U.S. Treasury Dept.

Press Releases

S-817

RELEASE, MORNING NEWSPAPERS,
Tuesday, August 10, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 92-day Treasury bills to be dated August 12 and to mature November 12, 1948, which were offered August 6, 1948, were opened at the Federal Reserve Banks on August 9.

The details of this issue are as follows:

Total applied for - $1,608,398,000
Total accepted - 906,388,000 (includes $49,943,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.745/ Equivalent rate of discount approx. 0.997% per annum

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

High - 99.754 Equivalent rate of discount approx. 0.963% per annum
Low - 99.744 " " " " " 1.002% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 10,015,000	$ 9,705,000
New York	1,278,923,000	652,963,000
Philadelphia	21,445,000	14,005,000
Cleveland	45,890,000	36,590,000
Richmond	5,968,000	4,728,000
Atlanta	3,754,000	3,754,000
Chicago	108,634,000	66,374,000
St. Louis	2,940,000	2,816,000
Minneapolis	3,870,000	3,684,000
Kansas City	30,079,000	30,079,000
Dallas	9,700,000	9,700,000
San Francisco	87,180,000	71,990,000
TOTAL	$1,608,398,000	$906,388,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Tuesday, August 10, 1948

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Kansas City	30,079,000	30,079,000
Dallas	9,700,000	9,700,000
San Francisco	87,180,000	71,990,000
TOTAL	$1,608,398,000	$906,388,000

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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 31, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to July 31, 1948 1/
United Kingdom.....	4,323,457	19,703	1,441,152	19,703
Canada.............	239,690	175,266	-	-
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	264,596	1,599,886	19,703

1/ Included in total imports, column 2.

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~~FOR~~ IMMEDIATE RELEASE
August ~~10~~, 1948
Wednesday 8-11

J-818

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 31 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 31, 1948	Imports Sept. 20, 1947, to July 31, 1948	Imports Sept. 20, 1947, to July 31, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	45,574,472	-
Peru	247,952	247,952	1,903,999	-
British India	2,003,483	20,422	-	42,876,627
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	42,876,627

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. (During period July 20 to 31, 1948, 1,116,187 pounds of cotton have been charged to the additional quota provided in President's Proclamation No. 2800.)
5/ Established quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, August 11, 1948

No. S-818

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 31, 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1947, to July 31, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1947, to July 31, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1947, to July 31, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	45,574,472	-
Peru	247,952	247,952	1,903,999	-
British India	2,003,483	20,422	-	42,876,627
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			
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Other British West Indies 1/	21,321			
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	14,516,882	10,245,480	45,656,420	42,876,627

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(In pounds)

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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	264,596	1,599,886	19,703

1/ Included in total imports, column 2.

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IMMEDIATE RELEASE
Wednesday August ~~10~~, 1948
11

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 July 31, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 31, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	5,312
Cream, fresh or sour	Calendar year	1,500,000	Gallon	811
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 9-months Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	149,136,865
Other	Sept.15,1947	60,000,000	Pound	53,565,078
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	134,415

(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. 12,749,168 pounds of such Cuban tobacco were imported for consumption during the period January 1, to July 31, 1948, inclusive.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, August 11, 1948

No. S-819

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 July 31, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 31, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	5,312
Cream, fresh or sour	Calendar year	1,500,000	Gallon	811
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 9-months Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	149,136,865
Other	Sept.15,1947	60,000,000	Pound	53,565,078
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	134,415

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FOR IMMEDIATE RELEASE, 5-820
August 19, 1948

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	Wheat: Imports May 29, 1948, to July 31, 1948	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Established Quota	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Imports May 29, 1948, to July 31, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	8	3,815,000	92,700
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	92,860

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Wednesday, August 11, 1948

No. S-820

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Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29,1948, to July 31, 1948	Established Quota	Imports May 29, 1948, to July 31,1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
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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	92,860

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FOR IMMEDIATE RELEASE
Wednesday, August ~~[illegible]~~ 11, 1948

5-82,

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 31, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of July 31, 1948
Buttons	850,000	Gross	143,052
Cigars	200,000,000	Number	832,337
Coconut Oil	448,000,000	Pound	45,450,787
Cordage	6,000,000	"	1,541,456
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	4,499,374 259,651,956
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Wednesday, August 11, 1948

No. S-821

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 31, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of July 31, 1948
Buttons	850,000	Gross	143,052
Cigars	200,000,000	Number	832,337
Coconut Oil	448,000,000	Pound	45,450,787
Cordage	6,000,000	"	1,541,456
Rice	1,040,000	"	-
Sugars, refined)	1,904,000,000	"	4,499,374
unrefined)			259,651,956
Tobacco	6,500,000	"	203,278

822

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 19, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 19, 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~~

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TREASURY DEPARTMENT
Washington

S-822

FOR RELEASE, MORNING NEWSPAPERS,
Friday, August 13, 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 August 19, 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 19, 1948 ~~(5)~~, and will mature November 18, 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 16, 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.

FOR RELEASE, MORNING NEWSPAPERS,
Friday, August 13, 1948.

No. S-822

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 August 19, 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 August 19, 1948, and will mature November 18, 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, August 16, 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 August 19, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 19, 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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Some of the points covered for returning residents are the requirements as to written customs declarations, the circumstances under which oral declarations are permissible, valuation methods, the exemptions of $100 and $300 now authorized under certain circumstances, the restrictions on liquor and cigars, and the rules on exemptions in general.

Nonresidents are informed on such subjects as to the kinds of articles they must declare, what exemptions from duty and internal revenue taxes are granted them, and how certificates may be obtained for free entry of vehicles intended for use in touring.

There is further data for all travelers on the extent to which importation of certain articles is forbidden or restricted. Suggestions are given on the most helpful methods of listing, packing and opening baggage.

The brochure notes that its contents do not cover immigration requirements.

Secretary Snyder said that any additional organizations or associations desiring to print and distribute "Customs Hints" should communicate with the Bureau of Customs, Washington.

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The participating railroads include some of the lines operating in Canada and Mexico.

Secretary Snyder expressed appreciation of the cooperation the Treasury has received from private business and industry in the "Customs Hints" enterprise. "The cooperation has made possible a helpful new service to persons crossing our borders or entering our ports in western hemisphere travel," he said.

"Customs Hints" is being printed in two colors, and hand-drawn illustrations add to the brochure's eye-appeal. It contains a message to travelers from Frank Dow, Acting Commissioner of Customs, reading:

"Tourist travel among nations not only creates good will but also supplies part of the money that finances world trade. In your travel, help us to serve you better by reading these general hints about the U.S. Customs laws. The full requirements of law and regulation cannot, of course, be spelled out in this small booklet. So, when in doubt, ASK! Ask your customs officers, so that we may speed your travel."

After an introductory paragraph stressing the importance of accurate answers to any questions asked by customs officers, the brochure continues with a section for the information of returning residents and another for the information of nonresidents.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE NEWSPAPERS
Sunday, August 15, 1948

No. S-823

International travelers will be aided by a new publication, "Customs Hints", soon to be distributed among returning Americans and among visitors from Canada, Cuba, Mexico and other western hemisphere countries.

Secretary Snyder announced today that arrangements for issuance of the publication had been completed between the Treasury and organizations connected with the transportation industry and the travel business. Copies will be available to travelers from various sources within a short time.

"Customs Hints" is an illustrated brochure telling its readers in non-technical, layman's language how they may speed themselves through the American customs. It sums up with the greatest possible simplicity and clarity essential points of customs laws and regulations.

Railroads, steamship companies and air transport lines, through their national associations, and the American Automobile Association volunteered to cooperate with the Treasury in the publication and distribution of the pamphlet. They will have thousands of copies of "Customs Hints" printed at their own expense and placed in the hands of western hemisphere travelers using their facilities. The Treasury will supply copies to travelers through local customs offices so far as appropriations permit.

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Investigations conducted simultaneously by the Atlanta, New York and Philadelphia offices of the Bureau of Narcotics resulted in the arrest of eleven persons, who were convicted in May by the United States District Court, Camden, N. J., for violation of the Federal Marihuana Law.

Four of the violators were enrolled as students in two universities, their ages ranging from twenty-one to twenty-four years. The other seven were professional musicians. The marihuana involved in this violation was alleged to have been smuggled into the United States from Cuba through the Port of Miami. It was prepared for sale and distribution by three of the students in a dormitory of one of the universities.

After the marihuana was processed and packaged, a portion of it was brought to Atlantic City, N. J., for distribution by three members of the student group.

associates, Elaine Peltier and Anthony Nader, Labard broke away from officers and dashed toward a dresser which contained a loaded shotgun. When he refused to halt ~~a~~ the detective, armed with a machine-gun, fired and Labard was mortally wounded.

The officers, who had been forewarned of the dangerous characteristics of Labard and his associates, found two sawed-off shotguns, a sub-machine gun, revolvers, pistols and ammunition in rooms occupied by the trio.

Labard, freed a short time previously after having served a 12-year sentence in a Canadian prison for bank robbery, and the Peltier woman were wanted by Dominion authorities on a charge of illegal possession of a large quantity of heroin seized from them at Hamilton in April. Under bonds of $10,000 each, the two fugitives had escaped from Canada by boat across the Detroit River. Labard was a known associate of Donald "Mickey" McDonald and Ulysses Lauzon, both addicts and international bank robbers, who ~~are~~ were said to be the two most-wanted Canadian fugitives at this time. (On July 19, the body of Lauzon was found near Pascagoula, Miss., with shotgun wounds in the back.)

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In June, 1948, a narcotic agent took all available information to the French authorities at Marseilles and arranged a cooperative effort in the development of the case. In the investigation that followed, police took into custody several narcotic traffickers including Lucien Santoni, alias "Dominick." Santoni was arrested while attempting to make a sale of 300 grams of heroin to the American agent. He later was definitely identified as the source of the heroin which had been seized at New York on the SAINT TROPEZ. The ~~heroin~~ drug delivered by Santoni bore the same wrappings as that seized on the French plane last March ~~and the SAINT TROPEZ seizure.~~

As the culmination of an investigation conducted by local police, Treasury and other Government agents, James Labard, Canadian narcotic violator and fugitive, was shot and killed by a police detective~~s~~ on June 1, 1948, when he reached for a sawed-off shotgun in his quarters in a Cincinnati rooming house. Following the arrest of his it was readily available there for sale to seamen from American ships. They said that after purchasing more than a kilogram of the pure drug in Istanbul they brought it to this country and successfully smuggled it in through a Florida port.

