	65,581	62,118	20,994	41,068 4/	3,463	68,196
1938	1,175	228,726	3/	3/	64,375	61,329	21,353	39,938 4/	3,046	102,120
1939	1,137	231,959	3/	3/	70,713	67,564	22,462	45,048 4/	3,150	94,944
1940	1,090	212,368	3/	3/	86,472	82,571	24,673	57,809	3,901	93,421
1941	1,064	286,371	3/	3/	91,612	89,670	26,622	62,782	1,943	118,530
1942	1,010	313,706	127,548	186,158	104,589	103,490	30,135	73,051	1,099	134,175
1943	980	195,225	78,313	116,912	112,319	110,637	37,227	73,097	1,687	91,805
1944	911	264,853	100,175	164,677	96,080	87,259	37,481	49,764	8,821	95,229
1945	903	314,983	108,255	206,729	95,344	91,752	30,946	60,799	3,592	103,930
1946	880	379,936	119,696	260,240	113,664	110,584	31,542	79,027	3,080	103,374
1947	840	515,335	169,627	345,708	107,887	104,129	27,763	76,353	3,758	161,647

Treasury Department, Division of Tax Research

Sources: Annual Reports of the Commissioner of Internal Revenue; Department of Commerce, Foreign Commerce and Navigation of the United States.

1/ Includes small amounts with alcoholic content over 21 percent but not over 24 percent.
2/ Includes vermouth produced at wineries but does not include substandard wines for use as distilling materials.
3/ Not available.
4/ Includes all vermouth.

Table 2

Sparkling wines: Premises operated, production, tax-paid withdrawals, and stocks on June 30, fiscal years 1935-1947

(Thousands of wine gallons)

Fiscal year	Premises operated 1/	Production 2/	Tax-paid withdrawals 2/					Stocks on June 30 2/
			Total	Domestic			Imported	
				Total	Natural	Artificial		
1935	142	311	551	264	3/	3/	287	464
1936	134	414	570	290	3/	3/	280	539
1937	127	481	963	395	3/	3/	567	582
1938	121	489	903	361	3/	3/	542	662
1939	109	334	829	317	260	57	512	647
1940	118	482	1,063	419	344	74	644	660
1941	107	911	981	723	655	68	258	794
1942	113	1,229	978	878	827	51	100	1,050
1943	125	1,017	1,212	1,104	1,048	56	108	882
1944	112	1,510	1,438	1,348	1,255	93	90	936
1945	109	1,551	1,328	1,263	1,223	41	65	1,132
1946	109	2,028	2,126	1,786	1,749	37	340	1,225
1947	109	2,427	1,951	1,549	1,518	31	402	1,975

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue; Department of Commerce, Foreign Commerce and Navigation of the United States.

1/ Represents wineries, bonded storerooms, and field warehouses operated during the period 1943-1947. Prior to this includes only wineries operated. The number of field warehouses and bonded storerooms operated varied from 9 to 22.

2/ Converted to wine gallons on the basis of 20 half-pint units to the gallon.

3/ Not available.

During the war home wine production was sharply curtailed, due largely to the restrictions on shipment of California grapes to the eastern States, but this output is expected to revive because of the savings involved. 1/

2. Concentration of production

The domestic wine industry is concentrated geographically in two principal sections, the eastern States and California. The wine production of California has for some time represented more than 90 percent of the total. In the production of sparkling wine, however, this State is less important than New York.

Wine production in California is an integral part of the grape industry, furnishing the market outlet for nearly one-half of the grape crop of the State on the average. The wine industry is geatly affected by fluctuations in the supply of grapes and in the demand for table grapes and raisins, as well as by changes in the demand for wine. Most of the brandy produced is subsequently used for the fortification of wine. It has been estimated that about 75 percent of the producers of wine and brandy grow their own grapes and account for 50 percent of the production of wine and brandy. 2/ In addition, cooperative wineries owned by vineyardists produce an estimated 25 percent. Thus only about 25 percent of the production is represented by the so-called "commercial wineries", which generally purchase their grapes.

In the past, wine production has been conducted on a relatively small scale, but there appears to be an increasing concentration of production among fewer producers. 3/ Since 1935 the number of wineries has declined by about one-third. (Table 1) In 1939 the ten largest plants produced about one-fourth of the value of products of the industry. (Table 3) For the same year the value of products for 37.5 percent of the wineries was less than $20,000 and these wineries accounted for only 3.4 percent of the total value of products. 4/ Later

1/ Ibid, pp. 9, 34.
2/ Committee for Reciprocity Information, Information and Views on Table Wine, Sparkling Wine, Vermouth and Brandy, Wine Institute et al, 1946, p.7.
3/ Grapes, Raisins and Wines, p. 225.
4/ Data for 1939 are from the Census of Manufactures. The number of establishments reported by the Census is much smaller than the number reported by the Bureau of Internal Revenue, due largely to the omission from the Census of very small wineries and those producing distilling material for brandy. The only earlier data available are for 1935 when the 8 largest producers representing 11 wineries accounted for nearly 38 percent of the total value of products for the industry. (National Resources Committee, The Structure of the American Economy, Part I, "Basic Characteristics," 1939, pp. 256-257). Production was much smaller in 1935 and it is possible that the largest wineries were able to resume production more rapidly than the smaller wineries after repeal.

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Table 3

Number of establishments producing wine and value of products classified by size of value of products, 1939

Value of products ($000)	Establishments: Number	Establishments: Percent of total	Value of products: Amount	Value of products: Percent of total
5 - 20	113	37.5 %	$ 1,105,982	3.4 %
20 - 50	58	19.3	1,939,922	5.9
50 - 100	46	15.3	3,213,306	9.8
100 - 250	42	14.0	6,642,954	20.3
250 - 500	32	10.6	11,259,689	34.3
500 - 1,000	7	2.3	4,413,253	13.5
1,000 - 2,500	3	1.0	4,206,974	12.8
2,500 - 5,000	-	-	-	-
5,000 and over	-	-	-	-
Total	301	100.0	$32,782,080	100.0

Treasury Department, Division of Tax Research

Source: Department of Commerce, Census of Manufactures: 1939, Vol. I, pp. 192, 205-206.

Note: Does not include establishments engaged solely in fortifying wines made by others, nor those bottling wines not of their own manufacture.

information is not as detailed as that for 1939. Data from the industry, however, indicate that by 1943 the ten largest wineries in California had nearly 50 percent of the storage capacity for the State. 1/ Storage capacity appears to be a relatively good index of production, but since the average price of California wine is lower than for the country the concentration on the basis of value of production is probably somewhat lower. 2/

An important development in the growth of concentration in the California wine industry has been the purchase or lease of wineries by the leading producers of distilled spirits, which occurred during the war. As of December 1943 the storage capacity of wineries owned or leased by four producers of distilled spirits was estimated to be 23 percent of the total of all wineries in California. 3/ Some of the largest wineries are owned by cooperatives. In December 1943 two of these accounted for over 11 percent of the total storage capacity for the State. 4/ The concentration of production on the basis of number of producers is probably substantially higher than it is on the basis of number of wineries, since some of the important producers have more than one winery. Despite the apparent increase in concentration, it has not yet reached a point where it has had a marked effect on competition and the price structure in the industry.

3. Competition and price policy

Competition and price policy in the wine industry have been conditioned to a substantial extent by the interrelationship between wine production and grape growing. Not only has wine furnished a major outlet for grapes, but it is also in the unique position of providing the residual demand for grapes when the crop is large because it affords a means of converting perishable grapes into a semi-perishable product. 5/

1/ U. S. Senate, Hearings before a Subcommittee of the Committee on the Judiciary on S. Res. 206, 78th Congress, 2nd Session, Part 2, p. 337. Data on total capacity figures were obtained from Wine Institute Bulletin, No. 340, April 18, 1947, p. 6.

2/ Department of Commerce, Census of Manufactures: 1939, Vol. II, p. 225. California wineries reported 87.1 percent of the total wine output, but only 70.0 percent of the total value of the products.

3/ Hearings on S. Res. 206, p. 337, and Wine Institute Bulletin, April 18, 1947, p. 6.

4/ Ibid.

5/ In the view of the industry, "Wine and brandy are the 'salvage' outlets for grapes that cannot find a profitable market as fresh fruit or as raisins." (Committee for Reciprocity Information, Information and Views on Table Wine, Sparkling Wine, Vermouth and Brandy, Wine Institute et al, 1946, p. 10.) Raisins also provide an outlet for excessive supplies of fresh grapes to some extent.

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Fluctuations in grape production are relatively large themselves but the fluctuations in wine production are even larger. Over the past ten years the changes in wine production were on the average more than twice as large as the changes in the grape crop, and in the prewar period the difference was even greater. (Table 4) The large fluctuations in output and competition in the industry produce a very unstable price structure. When output is excessive prices fall sharply and distress sales are made by producers in a weak financial position. 1/

The Government has taken certain measures which have helped to stabilize the industry, but these have principally related to raisin products. In the years 1934-1939 the Federal Government purchased a considerable proportion of the raisin crop. 2/ In 1938 when there was an unusually large grape crop the Federal Government and the State of California supported a program for turning surplus grapes into brandy which was to be held off the market until conditions improved. 3/ During the war the wine industry did not experience excessive production, but output in 1946 was substantially larger than in any previous year and stocks of wine increased considerably. 4/

In addition to the wide variations in supply in relation to the demand for wine, competition has been influenced by the high degree of integration of grape growing and wine production. While there seems to be some tendency to segregate the two businesses, the industry estimates given above show that in California, including cooperatives, 75 percent of the wine is produced by growers of grapes. Different types of grapes may be used for different purposes: (1) wine only, (2) table grapes or wine, and (3) table grapes, raisins or wine. Thus although grapes may be produced primarily for the table or raisin markets they may be converted into wine. The grower-vintner usually views his business as an integrated unit from which he can obtain a larger return at certain times by processing than by selling his grapes. The investment required

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1/ Grapes, Raisins and Wines, pp. 249, 304.
2/ Ibid., pp. 65-67.
3/ Ibid., pp. 67-68.
4/ In 1942-1945 the crushing of grapes for wine was greatly limited by Government conservation orders requiring almost all raisin varieties to be dried into raisins. ("Grape and Grape Products," p. 7.) The Commodity Credit Corporation has discretionary authority to support grape and raisin prices and in 1947 invited bids for the sale of raisins.

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Table 4

California grapes: Harvested production, crush by commercial wineries, and average price paid to farmers for grapes crushed by wineries, 1933-1947

Year	Harvested production (000 tons)	Crush by commercial wineries (000 tons)	Average price paid to farmers (per ton) 1/	Percentage increase or decrease (-) over previous year: Production	Percentage increase or decrease (-) over previous year: Crush by commercial wineries
1933	1,657	444	2/	-	-
1934	1,700	530	$ 16	2.6 %	19.4 %
1935	2,194	887	10	29.1	67.4
1936	1,714	494	17	- 21.9	- 44.3
1937	2,454	911	19	43.2	84.4
1938	2,531	862	11	3.1	- 5.4
1939	2,228	712	13	- 12.0	- 17.4
1940	2,250	996	13	1.0	39.9
1941	2,547	1,120	20	13.2	12.4
1942	2,160	596	30	- 15.2	- 46.8
1943	2,789	790	78	29.1	32.6
1944	2,514	858	100	- 9.9	8.6
1945	2,651	1,170	55	5.4	36.4
1946	2,918	1,652	91	10.1	41.2
1947	2,876	3/	4/	- 1.4	-

Treasury Department, Division of Tax Research

Sources: Production and crush: Department of Agriculture, Agricultural Statistics, 1946, p. 191, and Crop Production, "1947 Annual Summary," p. 85. Average price: Department of Agriculture, Bureau of Agricultural Economics.

1/ Average for different varietal types at first delivery point.
2/ Not available.
3/ Not yet available but is expected to be less than 1 million tons.
4/ Not yet available but is materially lower than in recent years.

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for a winery, however, appears to be substantial in relation to the investment required for growing grapes. 1/ The effect of fluctuations in grape crops on wine prices might be modified to a considerable extent if wine were aged as long as whisky. But prior to the war wine stocks at the beginning of the season were generally less than sales for the subsequent year. This indicates that some wine sales are from the current year's production and would tend to reflect grape prices for the preceding crop.

The competition which exists at the production level is reflected in the marketing of wine. The sale of wine under producer brands appears to be relatively smaller than for many consumer goods, including other alcoholic beverages. Some of the larger wineries distribute their products on a national basis through their own sales organizations and some of the smaller producers have established markets for their branded products. Other producers sell their wine to distributors who in some cases purchase wine in bulk and bottle it themselves. Some of the bottling is done in California, but the substantial saving in transportation charges on bulk shipments favors bottlers in the large eastern consuming centers. 2/ In 1941, 89 percent of the interstate rail shipments of wine from California was in bulk, but this declined to 52 percent in 1946. 3/ Under the price ceilings established on wine it had become profitable for producers to shift their sales from the bulk to the bottled product.

1/ Grapes, Raisins and Wines, p. 225. In 1937 the cost of a winery was estimated to be 11 cents per gallon of cooperage capacity for natural wine and 15 cents per gallon for fortified wine. Assuming the average yield for the past ten years of 5 tons of grapes per acre and 100 gallons of wine per ton, the winery investment required to handle the output of grapes from one acre would have been from \$50 - \$75. According to information supplied by the Berkeley Bank for Cooperatives, in recent years the cost of wineries producing fortified wines has ranged from \$50-\$60 per ton of grape-crushing capacity and approximates in many instances the investment in the vineyard.

2/ In 1937 the estimated cost of shipping wine from California to New York in bottles was nearly twice as much as the cost of shipping it in tank cars. (Grapes, Raisins and Wines, p. 300.)

3/ Wine Institute, Wine Institute Bulletin No. 364, December 5, 1947, p. 23.

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The leading producers in the industry market both natural and fortified wines under their brand names while the smaller producer brands generally are limited to natural wines. There is no information on the total number of different brands competing at retail but the price list of one State monopoly on December 1, 1947 showed 44 domestic brands of natural wines and 78 domestic brands of fortified still wines. (Table 5) The leading producer brands are duplicated in each of the varieties of wine. The range of December 1, 1947 prices in this State's stores was fairly large, from 55 cents to $1.45 per bottle on natural wines and from 65 cents to $2.15 on fortified wine. The number of domestic brands offered in this State is now larger than before the war but the number of imported brands has decreased. The number of brands available in many stores in the license States probably is larger, and in addition to producer and distributor brands these stores may handle their own private brands. It appears that the proportion of wine sold under private brands was important before the war. 1/

As yet efforts to reduce price competition in the distribution of wine have not been very effective. The State of California has supported the advertising of wine from contributions made by producers to the Wine Advisory Board. This institutional advertising facilitates the advertising of individual brands. There is considerable impetus for the industry to develop in this direction because of the almost universal prohibition of bulk sales to consumers by the various States. While this has the effect of increasing the cost to the consumer and decreasing the market for wine, 2/ it tends to result in a more stable price structure. The sale of wine in gallon and one-half gallon containers, however, does provide a low-price outlet for wine. There has been some effort to place wine sales under the Fair Trade Acts of the various States, but this does not appear to have been very widespread because of the lack of concentration on producer brands and the relative unimportance of wine in total sales of liquor stores. "Outside of California, it appears that only a comparatively few wines have been placed under retail price maintenance." 3/

4. Costs and prices

The last published information on the cost of producing wine is for 1939. For that year the manufacturers' value of wine produced was approximately $33 million, an average of a little over 30 cents per gallon. 4/ Grapes and grape products constituted the most important

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1/ Department of Commerce, Census of Business: 1939, Vol. V, "Distribution of Manufacturers' Sales: 1939," p. 22. Direct sales to retailers were nearly 20 percent. This does not cover sales to bottlers, but on the other hand not all direct sales to retailers represent private brands.
2/ Grapes, Raisins and Wines, p. 312.
3/ Federal Trade Commission, Report on Resale Price Maintenance, 1945, p. 441.
4/ Census of Manufactures: 1939, Vol. II, Part I, p. 224. This figure is for all wine. The average for sparkling wine is much higher, amounting to about $2 per gallon.

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Table 5

Wines by types: number of brands and price range in Virginia State stores 1937, 1938 and 1947

(4/5 quart sizes 1/)

Type	Number of brands			Price range					
	July 16, 1937	Oct. 1, 1938	Dec. 1, 1947	July 16, 1937: High	July 16, 1937: Low	Oct. 1, 1938: High	Oct. 1, 1938: Low	Dec. 1, 1947: High	Dec. 1, 1947: Low
				Domestic					
Sparkling wines:									
Champagne	3	5	6	$2.05	$1.90	$2.05	$1.50	$4.00	$2.40
Sparkling burgundy	1	1	3	1.60	1.60	2.00	2.00	2.95	2.30
Other	2	1	-	1.60	1.35	1.20	1.20	-	-
Still wines (natural):									
Sauternes	8	8	11	.80	.35	.75	.35	1.45	.60
Burgundy	2	2	8	.55	.40	.60	.35	1.45	.55
Claret	7	7	6	.75	.35	.75	.35	1.00	.60
Other	9	6	19	1.00	.50	.65	.50	1.45	.60
Still wines (fortified):									
Port	9	9	23	.80	.40	.75	.40	1.65	.65
Sherry	8	8	23	.80	.40	.75	.40	2.15	.65
Muscatel	6	7	13	.65	.40	.75	.40	1.00	.65
Tokay	6	6	10	.70	.40	.75	.40	1.20	.65
Vermouth	4	4	8	.60	.45	.50	.45	1.10	1.00
Other	1	1	1	.60	.60	.60	.60	.65	.65
Total domestic	66	65	131	-	-	-	-	-	-
				Imported					
Sparkling wines:									
Champagne	5	4	4	4.05	3.25	4.10	2.90	5.40	4.10
Sparkling burgundy	1	1	-	3.20	3.20	2.80	2.80	-	-
Other	-	-	-	-	-	-	-	-	-
Still wines(natural):									
Sauternes	5	5	-	1.65	.80	1.50	.90	-	-
Burgundy	4	4	-	2.70	1.45	2.30	1.20	-	-
Claret	7	5	1	1.75	.80	1.65	.90	1.85	1.85
Other	7	7	2	1.70	1.15	1.85	.70	1.80	1.80
Still wines (fortified):									
Port	6	4	6	2.20	.80	2.15	1.00	2.90	1.85
Sherry	8	7	12	2.35	.80	2.30	1.15	4.70	1.95
Muscatel	1	-	-	.80	.80	-	-	-	-
Tokay	-	-	-	-	-	-	-	-	-
Vermouth	3	5	3	1.30	1.15	1.30	1.00	2.00	1.75
Other	1	1	1	1.70	1.70	1.70	1.70	1.80	1.80
Total imported	48	43	29	-	-	-	-	-	-

Treasury Department, Division of Tax Research

Source: TNEC, Investigation of Concentration of Economic Power, Part 6. "Liquor Industry," March 1939, exhibit 433, and Alcoholic Beverage Control Board, Commonwealth of Virginia, List No. 113, effective December 1, 1947.

1/ Where other sizes were priced they have been converted to 4/5 quart. Prices for gallon sizes omitted.

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element of cost and amounted to nearly 50 percent of the value of the product. Manufacturing salaries and wages amounted to only 8.5 percent of the value of the product. These costs do not include the cost of bottling, and since most wine under State requirements must be sold in bottled form the cost to the distributor is much higher. In addition most of the wine consumed has to be transported long distances to the eastern market from California. There are no complete figures on bottling costs, but according to information submitted by the industry in 1936 the cost of bottling and casing was equal to twice the price of natural wine at the winery and about 150 percent of the price of fortified wine. 1/ The transportation cost on bulk shipments was from one-third to one-half the price at the winery. On bottled goods the transportation cost was twice that on bulk shipments.

Wine and grape prices tend to move together and producers apparently gain little advantage from low grape prices. 2/ The limited price information available indicates that both wholesale and retail wine prices declined sharply within a few years after repeal. 3/ With the large grape crops in the latter part of the 1930's wine prices remained at a low level until well into the war period. (Table 6) Because of the low grape prices measures were taken in 1938 to divert grapes into the production of brandy to be withheld from the market. The wartime demand removed the surplus of earlier years and as the demand increased prices rose very sharply. Except for 1942 the supply of grapes was also at a high level, but because of the demand for other grape products and diversion of grapes to raisins under Government orders, there was less pressure on the wine market as an outlet for grapes. Although ceilings were imposed on wine prices during the war, producers were permitted to raise prices to cover increased grape costs. Moreover, by shifting from bulk to bottled sales producers earned much higher profits. Since the close of the war grape and wine prices have declined, but still appear to be above the prewar levels.

B. Character of demand

Since the repeal of prohibition the pattern of wine consumption has been greatly influenced by the limitation of sales in most States to bottled wine, which sells for much more than the bulk product. It appears that the demand for low-priced wine is now met to a considerable extent by home production. As in the case of other alcoholic beverages taste and social considerations probably play the major role in consumer preference for wine. Non-alcoholic beverages generally are much cheaper than wine. Relative prices may play some part in consumer choice among different alcoholic beverages. This may be most important in the case of fortified wine. This type of wine is comparable in alcoholic strength

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1/ Grapes, Raisins and Wines, p. 247.
2/ Ibid., p. 13.
3/ Ibid., pp. 303 and 307.

Table 6

Annual average price of California new sweet wine in bulk, 1935-1942, and prices in selected months, 1946 and 1947

Year and month	Price per gallon f.o.b. winery 1/
1935	$ .37
1936	.35
1937	.37
1938	.32
1939	.29
1940	.32
1941	.30
1942	.35 2/
1946	
March	1.16
June	1.23
September	1.23-1.75
December	1.37-1.50
1947	
March	1.00
June	.40-.62
September	.40-.49
December	.42-.53

Treasury Department, Division of Tax Research

Source: Berkeley Bank for Cooperatives.

1/ Federal excise tax deducted. Includes California State Marketing Order assessment of 1-1/2¢ per gallon after October 24, 1938.

2/ From 1942-1945 ceiling prices were set by the Office of Price Administration. In general increases were allowed over March 1942 prices by the amount of the increase in cost of grapes. The uniform maximum price for California sweet wine, exclusive of Federal excise tax and California marketing assessment, reached a peak of $1.42 per gallon in December 1944. (Maximum Price Regulation 445, Amendment 20.)

to some types of mixed drinks commonly made from distilled spirits. It accounts for about two-thirds of the consumption of commercially-produced wine.

In the forty years preceding World War I the estimated per capita consumption of wine approximately doubled. 1/ By 1939 the per capita consumption, excluding home-produced wine, was about as large as the estimated per capita consumption 25 years earlier when home production was probably relatively small.. 2/ At that time bulk sales were not prohibited and only artificial or imitation wine was subject to tax. From this it would appear that consumers reacted more favorably to the resumption of the sale of wine than to the sale of distilled spirits and beer, the aggregate consumption of which in 1939 did not exceed the pre-prohibition level. Following repeal, the annual increases in wine consumption until 1941 were relatively much larger than the increases in disposable income. 3/ From 1935-1940 the increase in consumption amounted to nearly 100 percent, or three times the increase in disposable income. (Table 7) The wartime disruptions which followed make it impossible to determine whether this indicated a rising trend or the delayed readjustment of consumer patterns to legalized sale of wine. During prohibition the consumption of home-produced wine had developed substantial proportions and at first the price of commercial wine was high. Subsequently prices appear to have declined rather sharply and it is possible that some of the increase in consumption was attributable to reduced prices.

After 1940 wine consumption increased until 1943 and then decreased to near the 1940 level, despite the large increase in disposable income. Consumption was undoubtedly restricted to some extent by limitations on supplies. However, it appears significant that stocks did not decline below the level of the prewar years 1939 and 1940 and remained about equal to annual consumption. (Table 1) It is known that prices rose considerably, but since no reliable price series for wine is available it is not possible to determine whether changes in wine consumption were closely correlated with price changes. 4/

1/ Statistical Abstract, 1946, p. 861.

2/ Ibid.

3/ Disposable income represents income payments less personal taxes. Unless otherwise noted, Department of Commerce data on income and expenditures in this study are those issued prior to the revisions published in "National Income," Supplement to Survey of Current Business, July 1947.

4/ The maximum uniform ceiling prices established in June 1945 were about $.90 per fifth on natural wines and $1.30 on fortified wines for California wines at retail in eastern markets, or substantially more than twice the minimum prices in Virginia State stores in 1937-1938. (Federal Register, Vol. 10, pp. 7444 et seq. Amendment No. 25 to Maximum Price Regulation No. 445.)

Table 7

Disposable income, tax-paid withdrawals of wine and consumer expenditures for wine, 1934 - 1946

Year	Disposable income 1/		Tax-paid withdrawals		Consumer expenditures		
	Amount (billions)	Percentage change from preceding year	Amount (millions of wine gallons)	Percentage change from preceding year	Amount (millions)	Percent of disposable income	Per gallon of wine tax-paid 2/
1934	$ 51.0	-	33	-	$ 81	.16 %	$ 2.45
1935	56.3	10.4 %	46	39 %	112	.20	2.43
1936	65.2	15.8	60	30	145	.22	2.42
1937	69.2	6.1	67	12	160	.23	2.39
1938	62.9	- 9.1	67	0	161	.26	2.40
1939	67.7	7.6	77	15	184	.27	2.39
1940	72.9	7.7	90	17	226	.31	2.51
1941	88.7	21.7	102	13	283	.32	2.77
1942	110.6	24.7	113	11	357	.32	3.16
1943	124.6	12.7	98	- 13	337	.27	3.44
1944	137.4	10.3	99	1	445	.32	4.49
1945	139.7	1.7	94	- 5	435	.31	4.63
1946	146.0	4.5	140 3/	49	645	.44	4.61

Treasury Department, Division of Tax Research

Source: Department of Commerce, press release of April 30, 1947 and Survey of Current Business, May 1942, April 1944, February 1946 and February 1947. Disposable income and consumer expenditures are from the series published prior to the revision given in Supplement to Survey of Current Business, July 1947. Tax-paid withdrawals: Annual Reports of the Commissioner of Internal Revenue.

1/ Disposable income represents income payments less personal taxes.
2/ Computed on rounded figures.
3/ This figure may include a substantial amount representing additions to dealers' inventories during this period. Tax-paid withdrawals in the fiscal year 1946 were 114 million gallons and in the fiscal year 1947, 108 million gallons.

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Prices of wine began to decline near the end of the war when the price of grapes fell and ceilings were terminated early in 1946. Tax-paid withdrawals in 1946 increased by about 50 percent over 1945 and by about the same percentage over 1940. It is likely, however, that part of this large increase represented a readjustment in wholesale and retail inventories. This tends to be borne out by the large slump which occurred in tax-paid withdrawals in 1947, when they declined to about the 1945 level. The average of tax-paid withdrawals for 1946 and 1947 was only about 30 percent above 1940 while disposable income doubled during this period. This represents a marked change from the rapid expansion in demand just prior to the war, and may indicate that increased prices have curtailed consumption substantially. Retail prices still appear to be more than 50 percent above the prewar level. 1/

C. Outlook for the industry

Considerable uncertainty is involved in attempting to determine what the future level of wine consumption is likely to be. Except for 1946 the increases over the high level reached in 1940 have not been large. During the first half of 1947 tax-paid withdrawals declined by 44 percent from the corresponding period in 1946, but toward the end of the year had recovered to about the 1946 level. In view of the smaller wine crush in the fall of 1947, however, dealers may have undertaken to build up their inventories. With continuation of high levels of income consumption is likely to be well above the average for the years immediately preceding the war.

Since the close of the war large fluctuations in wine production have again appeared. Production from the 1946 crop was about 40 percent above the 1945 crop. Production in the fall of 1947 declined below the level of 1945, and production from this crop appears to be somewhat less than the current rate of tax-paid withdrawals. Nevertheless, stocks are now larger in relation to withdrawals than in most of the prewar years. In the absence of crop limitations, production in future years is expected to average substantially higher than the prewar level. Grape yields have increased and acreage is slightly larger. 2/ The supply of grapes for wine may also be increased by a reduction in the demand for other grape products. The outlook for exports of raisins and table grapes, heretofore an important part of the market for these products does not appear to be very favorable. 3/ Wine imports

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1/ Based on the prices of less expensive brands in Virginia State stores. (See Table 5)

2/ "Grapes and Grape Products," p. 8. The high yields, however, may not continue.

3/ Ibid., pp. 9-10. This, however, does not take into account possible exports under foreign aid programs.

increased substantially under the pressure of wartime shortages but may be less important in the future. 1/ However, some stimulation of imports is possible as the result of the recent reductions in import duties and the currency revaluation by France.

Although growing concentration of production as well as merchandising efforts designed to establish markets on the basis of brand preference have developed in the industry, price competition appears to be basically important. The effect of price competition on the industry will depend to a large degree on future fluctuations in the supply of wine. A series of years of unusually large production, particularly with adverse demand conditions, might again reduce the industry to the weak position which it experienced prior to the war and lead to severe price competition.

V. Effects of the tax

A. On profits

It is doubtful whether the increases in tax rates had a very significant effect on the volume of wine sales during the war. Supplies were limited by restrictions on the use of grapes for making wine. Although ceilings were imposed on wine prices, the ceilings established apparently allowed prices to reach about as high a level as consumers were willing to pay. This would indicate that prices exclusive of tax might have risen somewhat more in the absence of the tax increases, particularly in the case of fortified wines which were in greater demand because of the shortage of distilled spirits and which experienced the largest tax increase. Nevertheless, the sales and profits of corporations in the wine industry indicate that producers were in a very favorable position. These data probably represent principally the larger producers, but it is likely that the smaller producers did at least as well. For 1939 more than half of the corporations filing income tax returns operated at a deficit, while for 1943 and 1944 more than three-fourths of the corporations reported net income. (Table 8) For all corporations, sales had increased by about 250 percent from 1939 to 1944 and the ratio of net income before income taxes to sales rose from about 4 percent to about 18 percent. In 1945 the industry experienced a decline in profits from the high level reached in 1944. Since wine is usually distributed in conjunction with distilled spirits, there are no separate data showing profits of wine distributors. However, the aggregate profits of liquor dealers increased greatly during the war. 2/

The increases in the tax rates on wine during the war were relatively larger than the increase in the tax on beer and generally larger than the increase in the distilled spirits tax. However, the wine taxes before the

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1/ Ibid., p. 11.
2/ Part I, Table 8, p. 22.

Table 8

Wine producers: Number of corporation returns, compiled receipts, net income or deficit, and income taxes, 1938-1945

(Dollar amounts in millions)

Year	Total number of returns	Returns with net income: Number of returns	Returns with net income: Total compiled receipts	Returns with net income: Net income	Returns with net income: Income taxes 1/	Returns with net income: Income after taxes	Returns with no net income: Number of returns	Returns with no net income: Total compiled receipts	Returns with no net income: Deficit
1938	169	66	$ 23.6	$ .8	$ .1	$ .7	103	$ 8.8	$ .8
1939	158	73	26.8	1.7	.3	1.4	85	6.2	.5
1940	160	89	38.1	2.9	.9	2.0	71	4.7	.4
1941	151	87	47.3	4.1	1.7	2.4	64	5.0	.5
1942	159	115	64.0	6.3	3.4	2.9	44	4.6	.3
1943	154	131	106.2	16.2	10.6	5.5	23	1.3	.2
1944	149	116	111.6	21.0	14.4	6.6	33	3.2	.2
1945	147	95	112.6	11.8	7.1	4.7	52	45.7	4.3

Treasury Department, Division of Tax Research

Source: Statistics of Income, Part 2.

1/ Including excess-profits taxes.

war were much lower than the taxes on other alcoholic beverages, both on the basis of physical volume and in relation to price. In 1938 the tax represented substantially less than 5 percent of the eastern retail price of most domestic still wines. 1/ The Federal tax now represents about 5 percent of the lowest priced brands on wines of lower alcoholic content, but ranges from 10 to 20 percent on fortified wines. 1/

Wine prices have increased by much more than the amount of the tax. The present tax on still wines containing not over 14 percent alcohol is such a small proportion of the price that it cannot be considered a serious deterrent to sales. The tax on wine of higher alcohol content is a more important element in price. Nevertheless, even for this class of wine the tax is so much lower than the tax on distilled spirits that some consumers may purchase fortified wines as a substitute for distilled spirits. As the result of the profitable war years the industry is in a stronger financial position than it was before the war. However, prices appear to have declined by more than 50 percent since the end of the war. (Table 6) Although grape prices have also declined, it is probable that profits have been reduced substantially.

Because of the extreme fluctuations to which it is subject, the industry's position might be weakened in a relatively short time. Since this would tend to stimulate price competition and distress sales, it might be difficult under such conditions for the producers of wine and the growers of grapes to shift the tax forward to consumers.

B. On competition

To the extent that consumers would normally prefer wine to non-alcoholic beverages the present tax affects the competitive position of the industry unfavorably. However, the present relationship in the tax rates on alcoholic beverages tends to favor wine over beer and distilled spirits. It is not clear whether this advantage is sufficient to result in any substantial shift in consumption from the other alcoholic beverages to wine. It is possible that relative prices may not be an important factor in consumer choice of alcoholic beverages. The existence of taxes on wine, however, favors home production of wine.

1/ Based on prices shown in Table 5 relating to bottles containing 4/5 quart. The price on larger-sized containers is usually substantially lower. The tax is higher in relation to the prices at which wine is sold on the West Coast. Moreover, the ratio will differ with the amount of taxes imposed by State and local governments, or the amount of the mark-up made by State monopolies. For information on State taxes, see Treasury Department Study, "Federal-State Tax Coordination," July 1947.

A specific tax usually affects some producers more adversely than others. Although the higher rates generally apply to the more expensive classes of wines, the specific tax tends to affect unfavorably the producers of the lower-priced products in each class of wine. Some of the larger producers market their products in different price ranges and on the whole are less affected than the smaller producers who may sell their product in bulk at low prices. A few of the smaller producers have been able to develop a market for higher-priced products under their own brand names. The specific tax also tends to benefit the higher-priced imported wines.

C. On consumers

Reported data on consumer expenditures for wine in relation to the size of consumer incomes do not appear to be sufficiently complete to afford a reliable indication of the distribution of the tax burden. 1/ The present tax is somewhat lower in relation to expenditures for high-priced wines than it is for low-priced wines. Two factors, however, suggest that the tax borne by consumers may be higher in proportion to income in the upper income groups than in the lower income groups. First, it is likely that consumers in the lower income groups may satisfy their demand for wine to a substantial extent from production of wine in the home, which may be as large as one-fourth of total consumption. Second, lower per capita consumption of wine than of beer and soft drinks may indicate that the lower income groups are relatively less important consumers of wine.

Since wine is not included in the Consumers' Price Index of the Bureau of Labor Statistics, the taxes on wine do not affect the level of this Index.

There is no clear relationship between fluctuations in the consumption of wine and changes in disposable income. Fluctuations in the consumption of wine were generally larger than corresponding changes in disposable income prior to the war. Since that time, however, wine consumption has not been closely related to changes in income. Further experience is necessary to determine whether the tax collected from this source would tend to fluctuate more or less than changes in disposable income.

1/ Data for 1941 expenditures are reported in Department of Labor, Family Spending and Saving in Wartime, Bulletin No. 822, 1945, p. 78, but it is indicated that in the survey consumers may have understated their expenditures for alcoholic beverages by as much as two-thirds. Expenditures for wine as reported were proportional to the size of the family income for incomes under $5,000.

VI. Administration and compliance

The wine tax is collected from about 900 taxpayers, which is larger than the number in either the brewing or distilling industries. The Government supervision required in the collection of the wine tax is greater than in the collection of the tax on beer but less extensive than it is for distilled spirits. Nevertheless, since the wine taxes are much lower the revenue from wine is not as high in relation to the cost of supervision as the revenue from the other alcoholic beverages. The enforcement problems which arise under the wine tax are much less serious than under the distilled spirits tax, but some evasion of wine taxes occurs where wine produced ostensibly for home consumption is sold.

VII. Technical problems

The principal technical problems which arise under this tax are:

1. The determination of rates to be applied to different types of wines.

2. Whether floor stocks taxes should be imposed or refunds made on floor stocks, if the tax rates are changed.

A. Rates for different types of wine

There are substantial differences in the prices of different classes of wines. These differences may account to some extent for the differentiation in tax rates which has prevailed since 1916. The differences have changed from time to time, but the rates on still wines have been consistently lower than the rates on sparkling wines and still wines of lower alcoholic content have been favored over those of higher alcoholic content. The average prices, exclusive of tax, for the different classes of wine show a similar relationship. However, there does not appear to have been any clear effort to set the tax rates in such a way that they would bear the same ratio as the prices for the different classes of wine.

If the tax rates were to be made proportional to the average prices for the different classes of wine, the present rates would have to be changed considerably. In Eastern markets the present retail price, excluding tax, appears to be very little higher on fortified wines than on the lower-alcoholic-content table wines. 1/ The present tax ratio,

1/ Based on prices in Virginia State Stores (See Table 5).

however, is four to one, respectively. There may be some basis for a relatively higher tax rate on fortified wine because its characteristics are similar to certain distilled spirits, particularly cordials and liqueurs. Natural wines are limited more largely to use as a mealtime beverage, from which the term "table wine" derives. The higher rates on sparkling wines than on still wines may have been influenced by the former importance of imports of sparkling wines. At present about 80 percent of sparkling wine consumption is supplied by domestic producers. The present tax on sparkling wines is approximately five times as high as the tax on still wines, in terms of physical volume, but for the less expensive brands of each the price is only two or three times as high.

B. Floor stocks taxes and refunds

Since the enactment of the taxes on wine in 1914, increases in tax rates have been accompanied by taxes on floor stocks under the Revenue Acts of 1918, 1941, 1942 and 1943. No such taxes were imposed in connection with the rate increases in 1914, 1916, 1917 or 1940. If a floor stocks tax is not imposed when the tax rate is increased, there is incentive to accumulate stocks. Wine may be held for long periods without deterioration after it has been bottled. Stocks of wine in relation to consumption are not as large as stocks of distilled spirits but withdrawals in anticipation of a tax increase might approximate a year's consumption. The advantage to be gained from withdrawing stocks before the tax increase would depend upon the size of the increase. If the increase were large, there would be a considerable loss in revenue and substantial windfalls would be obtained by producers and dealers best able to finance the tax payments involved.

The rates on wines have been reduced by the Revenue Act of 1928 and by the Liquor Tax Administration Act of 1936, but in neither case was provision made for refunds on floor stocks tax-paid at the old rate. Because of the prohibition of beverage sales in 1928, only small tax-paid stocks existed in connection with sales for religious purposes. In 1936 the reduction was only 5 cents per gallon on natural wines and 10 cents per gallon on fortified wines. The present law provides for refunds on floor stocks to the extent of the reduction in the War Tax Rate, i.e., the amount by which the rate was increased by the Revenue Act of 1943. 1/ This is 5 cents per gallon on natural wines, 20 cents per gallon on fortified wines and 5 cents per half-pint on sparkling wines.

1/ Revenue Act of 1945, Section 302. The refund provision was made permanent by the Excise Tax Act of 1947.

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The importance of a refund on floor stocks depends upon the size of the tax reduction and the condition of the industry at the time of the reduction. A reduction of 5 or 10 cents per gallon represents such a small change in terms of the 4/5 quart bottle usually sold at retail that it would not necessarily be reflected in lower retail prices until after retail tax-paid stocks had been disposed of. A substantially larger change in tax might produce a change in retail prices before existing stocks were disposed of. Retail dealers' inventories of still wines appear to represent about the same proportion of sales as distilled spirits. Their floor stocks reported in 1941 and 1942 amounted to about 14 percent of tax-paid withdrawals for the respective years and in 1944 to about 17 percent. (Table 9.) Stocks of sparkling wines are larger in relation to sales. (Table 10) In most cases retailers do not deal exclusively in wines. Moreover, wine sales are usually such a smaller proportion of a retail liquor dealer's business that the lower mark-up which might result from absorbing a reduction in wine taxes probably would not affect the dealer's total profits appreciably. In the case of producers and distributors even a small tax reduction would tend to be reflected in lower prices on their sales of stocks tax-paid at the higher rate. Tax-paid stocks of distributors were nearly as large as retailers' stocks in relation to sales at the time floor stocks tax returns were filed in 1941, 1942 and 1944, but producers' tax-paid stocks were relatively very small. (Table 9)

The payment of refunds on floor stocks would involve about 400,000 returns, if all dealers filed claims for refund. Most of the returns would be filed by retailers from whom returns are not required in the collection of the tax. In addition to the problem of checking the large number of special returns and preparing refunds, the administration of floor stocks refunds would involve greater possibility of fraud than the collection of floor stocks taxes. The problems could be limited by confining refunds to distributors and producers, who would tend to be more adversely affected than retailers if refunds were not provided. In case a reduction in wine taxes occurred at the same time as a reduction in the tax on distilled spirits, both taxes probably should be treated in the same manner. Most dealers in distilled spirits handle wine, although all wine dealers do not sell distilled spirits.

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Table 9

Still wines: Tax-paid floor stocks in possession of producers and distributors on date of imposition of floor stocks taxes under Revenue Acts of 1941-1943 1/

(In thousands of wine gallons)

	October 1, 1941	November 1, 1942	April 1, 1944
Stocks			
Retail dealers	13,627	15,046	15,628
Wholesale dealers, including importers	12,185	13,135	13,069
Winemakers, rectifiers, etc.	1,203	1,085	981
Other	148	2,144	167
Total	27,163	31,409	29,845
Percent of total held by:			
Retail dealers	50.2 %	47.9 %	52.4 %
Wholesale dealers, including importers	44.9	41.8	43.8
Winemakers, rectifiers, etc.	4.4	3.5	3.3
Other	.5	6.8	.6
Total	100.0	100.0	100.0
Tax-paid withdrawals during calendar year	98,428	110,029	94,036
Stocks as a percent of tax-paid withdrawals:			
Retail dealers	13.8 %	13.7 %	16.6 %
Wholesale dealers, including importers	12.4	11.9	13.9
Winemakers, rectifiers, etc.	1.2 2/	1.0 2/	1.1 2/
Other	.2 2/	1.9 2/	.2 2/
Total stocks	27.6	28.5	31.7

Treasury Department, Division of Tax Research

Source: Unpublished data of Alcohol Tax Unit, Bureau of Internal Revenue.

1/ Includes vermouth
2/ As percent of domestic withdrawals only.

Table 10

Sparkling wines: Tax-paid floor stocks in possession of producers and distributors on date of imposition of floor stocks taxes under Revenue Acts of 1941-1943

(In thousands of half-pint units)

	October 1, 1941	November 1, 1942	April 1, 1944
Stocks:			
Retail dealers	7,235	7,223	11,358
Wholesale dealers, including importers	6,121	6,956	5,524
Winemakers, rectifiers, etc.	269	310	80
Other	1	490	16
Total	13,627	14,980	16,978
Percent of total held by:			
Retail dealers	53.1%	48.2%	66.9%
Wholesale dealers, including importers	44.9	46.4	32.5
Winemakers, rectifiers, etc.	2.0	2.1	.5
Other	*	3.3	.1
Total	100.0	100.0	100.0
Tax-paid withdrawals during calendar year	20,435	18,355	29,633
Stocks as a percent of tax-paid withdrawals:			
Retail dealers	35.4%	38.3%	38.3%
Wholesale dealers, including importers	30.0	36.9	18.6
Winemakers, rectifiers, etc.	1.5 1/	1.8 1/	.3 1/
Other	* 1/	2.9 1/	.1 1/
Total stocks	66.7	79.4	57.3

Treasury Department, Division of Tax Research

Source: Unpublished data of Alcohol Tax Unit, Bureau of Internal Revenue.