As a result of these disclosures and other information which pointed to Istanbul as a major source of supply for the American dope traffic, a United States narcotic agent was sent to Turkey in May. Posing as a seaman smuggler, and cooperating closely with the Turkish police, the Treasury man carried on negotiations with heroin sellers under circumstances described by his bureau as "extremely hazardous." The illicit dealers finally delivered to the agent three kilograms of pure heroin, and on a prearranged signal, the police officers, who had surrounded the house where negotiations were being made, burst in and arrested four men.

Following these arrests, Turkish police conducted an intensive investigation which resulted in the seizure of a clandestine heroin manufacturing plant and the capture of fifteen additional kilograms of the drug. The arrested men confessed to operation of the seized factory, and to having purchased the output of other clandestine heroin plants, ~~the output of~~ which was largely intended for the American traffic.

These important dope seizures and arrests supported the contention which Commissioner Anslinger, the United States delegate, had previously voiced before the United Nations and found strapped to his back and stomach two double-glassine packages containing 26 ounces of cocaine hydrochloride. He stated that a crewman had paid him one dollar to carry the packages ashore.

Luther Dace, Arthur Dace and Angelo Gonzales, crew-members of the SANTA LUISA, were arrested as owners of the cocaine, and have already been tried, convicted and sentenced. Luther Dace and Gonzales received five-year sentences, and Arthur Dace one year and one day in Federal prison.

Late in June a Customs officer at New York searched a seaman as he came ashore from an Italian vessel, and found a small sample of morphine in one of his pockets. The sailor said the morphine was part of a lot concealed in a garbage pail which had been taken to the city dump. Agents went to the dump and, after a week spent digging in garbage "up to their waists", found a package containing 9 ounces ~~23 quarter-ounce bottles~~ of morphine bearing Italian labels, 14 ounces of heroin and 27 ounces of cocaine.

Aided by New York police, narcotic agents last February arrested Michael George Phillips, a Greek sailor, for possessing 21 ounces of heroin. They also apprehended two accomplices, Alexander Faguri, who had stored fifteen additional ounces of the drug in the parcel room of a bus terminal in New York City, and Joseph Nasser, both seamen. All three were subsequently convicted and given penitentiary sentences.

The defendants in this case indicated that the source of the heroin seized from them was Istanbul, Turkey, and that

924

In terms of poundage, the twin seizures of raw opium at Boston and New York on the British shop SILVERLARCH constituted the largest Customs narcotics haul of the fiscal year. Over fifty-five pounds of the drug was uncovered by inspectors on the ship.

On March 8 at New York Customs agents boarded an American ship arriving from LeHavre and seized fifteen pounds of uncut heroin, worth a fortune in the illicit market. Nine and a half pounds of this highly-refined drug was also taken when Customs men searched a French plane which arrived in New York during the last week in June. The latter haul made history, for it was the first seizure of narcotics drugs ever made on an airplane. No arrests ~~were~~ have as yet been made, but the plane was taken into custody.

As a result of information coming to the Treasury that Peruvian cocaine was being smuggled into Charleston, Mobile and Savannah on ships engaged in the South American trade, a joint Customs-Narcotics investigation was conducted early this year. Cocaine had begun to appear in increasing quantity in the illicit traffic of Harlem, and it was thought that the drug was being transported overland from Southern ports.

The Treasury men were on hand when the Grace Line ship Santa Luisa arrived at Charleston on April 3 from Callao and Valparaiso. A young Negro newsboy went aboard the vessel shortly after it berthed, remained a few minutes and returned to the dock. The agents detained the boy, searched his person

824

The number of persons arrested for violation of the narcotics and marihuana laws increased sharply. During fiscal 1948, 3,180 persons were placed in custody by agents of the Bureau of Narcotics, as compared with 2,855 in 1947. Of this total, 987 persons were arrested for violation of the marihuana law; 2,193 for violation of the narcotics laws.

Mexico, according to the Bureau of Narcotics, is still an important source of supply for the smuggler of illicit dope, although ~~other~~ areas such as Turkey assumed greater relative importance during the year. The scarcity of narcotics from other sources was reflected in the continued substantial number of burglaries, robberies and larcenies from pharmacies, wholesale houses and other registered establishments. Such violations showed only a slight decrease during the period.

Raw opium seized at Atlantic Coast ports by Customs in most instances originated in Turkey, India and Iran, in the order named; and Marseilles and LeHavre were important transit ports. Smoking opium seizures in most instances were of Mexican origin. Heroin from the "clandestine" plants of Turkey was taken in increased quantities, and there were several notable seizures of Peruvian cocaine. Lebanon ~~Turkish~~ hashish, Tunisian takrouri (marihuana) and African marihuana, known as "dagga", were frequently taken, Much of the "dagga" was wrapped in palm leaf covers, known as "shoes."

Seizures of marihuana on the Mexican border were heavier in the first few months of 1948 than in many years. During this period 1,100 pounds of marihuana was taken by Customs as compared with 1,115 pounds seized throughout the United States in the calendar year 1947, and in April alone there were several lots captured that totaled more than 100 pounds each.

Narcotics Release - Sunday papers   S-824

O.K.

Heroin from Turkey, Italian morphine, Peruvian cocaine, Lebanon hashish, Indian and Iranian opium, African "dagga," and Tunisian "takrouri" - along with thousands of ounces of Mexican marihuana - were included in huge illicit dope seizures made by the Treasury's bureaus of Narcotics and Customs during the past fiscal year.

Tentative reports submitted ~~today~~ to Secretary Snyder by Commissioner of Narcotics Harry J. Anslinger and Deputy Commissioner of Customs Edson J. Shamhart, representing the two Treasury agencies concerned with the suppression of the traffic in dope, show that during the year narcotic drug seizures totaled 6,755 ounces as compared with 6,091~~x~~ ounces taken in fiscal 1947.

Marihuana captured by agents of the two bureaus amounted to approximately 40,000 ounces, nearly double the seizures of the previous year, and 17,015 marihuana cigarettes were taken, an increase of 8,000 over 1947.

"As an evidence of the splendid work being done by Treasury agents engaged in the suppression of the dope traffic," Secretary Snyder ~~noted~~ said, "arrests per number of officers employed continues to rise. Narcotic drugs still are considered to be scarce, but price~~s~~ decreases in certain areas indicate a noticeable postwar upturn in the underworld trade." This trend, however, the Secretary added, was "far less than had been expected by the Treasury."

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE NEWSPAPERS
Sunday, August 15, 1948

No. S-824

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TWO PERCENT TREASURY BONDS OF 1948-50
(DATED DECEMBER 8, 1939)

NOTICE OF CALL FOR REDEMPTION

To Holders of 2 percent Treasury Bonds of 1948-50 (dated December 8, 1939), and Others Concerned:

1. Public notice is hereby given that all outstanding 2 percent Treasury Bonds of 1948-50, dated December 8, 1939, are hereby called for redemption on December 15, 1948, on which date interest on such bonds will cease.

2. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued.

3. Full information regarding the presentation and surrender of the bonds for cash redemption under this call will be found in Department Circular No. 666, dated July 21, 1941.

John W. Snyder,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, August 13, 1948.

RELEASE, MORNING NEWSPAPERS,
Friday, August 13, 1948.

Za. 5-820

The Secretary of the Treasury announced today that all outstanding 2 percent Treasury Bonds of 1948-50, dated December 8, 1939, are called for redemption on December 15, 1948. There are now outstanding $571,431,150 of these bonds.

The text of the formal notice of call is as follows:

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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826

Mr. Southard left the Treasury Department in July, 1942, to enter the United States Navy. He was first assigned to the Office of the Chief of Naval Operations, and later was detailed to Civil Affairs work in Sicily and Italy and Southern France.

He was awarded the Legion of Merit for his services in the Navy. At the time of his release from active duty in the Navy, in 1945, he held the rank of Commander.

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IMMEDIATE RELEASE
Friday, August 13, 1948

No. S-826

Secretary Snyder announced today that Frank A. Southard, Jr., is relinquishing his post as Director of the Office of International Finance in the Treasury Department, effective today, to become Associate Director of Research and Statistics for the Board of Governors of the Federal Reserve System.

By arrangement with the Board of Governors, however, Mr. Southard will continue as adviser to Secretary Snyder on international monetary and financial matters, with the title of Special Assistant to the Secretary.

Mr. Southard has served as Director of the Office of International Finance since July, 1947.

An Ohioan by birth, Mr. Southard is prominent as an educator as well as a Government official, having served as Economics Instructor at the University of California and Assistant Professor and later Professor of Economics at Cornell University.

In the Government service he worked with the Tariff Commission, and was a principal economist for, and later Assistant Director of, the former Division of Monetary Research of the Treasury. He is the author of several books in the field of international finance.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

Thursday, August 12, 1948 TC - 14

THE TREASURY CALENDAR

OFFICE OF THE SECRETARY

Tuesday, August 17, 1:30 P.M., Departmental Auditorium, 12th and Constitution Avenue. Secretary Snyder will attend a meeting of the President's Committee on the National Employ of the Physically Handicapped. President Truman will open this meeting, which is held for the purpose of completing plans for the observance of NEPH Week, October 3 to 9.

Friday, September 17, 9 P.M. Secretary Snyder will speak at a dinner closing the conference of the National Sales Force of the United States Savings Bonds Division, Hotel Lowry, St. Paul, Minn.

Wednesday, September 22, 2 P.M. The Secretary will address the annual convention of the National Association of Supervisors of State Banks, Brown Hotel, Louisville, Kentucky.

Friday, September 24. Secretary Snyder will address the Public Forum of the Oklahoma City Chamber of Commerce and the National Association of Employees of Internal Revenue, at the Skirvin Tower Hotel, Oklahoma City, Oklahoma.

Sunday, September 26. Secretary Snyder will spend the day at the Seventy-Fourth Annual Conference of the American Bankers Association to be held in Detroit, Michigan, September 26 through 29. The Secretary will be the guest of President Dodge and other officers of the A.B.A.

Tuesday, September 28. Secretary Snyder will speak at a dinner session of the Tax Executives Institute, Mount Washington Hotel, Bretton Woods, New Hampshire.

OFFICE OF THE UNDER SECRETARY

Thursday, September 23. Under Secretary Edward H. Foley, Jr., will address the American Institute of Accountants, Chicago, Illinois.

COMPTROLLER OF THE CURRENCY

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.

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,

OFFICE OF THE GENERAL COUNSEL (Continued)

at the Association's annual convention in Seattle, Washington.

Tuesday, September 28. Mr. Lynch will attend the meetings of the Tax Executives Institute, Mount Washington Hotel, Bretton Woods, New Hampshire.