1/ As percent of domestic withdrawals only.

* Less than .05 percent.

1

PART IV - Excise Tax on Rectified Spirits and Wines 1/

I. Description of the tax

The tax applies generally to the purifying or refining, or the mixing, of distilled spirits or wines. The tax is payable in addition to the gallonage taxes applicable to the production of distilled spirits and wines. It is levied on the basis of the proof gallon. 2/

The principal exemptions provided under the tax are:

1. Gin produced by the redistillation of neutral spirits over juniper berries or other aromatics.

2. Cordials and liqueurs made from spirits and fortified wine.

3. Wines which are mixed or blended solely for the purpose of perfecting them according to commercial standards.

4. Blends of straight whiskies aged for not less than four years or brandies aged for not less than two years. 3/

5. The extraction of water from high-proof spirits to produce absolute alcohol.

The tax is paid by purchasing stamps to be affixed to the packages of products rectified and is payable upon removal of the product from the rectifying process.

II. Changes in tax rate

The rectification tax was first imposed by the Revenue Act of 1917, at the rate of 15 cents per proof gallon, effective November 2, 1917. The rate was increased to 30 cents per proof gallon by the Revenue Act of 1918, effective February 25, 1919, and has not been changed since.

1/ In addition to the excise tax certain special taxes are imposed on rectifiers, but these are not considered in this analysis.
2/ The proof gallon or gallon of proof spirits is one "which contains one-half its volume of alcohol of a specific gravity of ... (.7939) at sixty degrees Fahrenheit" (Internal Revenue Code, Section 2809).
3/ Provided the product is not reduced below 90 proof and no coloring, flavoring matter or substance other than pure water is added.

III. Revenue collections, 1936-1947

Collections from this tax are small compared with the revenue from the taxes on the production of distilled spirits and beer. However, for the fiscal year 1947 the yield of the rectification tax was nearly as large as the revenue from wine taxes.

Excise tax collections, fiscal years 1936-1947

(In millions)

Fiscal year	Collections	Fiscal year	Collections
1936	$ 7.9	1942	$ 17.2
1937	11.0	1943	18.8
1938	10.8	1944	18.9
1939	10.7	1945	32.5
1940	11.9	1946	41.9
1941	13.5	1947	43.5

IV. Economic background of the industry

What constitutes rectification is determined by a number of technical tests, but in general it consists of changing the composition and character of the products. 1/ In the fiscal year 1947 nearly 90 percent of the products produced by taxable rectification processes consisted of whisky. (Table 1) Most rectified whisky is produced by mixing unaged spirits with aged whisky to obtain a blended whisky or spirit blend. A small part consists of mixing different whiskies that cannot be blended free of the rectification tax. The principal remaining rectified products are gin, cordials, liqueurs and brandy. Although the law provides for exemption of distilled gin from the rectification tax, a considerable amount of gin is produced by other processes to which the tax applies.

Prior to prohibition as much as two-thirds of the tax-paid distilled spirits produced in this country were rectified. (Table 2) In the early

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1/ The Internal Revenue Code, Section 3254(g) provides: "Every person who rectifies, purifies, or refines distilled spirits or wines by any process other than by original and continuous distillation from mash, wort or wash, through continuous closed vessels and pipes, until the manufacture thereof is complete ---- shall be regarded as a rectifier ----."

1

Table 1

Production of rectified spirits and wines by types, fiscal years 1936 - 1947

(Thousands of proof gallons 1/)

Fiscal year	Total	Whisky	Gin	Cordials and liqueurs	Brandy	Other 2/
1936	32,449	21,727	6,767	3,118	93	744
1937	44,311	31,587	8,148	3,813	79	684
1938	43,560	32,676	7,664	2,722	34	465
1939	43,401	33,593	7,232	2,193	58	326
1940	47,657	37,977	6,866	2,438	74	301
1941	54,158	44,317	6,765	2,542	185	349
1942	67,771	55,962	7,598	3,228	366	617
1943	70,125	60,795	2,965	3,966	1,362	1,038
1944	67,686	57,862	898	3,985	1,515	3,425
1945	118,863	101,645	7,058	6,687	1,677	1,796
1946	150,879	124,727	11,498	11,309	1,942	1,403
1947	148,560	130,701	10,547	4,546	1,678	1,089

Treasury Department, Division of Tax Research

Source: Annual Report of the Commissioner of Internal Revenue, fiscal year 1947, p. 179.

1/ The proof gallon or gallon of proof spirits is one "which contains one-half its volume of alcohol of a specific gravity of ... (.7939) at sixty degrees Fahrenheit" (Internal Revenue Code, Section 2809).

2/ Includes rum, wine and a number of miscellaneous products.

1

Table 2

Domestic distilled spirits: Tax-paid withdrawals and amount used for rectification, fiscal years 1912-1918, and 1935-1947

Fiscal year	Tax-paid withdrawals 1/	Used for rectification 2/	Percent of withdrawals rectified 4/
	(Thousands of tax gallons 3/)		
1912	135,544	92,014	67.9
1913	142,895	94,174	65.9
1914	138,841	91,810	66.1
1915	123,861	78,619	63.5
1916	135,856	83,999	61.8
1917	164,292	99,050	60.3
1918	90,088	49,781	55.3
1935	75,074	23,669	31.5
1936	100,383	32,817	32.7
1937	120,011	45,249	37.7
1938	114,926	43,988	38.3
1939	114,578	43,683	38.1
1940	128,326	47,581	37.1
1941	130,552	54,509	41.8
1942	144,208	68,021	47.2
1943	136,837	71,021	51.9
1944	90,464	57,641	63.7
1945	142,331	110,364	77.5
1946	178,131	147,450	82.8
1947	173,505	146,679	84.5

Treasury Department, Division of Tax Research

Source: Annual Reports of the Commissioner of Internal Revenue.

1/ Includes tax-paid alcohol used for non-beverage purposes, not reported separately. The amount so used has probably been between five and seven million proof gallons since 1935.

2/ Includes imported spirits for the years prior to 1944, not reported separately. It is believed that the amount of imports included in those years, however, was relatively small compared with amounts excluded for the years 1944-1947.

3/ A tax gallon for spirits of 100 proof or over is equivalent to the proof gallon. For spirits of less than 100 proof the tax gallon is equivalent to the wine gallon. Spirits used for rectification for the years 1935-1947 are reported in proof gallons. The proof gallon or gallon of proof spirits is one "which contains one-half its volume of alcohol of a specific gravity of ... (.7939) at sixty degrees Fahrenheit."

4/ Computed on unrounded figures.

years following repeal the proportion was only about one-third. The proportion increased somewhat prior to the war but during the war the production of rectified whisky was greatly stimulated by the limitations on the production of whisky. In the fiscal year 1947 the proportion of distilled spirits rectified reached a peak of nearly 85 percent. (Table 2)

The number of rectifiers is larger than the number of distillers producing spirits from grain. However, the number now is much smaller than it was prior to prohibition and there was a decrease of 40 percent between 1934 and 1944. 1/ Shortly after the resumption of legal sale of beverage spirits all of the largest distillers engaged in rectification. Many of the smaller distillers do not operate rectification plants. In the fiscal year 1947 the four largest distillers accounted for nearly 80 percent of the rectified whisky bottled. 2/

The future importance of rectification is difficult to predict. The predominant sale of whisky blends since the early war years may tend to have a lasting effect on consumer tastes. Prior to about 1940 when stocks of 4-year old whisky were limited a considerable amount of whisky less than four years old was marketed as straight whisky. The availability of aged whisky tends to result in larger sales of blended whisky because by using a substantial proportion of unaged spirits the blended product can be sold at a price substantially below the price of straight whisky which has been aged two or three years. Consequently, significant changes in the supply of aged whisky are likely to result in changes in the proportion of whisky rectified.

V. Effects of the tax

The present rectification tax of 30 cents per proof gallon is only a little more than 3 percent of the present tax of $9 per proof gallon on the production of distilled spirits. The rectification tax is a still smaller percentage of the retail price of rectified spirits. Under the present ratio between the rectification tax and the production tax it is doubtful whether the sale of rectified products is affected appreciably compared with non-rectified products. Under the prewar ratio, when the rectification tax was about 15 percent of the production tax, the production of rectified spirits may have been restricted to some extent by the tax. 3/

1/ Annual Reports of the Commissioner of Internal Revenue.
2/ Unpublished data of the Bureau of Internal Revenue.
3/ The ratio of rectified gin (taxable) to distilled gin (tax-exempt) is now somewhat higher than it was prior to July 1, 1940 when the tax on distilled spirits was $2.25 per proof gallon. The relative increase in rectified gin, however, may be due to other factors.

1

The imposition of a tax on rectification tends to reduce the relative price difference between the lower and the higher priced distilled spirits. Most whisky subject to the rectification tax is lower priced because of the large proportion of low cost unaged spirits. The rectification tax by falling more heavily on the lower priced products adds to the regressive effect of the production tax on distilled spirits, which is imposed on a specific basis. 1/ From the point of view of the consumer, it would be more equitable, in the case of whisky, to place the tax on the non-rectified product. The considerations which led to the taxation of rectified spirits are not apparent from the hearings and reports at the time the tax was enacted. 2/

If the rectification tax causes a shift in consumption away from rectified products, it affects some groups in the industry more than others. At the present time almost all (over 94 percent) of the whisky sold by the larger companies is rectified. About 70 percent of the production of the remaining companies is rectified, but a number of the smaller companies produce no rectified products.

A rectification tax also involves a certain amount of discrimination in borderline cases. An insubstantial difference may determine whether the tax applies or not. This is illustrated by the dividing lines on age and proof provided under the law with respect to brandy and whisky. Moreover, the addition of a slight amount of coloring would make the product taxable, although it may not be sufficient to affect the designation of the class and type of product under provisions of the Federal Alcohol Administration Act. There are also differences in the treatment of wine products according to the process used.

VI. Administration and compliance

Certain problems arise in the administration of the rectification tax. Most of the work involved at present in the supervision of rectification plants, however, would continue in the absence of a rectification tax. This supervision is necessary to protect the revenue from the basic production tax. Similar supervision is required at tax-paid bottling houses, where spirits are bottled without rectification. The principal problems created by the rectification tax, both for taxpayers and the Bureau, relate to the determination of whether a process is taxable or not. Taxpayers must submit information regarding their formulae and processes to the Bureau of Internal Revenue and provide supplemental information when any change is made. The Bureau has to review this information and in some cases make chemical tests in order to pass upon the taxability of the process.

1/ See p. 25 supra.

2/ It may be assumed that revenue considerations were of some importance, the yield of the proposed tax of 15 cents per gallon being estimated at from \$5 to \$7½ million. (House of Representatives, Report No. 45, 65th Cong., 1st Sess., p. 55, and Senate Report No. 103, p. 70.) In the hearings the tax was strongly opposed by some members of the industry. (Hearings and Briefs before the Committee on Finance on H.R. 4280, 65th Cong., 1st Sess., p. 93.) In the hearings on the Revenue Act of 1916, a member of the industry indicated that a rectification tax had been suggested in the past to cover the cost of supervision by the Bureau of Internal Revenue, but that since then all gauging and stamping at rectifying houses had been transferred to the rectifiers. (Briefs and Statements filed with the Committee on Finance on H.R. 16763, 64th Cong., 1st Sess., pp. 179-182.)

PART V - Comparison of Taxes on Alcoholic Beverages in the United States, Canada and United Kingdom

I. Limitation on comparisons

International comparisons of excise taxes present numerous difficulties. The form in which the taxes are imposed may not be the same for each country, the products taxed may not be strictly comparable, while differences in internal prices and consumption patterns prevent an accurate indication of the relative burden of the taxes compared. In general, the taxes in the three countries applicable to alcoholic beverages are imposed on the finished product. In some instances, however, it has been necessary to derive the tax for the finished product from the tax imposed on materials used in order to place the taxes of the three countries on a comparable basis. Where there are a number of rates of tax reflecting minor variations in the products, comparisons have been limited to the principal classes of products.

With these limitations the comparisons presented below can be used as an approximation of the taxes imposed on alcoholic beverages by the central governments in the three countries. Customs duties have not been considered except where a substantial portion of the product consumed is imported. The comparisons presented do not take into account State excises and sales taxes in the United States, Provincial sales and excise taxes in Canada, the Canadian Dominion manufacturers' sales tax of 8 percent, and the British Purchase Tax. No attempt has been made to compute the burden of occupational taxes or license fees on producers and distributors. Conversion of foreign taxes to United States dollars has been made on the basis of official rates of exchange. 1/

II. Types of taxes levied on alcoholic beverages

A. Canada

The Canadian excises on alcoholic beverages, as in the United States, are imposed at specific rates without reference to the price of the products. However, in the case of beer two different methods of taxation are employed depending upon the materials used. With this exception the statutory rates are comparable with those in the United States. The present rates are as follows:

1/ The official rate on the British pound is $4.03, but for convenience conversion is made on basis of an even $4.00. Since the official rate of exchange on the Canadian dollar is at par no conversion is necessary in this case.

1

	Amount of tax a/ In Canadian units	In United States units b/
Distilled spirits (proof gallon)		
General rate	$ 11.00	$ 8.03
Canadian brandy	9.00	6.57
Beer		
Brewed in whole or in part from any substance other than malt (gallon)	.45	.37
Malt (pound)	.16	.16
Malt syrup c/ (pound)	.24	.24
Wine (gallon)		
Still wine containing not more than 40° proof	.50	.42
Sparkling wine	2.50	2.08

Sources: Distilled spirits and beer: 7 George VI, chapter 9, An Act to Amend the Excise Act, 1934, Sec. 41 and p. 97. Wine: Excise Tax Act, 1947, Sec. 83(a) and (b).

a/ Under Canadian law, distilled spirits and beer are subject to "excise duty," while wine is subject to "excise tax."

b/ The United States proof gallon is equivalent to .73 Canadian proof gallon. The United States gallon for wine and beer is equivalent to .833 Canadian gallon. The Canadian dollar has been converted at par.

c/ The rate on imported malt syrup is 40 cents per pound.

Since the Canadian excise on spirits varies with the proof of the product, it may be compared with the United States tax after allowance for the differences in the content of a gallon and the standard of proof. 1/ The general rate is probably fairly representative of the tax paid, as Canadian brandy constitutes only a small proportion of the spirits consumed. 2/

Beer produced from grain and malt in Canada appears to be comparable with the beer generally produced in the United States. However, the excise on this type of beer is higher than on beer produced from malt or malt syrup without other grain materials. The most common type of beer

1/ The Canadian standard proof is 57.1 percent alcohol by volume compared with 50 percent in the United States.

2/ Distilled spirits used for non-beverage purposes in Canada are taxed at rates ranging from 15 cents to $1.50 per Canadian proof gallon, 11 cents to $1.10 per United States proof gallon, depending upon the purposes for which they are used.

in Canada appears to be that produced from malt alone, utilizing the equivalent of 1.75 pounds of malt per United States gallon. 1/ On such beer the excise would be 28 cents per United States gallon or $8.68 per barrel of 31 gallons.

The Canadian excise on still wine is the same rate for different degrees of alcoholic content. The maximum strength to which a wine may be fortified is 40 degrees Canadian proof spirit. 2/ This is equivalent to 22.8 percent alcohol by volume, or slightly higher than the alcoholic content of most of the fortified wine consumed in the United States.

The Canadian tax on sparkling wine makes no differentiation between artificially carbonated and natural wine.

B. United Kingdom

As in the United States and Canada, the British taxes are imposed at specific rates without reference to the price of the products. On spirits and beer the taxes are shown only for domestic products, which represent most of the consumption. 3/ Customs duties on imported spirits and beer differ depending upon the origin and the type of product. Since the consumption of wine in each of the three categories, domestic, Empire and non-Empire, is substantial, however, the rates are shown for each of these products. 4/ The rates on the principal types of alcoholic beverages consumed in the United Kingdom are shown below, on the basis of the new rates announced by the Chancellor of the Exchequer on April 6, 1948. While in most cases the rates were increased, lower rates were provided on some imported wines in accordance with the Geneva trade agreements.

1/ Based on information received from the Commissioner of Excise in February 1943. The proportion may have changed since that time.
2/ Circular No. 220-C, 2nd Revision, September 8, 1938.
3/ G. Findlay Shirras and L. Rostas, The Burden of British Taxation, Cambridge, 1943, pp. 144, 145.
4/ Ibid., p. 140.

1

	Amount of tax			
	Imperial gallon			United States gallon a/
	L	s	d	
Distilled spirits, including cordials and liqueurs (proof gallon)	10	10	10	$ 30.78
Beer b/				
Worts of a specific gravity of 1027° or less	0	5	0	.83
Each additional degree over 1027	0	0	2	.03
Still wines				
Domestic				
Not exceeding 27° proof	1	2	6	3.75
Exceeding 27° proof	1	10	6	5.08
Imported, Empire products				
Not exceeding 27° proof	1	3	0	3.83
Exceeding 27° proof and not exceeding 42° proof	2	0	0	6.66
For every degree or fraction thereof above 42°	0	3	4	.56
Bottled, additional duty	0	1	6	.25
Imported, non-Empire products				
Not exceeding 25° proof	1	5	0	4.17
Exceeding 25° and not exceeding 42° proof	2	10	0	8.33
For every degree or fraction thereof above 42°	0	4	2	.69
Bottled, additional duty	0	2	6	.42
Sparkling wines c/				
Domestic	1	8	6	4.75
Imported, Empire products	1	15	6	5.91
Imported, non-Empire products	1	17	6	6.25

Source: Financial Statement, (1948-49)

a/ The United States wine gallon is equivalent to .833 Imperial gallon and the United States proof gallon is equivalent to .73 Imperial proof gallon. British currency converted to dollars on the basis of $4 to the Pound.

b/ The duty is imposed on the basis of a barrel of 36 Imperial gallons.

c/ The duty on sparkling wine is the sum of the duty on still wine and an additional duty for sparkling wine. For convenience the two duties have been combined. It is assumed that the duty on still wine of lower alcohol content is applicable to sparkling wine.

The standard rate on domestic distilled spirits is applicable to spirits which have been warehoused for not less than 3 years. Immature spirits are subject to an additional duty. 1/ It has been assumed that most of the spirits consumed have been aged for 3 years or more. Since the excise varies with the proof of the spirits it may be compared with the United States and Canadian taxes by making the necessary allowance for differences in the content of the gallon and the standard of proof. 2/

Inasmuch as the tax on beer varies with the specific gravity of the worts, 3/ the rate would depend on the character of beer selected for comparison. Apparently the worts used in beer consumed in the United States have a higher specific gravity on the average than the British. For the typical United States beer the specific gravity of the worts would be about 1055 degrees. For such beer the British tax would be $1.69 per United States gallon, or $52.29 per barrel of 31 United States gallons. However, the average gravity of beer consumed in the United Kingdom in 1940-1941 was 1038 degrees. 4/ The tax on such beer would be $1.17 per United States gallon or $36.13 per barrel of 31 gallons. Since it appears to be representative of the tax paid in the United Kingdom it probably should be used for comparative purposes.

On the basis of prewar information about 50 percent of the wine consumed in the United Kingdom was obtained from non-Empire sources and the balance about equally from Empire and domestic production. 5/

1/ Thirty-Eighth Report of the Commissioners of His Majesty's Customs and Excise for the year ended 31st March 1947, pp. 36, 37. Where duty-paid spirits have been used in the manufacture of recognized medical preparations or for scientific purposes, repayment is allowed under Section 4 of the Finance Act, 1918, of any duty paid in excess of that in force before 1918, when the basic rate was 14s. 9d. per proof gallon. A corresponding reduction of duty is made in respect of spirits contained in imported medical preparations. Domestically produced spirits used for industrial or scientific purposes, or for domestic heating, cleaning, etc., are generally exempted from duty, while imported spirits used for such purposes in some instances are subject to a small customs duty.

2/ The British standard of proof is 57.1 percent alcohol by volume compared with 50 percent in the United States.

3/ The wort is the liquid obtained after the grain has been converted to starch but before fermentation of the mash. It is assumed that approximately one gallon of beer is obtained from a gallon of worts.

4/ Shirras and Rostas, op. cit., p. 114.

5/ Report of the Commissioners, op. cit., pp. 57-66.

However, it appears that the proportions were not the same for the different classes of wine. Information on domestic still wine is not available according to alcoholic content. Most of the imported still wine of the lowest alcoholic content was obtained from non-Empire sources. An average of the domestic and non-Empire rates for these products, or $3.96 per U. S. wine gallon, is assumed to be representative of the tax on this class of wine. 1/ In the case of sweet or fortified wine it appears that about two-thirds of the imports was non-Empire and the balance Empire. On the basis of these proportions the average tax would be $7.77 per U. S. wine gallon for this class of wine. Since imports of still wine in bottles are relatively small, the rate for bulk imports is used.

As in the United States, sparkling wine represents a very small part of total wine consumption in the United Kingdom. Since most of it is imported from non-Empire sources, the full rate of $6.25 per U. S. wine gallon is used.

III. Comparison of taxes for selected products

The comparisons below are presented on the basis of the typical package size retailed in the United States. In general, the amount of tax varies with the size of the unit and can be converted directly to other size units. For distilled spirits and still wine, where the amount of tax depends upon the alcoholic content of the product, the comparison is shown on the basis of the proportion of alcohol representative of the products retailed in the United States.

The comparative taxes imposed on each of the principal types of alcoholic beverages by the three countries are as follows:

1/ The upper limit of alcoholic content for this class of wine is slightly higher than the upper limit in the United States.

	Amount of tax		
	United States	Canada	United Kingdom
Distilled spirits - 4/5 quart 85 proof	$ 1.58 a/	$ 1.37	$ 5.23
Beer - 12-ounce bottle	2.4¢	2.6¢	11.0¢
Still wine - 4/5 quart			
Alcoholic content of 12%	3¢	8¢	79¢
Alcoholic content of 20%	12	8	$ 1.55
Sparkling wine - 4/5 quart			
Natural	60¢	42¢	$ 1.25
Artificially carbonated	40		

a/ Includes 5 cents for rectification tax. The bulk of the distilled spirits in the United States is subject to this tax.