BUREAU OF FEDERAL SUPPLY

Saturday, August 14. Clifton E. Mack, Director of the Bureau of Federal Supply, will leave by air for Paris, France, in connection with the national stock piling program, and ECA matters. He will return to Washington around September 5.

Tuesday, August 17. Willis S. MacLeod, Deputy Director, Standards Branch, will attend the 36th meeting of the Federal Specifications Board in Washington. He is Executive Vice Chairman of the Board, which is composed of representatives of eleven agencies.

UNITED STATES COAST GUARD

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 Commandant at the 49th National Encampment of the Veterans of Foreign Wars to be held in St. Louis, Missouri, August 29 to September 3.

Thursday through Sunday, September 2 to 5. Rear Admiral Raymond T. McElligott, Chief, Office of Personnel, will represent the Commandant at the AMVETS National Convention at Chicago, Illinois.

BUREAU OF INTERNAL REVENUE

Aubrey H. Marrs, Head of the Bureau's Technical Staff, has returned from an inspection trip to field offices of the Bureau in Honolulu, T. H.

Wednesday, August 18. A farewell reception will be given at the Kennedy-Warren for Stewart Berkshire, Assistant Commissioner, who is transferring to San Francisco, California, as Head of the Pacific Division Technical Staff.

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. Subject: "Tax Administration."

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."

RETIREMENTS

Retiring August 31 from the Loans and Currency Division, Bureau of the Public Debt:

Joseph B. Lynch, Administrative Officer, Registered Accounts Section, with 30 years Government service, all in the Treasury Department.

Miss Annie O. Kuyk, Senior Supervisor, Registered Accounts Section, who has had 30 years' service, all but one year of which has been in the Treasury.

Mrs. Louise S. Baughman, Assistant to the Chief, Loans and Currency Division, with 31 years of Government service, all of which has been in the Treasury.

COMMUNITY CHEST CAMPAIGN

John S. Graham, Assistant Secretary of the Treasury, has been designated to serve as Chairman of the Treasury Department Community Chest Campaign. Paul McDonald, Director, Office of Administrative Services, will serve as Vice-Chairman for Operations for the Treasury in the forthcoming Chest campaign.

BOND MEETING

A meeting of all Treasury Bond representatives will be held Monday morning, August 16, at 10:30, in the Conference Room 4426.

STATEMENTS AND RELEASES
(Available in Room 4408, Treasury)

A summary of law enforcement activities of the Bureau of Narcotics during the 1947 fiscal year, will be available Thursday, August 12. It is for release in Sunday papers, August 15.

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.

5-827

August 9, 1948

TO MR. BARTELT:

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

Purchases	$5,461,500
Sales	24,550
Net Purchases	$5,436,950

(Sgd.) S. P. Gerardi

Chief, Division of Investments

Wisecarver:8/9/48

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING PAPERS,
Monday, August 16, 1948

No. S-827

During the month of July, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $5,436,950, Secretary Snyder announced today.

oOo

5- 828

RELEASE, MORNING NEWSPAPERS,
Tuesday, August 17, 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 August 19 and to mature November 18, 1948, which were offered August 13, 1948, were opened at the Federal Reserve Banks on August 16.

The details of this issue are as follows:

Total applied for - $1,447,552,000
Total accepted - 900,595,000 (includes $51,984,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.730/ Equivalent rate of discount approx. 1.066 per annum

Range of accepted competitive bids:

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.727 " " " " " 1.080% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 14,760,000	$ 5,552,000
New York		1,193,576,000	714,503,000
Philadelphia		35,185,000	4,685,000
Cleveland		21,765,000	19,513,000
Richmond		4,025,000	3,025,000
Atlanta		8,094,000	7,994,000
Chicago		105,571,000	98,951,000
St. Louis		2,545,000	2,537,000
Minneapolis		3,568,000	3,568,000
Kansas City		15,998,000	15,958,000
Dallas		7,950,000	7,942,000
San Francisco		34,515,000	16,367,000
	TOTAL	$1,447,552,000	$900,595,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS
Tuesday, August 17, 1948

No. S-828

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Richmond	4,025,000	3,025,000
Atlanta	8,094,000	7,994,000
Chicago	105,571,000	98,951,000
St. Louis	2,545,000	2,537,000
Minneapolis	3,568,000	3,568,000
Kansas City	15,998,000	15,958,000
Dallas	7,950,000	7,942,000
San Francisco	34,515,000	16,367,000
TOTAL	$1,447,552,000	$900,595,000

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VII GENERAL PROVISIONS

1. Regulations.--Except as provided in this circular, the notes issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States; the regulations currently in force are contained in Department Circular No. 300, as amended.

2. Loss, Theft or Destruction.--In case of the loss, theft or destruction of a savings note immediate notice (which should include a full description of the note) should be given the agency which issued the note and instructions should be requested as to the procedure necessary to secure a duplicate.

3. Fiscal Agents.-- Federal Reserve Banks and their Branches, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular and under any instructions given by the Secretary of the Treasury, and they may issue interim receipts pending delivery of the definitive notes.

4. Amendments.--The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

* * * *

~~Compliance with the notice, public procedure, and effective date requirements of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 237) is found to be impracticable with respect to this circular. This is a matter of fiscal policy and it was deemed inadvisable to make determination with respect thereto at an earlier date.~~

John W. Snyder
Secretary of the Treasury 25

VI. PAYMENT OR REISSUE TO OTHER THAN INSCRIBED OWNER

1. Death or disability.--In case of the death or disability of an individual owner and the notes are not to be presented in payment of taxes, payment will be made to the duly constituted representative of his estate, or they may be reissued to one or more of his heirs or legatees upon satisfactory proof of their right; but no reissue will be made in two names jointly or as coowners.

2. Dissolution or merger of corporations, etc.--If a corporation or unincorporated body, in whose name notes are inscribed, is dissolved, consolidated, merged or otherwise changes its organization, the notes may be paid to, or reissued in the name of those persons or organizations lawfully entitled to the assets of such corporation or body by reason of such changes in organization.

3. Bankruptcy.-- If an inscribed owner of notes is declared bankrupt or insolvent, payment, but not reissue, will be made to the duly qualified trustee, receiver or similar representative if the notes are submitted with satisfactory proof of his appointment and qualification.

4. Creditors' Rights.--Payment, but not reissue, will be made as a result of judicial proceedings in a court of competent jurisdiction, if the notes are submitted with proper proof of such proceedings and their finality.

5. Instructions and information.--Before executing the request for payment or submitting the notes under the provisions of this section, instructions should be obtained from a Federal Reserve Bank or Branch or from the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

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3. Officers authorized to witness and certify requests for payment.--All officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Sixth Revision, as amended, are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include, among others, United States postmasters, certain other post office officials, officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof, and commissioned officers of the Army, Navy, Marine Corps and Coast Guard.

4. Presentation and surrender.--Notes bearing properly executed requests for payment must be presented and surrendered to any Federal Reserve Bank or Branch or to the Treasury Department, Washington, D.C., at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

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5. Partial redemption.--Partial cash redemption of a note, corresponding to an authorized denomination, may be made in the same manner as for full cash redemption, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued in the same name and with the same date of issue as the note surrendered.

6. Payment.--Payment of any note, either at maturity or on redemption before maturity, will be made by any Federal Reserve Bank or Branch or the Treasury Department, following clearance with the agent of issue, which will be obtained by the agent to which the note is surrendered. Payment will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment.

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any estate or gift taxes (current and back) imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto, assessed against the inscribed owner or his estate. The notes must be forwarded to the Collector at the risk and expense of the owner, and, for the owner's protection, should be forwarded by registered mail, if not presented in person.

V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. General.--(a) Any Treasury Savings Note of Series D not presented in payment of taxes, will be paid at maturity, or, at the option and request of the owner and without advance notice, will be redeemed before maturity, but the notes may be redeemed before maturity only during and after the fourth calendar month after the month of issue (as shown on the face of each note). (b) Payment at maturity or on redemption before maturity will be made at par and accrued interest to the month of payment, except, if a note is inscribed in the name of a bank that accepts demand deposits, payment at maturity or on redemption before maturity will be made only at the issue price, or par, of the note. However, if a note is acquired by any such bank through forfeiture of a loan, payment will be made at the redemption value for the month in which so acquired.

2. Execution of request for payment.--The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

qualified in excess of existing deposits.

3. Reservations.--The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded.

4. Delivery of notes.--Upon acceptance of full-paid applications, notes will be duly inscribed and, unless delivered in person, will be delivered, at the risk and expense of the United States at the address given by the purchaser, by mail, but only within the United States, its territories and insular possessions and the Canal Zone. No deliveries elsewhere will be made.

IV. PRESENTATION IN PAYMENT OF TAXES

1. During and after the second calendar month after the month of purchase (as shown by the issue date on each note), during such time, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from the month of issue to the month, inclusive (but no accrual beyond maturity), in which presented, in payment of any income (current and back personal and corporation taxes, and excess-profits taxes), or

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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."

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III. PURCHASE OF NOTES

1. Official Agencies.--In addition to the Treasury Department, the Federal Reserve Banks and their Branches are hereby designated agencies for the issue and redemption of Treasury Savings Notes, Series D. The Secretary of the Treasury, from time to time, in his discretion, may designate other agencies for the issue of the notes, or for accepting applications therefor, or for making payments on account of the redemption thereof.

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2. Applications and payment.--Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the Unites States, Washington, D. C. Banking institutions and security dealers generally may submit applications for account of customers, but only the Federal Reserve Banks and their Branches and the Treasury Department are authorized to act as official agencies. The use of an official application form is desirable but not necessary. Appropriate forms may be obtained on application to any Federal Reserve Bank or Branch, or the Treasurer of the United States, Washington, D. C. Every application must be accompanied by payment in full, at par. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as payee, as the case may be. The date funds are made available on collection of exchange will govern the issue date of the notes. Any depositary, qualified pursuant to the provisions of Treasury Department Circular No. 92, Revised, as amended, will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be

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5. Nontransferability.--The notes may not be transferred in ordinary course; except that (1) if inscribed in the name of a married man they may be reissued in the name of his wife, or if inscribed in the name of a married woman they may be reissued in the name of her husband, upon request of the person in whose name the notes are inscribed and the surrender of the notes to the agent that issued them; (2) if inscribed in the name of a corporation owning more than 50 percent of the stock, with voting power, of another corporation, the notes may be reissued in the name of the subsidiary upon request of the corporation and surrender of the notes to the agent that issued them; (3) upon the death or disability of an individual inscribed owner or the dissolution, consolidation or merger of a corporation or unincorporated association named as owner, reissue or payment may be made in accordance with Section VI hereof; and (4) payment but not reissue, may be made as a result of legal proceedings as set forth in said Section VI. The notes may not be hypothecated and no attempted hypothecation or pledge as security will be recognized by the Treasury Department: Provided, however, that the notes may be pledged as collateral for loans from banking institutions and if title thereto is acquired by a bank because of the failure of a loan to be paid, the notes will be redeemed at par and accrued interest to the month in which acquired on surrender to the agent who issued them, accompanied by proof of the date of acquisition and by request of the pledgee under power of attorney given by the pledgor in whose name the notes are inscribed. The notes will not be transferred to a pledgee. The notes will not be acceptable to secure deposits of public moneys.