* * *

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APPENDIX

Special taxes relating to distilled spirits, fermented malt liquors and wine, as of December 31, 1947

Description	Amount
Occupational taxes	
Distilled spirits or wine	
Wholesale dealers	$110 per annum
Retail dealers	27.50 per annum
Fermented malt liquors	
Brewers	
Producing less than 500 bbls. a year	55 per annum
Producing 500 bbls. or more a year	110 per annum
Wholesale dealers	55 per annum
Retail dealers	22 per annum
Temporary dealer in malt liquor and/or wine 1/	2.20 per month
Rectifiers	
Producing less than 20,000 proof gals. a year	110 per annum
Producing 20,000 proof gals. or more a year	220 per annum
Manufacturers of stills	(55 per annum (22 per still or worm
Manufacturers of medicines, food products and flavorings	
Withdrawing not more than 25 proof gals. a year	25 per annum
Withdrawing over 25 but not more than 50 proof gals. a year	50 per annum
Withdrawing over 50 proof gals. a year	100 per annum
Other	
Container stamps, distilled spirits	
Container of less than 1/2 pint	¼ cent
Container of 1/2 pint or more	1 cent
Export stamps, distilled spirits	10 cents per bbl. 2/

1/ Subject to limitations this tax applies in lieu of the annual tax in the case of sales made at fairs, reunions, etc. or entertainments of certain non-profit organizations.

2/ On certain types of packages the tax is 5 cents.

1

While in Winston-Salem Mr. J. was active in civic affairs. He served for three years as Chairman of the Council of Social Agencies and was closely associated in the work of other local civic institutions.

Insert F.

Joe Sherman
Greensboro Daily News

James Fraser
Raleigh News Observer

Mary Cottrell
Charlotte News & Observer

Bob Erwin
Durham Herald

MR GRAHAMS FAMILY MOVED TO W-S. N.C FROM SAVANNAH, GA. SHORTLY AFTER HE WAS BORN IN READING, MASS ON

JOHN S. GRAHAM ~~8/4/05~~

AUG 4, 1905

796

THE LATE ~~John S. Graham was born in Reading, Massachusetts in 1907, and shortly thereafter his family moved to Winston-Salem, North Carolina, where~~ his father, Joseph L. Graham, was traffic manager for and a director of the R. J. Reynolds Tobacco Company. He received his early education in the public schools of Winston-Salem, and graduated from the University of North Carolina in 1927. MR GRAHAM'S MOTHER IS ALSO DECEASED.

From 1928 to 1931, Mr. Graham was associated with the Brown and Williamson Tobacco Company in Winston-Salem and Louisville, Kentucky, resigning to enter Harvard Law School. He completed his legal education at the University of Virginia in 1934.

Mr. Graham was admitted to the North Carolina Bar in 1935, and began the general practice of law in Winston-Salem. From January, 1936 to March, 1942 he was junior partner in the law firm of Vaughn and Graham (Winston-Salem), specializing in tax law.

Insert A

In March, 1942, Mr. Graham was commissioned a lieutenant in the United States Naval Reserve, and was released to inactive duty in 1946 as a commander. During his military career he served as a Naval Aviation ground officer, attached to the Progress Division, Office of the Assistant Chief, Bureau of Aeronautics, and the Office of the Assistant Chief of Naval Operations (Air). Additional duties consisted of special assignments with the Assistant Naval Inspector General in conducting field investigations.

Mr. Graham came to the Treasury in July, 1946, as Executive Assistant to the late Under Secretary O. Max Gardner, succeeding James E. Webb when Mr. Webb left the Department to become Director of the Bureau of the Budget. In addition to his duties in the Office of the Under Secretary, Mr. Graham served as chairman of the Customs Steering Committee for the implementation of proposals for the improvement of the Customs Bureau, and as a member of the Departmental Management Committee, and of ~~the Recruitment Program Committee.~~ AND THE MANAGEMENT COMMITTEE Bureau of Internal Revenue

Mr. Graham was appointed Assistant Secretary of the Treasury by President Truman on July 15, 1948.

On June 21, 1935, Mr. Graham was married to Miss Elizabeth Breckinridge of Washington, D. C., daughter of Colonel Henry Breckinridge, New York lawyer and Assistant Secretary of War during the Wilson Administration, and the late Mrs. Ruth ~~Bradley~~ WOODMAN Breckinridge, of Washington, D. C.

Mr. and Mrs. Graham, who reside at 2126 Leroy Place, Northwest, Washington, have three daughters: Louise, 11, Margaret, 9, and Katherine, 18 months.

MR GRAHAM IS A MEMBER OF THE VESTRY OF EPHIPHANY EPISCOPAL CHURCH AND ALSO OF THE HOUSE OF MERCY OF THE EPISCOPAL CHURCH, BOTH OF WASHINGTON.

July, 1948.

July 14, 1948

Dear Lee:

I have before me your letter of July 9, 1948, enclosing a copy of your letter to the President submitting your resignation as Under Secretary, to be effective as of the close of business July 14, 1948. As you know, I greatly regret that you find this action necessary.

I wish to express my deep thanks and commend you for the fine assistance you have rendered in the tax field, in the development of the management programs of the Bureaus of Customs and Internal Revenue, and in the Treasury's relationships with Congress and the public. I have been fortunate, indeed, in having had a person of your outstanding ability and integrity in the important position of Under Secretary during this past year and a half.

All of us at the Treasury are sorry to see you leave as Under Secretary. I am pleased, however, that you will continue your close advisory and working relationship with the Treasury in assisting with the management and tax programs in the Bureau of Internal Revenue whenever your time will permit. In addition, I sincerely hope that you can continue to serve as Chairman of the Committee to Direct Management Studies of the Bureau of Internal Revenue.

I need not say how much I shall miss the cordial daily relationship we have both enjoyed so much, for it is but rare that business association and personal friendship blend so completely and so harmoniously. I shall always treasure the memory of our association here and shall definitely look forward to a long and happy continuation of our friendship.

Sincerely,

~~(Signed)~~ John
~~(John W. Snyder)~~

Honorable A. Lee M. Wiggins

Under Secretary of the Treasury

~~COPY TO ACCOMPANY PRESS RELEASE~~

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generous consideration of me at all times, and for the cordiality of our relations.

If, at any time in the future, I may, as a private citizen, be of further service to the Treasury or to you, I hope you will not hesitate to call on me.

Sincerely yours,

[redacted] A. L. M. Wiggins

A. L. M. Wiggins
Under Secretary of the Treasury

Honorable John W. Snyder

Secretary of the Treasury

July 9, 1948

My dear Mr. Secretary:

I have today submitted to the President my formal resignation as Under Secretary of the Treasury and have requested that it become effective beginning Thursday, July 15th.

It is with profound regret that I must terminate this interesting and stimulating service to return to private life. I regret that I am one of those who cannot for too long a period afford to indulge in the satisfactions of public service in an executive position in Government.

As you have known for several weeks, I had hoped to be able to remain for a longer period of time, but developments of a personal business nature have made necessary the termination of my position on the 15th.

It is difficult for me, adequately, to convey to you the full measure of appreciation that I feel toward you for the wonderful opportunity that has been mine to serve as your Under Secretary. Few people realize the heavy responsibilities, the far-reaching decisions, and the tremendous impact on our national economy that are inherent in the position of Secretary of the Treasury. I have the greatest admiration not only for your skill and for the fine quality of business management of the Treasury under your direction, but an abiding confidence in your direction of the operations of the Treasury Department in the best interest of the people of the nation.

It is a rare privilege to have been associated with you in the past year and a half. It has also been a joy to work with the fine group of executives, department heads, bureau chiefs, and legal advisors that constitute your staff. Man for man, I know of no more able nor more conscientious group of men anywhere else, either in private business or in public service.

I shall always be grateful to you for the opportunity you have given me to serve in the Treasury, for your

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Mr. Graham, the newly appointed Assistant Secretary, has been serving as Assistant to the former Under Secretary, Mr. Wiggins. Prior to his appointment in the Treasury, Mr. Graham was on active duty as a Commander in the United States Navy, and was brought to the Treasury by Secretary Snyder at the suggestion of former Under Secretary O. Max Gardner to replace Mr. James E. Webb, now Director of the Budget. Before entering the Government Service, Mr. Graham was engaged in the private practice of law in Winston Salem, North Carolina. He is a graduate of the University of North Carolina and attended Harvard and Virginia Universities. Mr. Graham is married and resides at 2126 LeRoy Place, N. W.

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January, 1947, included the post of Managing Director of J. L. Coker & Co. Department Store and Coker's Wholesale Company, the presidencies of the Trust Company of South Carolina and the Bank of Hartsville, and directorships in several important industrial concerns. He is publisher and owner of the Hartsville Messenger, a weekly newspaper, and owner of the Hartsville Press, and affiliated printing plant.

Copies of the letters exchanged by Mr. Wiggins and Secretary Snyder are attached.

Mr. Foley, the newly appointed Under Secretary, entered the Government Service in 1932 as an attorney with the Reconstruction Finance Corporation, and served as General Counsel for the Public Works Administration from 1933 to 1937. He transferred to the Treasury Department in 1937 as an Assistant General Counsel, and on May 19, 1939, was appointed General Counsel for the Treasury. He resigned from this position on July 23, 1942, to accept a commission as Lieutenant Colonel in the Army of the United States. In August, 1943, he was promoted to Colonel at which time he was ordered overseas for duty in the North African and Mediterranean theaters. He was awarded the Legion of Merit for his services as Chief of the Finance Subcommission of the Allied Control Commission for Italy. After his separation from the Armed Services, Mr. Foley served as General Counsel for the Office of Contract Settlement. On April 15, 1946, he was appointed Assistant Secretary of the Treasury and has continued in that capacity until the present time. Mr. Foley is a native of Syracuse, New York, and is a graduate of Fordham University and of its law school. Mr. and Mrs. Foley reside at 10 Thompson Circle, in Washington, D. C., and at 42 East 69th Street, in New York City. He is the first person in the history of the Department to hold the three positions of General Counsel, Assistant Secretary, and Under Secretary.

PRESS RELEASE

S-796

Secretary Snyder issued the following statement today:

The President has accepted the resignation of Mr. A. Lee M. Wiggins as Under Secretary of the Treasury effective as of the close of business July 14, 1948, in order that Mr. Wiggins may return to private business. Simultaneously, the President appointed Mr. Edward H. Foley, Jr., now serving as Assistant Secretary of the Treasury, as Mr. Wiggins' successor, and Mr. John S. Graham as Assistant Secretary of the Treasury to succeed Mr. Foley. Both of these appointments are effective today, July 15.

In advising Secretary Snyder of his resignation, Mr. Wiggins expressed "profound regret" that he was forced to terminate his interesting and stimulating service as Under Secretary in order to return to private affairs.

At the same time Secretary Snyder announced that Mr. Wiggins will continue his official relationship with the Treasury by serving as Special Assistant to the Secretary. In this capacity, Mr. Wiggins will continue to serve as Chairman of the Committee to Direct Management Studies of the Bureau of Internal Revenue. This committee was created to coordinate and direct the implementation of proposals contained in recent reports on the Bureau by Treasury Department and Bureau staffs and by a staff employed by the Joint Committee on Internal Revenue Taxation, as well as other proposals which will result from management studies within the Bureau itself or which emanate from outside specialists.

Following the conclusion of his full-time Treasury service, Mr. Wiggins and his family will return to their home, Hartsville, South Carolina, where Mr. Wiggins again will take up his private affairs. Business connections at Hartsville which Mr. Wiggins resigned when he became Under Secretary in

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, July 15, 1948 No. S-796

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It is a rare privilege to have been associated with you in the past year and a half. It has also been a joy to work with the fine group of executives, department heads, bureau chiefs, and legal advisors that constitute your staff. Man for man, I know of no more able nor more conscientious group of men anywhere else, either in private business or in public service.

I shall always be grateful to you for the opportunity you have given me to serve in the Treasury, for your generous consideration of me at all times, and for the cordiality of our relations.

If, at any time in the future, I may, as a private citizen, be of further service to the Treasury or to you, I hope you will not hesitate to call ~~on me~~.

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Under Secretary of the Treasury

Honorable John W. Snyder
Secretary of the Treasury

July 14, 1948

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I need not say how much I shall miss the cordial daily relationship we have both enjoyed so much, for it is but rare that business association and personal friendship blend so completely and so harmoniously. I shall always treasure the memory of our association here and shall definitely look forward to a long and happy continuation of our friendship.

Sincerely,

John

Honorable A. Lee M. Wiggins

Under Secretary of the Treasury

BIOGRAPHICAL MATERIAL
A. Lee M. Wiggins
Hartsville, South Carolina

PERSONAL: Born at Durham, North Carolina, April 9, 1891, the only son of Archie Lee Wiggins and Margaret London (Council) Wiggins. Family: Wife, Pauline Lawton; Children: Mrs. Margaret Belding, Joseph Lawton, Lee Manning, and Elizabeth; Mother: Mrs. Margaret L. Wiggins. Democrat; Baptist.

EDUCATION: Graduated at Durham High School, Durham, North Carolina, in 1906. During school vacations worked in printing and newspaper plant. Worked in office of American Tobacco Company, 1906-1909. Entered the University of North Carolina in 1909 and graduated with A.B. degree in 1913. Paid college expenses by working, principally as Manager of the University of North Carolina Press. Was Editor-in-Chief of the college annual, Yackety-Yack. Was tapped for the Senior Order of The Golden Fleece at the University.

BUSINESS CAREER: Upon graduation at the University of N.C. in June, 1913, he went to Hartsville, S. C., as an assistant to the late David R. Coker, with whom he was associated for twenty-five years and until Mr. Coker's death. As Mr. Coker's assistant, he helped organize Coker's Pedigreed Seed Company, was Business Manager of the Company for several years and Treasurer of the corporation until 1947. In 1920 he became General Manager of J. L. Coker & Co., Department Store, and later organized Coker's Wholesale Company. From 1938 to 1947 he was Managing Director of both businesses.

In 1920 Mr. Wiggins organized the Trust Company of South Carolina, becoming Vice President and Managing Director. In 1941 he became President. He was Vice President of the Bank of Hartsville from 1921 until he became President in 1932.

In January, 1947, when Mr. Wiggins became Under Secretary of the U. S. Treasury, he resigned all of the above business connections.

In 1921 he purchased the Hartsville Messenger and affiliated printing plant and has since been the publisher and owner of the newspaper and of the Hartsville Press.

For a number of years he was a director of several industrial corporations, including Hartsville Oil Mill, Palmetto Oil Company, Greenville Cotton Oil Company, Florence Ice and Fuel Company, and the Atlantic Coast Line Railroad Company. He resigned all business directorships in January, 1947.

BUSINESS ASSOCIATION ACTIVITIES: Mr. Wiggins was President of the Southern Retail Merchants Conference, Richmond, Virginia, 1922-23; President, South Carolina Bankers Association, 1931-32; President, South Carolina Independent Merchants Association, 1937-38; President, South Carolina Federation of Commerce, Agriculture, and Industry, 1938-39; President, South Carolina Press Association, 1942-43; President, American Bankers Association, 1943-44.

PUBLIC SERVICE AND OTHER ACTIVITIES: Member, Regional Advisory Committee, Reconstruction Finance Corporation, 1930-46; Chairman, Deposit Liquidation Committee of the Reconstruction Finance Corporation for South Carolina, 1933-34; Chairman, Darlington County Board of Education, 1934-42; Chairman, Hartsville Community Center Building Commission and Hartsville Memorial Library Commission, 1935-1946; Trustee, Coker College, 1940--, and Treasurer of Endowment Fund 1940-1946; Director, American Cancer Society, 1947--; Treasurer, American National Red Cross, 1947-48; Lecturer, Graduate School of Banking, Rutgers University, 1941--; Member, Federal Advisory Council, Federal Reserve System, 1946; Under Secretary of U. S. Treasury 1947-48.

COLLEGE AND UNIVERSITY HONORS: Awarded Certificate of Merit for distinguished service to agriculture, Clemson Agricultural College, 1940; Honorary membership Omicron Delta Kappa, 1941; Honorary Degree, LL.D. University of South Carolina, 1944; Honorary Degree, LL.D., University of North Carolina, 1946.

CLUBS: Hartsville Golf, Prestwood Country, Hartsville, S. C.; National Press, Chevy Chase, and Metropolitan, Washington, D. C.; University, New York.

HOME ADDRESS: Hartsville, South Carolina.

June 1948

EDWARD H. FOLEY, JR.

Mr. Foley was born May 23, 1905, in Onondaga County, New York, the son of Edward H. and Josephine (Mullin) Foley. He attended Fordham University and Fordham University Law School, graduating from the latter with the degree of LL.B. in 1929.

During and after his law studies Mr. Foley was associated with the New York law firm of Hawkins, Delafield and Longfellow. He left this firm to join the legal staff of the Reconstruction Finance Corporation in Washington in October, 1932. He was assigned to supervision of RFC legal matters in connection with self-liquidating loans to municipalities for public works projects.

From 1933 to 1937 Mr. Foley served as assistant general counsel and then general counsel of the Federal Emergency Administration of Public Works. As personal legal adviser to the Administrator, Mr. Foley played a prominent part in the formulation of Public Works Administration policies and procedure.

In the fall of 1937 he resigned as Public Works Administration General Counsel to become Assistant General Counsel of the Treasury Department under the late Herman Oliphant, then General Counsel. When Mr. Oliphant became ill late in 1938, Mr. Foley was designated as Acting General Counsel, and on May 8, 1939, he was appointed by President Roosevelt to be General Counsel of the Treasury.

Mr. Foley and Emily Ligon Bowdoin were married on August 16, 1941.

On August 1, 1942, Mr. Foley resigned from the Treasury to accept a commission as Lieutenant Colonel in the Army. He was designated as General Counsel to the Quartermaster General, with station in Washington. In the summer of 1943 he was promoted to Colonel and was sent to Italy as chief American financial representative of the Allied Control Commission there. For his services in Italy he was awarded the Legion of Merit.

At the termination of the war, Colonel Foley returned to civilian life as General Counsel in the Office of Contract Termination and Settlement.

His nomination as Assistant Secretary of the Treasury was sent to the Senate by President Truman on April 8, 1946, and was confirmed April 12. Mr. Foley served as Assistant Secretary until his appointment July 15, 1948, as Under Secretary of the Treasury to succeed A. L. M. Wiggins, who resigned to return to private life.

Mr. Foley was named a member of the Attorney General's Commission on Bankruptcy Administration in 1939. He served on the Board of Legal Examiners for the Civil Service Commission from 1941 to 1943, and was U. S. Delegate to, and chairman of, the Inter-American Conference on Systems of Economic and Financial Control in 1942. He was a member of the President's Temporary Commission on Employee Loyalty for 1946 and 1947.

Mr. Foley has given much time and effort to civic responsibilities. He was chairman of the Government Unit of the Community Chest Federated Campaign in Washington in 1947, was Campaign Chairman of the Community Chest Federation of the National Capital Area in 1948, and is now a member of the Board of Directors of the United Community Services of Washington.

He has read numerous papers on municipal and State financing of public works and housing projects before the American Bar Association, and is the author of many published articles on these and other legal subjects.

He is a member of the American Bar Association, the New York State Bar Association, the Association of the Bar of the City of New York, and the American Law Institute.

His clubs include the Chevy Chase, Metropolitan, National Press, Army Navy Country, Army and Navy (Washington), Piping Rock, River, Cedar Creek, Manhattan, The Recess (New York).

Mr. and Mrs. Foley reside in Washington at 10 Thompson Circle, Northwest, and in New York at 42 East 69th Street.

July, 1948.

JOHN S. GRAHAM

Mr. Graham's family moved to Winston-Salem, North Carolina from Savannah, Georgia, shortly after he was born in Reading, Massachusetts on August 4, 1905. His father, the late Joseph L. Graham, was traffic manager for and a director of the R. J. Reynolds Tobacco Company. Mr. Graham's mother is also deceased. He received his early education in the public schools of Winston-Salem, and graduated from the University of North Carolina in 1927.

From 1928 to 1931, Mr. Graham was associated with the Brown and Williamson Tobacco Company in Winston-Salem and Louisville, Kentucky, resigning to enter Harvard Law School. He completed his legal education at the University of Virginia in 1934.

Mr. Graham was admitted to the North Carolina Bar in 1935, and began the general practice of law in Winston-Salem. From January, 1936 to March, 1942 he was junior partner in the law firm of Vaughn and Graham (Winston-Salem), specializing in tax law.

While in Winston-Salem, Mr. Graham was active in civic affairs. He served for three years as Chairman of the Council of Social Agencies and was closely associated in the work of other local civic institutions.

In March, 1942, Mr. Graham was commissioned a lieutenant in the United States Naval Reserve, and was released to inactive duty in July 1946 as a commander. During his military career he served as a Naval Aviation ground officer, attached to the Progress Division, Office of the Assistant Chief, Bureau of Aeronautics, and the Office of the Assistant Chief of Naval Operations (Air). Additional duties consisted of special assignments with the Assistant Naval Inspector General in conducting field investigations.

Mr. Graham came to the Treasury in July, 1946, as Executive Assistant to the late Under Secretary O. Max Gardner, succeeding James E. Webb when Mr. Webb left the Department to become Director of the Bureau of the Budget. In addition to his duties in the Office of the Under Secretary, Mr. Graham served as chairman of the Customs Steering Committee for the implementation of proposals for the improvement of the Customs Bureau, as a member of the Departmental Management Committee, and as an alternate to Under Secretary Wiggins on the committee to direct management studies of the Bureau of Internal Revenue.

Mr. Graham was appointed Assistant Secretary of the Treasury by President Truman on July 15, 1948.