6. Taxation.--Income derived from the notes shall be subject to all taxes imposed under the Internal Revenue Code or laws amendatory or supplementary thereto. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal

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.80

First to Sixth months, inclusive----------------$0.80 each month.

Seventh to Twelfth months, inclusive----------- 1.00 each month.

Thirteenth to Eighteenth months, inclusive------ 1.20 each month.

Nineteenth to Twenty-fourth months, inclusive--- 1.30 each month.

Twenty-fifth to Thirty-sixth months, inclusive-- 1.40 each month.

The table appended to this circular shows for notes of each denomination, for each consecutive calendar month from month of issue to month of maturity, (a) the amount of interest accrual, (b) the principal amount of the note with accrued interest (cumulative) added, and (c) the approximate investment yields. In no case shall interest accrue beyond the month in which the note is presented in payment of taxes, or for redemption before maturity as provided in Section V of this circular, or beyond its maturity. Interest will be paid only with the principal amount.

4. Forms of Inscription.--Treasury Savings Notes, Series D, may be inscribed in the name of an individual, corporation, unincorporated association or society, or a fiduciary (including trustees under a duly established trust where the notes would not be held as security for the performance of a duty or obligation), whether or not the inscribed owner is subject to taxation under the Internal Revenue Code, or laws amendatory or supplementary thereto. They may also be inscribed in the name of a town, city, county or State or other governmental body and in the name of a partnership, but notes in the name of a partnership are not acceptable in payment of taxes, since a partnership is not a taxpaying entity under the Internal Revenue Code. The notes will not be inscribed in the names of two or more persons as joint owners or coowners; or in the name of a public officer, whether or not named as trustee, where the notes would in effect be held as security.

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called by the Secretary of the Treasury for redemption before maturity. All notes issued during any one calendar year shall constitute a separate series indicated by the letter "D" followed by the year of maturity. At the time of issue the authorized issuing agent will inscribe on the face of each note the name and address of the owner, will enter the date as of which the note is issued and will imprint his dating stamp (with current date). The notes will be issued in denominations of $100, $500, $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000. Exchange of authorized denominations from higher to lower, but not from lower to higher, may be arranged at the office of the agent that issued the note.

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2. Acceptance for Taxes or Cash Redemption.--If inscribed in the name of an individual, corporation, or other entity paying income, estate or gift taxes imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto, the notes will be receivable, subject to the provisions of Section IV of this circular, at par and accrued interest, in payment of such income, estate or gift taxes assessed against the owner or his estate. If not presented in payment of taxes, or if not inscribed in the name of a taxpayer liable to the above-described taxes, and subject to the provisions of Section V of this circular, the notes will be payable at maturity, or at the owner's option and request they will be redeemable before maturity at par and accrued interest.

3. Interest.--Interest on each $1,000 principal amount of Savings Notes, Series D, will accrue each month from the month of issue, on a graduated scale, as follows:

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TITLE 31: MONEY AND FINANCE
CHAPTER II: FISCAL SERVICE, DEPARTMENT OF THE TREASURY
Subchapter B - Bureau of the Public Debt
Part 327 OFFERING AND SPECIAL REGULATIONS GOVERNING
TREASURY SAVINGS NOTES, SERIES D

UNITED STATES OF AMERICA

TREASURY SAVINGS NOTES
Series D

1948
Department Circular No. 833

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, August 17, 1948.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale to the people of the United States, at par, an issue of notes of the United States, designated Treasury Savings Notes, Series D, which notes, if inscribed in the name of a Federal taxpayer, will be receivable as hereinafter provided at par and accrued interest in payment of income, estate and gift taxes imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto.

2. The sale of Treasury Savings Notes, Series C, issued under Department Circular No. 696, First Revision, dated November 20, 1943, is hereby terminated at the close of business August 31, 1948.

3. The sale of Notes of Series D offered by this circular will continue until terminated by the Secretary of the Treasury.

II. DESCRIPTION OF NOTES

1. <u>General</u>.--Treasury Savings Notes, Series D, will in each instance be dated as of the first day of the month in which payment, at par, is received and credited by an agent authorized to issue the notes. They will mature three years from that date, and may not be

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in payment of taxes, and except for those in the names of banks that accept demand deposits, the notes of Series D will be redeemable at par and accrued interest, either at maturity or during and after the fourth calendar month after the month of issue. If inscribed in the name of a bank that accepts demand deposits, the notes will be accepted at par and accrued interest in payment of taxes, but redeemed for cash at or before maturity only at the purchase price, or par.

The new Treasury Savings Notes, like those of prior series, will be issued only by the Federal Reserve Banks and Branches, and the Treasury Department, Washington.

The official circular, giving full particulars regarding the notes of the new series, follows:

~~TREASURY DEPARTMENT~~

~~Information Service~~ ~~Washington, D. C.~~

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 18, 1948 No. S- 829

Secretary of the Treasury Snyder announced today the details of the new Treasury Savings Notes, Series D, which will become available for purchase on September 1, 1948, and the termination of the sale of Treasury Savings Notes, Series C, at the close of business August 31.

The new notes of Series D will be dated as of the first day of the month in which purchased, will mature three years thereafter, and they will be issued at par. Interest on the notes will accrue each month from month of issue, on a graduated scale, the equivalent yield if held to maturity being approximately 1.40 percent per annum. The amount of accrual each month on each $1,000 principal amount of notes, from month of issue to month of maturity, follows:

Half-year periods after month of issue	Interest accrual each month per $1,000	$1,000 principal with interest accrual (cumulative) to end of period added
First 1/2 year	$0.80	$1,004.80
1/2 to 1 year	1.00	1,010.80
1 to 1-1/2 years	1.20	1,018.00
1-1/2 to 2 years	1.30	1,025.80
2 to 2-1/2 years	1.40	1,034.20
2-1/2 to 3 years	1.40	1,042.60

The Secretary also announced that the period during which the new notes may not be submitted for cash redemption has been decreased from six months to four months from month of issue.

Like Series C, the new notes of Series D will be available for use in payment of income, estate and gift taxes imposed by the Internal Revenue Code and assessed against the owner of the notes or his estate. If not presented

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Wednesday, August 18, 1948

No. S-829

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1-1/2 to 2 years.......	1.30............	1,025.80
2 to 2-1/2 years.......	1.40............	1,034.20
2-1/2 to 3 years.......	1.40............	1,042.60

The Secretary also announced that the period during which the new notes may not be submitted for cash redemption has been decreased from six months to four months from month of issue.

Like Series C, the new notes of Series D will be available for use in payment of income, estate and gift taxes imposed by the Internal Revenue Code and assessed against the owner of the notes or his estate. If not presented in payment of taxes, and except for those in the names of banks that accept demand deposits, the notes of Series D will be redeemable at par and accrued interest, either at maturity or during and after the fourth calendar month after the month of issue. If inscribed in the name of a bank that accepts demand deposits, the notes will be accepted at par and accrued interest in payment of taxes, but redeemed for cash at or before maturity only at the purchase price, or par.

The new Treasury Savings Notes, like those of prior series, will be issued only by the Federal Reserve Banks and Branches, and the Treasury Department, Washington.

The official circular, giving full particulars regarding the notes of the new series, follows:

UNITED STATES OF AMERICA

TREASURY SAVINGS NOTES
Series D

1948
Department Circular No. 833

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY,
Washington, August 17, 1948.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale to the people of the United States, at par, an issue of notes of the United States, designated Treasury Savings Notes, Series D, which notes, if inscribed in the name of a Federal taxpayer, will be receivable as hereinafter provided at par and accrued interest in payment of income, estate and gift taxes imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto.

2. The sale of Treasury Savings Notes, Series C, issued under Department Circular No. 696, First Revision, dated November 20, 1943, is hereby terminated at the close of business August 31, 1948.

3. The sale of Notes of Series D offered by this circular will continue until terminated by the Secretary of the Treasury.

II. DESCRIPTION OF NOTES

1. General.—Treasury Savings Notes, Series D, will in each instance be dated as of the first day of the month in which payment, at par, is received and credited by an agent authorized to issue the notes. They will mature three years from that date, and may not be called by the Secretary of the Treasury for redemption before maturity. All notes issued during any one calendar year shall constitute a separate series indicated by the letter "D" followed by the year of maturity. At the time of issue the authorized issuing agent will inscribe on the face of each note the name and address of the owner, will enter the date as of which the note is issued and will imprint his dating stamp (with current date). The notes will be issued in denominations of $100, $500, $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000. Exchange of authorized denominations from higher to lower, but not from lower to higher, may be arranged at the office of the agent that issued the note.

2. Acceptance for Taxes or Cash Redemption.—If inscribed in the name of an individual, corporation, or other entity paying income, estate or gift taxes imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto, the notes will be receivable, subject to the provisions of Section IV of this circular, at par and accrued interest, in payment of such income, estate or gift taxes assessed against the owner or his estate. If not presented in payment of taxes, or if not inscribed in the name of a taxpayer liable to the above-described taxes, and subject to the provisions of Section V of this circular, the notes will be payable at maturity, or at the owner's option and request they will be redeemable before maturity at par and accrued interest.

3. Interest.—Interest on each $1,000 principal amount of Savings Notes, Series D, will accrue each month from the month of issue, on a graduated scale, as follows:

First to Sixth months, inclusive----------------	$0.80 each month.
Seventh to Twelfth months, inclusive-------------	1.00 each month.
Thirteenth to Eighteenth months, inclusive--------	1.20 each month.
Nineteenth to Twenty-fourth months, inclusive-----	1.30 each month.
Twenty-fifth to Thirty-sixth months, inclusive----	1.40 each month.

The table appended to this circular shows for notes of each denomination, for each consecutive calendar month from month of issue to month of maturity, (a) the amount of interest accrual, (b) the principal amount of the note with accrued interest (cumulative) added, and (c) the approximate investment yields. In no case shall interest accrue beyond the month in which the note is presented in payment of taxes, or for redemption before maturity as provided in Section V of this circular, or beyond its maturity. Interest will be paid only with the principal amount.

4. Forms of Inscription.—Treasury Savings Notes, Series D, may be inscribed in the name of an individual, corporation, unincorporated association or society, or a fiduciary (including trustees under a duly established trust where the notes would not be held as security for the performance of a duty or obligation), whether or not the inscribed owner is subject to taxation under the Internal Revenue Code, or laws amendatory or supplementary thereto. They may also be inscribed in the name of a town, city, county or State or other governmental body and in the name of a partnership, but notes in the name of a partnership are not acceptable in payment of taxes, since a partnership is not a taxpaying entity under the Internal Revenue Code. The notes will not be inscribed in the names of two or more persons as joint owners or coowners; or in the name of a public officer, whether or not named as trustee, where the notes would in effect be held as security.

5. Nontransferability.—The notes may not be transferred in ordinary course; except that (1) if inscribed in the name of a married man they be reissued in the name of his wife, or if inscribed in the name of a married woman they may be reissued in the name of her husband, upon request of the person in whose name the notes are inscribed and the surrender of the notes to the agent that issued them; (2) if inscribed in the name of a corporation owning more than 50 percent of the stock, with voting power, of another corporation, the notes may be reissued in the name of the subsidiary upon request of the corporation and surrender of the notes to the agent that issued them; (3) upon the death or disability of an individual inscribed owner or the dissolution, consolidation or merger of a corporation or unincorporated association named as owner, reissue or payment may be made in accordance with Section VI hereof; and (4) payment but not reissue, may be made as a result of legal proceedings as set forth in said Section VI. The notes may not be hypothecated and no attempted hypothecation or pledge as security will be recognized by the Treasury Department: Provided, however, that the notes may be pledged as collateral for loans from banking institutions and if title thereto is acquired by a bank because of the failure of a loan to be paid, the notes will be redeemed at par and accrued interest to the month in which acquired on surrender to the agent who issued them, accompanied by proof of the date of acquisition and by request of the pledgee under power of attorney given by the pledgor in whose name the notes are inscribed. The notes will not be transferred to a pledgee. The notes will not be acceptable to secure deposits of public moneys.

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

III. PURCHASE OF NOTES

1. Official Agencies.—In addition to the Treasury Department, the Federal Reserve Banks and their Branches are hereby designated agencies for the issue and redemption of Treasury Savings Notes, Series D. The Secretary of the Treasury, from time to time, in his discretion, may designate other agencies for the issue of the notes, or for accepting applications therefor, or for making payments on account of the redemption thereof.

2. Applications and payment.— Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the United States, Washington, D. C. Banking institutions and security dealers generally may submit applications for account of customers, but only the Federal Reserve Banks and their Branches and the Treasury Department are authorized to act as official agencies. The use of an official application form is desirable but not necessary. Appropriate forms may be obtained on application to any Federal Reserve Bank or Branch, or the Treasurer of the United States, Washington, D. C. Every application must be accompanied by payment in full, at par. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as payee, as the case may be. The date funds are made available on collection of exchange will govern the issue date of the notes. Any depositary, qualified pursuant to the provisions of Treasury Department Circular No. 92, Revised, as amended, will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

3. Reservations.—The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded.

4. Delivery of notes.—Upon acceptance of full-paid applications, notes will be duly inscribed and, unless delivered in person, will be delivered, at the risk and expense of the United States at the address given by the purchaser, by mail, but only within the United States, its territories and insular possessions and the Canal Zone. No deliveries elsewhere will be made.

IV. PRESENTATION IN PAYMENT OF TAXES

1. During and after the second calendar month after the month of purchase (as shown by the issue date on each note), during such time, and under such rules and regulations as the Commissioner of Internal Revenue , with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from the month of issue to the month, inclusive (but no accrual beyond maturity), in which presented, in payment of any income (current and back personal and corporation taxes, and excess-profits taxes), or

any estate or gift taxes (current and back) imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto, assessed against the inscribed owner or his estate. The notes must be forwarded to the Collector at the risk and expense of the owner, and, for the owner's protection, should be forwarded by registered mail, if not presented in person.

V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. General.--(a) Any Treasury Savings Note of Series D not presented in payment of taxes, will be paid at maturity, or, at the option and request of the owner and without advance notice, will be redeemed before maturity, but the notes may be redeemed before maturity only during and after the fourth calendar month after the month of issue (as shown on the face of each note). (b) Payment at maturity or on redemption before maturity will be made at par and accrued interest to the month of payment, except, if a note is inscribed in the name of a bank that accepts demand deposits, payment at maturity or on redemption before maturity will be made only at the issue price, or par, of the note. However, if a note is acquired by any such bank through forfeiture of a loan, payment will be made at the redemption value for the month in which so acquired.

2. Execution of request for payment.--The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

3. Officers authorized to witness and certify requests for payment.--All officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Sixth Revision, as amended, are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include, among others, United States postmasters, certain other post office officials, officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof, and commissioned officers of the Army, Navy, Marine Corps and Coast Guard.

4. Presentation and surrender.--Notes bearing properly executed requests for payment must be presented and surrendered to any Federal Reserve Bank or Branch or to the Treasury Department, Washington, D. C., at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

5. Partial redemption.--Partial cash redemption of a note, corresponding to an authorized denomination, may be made in the same manner as for full cash redemption, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued in the same name and with the same date of issue as the note surrendered.

6. Payment.--Payment of any note, either at maturity or on redemption before maturity, will be made by any Federal Reserve Bank or Branch or the Treasury Department, following clearance with the agent of issue, which will be obtained by the agent to which the note is surrendered. Payment will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment.

VI. PAYMENT OR REISSUE TO OTHER THAN INSCRIBED OWNER

1. Death or disability.--In case of the death or disability of an individual owner and the notes are not to be presented in payment of taxes, payment will be made to the duly constituted representative of his estate, or they may be reissued to one or more of his heirs or legatees upon satisfactory proof of their right; but no reissue will be made in two names jointly or as coowners.

2. Dissolution or merger of corporations, etc.--If a corporation or unincorporated body, in whose name notes are inscribed, is dissolved, consolidated, merged or otherwise changes its organization, the notes may be paid to, or reissued in the name of those persons or organizations lawfully entitled to the assets of such corporation or body by reason of such changes in organization.

3. Bankruptcy.--If an inscribed owner of notes is declared bankrupt or insolvent, payment, but not reissue, will be made to the duly qualified trustee, receiver or similar representative if the notes are submitted with satisfactory proof of his appointment and qualification.

4. Creditors' Rights.--Payment, but not reissue, will be made as a result of judicial proceedings in a court of competent jurisdiction, if the notes are submitted with proper proof of such proceedings and their finality.

5. Instructions and information.--Before executing the request for payment or submitting the notes under the provisions of this section, instructions should be obtained from a Federal Reserve Bank or Branch or from the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

VII GENERAL PROVISIONS

1. Regulations.--Except as provided in this circular, the notes issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States; the regulations currently in force are contained in Department Circular No. 300, as amended.

2. Loss, Theft or Destruction.--In case of the loss, theft or destruction of a savings note immediate notice (which should include a full description of the note) should be given the agency which issued the note and instructions should be requested as to the procedure necessary to secure a duplicate.

3. Fiscal Agents.--Federal Reserve Banks and their Branches, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular and under any instructions given by the Secretary of the Treasury, and they may issue interim receipts pending delivery of the definitive notes.

4. Amendments.-- The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

JOHN W. SNYDER
Secretary of the Treasury

Treasury Savings Notes - Series D

Table of Tax-Payment or Redemption Values and Investment Yields

The table below shows for each month from date of issue to date of maturity the amount of interest accrual; the principal amount with accrued interest added, for notes of each denomination; the approximate investment yield on the par amount from issue date to the beginning of each month following the month of issue; and the approximate investment yield on the current redemption value from the beginning of the month indicated to the month of maturity.