On June 21, 1935, Mr. Graham was married to Miss Elizabeth Breckinridge of Washington, D. C., daughter of Colonel Henry Breckinridge, New York lawyer and Assistant Secretary of War during the Wilson Administration, and the late Mrs. Ruth Woodman Breckinridge, of Washington, D. C.

Mr. and Mrs. Graham, who reside at 2126 Leroy Place, Northwest, Washington, have three daughters: Louise, 11, Margaret, 9, and Katherine, 18 months.

Mr. Graham is a member of the vestry of Ephiphany Episcopal Church and also of the House of Mercy of the Episcopal Church, both of Washington.

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Our stability can only be maintained by a combination of good judgment and a deliberate restraint. The fundamentally sound and flexible financial position of borrowers and banks is the basic protection for all unexpected future economic changes.

Of course there is no way the banks can undo the inflationary forces already in effect or which may come into effect from other sources. Also the present level of our economic activity and prices requires substantial uses of credit. But bankers acknowledge the fundamental responsibility to maintain sound assets and a substantial liquidity, and to avoid credit abuses.

You can be assured of our continued cooperation in meeting the inflationary problem.

Sincerely yours,

~~(signed)~~ Joseph M. Dodge

~~President.~~

The American Bankers Association and the banks will continue and intensify their cooperative action to control the proper use and expansion of credit, and will continue to stimulate increased savings.

Again I am urging the banks to scrutinize credit carefully to the effect that its use will be restricted to that which stimulates immediate production and avoids increasing the pressures on consumption, except in areas of free supply. Under present conditions the extension of credit in the commercial, agricultural, or consumer fields undoubtedly requires continued emphasis on selectivity, and restriction to sound and necessary purposes.

In particular I am asking the banks not to contribute to rising prices, fictitious values, or false standards of living from the use of credit; to maintain a general and consistent pressure for loan liquidation and the fulfillment of payment commitments; to watch the inventory and accounts receivable accumulations of borrowers; to scrutinize the terms under which borrowers themselves extend credit; to relate mortgage loans to sound and realistic values; and to make consumer credit loans on conservative terms. In all cases the total obligations of borrowers should be held well within their capacities to pay.

Also, I am asking the banks to use every effort to encourage investment in Government Savings Bonds and in savings deposit accounts. Savings are particularly important because the more saved now, the more people will have - and the less they spend, the greater will be the future purchasing power of their savings and incomes.

Everyone knows that the further prices and debts get out of line, the greater the probability of a drastic correction which will bring severe penalties, particularly to the over-extended borrower. Individuals, businesses, and the Nation all need stability as much as or more than they need prosperity. This is a time in which we can not afford personal or business deficits any more than we can afford Government Budget deficits.

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~~THE DETROIT BANK~~ 797

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~~Joseph M. Dodge~~
~~President~~

July 7, 1948

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

Dear Secretary Snyder:

Thank you for your letter of July 2 about the need for continued effort on the part of the banks to control credit expansion. Your comment about the voluntary program of the American Bankers Association is much appreciated.

I will see that your letter is brought to the direct attention of the appropriate officers of the banks of the Country.

We have had the complete cooperation and support of the State Bankers Associations in carrying this program to the individual banks through State, group, and other local meetings. The scope of their work has been tremendous, and it has been made effective by the ready acceptance of the principles by the individual bank managements.

However, I am sure we all realize that the emphasis of the Spring meeting period is over. The first six months of this calendar year have passed and now we are going into the second six months, which is the first half of the 1948-1949 fiscal year. We can not fail to recognize the substantial change in the fiscal picture, which is mentioned in your letter, and that the period ahead of us will present a test of whether inflationary forces can be controlled and checked. Certainly recent events and forecasts suggest that the longer term outlook can be dangerously inflationary.

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As a consequence, the Government will no longer be able to retire bank-held debt on the scale maintained during the last fiscal year; and bankers can no longer look to a decline in their investments to offset an increase in their loans. A much larger share of the total burden of controlling inflation must henceforth lie with the banks.

Bearing this in mind, and with full realization of the seriousness of the situation, I am taking the liberty of asking you to reexamine your efforts in this field, and wherever possible to increase them. The final responsibility and it is a grave one, must rest with the self-discipline of each individual bank. Your effort to impress this upon the banking fraternity will be a real contribution to the cause of economic stability.

Sincerely yours,

~~(Signed)~~ JOHN W. SNYDER

Secretary of the Treasury

Mr. Joseph M. Dodge,
President,
American Bankers Association,
12 East 36th Street,
New York 16, New York

(1) 797

July 2, 1948

Dear Mr. Dodge:

This letter is to express my appreciation for the voluntary credit control program of the American Bankers Association and to outline the circumstances, familiar to both of us, which now require that the effort under this program be continued without relaxation.

The American Bankers Association credit control program began the first of this year and has been pushed actively and aggressively by the Association through pamphlets and printed material, group meetings, and by word-of-mouth of the leaders of the banking fraternity. Bankers in all parts of the country have been influenced by the program and have screened their loan applications with added vigilance. The results have been well worth the effort. During the first five months of this year, the total loans of all commercial banks advanced by only $1,350 million, while their investments fell by $3,250 million. As a consequence, there was a substantial decline in the money supply of the country during the period, contributing materially to containing inflationary pressures.

As you know, inflationary pressures still continue serious; but the Government will no longer be able to contribute substantially to their control by means of an excess of receipts over expenditures. In the fiscal year which just closed, we had such an excess of $8.4 billion. On the other hand, in the fiscal year just commencing, as a result of increased defense and foreign-aid expenditures due to the tense international situation, combined with the recent tax cut, we shall probably be unable to avoid an actual excess of expenditures over receipts.

Morning Newspapers

~~Immediate~~ Monday, July 19, 1948

S-797

Secretary Snyder today made public the following correspondence between himself and Mr. Joseph M. Dodge, President of the American Bankers Association:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, July 19, 1948.

No. S-797

Secretary Snyder today made public the following correspondence between himself and Mr. Joseph M. Dodge, President of the American Bankers Association:

July 2, 1948.

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Sincerely yours,

John W. Snyder
Secretary of the Treasury

Mr. Joseph M. Dodge
President
American Bankers Association
12 East 36th Street
New York 16, New York

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July 7, 1948

The Honorable John W. Snyder
Secretary of the Treasury
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Thank you for your letter of July 2 about the need for continued effort on the part of the banks to control credit expansion. Your comment about the voluntary program of the American Bankers Association is much appreciated.

I will see that your letter is brought to the direct attention of the appropriate officers of the banks of the Country.

We have had the complete cooperation and support of the State Bankers Associations in carrying this program to the individual banks through State, group, and other local meetings. The scope of their work has been tremendous, and it has been made effective by the ready acceptance of the principles by the individual bank managements.

However, I am sure we all realize that the emphasis of the Spring meeting period is over. The first six months of this calendar year have passed and now we are going into the second six months, which is the first half of the 1948-1949 fiscal year. We can not fail to recognize the substantial change in the fiscal picture, which is mentioned in your letter, and that the period ahead of us will present a test of whether inflationary forces can be controlled and checked. Certainly recent events and forecasts suggest that the longer term outlook can be dangerously inflationary.

The American Bankers Association and the banks will continue and intensify their cooperative action to control the proper use and expansion of credit, and will continue to stimulate increased savings.

Again I am urging the banks to scrutinize credit carefully to the effect that its use will be restricted to that which stimulates immediate production and avoids increasing the pressures on consumption, except in areas of free supply. Under present conditions the extension of credit in the commercial, agricultural, or consumer fields undoubtedly requires continued emphasis on selectivity, and restriction to sound and necessary purposes.

In particular I am asking the banks not to contribute to rising prices, fictitious values, or false standards of living from the use of credit; to maintain a general and consistent pressure for loan liquidation and the fulfillment of payment commitments; to watch the inventory and accounts receivable accumulations of borrowers; to scrutinize the terms under which borrowers themselves extend credit; to relate mortgage loans to sound and realistic values; and to make consumer credit loans on conservative terms. In all cases the total obligations of borrowers should be held well within their capacities to pay.

Also, I am asking the banks to use every effort to encourage investment in Government Savings Bonds and in savings deposit accounts. Savings are particularly important because the more saved now, the more people will have - and the less they spend, the greater will be the future purchasing power of their savings and incomes.

Everyone knows that the further prices and debts get out of line, the greater the probability of a drastic correction which will bring severe penalties, particularly to the over-extended borrower. Individuals, businesses, and the Nation all need stability as much as or more than they need prosperity. This is a time in which we can not afford personal or business deficits any more than we can afford Government Budget deficits.

Our stability can only be maintained by a combination of good judgment and a deliberate restraint. The fundamentally sound and flexible financial position of borrowers and banks is the basic protection for all unexpected future economic changes.

Of course there is no way the banks can undo the inflationary forces already in effect or which may come into effect from other sources. Also the present level of our economic activity and prices requires substantial uses of credit. But bankers acknowledge the fundamental responsibility to maintain sound assets and a substantial liquidity, and to avoid credit abuses.

You can be assured of our continued cooperation in meeting the inflationary problem.

Sincerely yours,

Joseph M. Dodge

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STATUTORY DEBT LIMITATION

AS OF June 30, 1948

TREASURY DEPARTMENT
Fiscal Service
Washington, July 6, 1948

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 June 30, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 13,757,257,000		
Certificates of indebtedness	22,587,787,000		
Treasury notes	15,768,268,700	$ 52,113,312,700	
Bonds -			
Treasury	112,462,026,000		
Savings (current redemp.value)	53,273,675,514		
Depositary	316,354,000		
Armed Forces Leave	563,276,925		
Investment series	959,350,000	167,574,682,439	
Special Funds -			
Certificates of indebtedness	16,501,300,000		
Treasury notes	13,709,942,000	30,211,242,000	
Total interest-bearing		249,899,237,139	
Matured, interest-ceased		274,794,775	
Bearing no interest:			
War savings stamps	58,413,680		
Excess profits tax refund bonds	8,879,973		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series	65,785,000		
Internat'l Monetary Fund series	1,161,000,000	1,294,078,653	
Total		251,468,110,567	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	27,064,586		
Demand obligations: C.C.C.	41,703,457	68,768,043	
Matured, interest-ceased		4,692,775	
		73,460,818	
Grand total outstanding			251,541,571,385
Balance face amount of obligations issuable under above authority			23,458,428,615

Reconcilement with Statement of the Public Debt - June 30, 1948
(Daily Statement of the United States Treasury, July 1, 1948)

Outstanding -	
Total gross public debt	252,292,246,513
Guaranteed obligations not owned by the Treasury	73,460,818
Total gross public debt and guaranteed obligations	252,365,707,331
Deduct - other outstanding public debt obligations not subject to debt limitation	824,135,946
	$251,541,571,385

5-798

STATUTORY DEBT LIMITATION
AS OF JUNE 30, 1948

July 16, 1948

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 June 30, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills............	$ 13,757,257,000		
Certificates of indebtness.	22,587,787,000		
Treasury notes............	15,768,268,700	$ 52,113,312,700	
Bonds -			
Treasury..................	112,462,026,000		
Savings (current redemp. value)	53,273,675,514		
Depositary..............	316,354,000		
Armed Forces Leave......	563,276,925		
Investment series.......	959,350,000	167,574,682,439	
Special Funds -			
Certificates of indebtedness	16,501,300,000		
Treasury notes..........	13,709,942,000	30,211,242,000	
Total interest-bearing..................		249,899,237,139	
Matured, interest-ceased......................		274,794,775	
Bearing no interest:			
War savings stamps........	58,413,680		
Excess profits tax refund bonds	8,879,973		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series...	65,785,000		
Internat'l Monetary Fund series	1,161,000,000	1,294,078,653	
Total....................................		251,468,110,567	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	27,064,586		
Demand obligations: C.C.C. ..	41,703,457	68,768,043	
Matured, interest-ceased......................		4,692,775	
		73,460,818	
Grand total outstanding..........................			251,541,571,385
Balance face amount of obligations issuable under above authority...			23,458,428,615

Reconcilement with Statement of the Public Debt - June 30, 1948
(Daily Statement of the United States Treasury, July 1, 1948)

Outstanding -	
Total gross public debt....................................	252,292,246,513
Guaranteed obligations not owned by the Treasury................	73,460,818
Total gross public debt and guaranteed obligations..............	252,365,707,331
Deduct - other outstanding public debt obligations not subject to debt limitation..............................	824,135,946
	$251,541,571,385

5-798

299

COINAGE OF THE UNITED STATES, BY MINTS, DURING THE FISCAL YEAR 1948.

Denomination	Philadelphia	San Francisco	Denver	Total Value	Total Pieces
SILVER					
Half dollars - Regular	$1,500,000.00	- - - - - - - -	$2,014,300.00	$3,514,300.00	7,028,600
" " - Commemorative:					
Booker T. Washington	60,011.00	$60,011.00	60,011.00	180,033.00	360,066
Quarter dollars	6,737,000.00	1,383,000.00	4,435,600.00	12,555,600.00	50,222,400
Dimes	8,770,000.00	2,368,000.00	3,339,400.00	14,477,400.00	144,774,000
Total silver	17,067,011.00	3,811,011.00	9,849,311.00	30,727,333.00	202,385,066
MINOR					
Five-cent pieces	4,938,200.00	231,000.00	1,043,400.00	6,212,600.00	124,252,000
One-cent pieces	2,441,350.00	1,189,000.00	1,132,500.00	4,762,850.00	476,285,000
Total minor	7,379,550.00	1,420,000.00	2,175,900.00	10,975,450.00	600,537,000
Total domestic coinage	24,446,561.00	5,231,011.00	12,025,211.00	41,702,783.00	802,922,066

COINAGE EXECUTED FOR GOVERNMENTS OTHER THAN UNITED STATES.

Dominican Republic	3,000,000	pieces
Ecuador	13,821,000	"
Ethiopia	14,127,367	"
Philippines	300,000	"
Salvador	8,000,000	"
Saudi Arabia	5,000,000	"
Syria	7,000,000	"
Total	51,248,367	

Release, after newspapers
Tues, July 20, 1948

No S-799

Domestic coinage at the three United States Mints during the 1948 fiscal year which ended June 30, 1948, totaled 802,922,066 pieces, with a value of $41,702,783, according to a report made public today by Nellie Taylor Ross, Director of the Mint. This represented a decrease of 1,213,563,229 pieces from the 1947 coinage production.

In the fiscal year 1947, domestic coinage totaled 2,016,485,295 pieces, with a value of $77,066,507.50.

The Mint also manufactured 51,248,367 coins for foreign governments during the fiscal year. These included: Dominican Republic, 3,000,000 pieces; Ecuador, 13,821,000; Ethiopia, 14,127,367; Philippines, 300,000; Salvador, 8,000,000; Saudi Arabia, 5,000,000; and Syria, 7,000,000.

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

Approved
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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, AFTERNOON NEWSPAPERS,
Tuesday, July 20, 1948.

No. S-799

Domestic coinage at the three United States Mints during the 1948 fiscal year which ended June 30, 1948, totaled 802,922,066 pieces, with a value of $41,702,783, according to a report made public today by Nellie Tayloe Ross, Director of the Mint. This represented a decrease of 1,213,563,229 pieces from the 1947 coinage production.

In the fiscal year 1947, domestic coinage totaled 2,016,485,295 pieces, with a value of $77,066,507.50.

The Mint also manufactured 51,248,367 coins for foreign governments during the fiscal year. These included: Dominican Republic, 3,000,000 pieces; Ecuador, 13,821,000; Ethiopia, 14,127,367; Philippines, 300,000; Salvador, 8,000,000; Saudi Arabia, 5,000,000; and Syria, 7,000,000.

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

Attachment

COINAGE OF THE UNITED STATES, BY MINTS, DURING THE FISCAL YEAR 1948

Denomination	Philadelphia	San Francisco	Denver	Total Value,	Total Pieces
SILVER					
Half dollars - Regular	$1,500,000.00	- - - - - - - -	$2,014,300.00	$3,514,300.00	7,028,600
" " - Commemorative:					
Booker T. Washington	60,011.00	$60,011.00	60,011.00	180,033.00	360,066
Quarter dollars	6,737,000.00	1,383,000.00	4,435,600.00	12,555,600.00	50,222,400
Dimes	8,770,000.00	2,368,000.00	3,339,400.00	14,477,400.00	144,774,000
Total silver	17,067,011.00	3,811,011.00	9,849,311.00	30,727,333.00	202,385,066
MINOR					
Five-cent pieces	4,938,200.00	231,000.00	1,043,400.00	6,212,600.00	124,252,000
One-cent pieces	2,441,350.00	1,189,000.00	1,132,500.00	4,762,850.00	476,285,000
Total minor	7,379,550.00	1,420,000.00	2,175,900.00	10,975,450.00	600,537,000
Total domestic coinage	24,446,561.00	5,231,011.00	12,025,211.00	41,702,783.00	802,922,066

5 - 800

RELEASE, MORNING NEWSPAPERS,
Tuesday, July 20, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated July 22 and to mature October 21, 1948, which were offered July 16, 1948, were opened at the Federal Reserve Banks on July 19.

The details of this issue are as follows:

Total applied for - $1,724,853,000
Total accepted - 908,599,000 (includes $45,375,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.753 Equivalent rate of discount approx. 0.977% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 26,335,000	$ 22,650,000
New York	1,469,021,000	755,299,000
Philadelphia	8,849,000	5,148,000
Cleveland	25,100,000	15,050,000
Richmond	6,945,000	4,935,000
Atlanta	3,545,000	3,545,000
Chicago	79,773,000	41,912,000
St. Louis	13,659,000	6,691,000
Minneapolis	1,925,000	1,724,000
Kansas City	12,926,000	12,658,000
Dallas	6,840,000	6,572,000
San Francisco	69,935,000	32,415,000
TOTAL	$1,724,853,000	$908,599,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 20, 1948.

No. S-800

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated July 22 and to mature October 21, 1948, which were offered July 16, 1948, were opened at the Federal Reserve Banks on July 19.

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 26,335,000	$ 22,650,000
New York	1,469,021,000	755,299,000
Philadelphia	8,849,000	5,148,000
Cleveland	25,100,000	15,050,000
Richmond	6,945,000	4,935,000
Atlanta	3,545,000	3,545,000
Chicago	79,773,000	41,912,000
St. Louis	13,659,000	6,691,000
Minneapolis	1,925,000	1,724,000
Kansas City	12,926,000	12,658,000
Dallas	6,840,000	6,572,000
San Francisco	69,935,000	32,415,000
TOTAL	$1,724,853,000	$908,599,000

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"Mr. Irey's loyalty and devotion to duty, and his steadfast courage will long be remembered by the Department in which he labored for more than a quarter-century."

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~~Proposed Statement for Under Secretary Foley~~
~~in Connection with the Death of Elmer L. Irey~~

Acting Secy of the Treasury E.H. Foley today issued the following statement

News of the passing of Elmer L. Irey, for many years Chief Coordinator of the Treasury law enforcement agencies, is the cause for genuine sorrow throughout the Government which he served so faithfully.

Mr. Irey's career as an investigator began in the Post Office Department, but in 1919 he came to the Bureau of Internal Revenue where he lent his able leadership and untiring energy to the organization and development of the Intelligence Unit. During the years that he headed this important investigative branch of the Treasury, he was the nemesis of the Federal tax evader, and his name became a synonym of efficient law enforcement throughout the Nation.

In 1941, Mr. Irey became Coordinator of all Treasury enforcement agencies, and until his retirement in 1946, he supervised activities of this nature in the United States Secret Service, the Intelligence Unit of the Bureau of Internal Revenue, the Bureau of Narcotics, the Alcohol Tax Unit, the Bureau of Customs and the United States Coast Guard.

IMMEDIATE RELEASE

Tiesday, July 20, 1948

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Acting Secretary of the Treasury Edward H. Foley Jr., today issued the following statement:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, July 20, 1948. No. S-801

Acting Secretary of the Treasury Edward H. Foley, Jr., today issued the following statement:

"News of the passing of Elmer L. Irey, for many years Chief Coordinator of the Treasury law enforcement agencies, is the cause for genuine sorrow throughout the Government which he served so faithfully.

"Mr. Irey's career as an investigator began in the Post Office Department, but in 1919 he came to the Bureau of Internal Revenue where he lent his able leadership and untiring energy to the organization and development of the Intelligence Unit. During the years that he headed this important investigative branch of the Treasury, he was the nemesis of the Federal tax evader, and his name became a synonym of efficient law enforcement throughout the Nation.

"In 1941, Mr. Irey became Coordinator of all Treasury enforcement agencies, and until his retirement in 1946, he supervised activities of this nature in the United States Secret Service, the Intelligence Unit of the Bureau of Internal Revenue, the Bureau of Narcotics, the Alcohol Tax Unit, the Bureau of Customs and the United States Coast Guard.

"Mr. Irey's loyalty and devotion to duty, and his steadfast courage will long be remembered by the Department in which he labored for more than a quarter-century."

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of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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ALPHA

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 July 29, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 29, 1948 (9). 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

~~Exhibit XI~~

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TREASURY DEPARTMENT
Washington

W. S-802

FOR RELEASE, MORNING NEWSPAPERS,
Friday, July 23, 1948.
~~(1)~~

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing July 29, 1948 ~~(4)~~, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 29, 1948 ~~(5)~~, and will mature October 28, 1948 ~~(6)~~, 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 ~~Standard~~ time, Monday, July 26, 1948 ~~(7)~~. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Friday, July 23, 1948.

No. S-802

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing July 29, 1948, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 29, 1948, and will mature October 28, 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 daylight saving time, Monday, July 26, 1948. 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 July 29, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 29, 1948. 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.

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S-803

RELEASE MORNING NEWSPAPERS,
Tuesday, July 27, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated July 29 and to mature October 28, 1948, which were offered July 23, 1948, were opened at the Federal Reserve Banks on July 26.

The details of this issue are as follows:

Total applied for - $1,689,397,000
Total accepted - 909,689,000 (includes $44,404,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.753 Equivalent rate of discount approx. 0.977% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 21,925,000	$ 16,225,000
New York		1,364,081,000	700,171,000
Philadelphia		15,230,000	8,480,000
Cleveland		36,781,000	24,751,000
Richmond		5,645,000	4,445,000
Atlanta		3,744,000	3,684,000
Chicago		99,386,000	58,378,000
St. Louis		12,410,000	6,290,000
Minneapolis		4,276,000	2,746,000
Kansas City		21,000,000	20,160,000
Dallas		29,110,000	27,250,000
San Francisco		75,809,000	37,109,000
	TOTAL	$1,689,397,000	$909,689,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 27, 1948.

No. S-803

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 91-day Treasury bills to be dated July 29 and to mature October 28, 1948, which were offered July 23, 1948, were opened at the Federal Reserve Banks on July 26.

The details of this issue are as follows:

Total applied for - $1,689,397,000
Total accepted - 909,689,000 (includes $44,404,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.753 Equivalent rate of discount approx. 0.977% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 21,925,000	$ 16,225,000
New York	1,364,081,000	700,171,000
Philadelphia	15,230,000	8,480,000
Cleveland	36,781,000	24,751,000
Richmond	5,645,000	4,445,000
Atlanta	3,744,000	3,684,000
Chicago	99,386,000	58,378,000
St. Louis	12,410,000	6,290,000
Minneapolis	4,276,000	2,746,000
Kansas City	21,000,000	20,160,000
Dallas	29,110,000	27,250,000
San Francisco	75,809,000	37,109,000
TOTAL	$1,689,397,000	$909,689,000

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$14,600,000,000 and the countries used $5,300,000,000 of their gold and dollar reserves.

As pointed out in the report, a total of $18,200,000,000 of United States assistance was made available during the two and one-half year period of which all but $3,600,000,000 was utilized by the end of the period. Despite the fact that more than one-half of all United States foreign aid was received by those countries which later became participants in the European Recovery Program, the unutilized funds as of December 31, 1947, were barely sufficient to meet the need for aid until the start of that program.

During the first year of United States post-war aid, assistance was primarily in the form of grants such as those extended through UNRRA, while in the next year and a half assistance was mostly in the form of loans. Over the entire period slightly more than one-half of all aid was in loans while the remainder constituted grants.

A comprehensive appendix of statistical tables summarizing the United State foreign assistance program since July 1945 is contained in the report. These tables not only show the amounts made available to each recipient country but also, in the case of loans, the total post-war commitments made by the major United States Government lending agencies to each foreign country. With this report the U. S. Government has resumed publication of information on gold transactions with leading countries which was discontinued during the war.

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No. 5 - 804.

~~DRAFT PRESS RELEASE ON NAC REPORT~~

Secretary Snyder, as Chairman of the National Advisory Council on International Monetary and Financial Problems, today transmitted to the President and to Congress a report of the Council's activities during the six-month period ending March 31, 1948.

The report analyzes the major financial problems of the post-war period and describes the background of the Foreign Assistance Act of 1948.

The report also deals with recent developments in connection with the Anglo-American Financial Agreement and credits extended by the United States Government agencies such as the Export-Import Bank, as well as with considerations underlying the extension of financial assistance to China, to the German Bizone and to France, Italy and Austria in the form of interim aid. A resume of the affairs of the International Monetary Fund and the International Bank for Reconstruction and Development is given for the six-month period October 1, 1947 to March 31, 1948.

In its review of the post-war international financial situation the Council pointed out that by the middle of 1945 it had become clear that many foreign countries would urgently need assistance in the reconstruction of their economies. In addition to widespread physical damage, the war produced serious economic dislocations. The report cites the difficulties in connection with the balance of payments between these countries and the United States. In the two and one-half year period ending December 31, 1947, foreign countries received a total of $41,600,000,000 in goods and services from the United States while their exports to this country were only $19,200,000,000. Foreign aid programs of the United States provided

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

IMMEDIATE RELEASE,
Wednesday, August 4, 1948

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As pointed out in the report, a total of $18,200,000,000 of United States assistance was made available during the two and one-half year period of which all but $3,600,000,000 was utilized by the end of the period. Despite the fact that more than one-half of all United States foreign aid was received by those countries which later became participants in the European Recovery Program, the unutilized funds as of December 31, 1947, were barely sufficient to meet the need for aid until the start of that program.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Thursday, July 29, 1948 TC - 12

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Thursday, July 29, 12:30 P.M. Secretary Snyder will attend a luncheon at the Mayflower Hotel given by the Committee on Government Borrowing, American Bankers Association.

Friday, July 30, 2:15 P.M. Secretary Snyder will meet with the Committee on Government Borrowing, American Bankers Association, Conference Room, Treasury Department.

Wednesday, August 4, 9:30 A.M. The Secretary will address the American Legion Boys' Forum of National Government at American University, Washington, D. C. Subject: "Money."

Wednesday, September 22. Secretary Snyder will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE ASSISTANT SECRETARY

Saturday, July 31, 11 A.M. John S. Graham, Assistant Secretary, will deliver an informal talk before the law students at the University of Virginia, Charlottesville. Subject: "Recent Developments Involving Federal Income Tax Fraud Cases."

OFFICE OF THE GENERAL COUNSEL

Monday, September 6. Thomas J. Lynch, General Counsel, will speak before the Real Property, Probate and Trust Law Section of the American Bar Association, at the Association's annual convention in Seattle, Washington.

Tuesday, September 28. Mr. Lynch will speak before a banquet meeting of the Tax Executives Institute, Mount Washington Hotel, Bretton Woods, New Hampshire.

COMPTROLLER OF THE CURRENCY

Monday through Saturday, August 2 to 7. Deputy Comptroller of the Currency C. B. Upham, will be a member of the faculty of the Pacific Banking School to be held at the University of Washington in Seattle.

OFFICE OF TAX LEGISLATIVE COUNSEL

Thursday, July 29. Vance N. Kirby, Tax Legislative Counsel, will lecture before the Third Institute for the Society of

OFFICE OF TAX LEGISLATIVE COUNSEL
(Continued)

Chartered Life Underwriters, to be held at the University of Connecticut at Storrs. Subject: "Income and Estate Taxes Affecting Life Insurance."

BUREAU OF INTERNAL REVENUE

Thursday, August 19, 12:30 P.M. George J. Schoeneman, Commissioner of Internal Revenue, will be guest speaker at a luncheon meeting of the National Society of Public Accountants, Hotel Copley Plaza, Boston, Massachusetts.

UNITED STATES COAST GUARD

Monday, August 2, 1 - 1:30 P.M. Rear Admiral Merlin O'Neill, Assistant Commandant, will speak on an NBC network broadcast of the Navy Band, during the Coast Guard's anniversary week celebration.

Wednesday, August 4. Admiral Joseph F. Farley, Commandant, will be in Grand Haven, Michigan, when the City of Grand Haven will celebrate the 158th Anniversary of the United States Coast Guard.

Wednesday, August 4, 6:45 P.M. Rear Admiral Earl G. Rose, Chief, Office of Operations, will appear on the Dumont Television Network news program.

Thursday, August 5, 12:30 - 1 P.M. Rear Admiral Raymond T. McElligott, Chief, Office of Personnel, will speak on the Mutual Broadcasting System network broadcast of the Navy Band.

DIVISION OF SAVINGS BONDS

Friday, July 30. Vernon L. Clark, National Director, will attend a luncheon meeting of railroad presidents at the Association of American Railroads, and will discuss with them the operation of the payroll savings plan.

FIRE AND SAFETY COUNCIL

Mr. Parsons announced today that the Treasury Department Safety Committee and the Treasury Department Fire Council have been merged into one organization, to be known as the Treasury Department Fire and Safety Council. This action was taken, pursuant to a unanimous motion by the Safety Committee and Fire Council, with the view of establishing a close working relationship of these two vital activities. Paul McDonald, who has been Chairman of the two organizations, will serve as Chairman of the newly merged organization. Further details on the consolidation will be given heads of Treasury activities in a forthcoming administrative circular.

RETIREMENTS

Bureau of Public Debt, Office of the Register, retiring July 31: Mrs. Blanche White, who has been in the Government service 35 years; Mrs. Theresa B. Gotthardt, who has had 30 years' Government service; Mrs. Ethel G. Hill, who has been in the Government 38 years; and Miss Mary B. Hayes, who has 50 years' Government service.

Mrs. Grace R. Cantrell, Accounts Section, Security Control Accounts Unit, Bureau of Public Debt, will retire July 31. She has been in the Government service 30 years.

L. V. Moore, Assistant Chief, Division of General Accounts, Office of the

RETIREMENTS
(Continued)

Treasurer, will retire July 31. He has been in the Government and with the Office of the Treasurer 44 years.

Benton C. Gardner, Chief of the Currency Redemption Division, Office of the Treasurer, will retire July 31. He has been in the Government and with the Treasury over 46 years.

Mrs. Ruby W. Hand, widow of the late Commissioner of Accounts and Deposits, Robert G. Hand, will retire from Treasury service on Saturday, July 31. Mrs. Hand, who was first employed as a printer's assistant in the Bureau of Engraving and Printing in 1898, returned to the Treasury in 1935, following the death of her husband, and has since been employed in the Office of the Commissioner of Accounts.

Tuesday, July 27, 10:30 A.M. Dr. Rodolfo Valenzuela, Minister of the Supreme Court of Argentina, laid a wreath at the Alexander Hamilton statue on the south portico of the Treasury, in the presence of Secretary Snyder, Associate Justice of the Supreme Court Harold H. Burton, Argentine Ambassador Remorino, and Counselor of the Argentine Embassy Martin Louis Drago.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2108, 2041; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

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of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a) (1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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~~ALPHA~~

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 5, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 5, 1948 ~~(9)~~. 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

~~Exhibit 1~~

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, July 30, 1948.
~~(1)~~

20. 5-805

The Secretary of the Treasury, by this public notice, invites tenders for $ 800,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing August 5, 1948 ~~(4)~~, 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 5, 1948 ~~(5)~~, and will mature November 4, 1948 ~~(6)~~, 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/~~Standard~~ time, Monday, August 2, 1948 ~~(7)~~. 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

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Friday, July 30, 1948

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, 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 5, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 5, 1948. 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.

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The only remaining authority of the Board of Governors to tighten credit conditions through the medium of increasing reserve requirements, applies, therefore, to banks located in central reserve cities. But these banks have shown the least credit expansion in the recent past of any class of bank. It is clear, consequently, that the remaining power of the Board of Governors to increase reserve requirements is not well suited to the nature of the problem which now confronts us. The proposed legislation would remedy this by providing the Board of Governors with authority to cope with the excessive expansion of bank credit -- whenever this may best be done by the required reserve method -- in the class of bank where such control seems most needed.

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~~July [illegible]~~

this objective. It authorizes the Board of Governors of the Federal Reserve System to increase member bank reserve requirements against demand deposits by 10 percentage points and against time deposits by 4 percentage points. These permissible increases would be in addition to the existing statutory maxima, and could be applied flexibly to demand deposits in general, or to those in banks in central reserve cities, in reserve cities, or in other places, separately; or to time deposits, as required. The bill provides that these changes in reserve requirements shall not continue in effect beyond June 30, 1950.

Reserve requirements, at the present time, are at their statutory maxima for time deposits in all banks, and for demand deposits in all banks except those in central reserve cities. The present reserve requirement for demand deposits in banks in central reserve cities is 24 percent, as compared with a statutory maximum of 26 percent.

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Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks, representing the Federal and State supervisory authorities, have urged bankers to confine the extension of bank credit under existing conditions, as far as possible, to loans that would help production, rather than increase consumer demands. The banks, in general, have been most cooperative. I should like to take this occasion to commend their public spirit, and particularly to commend the American Bankers Association for its program to secure the maximum voluntary curtailment in the extension of bank credit.

But, in the present situation, I think that it is clear that prudence requires that additional instruments -- to supplement the voluntary action of the bankers -- be placed in the hands of the Federal Reserve System.

The legislation before your Committee would accomplish

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moderate controls on the extension of instalment credit, which has accounted for 85 percent of the total increase in consumer credit since November 1.

Title II of ~~H.R.~~ S. 2910 ____ would implement the third point in the President's message. This point reads as follows: "I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit." The expansion of bank credit, except in the fields of consumer and real estate financing, has not, in my opinion, been a major contributing force to present inflationary pressures. We must, however, attack the problem of inflation on all fronts.

As this Committee knows, I have always believed that our chief reliance for the control of inflationary bank credit lies in the good judgment of the individual bankers in the 15,000 banks in the United States. The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the prices of consumers' goods. It cannot call additional goods into existence. It is imperative, therefore, that efforts be made to restrain the demand for scarce goods until supply approaches demand.

It has been urged that the volume of consumer credit, despite its unprecedentedly high level, is lower in proportion to incomes than was the case immediately before the war. This is true, but I do not consider that it is relevant to the immediate problem. The relevant question now is not how much consumer credit the country can bear, but how little it can do with, since, at the present time, any addition to consumer credit adds to the already strong pressure of inflationary forces. I submit, therefore, that an expansion of consumer credit of the magnitude which has occurred since November 1 is not in the national interest, and that it justifies the reimposition at the present time of

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Total consumer credit outstanding at the end of May reached an all-time peak of $13,800,000,000. This is an increase of $1,750,000,000 since the expiration of control legislation on November 1 of last year.

The increased use of consumer credit in a period of inflationary pressures can only add to those pressures. As we all know, the curtailment of the production of consumer goods during the war period gave rise to a tremendous deferred demand for such goods. And, despite the fact that industrial production since the end of the war has reached the highest level ever attained during peacetime, we have not yet been able to produce enough goods to satisfy this deferred demand. There are still many important shortages of goods. But with production near capacity levels, purchasing power made available by consumer loans can be used only to bid up to the Trading with the Enemy Act. In June 1947, President Truman quite properly stated that he did not consider that he would be justified in continuing the control of consumer credit longer under the authority of legislation applicable primarily to a wartime emergency, and recommended that Congress pass specific legislation authorizing such control. Congress acted on this recommendation last summer, but the legislation then enacted extended the authority of the Board of Governors only to November 1, 1947. Since that date, no Federal agency has had statutory authority to control consumer credit. The Senate passed a bill on December 17, to extend the authority of the Board of Governors to March 15, 1949, but the House of Representatives has not yet taken action. I believe that it is urgent in the national welfare that consumer credit control legislation be enacted as soon as possible.

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second and third points of the President's program -- namely, the regulation of consumer credit and the control of inflationary bank credit. While these two items are important in the anti-inflationary program, we must keep in mind that they are but segments of the over-all problem and must be treated in their relation to other dominant factors bearing more directly on the cost-of-living.

Title I would implement the second point of the President's message, which reads as follows: "I recommend that consumer credit controls be restored in order to hold down inflationary credit."

During the war and the immediate postwar period, the extension of consumer credit was controlled by the Board of Governors of the Federal Reserve System, acting in accordance with an Executive Order of the President, issued pursuant

~~[illegible]~~ Secretary Snyder's Statement
on Inflation Control Before the ~~Banking and Currency Committee of the House of Representatives~~
Senate Banking and Currency Committee
July 30, 1948

Mr. Chairman and members of the Committee: I am glad to respond to your invitation to appear before this Committee, and to support ~~H.R.~~ S. 2910. The passage of this bill would strike a major blow against inflation.

The control of inflation is not only one of the most important domestic issues before the country today, it is also of vital significance to our foreign policy for it is well-known that influences of certain groups are depending upon an economic collapse in this country to further their own aims.

The President, in his message, outlined an eight-point program for a concerted attack on the problem of high prices. The Treasury Department is directly concerned with Titles I and II of ~~H.R.~~ S. 2910, which deal, respectively, with the

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TREASURY DEPARTMENT

Washington

Secretary Snyder's Statement
on Inflation Control Before the
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It has been urged that the volume of consumer credit, despite its unprecedentedly high level, is lower in proportion to incomes than was the case immediately before the war. This is true, but I do not consider that it is relevant to the immediate problem. The relevant question now is not how much consumer credit the country can bear, but how little it can do with, since, at the present time, any addition to consumer credit adds to the already strong pressure of inflationary forces. I submit, therefore, that an expansion of consumer credit of the magnitude which has occurred since November 1 is not in the national interest, and that it justifies the reimposition at the present time of moderate controls on the extension of installment credit, which has accounted for 85 percent of the total increase in consumer credit since November 1.

At this point, Mr. Chairman, I would like to quote from testimony which I gave to two committees here last fall, only to indicate that I have from the beginning urged this type of legislation. I am now quoting from testimony given before the House Committee last fall, and before the Joint Economic Committee:

"Anti-inflationary measures which may be taken in the monetary field are of course but a segment of the whole program, and could not, by any means, solve the problem alone. But such steps as can be taken when related to those in other fields will of course be helpful in the overall solution.

"The President is greatly disturbed in regard to price inflation, which threatens our whole economic structure, and he is convinced that the Congress is equally concerned.

"The President has laid special emphasis on voluntary actions on the part of businessmen, labor leaders, farmers, and consumers to hold prices down. Intensified efforts will be continued to obtain voluntary restraint. Certain powers are necessary, however, to fortify the voluntary efforts.

"The President has suggested that consideration be given to the following monetary measures: one, that Consumer Credit Controls should be restored and some restraint should be placed on inflationary bank credit; two, Legislation should be provided to prevent excessive speculation on the Commodity Exchanges; three, intensified activity in the sale of savings bonds. . * * * * *

"As to item one, 'Restoration of Consumer Credit Controls' and 'Restraint on Inflationary Bank Credit', these matters have been discussed by Federal Reserve officials. As to consumer credit controls, I am in favor of their restoration.

"The most effective types of credit control are those which strike at the individual forms of credit extension which are contributing to inflationary pressures. The most important single form of such credit extension at the present time is in consumer credit.

"Total consumer credit outstanding at the end of September reached an all-time peak of $11,400,000,000. At the end of 1945, it amounted to only $6,600,000,000. Prior to December 1946, total consumer loans outstanding at any one time had never reached the $10,000,000,000 level.

"This increased use of consumer credit in the present period of inflationary pressures can only add to those pressures. As we all know, the curtailment of the production of consumer goods during the war period gave rise to a tremendous deferred demand for such goods. As we all know, despite the fact that industrial production during 1947 has reached the highest level ever attained during peacetime, we have not yet been able to produce enough goods to satisfy this deferred demand. There still exist many important shortages of goods. But with production near capacity levels, purchasing power made available by consumer loans can be used only to bid up prices of consumers' goods, not to purchase more goods. It is imperative, therefore, that efforts be made to restrain the demand for scarce goods until supply approaches demand.

"Money market interest rates form a small part of the total cost of consumer credit, and changes in such rates are almost powerless to limit its extension. It is necessary to cover specifically by regulation such matters as minimum down payments and the maximum periods over which payments may be spread on installment purchases of consumers' goods in order to restrain this type of inflationary credit."

Title II of S. 2910 would implement the third point in the President's message. This point reads as follows: "I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit." The expansion of bank credit, except in the fields of consumer and real estate financing, has not, in my opinion, been a major contributing force to present inflationary pressures. We must, however, attack the problem of inflation on all fronts.

As this Committee knows, I have always believed that our chief reliance for the control of inflationary bank credit lies in the good judgment of the individual bankers in the 15,000 banks in the United States. The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks, representing the Federal and State supervisory authorities, have urged bankers to confine the extension of bank credit under existing conditions, as far as possible, to loans that would help production, rather than increase consumer demands. The banks, in general, have been most cooperative. I should like to take this occasion to commend their public spirit, and particularly to commend the American Bankers Association for its program to secure the maximum voluntary curtailment in the extension of bank credit.

But, in the present situation, I think that it is clear that prudence requires that additional instruments — to supplement the voluntary action of the bankers — be placed in the hands of the Federal Reserve System.

At this point I would like to refer to some previous testimony before two committees of the Congress last November:

"In reference to the second part of item 1 'Some restriction should be placed on inflationary bank credit', this is a matter under the jurisdiction of the Board of Governors of the Federal Reserve System which has the responsibility for overall bank credit control. Mr. Eccles has discussed this matter with you in considerable detail. He and I have discussed it together on a number of occasions and we are entirely in agreement that the objective is fundamental to the inflation control program."

In order again to clarify the background of the legislative history, I would like to inject here a statement by the Chairman of the Federal Reserve Board on December 10th at the conclusion of the hearings that were conducted at that time:

"In view of the fact that some of the press has emphasized a difference in viewpoint between Secretary Snyder and myself in regard to the Board's so-called special reserve proposal, I would like to take this opportunity to clarify the record. I have discussed the matter with the Secretary. The fact is that the area of agreement between us is much more complete than has been represented. Such difference as exists is in evaluating the degree of restraint on inflationary expansion of bank credit that would be exerted by the special reserve requirement. He has expressed to this Committee some doubt as to its effectiveness. I am more sanguine about it. We both feel that whether the special reserve is needed at all or whether some stronger measure of restraint may be needed next year depends on factors which cannot be determined in advance with certainty at this time. We are in full agreement:

"1. That the most effective anti-inflationary measure has been and should continue to be a vigorous fiscal program to insure the largest possible budgetary surplus consistent with the Government's obligations at home and abroad.

"2. That coupled with an intensified savings bond campaign, the program accomplishes two vital purposes. To the extent that savings of the public are invested in savings bonds, spendable funds are taken out of the market place at this time of excessive demand and insufficient supply and can be used to pay off maturing debt held by the banking system. Likewise, a budgetary surplus can be used to reduce bank-held debt. Both measures reverse the process by which the money supply was increased during the war and are effective anti-inflationary influences.

"3. That the program which the Treasury and the Open Market Committee have been pursuing during the year has been effective and will continue to exert restraint during the next few months, when the Treasury will continue to have a substantial cash balance that can be used to reduce bank-held public debt.