Par value (issue price during month of issue) / Amount of interest accrual each month after month of issue	$100.00	$500.00	$1,000.00	$5,000.00	$10,000.00	$100,000.00	$500,000.00	$1,000,000.00	Approximate investment yield on par amount from issue date to beginning of each monthly period thereafter	Approximate investment yield on current tax-payment or redemption values from beginning of each monthly period to maturity
	Tax-payment or redemption values during each monthly period after month of issue 1/									
Interest accrues at rate of $0.80 per month per $1,000 par amount:									Percent	Percent
										2/ 1.40
First month	$100.08	$500.40	$1,000.80	$5,004.00	$10,008.00	$100,080.00	$500,400.00	$1,000,800.00	.96	1.41
Second month	100.16	500.80	1,001.60	5,008.00	10,016.00	100,160.00	500,800.00	1,001,600.00	.96	1.42
Third month	100.24	501.20	1,002.40	5,012.00	10,024.00	100,240.00	501,200.00	1,002,400.00	.96	1.44
Fourth month	100.32	501.60	1,003.20	5,016.00	10,032.00	100,320.00	501,600.00	1,003,200.00	.96	1.45
Fifth month	100.40	502.00	1,004.00	5,020.00	10,040.00	100,400.00	502,000.00	1,004,000.00	.98	1.47
Sixth month	100.48	502.40	1,004.80	5,024.00	10,048.00	100,480.00	502,400.00	1,004,800.00	.98	1.48
Interest accrues at rate of $1.00 per month per $1,000 par amount:										
Seventh month	100.58	502.90	1,005.80	5,029.00	10,058.00	100,580.00	502,900.00	1,005,800.00	.99	1.49
Eighth month	100.68	503.40	1,006.80	5,034.00	10,068.00	100,680.00	503,400.00	1,006,800.00	1.02	1.50
Ninth month	100.78	503.90	1,007.80	5,039.00	10,078.00	100,780.00	503,900.00	1,007,800.00	1.04	1.51
Tenth month	100.88	504.40	1,008.80	5,044.00	10,088.00	100,880.00	504,400.00	1,008,800.00	1.05	1.53
Eleventh month	100.98	504.90	1,009.80	5,049.00	10,098.00	100,980.00	504,900.00	1,009,800.00	1.07	1.54
Twelfth month	101.08	505.40	1,010.80	5,054.00	10,108.00	101,080.00	505,400.00	1,010,800.00	1.08	1.55
Interest accrues at rate of $1.20 per month per $1,000 par amount:										
Thirteenth month	101.20	506.00	1,012.00	5,060.00	10,120.00	101,200.00	506,000.00	1,012,000.00	1.10	1.56
Fourteenth month	101.32	506.60	1,013.20	5,066.00	10,132.00	101,320.00	506,600.00	1,013,200.00	1.11	1.57
Fifteenth month	101.44	507.20	1,014.40	5,072.00	10,144.00	101,440.00	507,200.00	1,014,400.00	1.15	1.57
Sixteenth month	101.56	507.80	1,015.60	5,078.00	10,156.00	101,560.00	507,800.00	1,015,600.00	1.16	1.58
Seventeenth month	101.68	508.40	1,016.80	5,084.00	10,168.00	101,680.00	508,400.00	1,016,800.00	1.18	1.59
Eighteenth month	101.80	509.00	1,018.00	5,090.00	10,180.00	101,800.00	509,000.00	1,018,000.00	1.19	1.60
Interest accrues at rate of $1.30 per month per $1,000 par amount:										
Nineteenth month	101.93	509.65	1,019.30	5,096.50	10,193.00	101,930.00	509,650.00	1,019,300.00	1.21	1.60
Twentieth month	102.06	510.30	1,020.60	5,103.00	10,206.00	102,060.00	510,300.00	1,020,600.00	1.23	1.61
Twenty-first month	102.19	510.95	1,021.90	5,109.50	10,219.00	102,190.00	510,950.00	1,021,900.00	1.24	1.61
Twenty-second month	102.32	511.60	1,023.20	5,116.00	10,232.00	102,320.00	511,600.00	1,023,200.00	1.26	1.62
Twenty-third month	102.45	512.25	1,024.50	5,122.50	10,245.00	102,450.00	512,250.00	1,024,500.00	1.27	1.62
Twenty-fourth month	102.58	512.90	1,025.80	5,129.00	10,258.00	102,580.00	512,900.00	1,025,800.00	1.28	1.63
Interest accrues at rate of $1.40 per month per $1,000 par amount:										
Twenty-fifth month	102.72	513.60	1,027.20	5,136.00	10,272.00	102,720.00	513,600.00	1,027,200.00	1.29	1.63
Twenty-sixth month	102.86	514.30	1,028.60	5,143.00	10,286.00	102,860.00	514,300.00	1,028,600.00	1.31	1.63
Twenty-seventh month	103.00	515.00	1,030.00	5,150.00	10,300.00	103,000.00	515,000.00	1,030,000.00	1.32	1.63
Twenty-eighth month	103.14	515.70	1,031.40	5,157.00	10,314.00	103,140.00	515,700.00	1,031,400.00	1.33	1.63
Twenty-ninth month	103.28	516.40	1,032.80	5,164.00	10,328.00	103,280.00	516,400.00	1,032,800.00	1.34	1.63
Thirtieth month	103.42	517.10	1,034.20	5,171.00	10,342.00	103,420.00	517,100.00	1,034,200.00	1.35	1.62
Thirty-first month	103.56	517.80	1,035.60	5,178.00	10,356.00	103,560.00	517,800.00	1,035,600.00	1.36	1.62
Thirty-second month	103.70	518.50	1,037.00	5,185.00	10,370.00	103,700.00	518,500.00	1,037,000.00	1.37	1.62
Thirty-third month	103.84	519.20	1,038.40	5,192.00	10,384.00	103,840.00	519,200.00	1,038,400.00	1.38	1.62
Thirty-fourth month	103.98	519.90	1,039.80	5,199.00	10,398.00	103,980.00	519,900.00	1,039,800.00	1.38	1.62
Thirty-fifth month	104.12	520.60	1,041.20	5,206.00	10,412.00	104,120.00	520,600.00	1,041,200.00	1.39	1.62
MATURITY	104.26	521.30	1,042.60	5,213.00	10,426.00	104,260.00	521,300.00	1,042,600.00	1.40	

1/ Not acceptable in payment of taxes until during and after the second calendar month after the month of issue, and not redeemable for cash until during and after the fourth calendar month after the month of issue.

2/ Approximate investment yield for entire period from issuance to maturity.

830

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 Aug. 7, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to Aug. 7, 1948 1/
United Kingdom.....	4,323,457	19,703	1,441,152	19,703
Canada.............	239,690	175,266	-	-
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	264,596	1,599,886	19,703

1/ Included in total imports, column 2.

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FOR IMMEDIATE RELEASE
August 17, 1948

5-830

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 August 7, 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1947, to August 7, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1947, to Aug. 7, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1947, to August 7, 1948.
Egypt and the Anglo-Egyptian Sudan...........	783,816	-	45,665,558 (4a)	-
Peru.............	247,952	247,952	1,903,999	-
British India....	2,003,483	20,422	-	43,235,563
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	47,747,506 (4a)	43,235,563

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 22, 1947.
4/a This figure includes 2,091,086 pounds of Egyptian cotton charged during the period July 20 to August 7, 1948, to the additional quota provided in the President's Proclamation No. 2800.
5/ Established quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, August 18, 1948

No. S-830

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 August 7, 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1947, to August 7, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1947, to August 7, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1947, to August 7, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	45,665,558(4a)	-
Peru	247,952	247,952	1,903,999	-
British India	2,003,483	20,422	-	43,235,563
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 Indies 2/	16,004			
Other French Africa 3/	689			
Algeria and Tunisia	-			
	14,516,882	10,245,480	47,747,506(4a)	43,235,563

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
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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 Aug. 7, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947 to Aug. 7, 1948 1/
United Kingdom......	4,323,457	19,703	1,441,152	19,703
Canada..............	239,690	175,266	-	-
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	264,596	1,599,886	19,703

1/ Included in total imports, column 2.

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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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8-31

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 26, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 26, 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~~

ALPHA

TREASURY DEPARTMENT
Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, August 20, 1948.
~~(1)~~

No. 5-831

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000 ~~(2)~~, or thereabouts, of 92 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing August 26, 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 26, 1948 ~~(5)~~, and will mature November 26, 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 23, 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, August 20, 1948.

No. S-831

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing August 26, 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 August 26, 1948, and will mature November 26, 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, August 23, 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 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 26, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 26, 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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subject of taxation.

Mr. Shere is a member of the American Economic Association, American Statistical Association, International Fiscal Association, National Tax Association, and the Tax Institute.

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S-832

8/23/48

Secretary Snyder announced today that Louis Shere has resigned as Director of Tax Research for the Treasury Department to become Professor of Economics and Director of Tax Research at Indiana University. The resignation is effective September 10, 1948.

Mr. Shere has been with the Treasury Department since 1934. In January 1948 he was named Director of Tax Research, having previously served as Acting Director and Associate Director. [redacted]. ~~It was under his direction that the Treasury Department prepared and published a series of tax studies in connection with the revision of postwar taxes.~~

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Born in Oxbow, Saskatchewan, Canada, Mr. Shere is a graduate of the University of Manitoba at Winnipeg, Canada, receiving his bachelor degree in 1921 and an [redacted] M.A. in 1922. In 1932 he received a Ph.D. in economics from Columbia University, New York City.

Mr. Shere lectured in economics at the University of Toronto and was an instructor in business administration in the Extension School of Business at Columbia University. [redacted] For several years he was employed as security analyst and general economic consultant with banking, investment trust and brokerage firms in New York City. He was also a member of the research staff of the ~~New York~~ State Commission for Revision of New York Tax Laws.

As a member of the Joint Haitian-American Industrial Mission in 1944, Mr. Shere wrote the "Report on the Haitian Fiscal System." He is also the author of "A Statistical Approach to Certain New York State Tax Problems" and has contributed to many other works on the

TREASURY DEPARTMENT

Information Service

WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, August 23, 1948

No. S-832

Secretary Snyder announced today that Louis Shere has resigned as Director of Tax Research for the Treasury Department to become Professor of Economics and Director of Tax Research at Indiana University. The resignation is effective September 10, 1948.

Mr. Shere has been with the Treasury Department since 1934. In January 1948 he was named Director of Tax Research, having previously served as Acting Director and Associate Director.

Born in Oxbow, Saskatchewan, Canada, Mr. Shere is a graduate of the University of Manitoba at Winnipeg, Canada, receiving his bachelor degree in 1921 and an M.A. in 1922. In 1932 he received a Ph.D. in economics from Columbia University, New York City.

Mr. Shere lectured in economics at the University of Toronto and was an instructor in business administration in the Extension School of Business at Columbia University. For several years he was employed as security analyst and general economic consultant with banking, investment trust and brokerage firms in New York City. He was also a member of the research staff of the State Commission for Revision of New York Tax Laws.

As a member of the Joint Haitian-American Industrial Mission in 1944, Mr. Shere wrote the "Report on the Haitian Fiscal System." He is also the author of "A Statistical Approach to Certain New York State Tax Problems", and has contributed to many other works on the subject of taxation.

Mr. Shere is a member of the American Economic Association, American Statistical Association, International Fiscal Association, National Tax Association, and the Tax Institute.

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5-833

RELEASE, MORNING NEWSPAPERS,
Tuesday, August 24, 1948.

The Secretary of the Treasury announced last evening that the tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills to be dated August 26 and to mature November 26, 1948, which were offered August 20, 1948, were opened at the Federal Reserve Banks on August 23.

The details of this issue are as follows:

Total applied for - $1,493,468,000
Total accepted - 1,000,376,000 (includes $42,109,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.726 Equivalent rate of discount approx. 1.072% per annum

Range of accepted competitive bids:

High - 99.747 Equivalent rate of discount 0.990% per annum
Low - 99.723 " " " " approx. 1.084% per annum

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 16,475,000	$ 5,875,000
New York		1,288,324,000	883,834,000
Philadelphia		27,699,000	21,699,000
Cleveland		13,956,000	5,956,000
Richmond		2,580,000	2,580,000
Atlanta		2,591,000	2,291,000
Chicago		93,014,000	32,574,000
St. Louis		3,076,000	3,076,000
Minneapolis		1,435,000	1,435,000
Kansas City		3,910,000	3,410,000
Dallas		5,145,000	4,745,000
San Francisco		35,263,000	32,901,000
	TOTAL	$1,493,468,000	$1,000,376,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS
Tuesday, August 24, 1948

No. S-833

The Secretary of the Treasury announced last evening that the tenders for $1,000,000,000, or thereabouts, of 92-day Treasury bills to be dated August 26 and to mature November 26, 1948, which were offered August 20, 1948, were opened at the Federal Reserve Banks on August 23.

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Average price - 99.726 Equivalent rate of discount approx. 1.072% per annum.