"4. That some additional restraint may be expected as a result of the joint statement of Federal and State bank supervisory authorities cautioning banks against overextension and inflationary lending.

"5. That the problem will present a different phase when current debt-payment operations are no longer available. If it appears that other restrictive steps are needed, increased reserve requirements or possibly some stronger measure may be necessary.

"6. That this will depend on the course of events and in part upon self-imposed restraint by the banking community, which has gained a broader understanding of the problem as a result of discussions before Congress and in the press.

"7. That the Board's proposal is not in any sense a substitute for but a supplement to the fiscal program and direct action on other fronts where inflationary forces are generated but cannot be corrected by monetary and fiscal policy alone.

"8. That under present and prospective conditions it is essential to maintain the established 2-1/2 per cent rate on long-term marketable Government securities.

"9. That restraints should be reinstated on installment credit.

"The area of disagreement, therefore, narrows down to whether the special reserve would be appropriate if additional measures prove necessary to limit the now unrestricted access of the banking system to reserves upon which a multiple expansion of bank credit can be built."

I go back to my testimony before the other committees:

"I would like to point out that I have a positive feeling that the major objective at this time is to maintain the fiscal soundness of the Government and the continued confidence of the public in Government obligations. I feel that the attack on the problem can best be handled by the application of a substantial budget surplus to the reduction of the public debt in the manner which will extinguish an equivalent amount of bank-held government securities. * * * * "

I go back now to my prepared testimony. To repeat one sentence: "In the present situation, I think that it is clear that prudence requires that additional instruments -- to supplement the voluntary action of the bankers -- be placed in the hands of the Federal Reserve System."

The legislation before your Committee would accomplish this objective. It authorizes the Board of Governors of the Federal Reserve System to increase member bank reserve requirements against demand deposits by 10 percentage points and against time deposits by 4 percentage points. These permissible increases would be in addition to the existing statutory maxima, and could be applied flexibly to demand deposits in general, or to those in banks in central reserve cities, in reserve cities, or in other places, separately; or to time deposits, as required. The bill provides that these changes in reserve requirements shall not continue in effect beyond June 30, 1950.

The situation -- which has changed, Mr. Chairman, since my brief previous testimony -- is the fact that we no longer have the prospects of a surplus for the Treasury to use against inflationary pressures.

Reserve requirements, at the present time, are at their statutory maxima for time deposits in all banks, and for demand deposits in all banks except those in central reserve cities. The present reserve requirement for demand deposits in banks in central reserve cities is 24 percent, as compared with a statutory maximum of 26 percent.

The only remaining authority of the Board of Governors to tighten credit conditions through the medium of increasing reserve requirements, applies, therefore, to banks located in central reserve cities. But these banks have shown the least credit expansion in the recent past of any class of bank. It is clear, consequently, that the remaining power of the Board of Governors to increase reserve requirements is not well suited to the nature of the problem which now confronts us. The proposed legislation would remedy this by providing the Board of Governors with authority to cope with the excessive expansion of bank credit -- whenever this may best be done by the required reserve method -- in the class of bank where such control seems most needed.

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Immediate

IMMEDIATE RELEASE
Monday, August 2, 1948

No. S-807

Secretary Snyder today issued the following statement:

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The Treasury Department, of which the United States Coast Guard is a part, is gratified at the action of President Truman [redacted] in proclaiming August 4 "Coast Guard Day."

This added recognition of the Coast Guard as one of the outstanding services of our nation is richly deserved.

I am sure that the President's tribute, and the annual observances of the day in accordance with the proclamation, will inspire the Coast Guard to even greater effort in its missions of maritime safety, military preparedness, and many other important responsibilities.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, August 3, 1948.

5-808

The Secretary of the Treasury announced last evening that the tenders for $800,000,000, or thereabouts, of 91-day Treasury bills to be dated August 5 and to mature November 4, 1948, which were offered July 30, 1948, were opened at the Federal Reserve Banks on August 2.

The details of this issue are as follows:

Total applied for - $1,707,403,000
Total accepted - 802,692,000 (includes $43,669,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.997% per annum

Range of accepted competitive bids:

High - 99.760 Equivalent rate of discount approx. 0.949% per annum
Low - 99.747 " " " " " 1.001% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 9,066,000	$ 8,706,000
New York	1,309,151,000	546,991,000
Philadelphia	26,492,000	16,124,000
Cleveland	36,828,000	29,578,000
Richmond	5,695,000	3,535,000
Atlanta	7,382,000	7,382,000
Chicago	138,336,000	92,747,000
St. Louis	3,343,000	3,199,000
Minneapolis	4,470,000	3,318,000
Kansas City	9,720,000	9,144,000
Dallas	7,160,000	7,088,000
San Francisco	149,760,000	74,880,000
TOTAL	$1,707,403,000	$802,692,000

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August 2, 1948

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Reserve requirements, at the present time, are at their statutory maxima for time deposits in all banks, and for demand deposits in all banks except those in central reserve cities. The present reserve requirement for demand deposits in banks in central reserve cities is 24 percent, as compared with a statutory maximum of 26 percent.

The only remaining authority of the Board of Governors to tighten credit conditions through the medium of increasing reserve requirements, applies, therefore, to banks located in central reserve cities. But these banks have shown the deficits were part of the price of winning the war and were incurred despite an eightfold increase in our tax receipts as compared with the period immediately preceding the war. The debt can be reduced -- and the process which attended its creation reversed -- only by continuing budget surpluses.

Unfortunately, as a result both of the tax reduction bill and of the increased foreign aid and defense expenditures made necessary by the tense international situation, we no longer have a budget surplus at our disposal as a weapon for combating inflationary pressures. In the fiscal-monetary area, we must, therefore, lean to an increasing extent upon other measures for the restriction of bank credit.

The legislation before your Committee is born of this necessity. It authorizes the Board of Governors of the Federal Reserve System to increase member bank reserve requirements against demand deposits by 10 percentage points and against time deposits by 4 percentage points. These permissible

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reduction occurred in bank-held securities, but an additional $3,500,000,000 of securities have been transferred from bank to nonbank ownership.

In the course of conducting this program, there have been periods when our immediate objective has been to restrain price increases in Government securities, and other periods in which the long-term Government security market has been supported. The degree of stability which these operations have imparted to the whole high-grade security market has been of major benefit to the business community.

During the heavy tax-collection period of January, February, and March of this year, we had a budget surplus of over $6,000,000,000. Part of this was used to retire debt, and part was saved for the lean tax-collection months.

Our present heavy debt, with the resultant addition to the money supply and to the stock of liquid assets, was created, for the most part, as a result of our wartime deficits. These

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secure the maximum voluntary curtailment in the extension of bank credit.

But, in the present situation, I think it is clear that prudence requires that additional instruments -- to supplement the voluntary action of the bankers -- be placed in the hands of the Federal Reserve System.

At this point I would like to quote again from my testimony on inflation control last November:

> "I would like to point out that I have a positive feeling that the major objective at this time is to maintain the fiscal soundness of the Government and the continued confidence of the public in Government obligations. I feel that the attack on the problem can best be handled by the application of a substantial budget surplus to the reduction of the public debt in the manner which will extinguish an equivalent amount of bank-held government securities. Since the end of the war, the Treasury has conducted its program of debt management in such a way as to reduce inflationary pressures whenever possible by paying off bank-held securities."

I believe that we have reason to be proud of the manner in which this program has been conducted. The debt has been reduced by ~~over~~ about $26,500,000,000 since the postwar peak reached at the end of February 1946. Not only has the whole of this

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real estate financing, has not, in my opinion, been a major contributing force to present inflationary pressures. We must, however, attack the problem of inflation on all fronts.

I have always believed that our chief reliance for the control of inflationary bank credit lies in the good judgment of the individual bankers in the 15,000 banks in the United States. The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks, representing the Federal and State supervisory authorities, have urged bankers to confine the extension of bank credit under existing conditions, as far as possible, to loans that would help production, rather than increase consumer demands. The banks, in general, have been most cooperative. I should like to take this occasion to commend their public spirit, and particularly to commend the American Bankers Association for its program to

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At the end of 1945, it amounted to only $6,600,000,000. Prior to December 1946, total consumer loans outstanding at any one time had never reached the $10,000,000,000 level.

"This increased use of consumer credit in the present period of inflationary pressures can only add to those pressures. As we all know, the curtailment of the production of consumer goods during the war period gave rise to a tremendous deferred demand for such goods. As we all know, despite the fact that industrial production during 1947 has reached the highest level ever attained during peacetime, we have not yet been able to produce enough goods to satisfy this deferred demand. There still exist many important shortages of goods. But with production near capacity levels, purchasing power made available by consumer loans can be used only to bid up prices of consumers' goods, not to purchase more goods. It is imperative, therefore, that efforts be made to restrain the demand for scarce goods until supply approaches demand.

"Money market interest rates form a small part of the total cost of consumer credit, and changes in such rates are almost powerless to limit its extension. It is necessary to cover specifically by regulation such matters as minimum down payments and the maximum periods over which payments may be spread on installment purchases of consumers' goods in order to restrain this type of inflationary credit."

Title II of H.R. 7062 would implement the third point in the President's program. This point reads as follows: "I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit." The expansion of bank credit, except in the fields of consumer and before your Committee, and before the Joint Committee on the Economic Report:

"Anti-inflationary measures which may be taken in the monetary field are of course but a segment of the whole program, and could not, by any means, solve the problem alone. But such steps as can be taken when related to those in other fields will of course be helpful in the overall solution.

"The President is greatly disturbed in regard to price inflation, which threatens our whole economic structure, and he is convinced that the Congress is equally concerned.

"The President has laid special emphasis on voluntary actions on the part of businessmen, labor leaders, farmers, and consumers to hold prices down. Intensified efforts will be continued to obtain voluntary restraint. Certain powers are necessary, however, to fortify the voluntary efforts.

"The President has suggested that consideration be given to the following monetary measures: one, that Consumer Credit Controls should be restored and some restraint should be placed on inflationary bank credit; two, Legislation should be provided to prevent excessive speculation on the Commodity Exchanges; three, intensified activity in the sale of savings bonds. . . .

"As to item one, Restoration of Consumer Credit Controls and Restraint on Inflationary Bank Credit, these matters have been discussed by Federal Reserve officials. As to consumer credit controls, I am in favor of their restoration.

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to incomes than was the case immediately before the war. This is true, but I do not consider that it is relevant to the immediate problem. The relevant question now is not how much consumer credit the country can bear, but how little it can do with; since, at the present time, any addition to consumer credit adds to the already strong pressure of inflationary forces. I submit, therefore, that an expansion of consumer credit of the magnitude which has occurred since November 1 is not in the national interest, and that it justifies the reimposition at the present time of moderate controls on the extension of installment credit, which has accounted for over 80 percent of the total increase in consumer credit since November 1.

At this point, Mr. Chairman, I would like to quote from testimony which I gave to two Congressional committees last fall. I do this only to indicate that I have from the beginning urged this type of legislation. I gave this testimony last fall

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legislation on November 1 of last year.

The increased use of consumer credit in a period of inflationary pressures can only add to those pressures. As we all know, the curtailment of the production of consumer goods during the war period gave rise to a tremendous deferred demand for such goods. And, despite the fact that industrial production since the end of the war has reached the highest level ever attained during peacetime, we have not yet been able to produce enough goods to satisfy this deferred demand. There are still many important shortages of goods. But with production near capacity levels, purchasing power made available by consumer loans can be used only to bid up prices of consumers' goods. It cannot call additional goods into existence. It is imperative, therefore, that efforts be made to restrain the demand for scarce goods until supply approaches demand.

It has been urged that the volume of consumer credit, despite its unprecedentedly high level, is lower in proportion

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justified in continuing the control of consumer credit longer under the authority of legislation applicable primarily to a wartime emergency, and recommended that Congress pass specific legislation authorizing such control. Congress acted on this recommendation last summer, but the legislation then enacted extended the authority of the Board of Governors only to November 1, 1947. Since that date, no Federal agency has had statutory authority to control consumer credit. The Senate passed a bill on December 17, to extend the authority of the Board of Governors to March 15, 1949, but the House of Representatives has not yet taken action. I believe that it is urgent in the national welfare that consumer credit control legislation be enacted as soon as possible.

Total consumer credit outstanding at the end of June reached an all-time peak of $14,150,000,000. This is an increase of over $2,000,000,000 since the expiration of control

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namely, the regulation of consumer credit and the control of inflationary bank credit. While these two items are important in the anti-inflationary program, we must keep in mind that they are but segments of the over-all problem and must be treated in their relation to other dominant factors bearing more directly on the cost-of-living.

Title I would implement the second point of the President's program, which reads as follows: "I recommend that consumer credit controls be restored in order to hold down inflationary credit."

During the war and the immediate postwar period, the extension of consumer credit was controlled by the Board of Governors of the Federal Reserve System, acting in accordance with an Executive Order of the President, issued pursuant to the Trading with the Enemy Act. In June 1947, President Truman quite properly stated that he did not consider that he would be

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~~Draft of Secretary Snyder's~~ Statement on
Inflation Control Before the House
Banking and Currency Committee
Wed., August 4, 1948

Mr. Chairman and members of the Committee: It is a privilege to appear before this Committee in support of H. R. 7062. The passage of this bill would strike a major blow against inflation.

The control of inflation is not only one of the most important domestic issues before the country today, it is also of vital significance to our foreign policy for it is well-known that influences of certain groups are depending upon an economic collapse in this country to further their own aims.

The President, in his message of July 27, outlined an eight-point program for a concerted attack on the problem of high prices. The Treasury Department is directly concerned with Titles I and II of H. R. 7062, which deal, respectively, with the second and third points of the President's program --

TREASURY DEPARTMENT
Washington

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The President, in his message of July 27, outlined an eight-point program for a concerted attack on the problem of high prices. The Treasury Department is directly concerned with Titles I and II of H. R. 7062, which deal, respectively, with the second and third points of the President's program -- namely, the regulation of consumer credit and the control of inflationary bank credit. While these two items are important in the anti-inflationary program, we must keep in mind that they are but segments of the over-all problem and must be treated in their relation to other dominant factors bearing more directly on the cost-of-living.

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The increased use of consumer credit in a period of inflationary pressures can only add to those pressures. As we all know, the curtailment of the production of consumer goods during the war period gave rise to a tremendous deferred demand for such goods. And, despite the fact that industrial production since the end of the war has reached the highest level ever attained during peacetime, we have not yet been able to produce enough goods to satisfy this deferred demand. There are still many important shortages of goods. But with production near capacity levels, purchasing power made available by consumer loans can be used only to bid up prices of consumers' goods. It cannot call additional goods into existence. It is imperative, therefore, that efforts be made to restrain the demand for scarce goods until supply approaches demand.

It has been urged that the volume of consumer credit, despite its unprecedentedly high level, is lower in proportion to incomes than was the case immediately before the war. This is true, but I do not consider that it is relevant to the immediate problem. The relevant question now is not how much consumer credit the country can bear, but how little it can do with; since, at the present time, any addition to consumer credit adds to the already strong pressure of inflationary forces. I submit, therefore, that an expansion of consumer credit of the magnitude which has occurred since November 1 is not in the national interest, and that it justifies the reimposition at the present time of moderate controls on the extension of installment credit, which has accounted for over 80 percent of the total increase in consumer credit since November 1.

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"Money market interest rates form a small part of the total cost of consumer credit, and changes in such rates are almost powerless to limit its extension. It is necessary to cover specifically by regulation such matters as minimum down payments and the maximum periods over which payments may be spread on installment purchases of consumers' goods in order to restrain this type of inflationary credit."

Title II of H. R. 7062 would implement the third point in the President's program. This point reads as follows: "I recommend that the Federal Reserve Board be given greater authority to regulate inflationary bank credit." The expansion of bank credit, except in the fields of consumer and real estate financing, has not, in my opinion, been a major contributing force to present inflationary pressures. We must, however, attack the problem of inflation on all fronts.

I have always believed that our chief reliance for the control of inflationary bank credit lies in the good judgment of the individual bankers in the 15,000 banks in the United States. The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Executive Committee of the National Association of Supervisors of State Banks, representing the Federal and State supervisory authorities, have urged bankers to confine the extension of bank credit under existing conditions, as far as possible, to loans that would help production, rather than increase consumer demands. The banks, in general, have been most cooperative. I should like to take this occasion to commend their public spirit, and particularly to commend the American Bankers Association for its program to secure the maximum voluntary curtailment in the extension of bank credit.

But, in the present situation, I think it is clear that prudence requires that additional instruments -- to supplement the voluntary action of the bankers -- be placed in the hands of the Federal Reserve System.

At this point I would like to quote again from my testimony on inflation control last November:

> "I would like to point out that I have a positive feeling that the major objective at this time is to maintain the fiscal soundness of the Government and the continued confidence of the public in Government obligations. I feel that the attack on the problem can best be handled by the application of a substantial budget surplus to the reduction of the public debt in the manner which will extinguish an equivalent amount of bank-held government securities. Since the end of the war, the Treasury has conducted its program of debt management in such a way as to reduce inflationary pressures whenever possible by paying off bank-held securities."

I believe that we have reason to be proud of the manner in which this program has been conducted. The debt has been reduced by about $26,500,000,000 since the postwar peak reached at the end of February 1946. Not only has the whole of this reduction occurred in bank-held securities, but an additional $3,500,000,000 of securities have been transferred from bank to nonbank ownership.

In the course of conducting this program, there have been periods when our immediate objective has been to restrain price increases in Government securities, and other periods in which the long-term Government security market has been supported. The degree of stability which these operations have imparted to the whole high-grade security market has been of major benefit to the business community.

During the heavy tax-collection period of January, February, and March of this year, we had a budget surplus of over $6,000,000,000. Part of this was used to retire debt, and part was saved for the lean tax-collection months.

Our present heavy debt, with the resultant addition to the money supply and to the stock of liquid assets, was created, for the most part, as a result of our wartime deficits. These deficits were part of the price of winning the war and were incurred despite an eightfold increase in our tax receipts as compared with the period immediately preceding the war. The debt can be reduced -- and the process which attended its creation reversed -- only by continuing budget surpluses.

Unfortunately, as a result both of the tax reduction bill and of the increased foreign aid and defense expenditures made necessary by the tense international situation, we no longer have a budget surplus at our disposal as a weapon for combating inflationary pressures. In the fiscal-monetary area, we must, therefore, lean to an increasing extent upon other measures for the restriction of bank credit.

The legislation before your Committee is born of this necessity. It authorizes the Board of Governors of the Federal Reserve System to increase member bank reserve requirements against demand deposits by 10 percentage points and against time deposits by 4 percentage points. These permissible increases would be in addition to the existing statutory maxima, and could be applied flexibly to demand deposits in general, or to those in banks in central reserve cities, in reserve cities, or in other places, separately; or to time deposits, as required. The bill provides that these changes in reserve requirements shall not continue in effect beyond June 30, 1950.

Reserve requirements, at the present time, are at their statutory maxima for time deposits in all banks, and for demand deposits in all banks except those in central reserve cities. The present reserve requirement for demand deposits in banks in central reserve cities is 24 percent, as compared with a statutory maximum of 26 percent.

The only remaining authority of the Board of Governors to tighten credit conditions through the medium of increasing reserve requirements applies, therefore, to banks located in central reserve cities. But these banks have shown the least credit expansion in the recent past of any class of bank. It is clear, consequently, that the remaining power of the Board of Governors to increase reserve requirements is not well suited to the nature of the problem which now confronts us. The proposed legislation would remedy this by providing the Board of Governors with authority to cope with the excessive expansion of bank credit -- whenever this may best be done by the required reserve method -- in the class of bank where such control seems most needed.

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Williams specialized in the robbery of safes in grammar schools, high schools and colleges from coast to coast, which had yielded more than $50,000 in Savings Bonds alone. He was wanted for Burglary in several states, notably in Texas where he had shot a police officer who surprised him in the act of pilfering a safe. Both Williams and Bowman are awaiting trial under bonds of $25,000 each.

In Washington, D. C., another bond thief and forger was convicted by the weather. Francis M. O'Neill, accused of stealing $1,250 worth of Government bonds from the home of their owner, denied his guilt and produced seven alibi witnesses to testify at his trial. All of these witnesses swore that on December 26, the day the stolen bonds were negotiated, they played football with O'Neill in Arlington, Virginia, and that the day was clear and the playing field dry.

A check with the Weather Bureau revealed that more than four inches of snow fell in Washington on December 25th; that December 26th was wet and sloppy, with at least two inches of the snow remaining on the ground. The jury returned a verdict of guilty and O'Neill drew a sentence of 16 months to 4 years.

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810

The theft of the blank checks was quickly uncovered and with the cooperation of the Los Angeles Police Department radio and teletype alarms, containing a description of the car, were issued.

Early the following morning, less than twelve hours after the Secret Service learned of the theft and forgery, the Marine was arrested by Las Vegas, Nevada, police, along with the new car and two of the blank checks. Cash in his possession was prorated among his victims, unused merchandise was returned and the actual loss incurred by the one-man crime wave amounted to less than $100. The Marine private is awaiting court-martial proceedings.

The routine investigation of a bond forgery case developed into a stranger-than-fiction detective story. Secret Service agents from Los Angeles set out to ask Roy L. Bowman, gas station proprietor at Madera, California, what he knew, if anything, about several U. S. Savings Bonds stolen in Avondale, Colorado, during a safe burglary in 1946. No sooner had the Treasury men identified themselves and started routine questioning than Bowman interrupted them: "Okay, boys, I knew you'd catch up with me as soon as you nabbed Billy Williams." He then voluntarily confessed to the forgery of $2,600 in bonds given to him by Williams, a man previously unknown to the Secret Service.

The agents let Bowman believe that his confederate in crime was in custody, and then started a search with nothing but a name~~, which can easily be changed,~~ to guide them. After a tedious canvassing of California motels and tourist camps, Williams and his seventeen-year-old wife were arrested in Fresno.

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810

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Coin counterfeiting was negligible, with seizures totaling only $8,473. One such case in Seattle, Washington, resulted in the arrest by police officers of Nathan W. Carter and Josel A. Larson. Carter admitted to agents that he had made about 80 counterfeit 50-cent pieces, having been assisted by a parole violator who is now being sought. All three men have been indicted for making and passing the half-dollars.

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A record for fast action was established in a case involving the theft of five blank Government checks from the Marine Base at San Diego, California, last March. A private first-class, who was on guard duty near the bases's disbursing office, went AWOL with the blanks. He used one check to buy jewelry and to charter a plane to Los Angeles where he wrote another for $3,900 to pay for a large sedan costing $3,085. After accepting the check, the automobile dealer became suspicious and called the Secret Service.

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The past year brought the solution of a 15-year-old Secret Service riddle - "who was the 'lone wolf' who had managed to pass more than 5,000 fake $1 bills in New York City since 1932?" Hazy descriptions of the counterfeiter, and the methodical technique he had employed in passing his product led the Secret Service to surmise that he was an elderly German of small means. The long trail finally led to a $25-a-month apartment, jammed with indescribable junk, at 204 West 96th Street, where Emerich Juettner, alias Edward Muller, was placed under arrest. The 72-year-old German-American has been indicted by a Federal Grand Jury in New York as the elusive maker of the $1 bills, and is now awaiting trial. Negatives and plates for the counterfeits, together with a printing press and photographic equipment, were captured in Juettner's cluttered living quarters.

On June 2 Federal Judge Philip Sullivan terminated the largest domestic counterfeiting case of the year when he sentenced the seven defendants involved in the conspiracy to prison terms ranging from two to ten years each. This gang, which was rounded up by Secret Service agents in Chicago, had manufactured more than half a million dollars in fake $5, $10, $20 and $50 bills. Investigators seized $365,000 in counterfeits and determined that almost an equal amount had been burned.

Another counterfeiter who set up his plant in a hotel room was arrested by agents in Detroit, Michigan, for manufacturing a $10 Federal Reserve note. The maker, Cary C. Young, was betrayed by the characteristics of his workmanship. He had been arrested and convicted months earlier for manufacturing $5 bills, and a Secret Service analysis of the new $10 counterfeit marked it as Young's product. Prior to his arrest agents took into custody one Ruth Lewis who passed several of the counterfeits, but who refused to furnish

510

Domestic counterfeiting, the report continued, also increased, but not to an alarming extent. Of a total of $747,434 in bills and coins captured in the United States during the fiscal year, $644,785 was seized before it could be passed. Bills and coins passed on storekeepers and others reached the total of $145,214, including the $42,566 of foreign origin.

The Secret Service arrested 2,278 persons during the year, including 158 for counterfeiting, and 1,964 for check and bond forgery. It received a total of 48,831 cases for investigation and closed 45,621.

Among the arrests on charges of counterfeiting were nine men in Florida and Georgia, who also proved to be stolen car racketeers. After an intensive investigation, agents placed in custody all members of the gang, and seized nearly $60,000 in counterfeit notes together with a quantity of stolen New Jersey auto registration certificates. On June 22 in Jacksonville, Florida, all defendants were sentenced to terms ranging from 3 to 7 years in Federal prison. A novel aspect of this case was the use of an airplane by Secret Service agents, since one of the principals in the conspiracy was the owner of a private plane in which he made frequent flights during the course of the investigation.

In California three counterfeiters managed to pass one "homemade" $20 bill before they were arrested by Treasury men. In the residence of one of the men investigators captured fifty-seven additional $20 bills, together with face and reverse plates for the twenties and a set of plates for a new $5 bill not yet in production. The trio, already sentenced to long prison terms, had also negotiated 125 counterfeit State of California unemployment checks. The plates used in the printing of these checks were recovered by Secret Service agents during the investigation.

~~Proposed Press Release~~

Sunday Newspaper
August 8, 1948

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No. 5-810

Reporting on the activities of the United States Secret Service for the fiscal year ended June 30, 1948, Chief James J. Maloney today informed Secretary Snyder that seizures of counterfeit coin and currency during that period totaled more than $3,094,000. This total is the highest in a single year since the Secret Service was established in 1865.

By far the greatest enforcement problem of the Secret Service, however, involved thefts and forgeries of Government checks and United States Savings Bonds. More than 32,000 forged checks and 11,000 forged bonds were received for investigation during the year. The largest proportion of forged checks, Chief Maloney ~~points out~~ stated, were those covering income tax refunds, millions of which are issued annually by the Treasury Department. He urges taxpayers expecting refunds, and all others who regularly receive Government checks, to carefully watch their mail boxes, and asks merchants, banks and others who cash these checks to demand positive identification.

In summarizing the law enforcement accomplishments of his organization, Chief Maloney ~~stated~~ ~~pointed out~~ revealed pointed out that the record seizures of fake currency were attributable largely to the counterfeiting of United States money abroad, especially in France where American Secret Service agents and French police smashed a huge counterfeiting ring last fall. In a large plant near Marseilles the officers recovered $2,145,200 in fake United States currency, captured the plates from which it was printed, and arrested twelve counterfeiters who are now awaiting trial in the French courts.

Seizures made by Secret Service agents of other counterfeits of foreign origin totaled $201,596, of which only $42,566 reached circulation in the United States, largely through immigrants who purchased it in good faith abroad.

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE NEWSPAPERS No. S-810
Sunday, August 8, 1948

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THE SECRETARY OF DEFENSE
WASHINGTON

811

August 4, 1948

My dear Mr. Secretary:

On the 158th Anniversary of the establishment of the United States Coast Guard, I send congratulations and best wishes to the personnel of that Service for the valiant record which they have made, both in peace and in war.

The National Military Establishment joins me in felicitating the Coast Guard on passing another significant milestone.

Sincerely,

James Forrestal

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

S-811

Immediate Release
Wednesday, August 4, 1948

Secretary Snyder today made public the following letter from Secretary of Defense Forrestal, in regard to the 158th Anniversary of the United States Coast Guard:

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

IMMEDIATE RELEASE,
Wednesday, August 4, 1948.

No. S-811

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"Sincerely,

"JAMES FORRESTAL"

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

812

Reports once reached the Alcohol Tax Unit that North Carolina still operators also were using an airplane, in self defense. According to the reports they tried camouflaging their stills, and then viewed the result from the air to determine its effectiveness.

The Alcohol Tax Unit enforcement division locates and seizes a great many stills without the aid of aviation. Coast Guard flyers are called in to cover terrain which presents especial difficulties.

The 297 still seizures in combined operations during the spring months yielded 141,162 gallons of mash and 1,378 gallons of distilled spirits. But for the seizures, tax frauds totaling about $140,000 would have been perpetrated through bootleg sale of the stills' products. ~~The seizures were made in Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Alabama, Florida, Georgia and Mississippi.~~

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for bureau (per Henry Schneider)

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The Bureau of Internal Revenue announced today that combined air and ground operations against illicit distillers, conducted by the Alcohol Tax Unit with the aid of Coast Guard aviation, netted a spring "harvest" of 297 stills in 10 States. Eighty-one persons were arrested.

A single Coast Guard plane, which put in a total of 15 days' flying time over a period of approximately three months, was used to spot the stills. The plane carried an expert Alcohol Tax Unit observer who reported the finds by radio to ATU/~~agents~~ investigators on the ground.

Technique of the combined operations has been carefully worked out over a period of several years. The flying observer in a typical case gives the location of a still and reports the number of persons seen about it. The information is received on the ground by/~~agents~~ investigators in radio cars, who quickly surround the location. If it is necessary for the investigators to travel on foot, they equip themselves with "handy talkie" radio sets, and maintain communication with the plane through these.

If the operators of the still try to escape, the plane follows them and the observer guides the pursuing officers. In one instance ~~[illegible]~~ a flying observer saw a "moonshiner" take refuge in a country church, where investigators captured him.

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

RELEASE AFTERNOON NEWSPAPERS
Friday, August 6, 1948

No. S-812

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Sales in Special Offering of Series F and G Bonds (July 1-15)

813

~~FOR IMMEDIATE RELEASE, Wednesday, August 4, 1948.~~

Sales of ~~The Secretary of the Treasury today announced the results of the special offering~~ of Series F and Series G Savings Bonds [redacted] to institutional investors of certain classes during the period from July 1 through July 15, 1948, in amounts in excess of existing limitations, [redacted] were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	Series F	Series G	Total
Boston	$ 4,814,976.50	$125,427,700	$ 130,242,676.50
New York	38,485,161.50	256,091,600	294,576,761.50
Philadelphia	7,130,510.50	48,437,900	55,568,410.50
Cleveland	8,913,355.50	66,175,500	75,088,855.50
Richmond	8,833,935.00	47,178,300	56,012,235.00
Atlanta	4,488,433.00	33,554,000	38,042,433.00
Chicago	77,221,127.50	152,620,200	229,841,327.50
St. Louis	11,132,578.50	29,975,400	41,107,978.50
Minneapolis	28,231,222.00	34,377,300	62,608,522.00
Kansas City	24,763,082.50	44,848,700	69,611,782.50
Dallas	2,387,887.50	15,086,800	17,474,687.50
San Francisco	9,305,685.00	45,546,000	54,851,685.00
Treasury	- -	1,000,000	1,000,000.00
TOTAL	$225,707,955.00	$900,319,400	$1,126,027,355.00

Purchases were divided among the several investor classes as follows:

Classes of Investors	Series F	Series G	Total
Insurance companies	$ 22,325,485.50	$202,147,100	$ 224,472,585.50
Savings banks	4,649,679.00	148,125,000	152,774,679.00
Savings & loan associations & building & loan associations, & cooperative banks	3,677,948.00	26,173,300	29,851,248.00
Pension & retirement funds	41,515,313.50	188,311,600	229,826,913.50
Fraternal benefit associations	329,337.00	13,511,800	13,841,137.00
Endowment funds	2,015,778.50	46,820,900	48,836,678.50
Credit unions	101,010.00	27,800	128,810.00
Commercial & industrial banks	151,093,403.50	275,201,900	426,295,303.50
TOTAL	$225,707,955.00	$900,319,400	$1,126,027,355.00

813

by citizens, organizations and advertising and promotional media.

"Entire communities were mobilized to sell Savings Bonds. Newspapers, magazines and radio contributed about 12½ million dollars in advertising. The newest medium, television, also responded helpfully. Labor organizations, industrialists, bankers, retailers and the motion picture industry did their part in this great undertaking. The aid of the various national, fraternal, women's, veteran and service club organizations was similarly valuable.

"We can add to and consolidate the benefits secured from the drive -- benefits to ourselves and to our country -- by continuing to invest every available dollar in Savings Bonds."

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attachment goes with this

IMMEDIATE RELEASE
Thursday, August 5, 1948

20.5-813

Sales of United States Savings Bonds of Series E, F and G in the Security Loan Drive totaled $2,798,183,000, Secretary Snyder announced today.

Sales of Series F and G bonds in a special offering to certain institutional investors amounted to $1,126,027,000. Details are given on the attached page.

The drive's sales by issues, exclusive of the special offering sales, were as follows: Series E, $1,136,023,000; Series F and Series G combined, $536,133,000.

In announcing the final figures on the drive's results, Secretary Snyder said:

"The country has good reason to be well satisfied with the accomplishments of the Security Loan. This campaign was effective in stimulating our continuing efforts to increase participation in the payroll savings and bond-a-month plans for buying United States Savings Bonds. By investing $2,798,183,000 in Savings Bonds during the Security Loan, Americans helped protect their own future and helped maintain the nation's economic stability.

"The drive was a fine example of voluntary service

NOTE: Figures on this page are rounded to the nearest $1,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Thursday, August 5, 1948

No. S-813

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"The drive was a fine example of voluntary service by citizens, organizations and advertising and promotional media.

"Entire communities were mobilized to sell Savings Bonds. Newspapers, magazines and radio contributed about 12½ million dollars in advertising. The newest medium, television, also responded helpfully. Labor organizations, industrialists, bankers, retailers and the motion picture industry did their part in this great undertaking. The aid of the various national, fraternal, women's, veteran and service club organizations was similarly valuable.

"We can add to and consolidate the benefits secured from the drive — benefits to ourselves and to our country — by continuing to invest every available dollar in Savings Bonds."

NOTE: Figures on this page are rounded to the nearest $1,000.

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Sales in Special Offering of Series F and G Bonds (July 1-15)

Sales of Series F and Series G Savings Bonds to institutional investors of certain classes during the period from July 1 through July 15, 1948, in amounts in excess of existing limitations, were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	Series F	Series G	Total
Boston	$ 4,814,976.50	$125,427,700	$ 130,242,676.50
New York	38,485,161.50	256,091,600	294,576,761.50
Philadelphia	7,130,510.50	48,437,900	55,568,410.50
Cleveland	8,913,355.50	66,175,500	75,088,855.50
Richmond	8,833,935.00	47,178,300	56,012,235.00
Atlanta	4,488,433.00	33,554,000	38,042,433.00
Chicago	77,221,127.50	152,620,200	229,841,327.50
St. Louis	11,132,578.50	29,975,400	41,107,978.50
Minneapolis	28,231,222.00	34,377,300	62,608,522.00
Kansas City	24,763,082.50	44,848,700	69,611,782.50
Dallas	2,387,887.50	15,086,800	17,474,687.50
San Francisco	9,305,685.00	45,546,000	54,851,685.00
Treasury	- -	1,000,000	1,000,000.00
TOTAL	$225,707,955.00	$900,319,400	$1,126,027,355.00

Purchases were divided among the several investor classes as follows:

Classes of Investors	Series F	Series G	Total
Insurance companies	$ 22,325,485.50	$202,147,100	$ 224,472,585.50
Savings banks	4,649,679.00	148,125,000	152,774,679.00
Savings & loan associations & building & loan associations, & cooperative banks	3,677,948.00	26,173,300	29,851,248.00
Pension & retirement funds	41,515,313.50	188,311,600	229,826,913.50
Fraternal benefit associations	329,337.00	13,511,800	13,841,137.00
Endowment funds	2,015,778.50	46,820,900	48,836,678.50
Credit unions	101,010.00	27,800	128,810.00
Commercial & industrial banks	151,093,403.50	275,201,900	426,295,303.50
TOTAL	$225,707,955.00	$900,319,400	$1,126,027,355.00

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Thursday, August 5, 1948 TC - 13

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Wednesday, September 22. Secretary Snyder will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

OFFICE OF THE UNDER SECRETARY

Thursday, September 23. Under Secretary Edward H. Foley, Jr., will address the American Institute of Accountants, Chicago, Illinois.

OFFICE OF THE GENERAL COUNSEL

Monday, September 6. Thomas J. Lynch, General Counsel, will speak before the Real Property, Probate and Trust Law Section of the American Bar Association, at the Association's annual convention in Seattle, Washington.

Tuesday, September 28. Mr. Lynch will speak before a banquet meeting of the Tax Executives Institute, Mount Washington Hotel, Bretton Woods, New Hampshire.

COMPTROLLER OF THE CURRENCY

Monday through Saturday, August 2 to 7. Deputy Comptroller of the Currency C. B. Upham is serving as a member of the faculty of the Pacific Banking School being held at the University of Washington in Seattle.

Wednesday, September 22. Preston Delano, Comptroller of the Currency, will deliver a speech before the annual meeting of the National Association of Supervisors of State Banks, Louisville, Kentucky.

BUREAU OF INTERNAL REVENUE

Friday, August 20. Eldon P. King, Special Deputy Commissioner, will speak at the Palace of Peace, The Hague, Netherlands, at a meeting of the International Bar Association, August 20 to 22. Subject: "Fiscal Cooperation in Tax Treaties."

Thursday, August 19, 12:30 P.M. George J. Schoeneman, Commissioner of Internal Revenue, will be guest speaker at a luncheon meeting of the National Society of Public Accountants, Hotel Copley Plaza, Boston, Massachusetts.

UNITED STATES COAST GUARD

Thursday, August 5, 12:30 - 1 P.M. Rear Admiral Raymond T. McElligott, Chief, Office of Personnel, will speak on the Mutual Broadcasting System network broadcast of the Navy Band.

UNITED STATES COAST GUARD
(Continued)

Thursday, August 5, 5 - 5:15 P.M. Round table discussion by five Coast Guard officers, Columbia Broadcasting System, Station WTOP. Participating in the discussion are Captain Stephen H. Evans, Chief, Shore Units Division; Captain Edward C. Cleave, Chief, Merchant Vessel Inspection Division; Commander Guy L. Ottinger, Assistant Chief, Electronics Engineering Division; Lt. Commander Alexander W. Wuerker, Deputy Executive Assistant, Search and Rescue Agency; and Lt. Commander William R. Riedel, Assistant Chief, Shore Units Division.

Thursday, August 12. Admiral Joseph F. Farley, Commandant, will attend the annual meeting of trustees of the Woods Hole Oceanographic Institution, Woods Hole, Massachusetts.

Monday, August 30. Rear Admiral Ellis Reed-Hill, Engineer-in-Chief, will attend the Distinguished Guest banquet, and represent the Coast Guard at the 49th National Encampment of the Veterans of Foreign Wars, St. Louis, Missouri.

Thursday through Sunday, September 2 to 5. Rear Admiral Raymond T. McElligott, Chief, Office of Personnel, will attend the national convention of AMVETS, at Chicago, Illinois.

APPOINTMENTS, TRANSFERS AND RETIREMENTS

J. T. Baczenas has been appointed Chief of the Currency Redemption Division, Office of the Treasurer. He replaces Benton C. Gardner who retired July 31.

E. J. Kious has been appointed Assistant Chief, Division of General Accounts, Office of the Treasurer. He assumes the position left vacant by the retirement of L. V. Moore.

Stewart Berkshire, Assistant Commissioner of Internal Revenue, has transferred to San Francisco, California, where he will head the Pacific Division of the Bureau's Technical Staff.

Paul A. Hankins, Deputy Commissioner of Internal Revenue, has been assigned to the Atlanta, Georgia, office, where he will be in charge of Accounts and Collections for District No. 5.

Mrs. Frances B. Hansbrough, Bureau of Accounts, has retired after 25 years' Government service.

FIRE AND SAFETY COUNCIL

Paul McDonald, Chairman, announces that the Treasury Fire and Safety Council will hold a meeting in the Conference Room 4426, Monday, August 9, 10:30 A. M.

STATEMENTS AND RELEASES
(Available in Room 4408, Treasury)

Summary of Secret Service law enforcement activities during past fiscal year, for Sunday papers, August 8.

Release on results of the Security Loan Drive, conducted by the Savings Bond Division.

NOTE: Items for the Treasury Calendar may be phoned to the Information Service over extensions 2108, 2041; Internal Revenue extensions 650, 651; Coast Guard, Treasury extension 2993.

STATUTORY DEBT LIMITATION

AS OF July 31, 1948

TREASURY DEPARTMENT
Fiscal Service
Washington, August 4, 1948
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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, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 13,266,208,000		
Certificates of indebtedness	22,293,765,000		
Treasury notes	15,760,139,300	$ 51,320,112,300	
Bonds -			
Treasury	112,462,025,000		
Savings (current redemp.value)	54,606,591,036		
Depositary	329,965,000		
Armed Forces Leave	540,345,550		
Investment series	959,150,000	168,898,076,586	
Special Funds -			
Certificates of indebtedness	16,451,300,000		
Treasury notes	14,335,494,000	30,786,794,000	
Total interest-bearing		251,004,982,886	
Matured, interest-ceased		259,021,460	
Bearing no interest:			
War savings stamps	57,174,732		
Excess profits tax refund bonds	8,460,760		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series	65,785,000		
Internat'l Monetary Fund series	1,161,000,000	1,292,420,492	
Total		252,556,424,838	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	13,976,336		
Demand obligations: C.C.C.	36,533,784	50,510,120	
Matured, interest-ceased		4,678,375	
		55,188,495	
Grand total outstanding			252,611,613,333
Balance face amount of obligations issuable under above authority			22,388,386,667

Reconcilement with Statement of the Public Debt - July 31, 1948
(Daily Statement of the United States Treasury, (August 2, 1948)

Outstanding -	
Total gross public debt	253,373,752,027
Guaranteed obligations not owned by the Treasury	55,188,495
Total gross public debt and guaranteed obligations	253,428,940,522
Deduct - other outstanding public debt obligations not subject to debt limitation	817,327,189
	252,611,613,333

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AS OF JULY 31, 1948

August 5, 1948

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S-814

815

ALPHA

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.

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 12, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 12, 1948 (9). 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

~~Exhibit x~~

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Stewart

~~TREASURY DEPARTMENT~~
~~Washington~~

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, August 6, 1948.
(1)

No. 5-815

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000 (2), or thereabouts, of 92 (3)-day Treasury bills, for cash and in exchange for Treasury bills maturing August 12, 1948 (4), 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 12, 1948 (5), and will mature November 12, 1948 (6), 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/~~Standard~~ time, Monday, August 9, 1948 (7). 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

TREASURY DEPARTMENT

Information Service **WASHINGTON, D.C.**

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, 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 12, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 12, 1948. 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.

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TREASURY DEPARTMENT

INFORMATION SERVICE WASHINGTON D. C.

IMMEDIATE RELEASE No. S-816

Secretary of the Treasury Snyder announced today that as a further anti-inflationary move he is raising the rate on short-term Government securities.

Treasury certificates of indebtedness and notes maturing on October 1, 1948 will be refunded into a 1-1/4% one-year certificate of indebtedness; Treasury notes maturing on September 15, 1948 will be refunded into 1-3/8% Treasury notes maturing April 1, 1950.

The 2-1/2% partially tax-exempt Treasury bonds maturing in the amount of $451 million on September 15, 1948 will be paid off in cash.

The rate of interest on Treasury savings notes will also be adjusted. Details will be announced later. Treasury savings notes with the new rate will be available starting on September 1, 1948.

The Secretary said further that no change would be made in the Government's policy with regard to the long-term bonds.

TREASURY DEPARTMENT

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