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Boston	$ 16,475,000	$ 5,875,000
New York	1,288,324,000	883,834,000
Philadelphia	27,699,000	21,699,000
Cleveland	13,956,000	5,956,000
Richmond	2,580,000	2,580,000
Atlanta	2,591,000	2,291,000
Chicago	93,014,000	32,574,000
St. Louis	3,076,000	3,076,000
Minneapolis	1,435,000	1,435,000
Kansas City	3,910,000	3,410,000
Dallas	5,145,000	4,745,000
San Francisco	35,263,000	32,901,000
TOTAL	$1,493,468,000	$1,000,376,000

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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.

5-834

amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 2, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 2, 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

5-834

FOR RELEASE, MORNING NEWSPAPERS,
Friday, August 27, 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 September 2, 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 September 2, 1948 (5), and will mature December 2, 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 30, 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, No. S-834
Friday, August 27, 1948

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 2, 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 September 2, 1948, and will mature December 2, 1948, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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

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Reestablishment of the Alaska district headquarters was recommended by a firm of management engineers which surveyed Coast Guard operations last year.

Secretary Snyder flew ~~to Alaska~~ in a Coast Guard plane. ~~and~~ ~~He~~ was accompanied by George Earle Stewart, President of the Emerson Comstock Company, and Robert W. Lea, President of the Johns-Manville Corporation.

SS flew to Alaska from Denver,

from Wash to ~~Den~~ Denver where he had addressed the Reserve City Bankers Association in company with Chairman McCabe FRB and Chairman Harl FDIC

SS flew to D

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Secretary Snyder today announced that ~~he and a~~ Board of Officers from the United States Coast Guard, accompanied by a member of the Staff of the Senate Appropriations Committee, recently visited Alaska to confer with Governor Gruening and other Government officials on the question of reestablishing the 17th Coast Guard District headquarters in Alaska.

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This question, which has assumed greater importance in recent months, has been receiving the close attention of ~~military and civilian~~ Treasury officials. Governor Gruening and Alaska's delegate to Congress, E. L. Bartlett, have urged reestablishment. Ultimate responsibility for a decision rests with the Secretary of the Treasury.

While in Alaska, Secretary Snyder assured Governor Gruening that the matter would be acted upon promptly. Accordingly, upon his return to Washington, the Secretary requested the Commandant of the Coast Guard to make a report to him as soon as possible on the findings of the Board of Officers participating in the inquiry. It is expected that this report will be submitted in a short time.

Preliminary plans for the on-the-spot investigation in Alaska were discussed last May in testimony by Coast Guard officers before a subcommittee of the House Appropriations Committee. Captain A. C. Richmond of the Coast Guard told the subcommittee that defense considerations were involved.

Immediate Release
Thursday, August 26, 1948

S-835

Secretary Snyder announced today that he had been in Alaska recently to confer with Governor Gruening and other Government officials on the question of reestablishing the 17th Coast Guard District headquarters in Alaska.

~~This question, which has assumed one~~

The Secretary said that a board of officers of the U.S. Coast Guard and a member of the staff of the Senate Appropriations Committee were in Alaska at that time in connection with the same matter.

The question of reestablishing the Coast Guard District Headquarters in Alaska has assumed greater importance in recent months, and has been receiving the close attention of Treasury officials. Governor Gruening and Alaska's delegate to Congress, E.L. Bartlett, have urged reestablishment. Ultimate responsibility for a decision rests with the Secretary of the Treasury.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, August 26, 1948.

No. S-835

Secretary Snyder announced today that he had been in Alaska recently to confer with Governor Gruening and other Government officials on the question of reestablishing the 17th Coast Guard District headquarters in Alaska.

The Secretary said that a board of officers of the U. S. Coast Guard and a member of the staff of the Senate Appropriations Committee were in Alaska at that time in connection with the same matter.

The question of reestablishing the Coast Guard District headquarters in Alaska has assumed greater importance in recent months, and has been receiving the close attention of Treasury officials. Governor Gruening and Alaska's delegate to Congress, E. L. Bartlett, have urged reestablishment. Ultimate responsibility for a decision rests with the Secretary of the Treasury.

While in Alaska, Secretary Snyder assured Governor Gruening that the matter would be acted upon promptly. Accordingly, upon his return to Washington, the Secretary requested the Commandant of the Coast Guard to make a report to him as soon as possible on the findings of the Board of Officers participating in the inquiry. It is expected that this report will be submitted in a short time.

Preliminary plans for the on-the-spot investigation in Alaska were discussed last May in testimony by Coast Guard officers before a subcommittee of the House Appropriations Committee. Captain A. C. Richmond of the Coast Guard told the subcommittee that defense considerations were involved.

Reestablishment of the Alaska district headquarters was recommended by a firm of management engineers which surveyed Coast Guard operations last year.

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maintain numerous aids to air navigation. The Coast Guard also operates LORAN facilities, which are a long-range aid to navigation, and provides far-flung search and rescue facilities from shore bases which are an important safeguard to aviators as well as mariners. In addition, the Coast Guard

The aeronautical organization of the Coast Guard has long been prominent in national aviation activities, in Federal law enforcement work, and in aerial photography and survey. It participates in the International Ice Patrol and in weather observation, and cooperates with other Federal agencies in the execution of their responsibilities.

The Treasury Department's interest in the broad activities of the Coast Guard and other aviation matters involving Customs, Internal Revenue, the facilitation of entry and the promotion of trade and financing provided the impetus for its inclusion in the Air Coordinating Committee.

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IMMEDIATE RELEASE,
Wednesday, August 25, 1948

Secretary Snyder today announced the ~~appointment~~ designation of Edward H. Foley, Jr., Under Secretary of the Treasury, as the Department's representative on the Federal Government's Air Coordinating Committee. This committee, established in September, 1946, originally included as participating agencies the Departments of State, War, Postoffice, Navy and Commerce, and the Civil Aeronautics Board. An Executive Order signed by President Truman on August 21 enlarged membership of the group to include the Treasury Department.

Under Secretary Foley, whose duties, among others, include supervision over the United States Coast Guard, ~~and other enforcement activities of the Treasury,~~ stated that the Department's ~~intense~~ active and sustained interest in aviation matters required its ~~active and full-time~~ complete participation in the work of the coordinating group. "Inclusion of the Treasury Department as a member of the Air Coordinating Committee," he continued, "will result in a more comprehensive and ~~conclusive~~ effective means of ~~completing the~~ determin~~ation of~~ing matters dealing with aviation policy, and the implementation of services contributing to the entire aviation program."

The Coast Guard currently provides for the operation and maintenance of vessels at fixed points on the high seas, which compile weather data, conduct search and rescue operations, and

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, August 27, 1948.

No. S-836

Secretary Snyder today announced the designation of Edward H. Foley, Jr., Under Secretary of the Treasury, as the Department's representative on the Federal Government's Air Coordinating Committee. This committee, established in September, 1946, originally included as participating agencies the Departments of State, War, Post Office, Navy and Commerce, and the Civil Aeronautics Board. An Executive Order signed by President Truman on August 21 enlarged membership of the group to include the Treasury Department.

"Inclusion of the Treasury Department as a member of the Air Coordinating Committee," Secretary Snyder said, "should result in a more comprehensive determination of matters of aviation policy, and the more effective implementation of services contributing to the entire aviation program."

Under Secretary Foley, whose duties, among others, include supervision over the United States Coast Guard, stated that the Department's active and sustained interest in aviation matters require its complete participation in the work of the coordinating group.

The Coast Guard currently provides for the operation and maintenance of vessels at fixed points on the high seas, which compile weather data, conduct search and rescue operations, and maintain numerous aids to air navigation. The Coast Guard also operates loran facilities, which are a long-range aid to navigation, and provides far-flung search and rescue facilities from shore bases which are an important safeguard to aviators as well as mariners. In addition, the Coast Guard is responsible for over water air-sea rescue operations.

The aeronautical organization of the Coast Guard has long been prominent in national aviation activities, in Federal law enforcement work, and in aerial photography and survey. It participates in the International Ice Patrol and in weather observation, and cooperates with other Federal agencies in the execution of their responsibilities.

Treasury representation on the Air Coordinating Committee was urged in reports on Coast Guard and Bureau of Customs operations made in recent months by private management engineering firms which conducted studies of these two Treasury agencies.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

837

In turning over the canceled stock certificates to Chairman Harl, Secretary Snyder praised the Federal Deposit Insurance Corporation as "one of the most important and far-reaching banking reforms of our times."

"Your repayment of these funds at this early date," he continued, "is a token of two very important facts: first, that the directors of F. D. I. C. have carefully administered their responsibilities during the past fifteen years and, second, that the F. D. I. C. trust fund has grown to the point where you are enabled to go forward without the use of Government funds.

"On both counts you, Chairman Harl, the other members of the board, the entire staff of F. D. I. C. and your predecessors are to be congratulated."

No S-837

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"Secondly, to encourage banks to retire preferred stock owned by the RFC when such retirement will not reduce the capital-deposit ratio below the national average. This program has accomplished substantial reductions in RFC holdings of bank obligations.

"We at FDIC are fully aware of the trust reposed in the Corporation. Each of the 90,000,000 depositors in insured banks share that trust. The security of lifetime savings of individuals and the availability of funds of businesses of all sizes are equally our responsibility. We hold that the American system of free enterprise banking, with Federal and State authority sharing credit and responsibility, is the right answer to America's banking needs. As the last major system of free enterprise banking in the world, it represents not only a symbol but a bulwark of our American way of life.

"We hope to help in some measure to make permanent the sense of security that the 90,000,000 bank depositors now enjoy and to perpetuate our nation's dual system of banking."

TREASURY DEPARTMENT --- FEDERAL DEPOSIT INSURANCE CORPORATION

Washington

5-837

FOR IMMEDIATE RELEASE
Monday, August 30, 1948

Repayment of its original $289,000,000 of U.S. Government capital was completed today by Federal Deposit Insurance Corporation when Chairman Maple T. Harl of the corporation handed Secretary of the Treasury John W. Snyder the corporation's check for $12,604,306.58. The repayment, suggested by Mr. Harl and authorized by Congress a year ago, makes Federal Deposit Insurance Corporation a Government agency financed entirely by the banks whose deposits it insures. The balance had been repaid in installments, beginning September 9, 1947.

Secretary Snyder, accepting the check, congratulated Chairman Harl on the speed with which the corporation had acted under the authorizing legislation.

Mr. Harl said:

"The country is now well into its fifth year without loss to any depositor in an insured bank. This is an all-time record for depositor safety. We believe that sound banking management and vigilant supervision will make bank failures a rarity in the future.

"We believe it to be sound philosophy that the banks should be encouraged to stand on their own feet, and that the Government's subsidy in the banking system should be reduced to a minimum. Accordingly, the Corporation has undertaken two things:

"First, to retire all of the capital stock of ~~the~~ Federal Deposit Insurance Corporation owned by the Treasury and the Federal Reserve Banks. This goal we see realized today.

TREASURY DEPARTMENT -- FEDERAL DEPOSIT INSURANCE CORPORATION

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"We believe it to be sound philosophy that the banks should be encouraged to stand on their own feet, and that the Government's subsidy in the banking system should be reduced to a minimum. Accordingly, the Corporation has undertaken two things:

"First, to retire all of the capital stock of Federal Deposit Insurance Corporation owned by the Treasury and the Federal Reserve Banks. This goal we see realized today.

"Secondly, to encourage banks to retire preferred stock owned by the RFC when such retirement will not reduce the capital-deposit ratio below the national average. This program has accomplished substantial reductions in RFC holdings of bank obligations.

"We at FDIC are fully aware of the trust reposed in the Corporation. Each of the 90,000,000 depositors in insured banks share that trust. The security of lifetime savings of individuals and the availability of funds of businesses of all sizes are equally our responsibility. We hold that the American system of free enterprise banking, with Federal and State authority sharing credit and responsibility, is the right answer to America's banking needs. As the last major system of free enterprise banking in the world, it represents not only a symbol but a bulwark of our American way of life.

"We hope to help in some measure to make permanent the sense of security that the 90,000,000 bank depositors now enjoy and to perpetuate our nation's dual system of banking."

In turning over the canceled stock certificates to Chairman Harl, Secretary Snyder praised the Federal Deposit Insurance Corporation as "one of the most important and far-reaching banking reforms of our times."

"Your repayment of these funds at this early date," he continued, "is a token of two very important facts: first, that the directors of FDIC have carefully administered their responsibilities during the past fifteen years and, second, that the FDIC trust fund has grown to the point where you are enabled to go forward without the use of Government funds.

"On both counts you, Chairman Harl, the other members of the board, the entire staff of FDIC and your predecessors are to be congratulated."

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No. S-837

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

~~ALPHA~~

5-838

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, August 31, 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 September 9, 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 September 9, 1948 ~~(5)~~, and will mature December 9, 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, September 3, 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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No. S-838

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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 Banks on September 9, 1948, in cash or other immediately available funds in a like face amount of Treasury bills maturing September 9, 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.

5 - 832

RELEASE, MORNING NEWSPAPERS,
Tuesday, August 31, 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 September 2, and to mature December 2, 1948, which were offered August 27, 1948, were opened at the Federal Reserve Banks on August 30.

The details of this issue are as follows:

Total applied for - $1,614,413,000
Total accepted - 1,000,566,000 (includes $43,329,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.728/ Equivalent rate of discount approx. 1.075% per annum

Range of accepted competitive bids:

High - 99.732 Equivalent rate of discount approx. 1.060% per annum
Low - 99.726 " " " " " 1.084% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 19,344,000	$ 6,224,000
New York	1,323,249,000	822,089,000
Philadelphia	15,015,000	2,918,000
Cleveland	23,007,000	19,458,000
Richmond	2,660,000	2,640,000
Atlanta	2,276,000	2,268,000
Chicago	99,804,000	53,824,000
St. Louis	4,596,000	4,548,000
Minneapolis	4,010,000	3,974,000
Kansas City	57,516,000	48,745,000
Dallas	6,277,000	5,915,000
San Francisco	56,659,000	27,963,000
TOTAL	$1,614,413,000	$1,000,566,000

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TREASURY DEPARTMENT

Information Service — WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, August 31, 1948

No. S-839

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 September 2 and to mature December 2, 1948, which were offered August 27, 1948, were opened at the Federal Reserve Banks on August 30.

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St. Louis	4,596,000	4,548,000
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Kansas City	57,516,000	48,745,000
Dallas	6,277,000	5,915,000
San Francisco	56,659,000	27,963,000
TOTAL	$1,614,413,000	$1,000,566,000

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Treasury Department's position to the court by the Department of Justice.

The Department Circulars containing the regulations governing United States Savings Bonds that I mentioned earlier — that is, Department Circular No. 653, as revised, amended, and supplemented, Department Circular No. 654, as revised and amended, and Department Circular No. 530, as revised and amended — may be obtained through the Federal Reserve Banks and Branches, the Chicago Branch of the Bureau of the Public Debt, or the Bureau of the Public Debt in Washington. Any of these offices will be glad to mail the circulars to you upon request. Information on the application of the Federal income, estate, and gift taxes to United States Savings Bonds may be obtained from the Office of the Commissioner of Internal Revenue in Washington or from your local Collector of Internal Revenue.

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will either submit it to the Chicago Branch of the Bureau of the Public Debt or will advise you to do so. If you are not near a Federal Reserve Bank or Branch, the problem should be submitted to the Chicago Branch, 36/ where, unless it is a rather unusual transaction, the entire matter can be handled. If you are in or near Chicago or Washington, it may be convenient for you to consult directly either the Chicago Branch or the main office of the Bureau in Washington. There is one type of case which should be referred directly to the main office in any event. That is the occasional case still arising in which an attempt is made to defeat the rights of a surviving coowner or beneficiary. When this occurs, particularly if it appears there will be litigation, the Bureau would appreciate having the matter referred directly to the Commissioner's office. That office will be glad to supply you with a statement of the Department's position and citations to the cases that have been decided on the questions involved. 37/ If the case involves important questions arrangements will be made for presentation of the

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36/ Bureau of the Public Debt, Merchandise Mart, Chicago 54, Illinois

37/ Statement of the Treasury Department on the Rights of Surviving Coowners and Beneficiaries of Savings Bonds, July 5, 1945, and the appendix thereto.

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its facilities in connection with the savings bond program and is doing all in its power to serve the savings bond holding purlic. To bring these services closer to the individuals the majority of the banks, trust companies, mutual savings banks, and Federal savings and loan associations have been authorized to redeem Series E bonds for the registered owners, and Federal Reserve Banks have been authorized to handle a large number of the redemption and reissue transactions that arise in connection with savings bonds of Series F and G as well as Series E. The Bureau of the Public Debt has also established an office in Chicago, which handles most of the transactions involving savings bonds.

HOW TO OBTAIN BEST RESULTS FROM FACILITIES AVAILABLE

These facilities are designed to serve you. I might make these suggestions on how they may serve you best. If you are in or near a city with a Federal Reserve Bank or Branch you should take a United States Savings Bonds problem first to the Bank's officer who handles savings bond transactions. If the Federal Reserve Bank is authorized to handle the transaction, the officer will advise you how the matter may be handled. If the Federal Reserve Bank is not authorized to handle your particular problem, the officer

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authorized many agencies to issue Series E bonds. At the present time it is possible to purchase Series E bonds from the Treasurer of the United States, Federal Reserve Banks or Branches, most United States Post Offices, most incorporated banks, trust companies, mutual savings banks, Federal savings and loan associations, and many industrial and commercial firms. 34/ They may be purchased through payroll deduction plans by wage earners or through local banks and trust companies by professional and business men under the "Bond-A-Month" plan. Series F and Series G bonds may be purchased from the Treasurer of the United States or the Federal Reserve Banks and Branches, and applications for the purchase of these bonds may be sent through the agencies authorized to issue Series E bonds which I have mentioned. 35/

FACILITIES THROUGH WHICH UNITED STATES SAVINGS BONDS MAY BE REDEEMED OR REISSUED

Not only has the Treasury Department made it easy for the public to buy these bonds, but the Treasury's Bureau of the Public Debt has expanded

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34/ Dept. Cir. No. 653, Second Revision, Part III.

35/ Dept. Cir. No. 654, Second Revision, Part III.

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MARITAL DEDUCTION PROVISIONS OF REVENUE ACT OF 1948

The Revenue Act of 1948 introduced a new concept into estate and gift tax laws; that is, the marital deduction. This marital deduction has the same effect when gifts are made of savings bonds as it has when gifts are made of other property. It seems advisable, however, to call to your attention some of the provisions of the Act. In general, the Act authorizes the deduction from the gross estate of an amount equal to the value of certain property interests passing to the decedent's surviving spouse, not to exceed one-half of the adjusted gross estate; it authorizes the deduction of one-half of the value of any gift of an interest in non-community property made by any person to his spouse; and it authorizes spouses to elect to treat any gift of an interest in property to a third person as made one-half by each spouse. These provisions apply to savings bonds just the same as they do to any property.

FACILITIES THROUGH WHICH UNITED STATES SAVINGS BONDS MAY BE PURCHASED

The Treasury Department has tried in every way possible to make these bonds readily available to the small investor. To accomplish this it has realized interest, but in the year of redemption the difference between the redemption value and the purchase price is deductible as ordinary loss incurred in a transaction entered into for profit.

It is not likely that it will ever be a real problem which of two taxpayers is required to report the interest on United States Savings Bonds. When bonds are registered in the names of two persons as coowners, interest is income to the person who contributed the purchase price. If the purchase price is contributed by both, interest is income to both in proportion to their contributions. If the bonds were a gift to both coowners, interest is income to each of them in equal amounts. For taxable years beginning after December 1, 1940, regardless of the issue date of the bonds, a trustee may elect to treat the annual increment in value of savings bonds held in trust as taxable income. If that election is made, the increment is taxable to the beneficiary if distributable to him under section 162 of the Internal Revenue Code. Income from interest on savings bonds is, of course, eligible for the "split-income" treatment provided by the Revenue Act of 1948.

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INCOME TAX STATUS OF THE INTEREST ON UNITED STATES SAVINGS BONDS

Problems involving income taxes on the interest on savings bonds are fairly simple. In the case of Series E and F bonds which are issued at a discount, the increment in value is taxable interest income. If the taxpayer is on the accrual basis, interest is income as it accrues. If the taxpayer is on the cash basis, the interest may be reported each year as accrued (as shown in the table on the bonds), or it may all be reported when the bonds mature or when they are redeemed. Once the taxpayer has elected to report the interest as it accrues, however, he cannot change to the cash basis without the permission of the Commissioner of Internal Revenue. Interest on Series G bonds may be included in gross income either when received or as it accrues, depending upon the taxpayer's method of accounting. The interest accrues when it becomes payable, but not until then. Under the terms of issue the redemption value of Series G bonds prior to maturity, except in certain cases upon death, is less than the purchase price; technically, this difference is a refund in part of interest previously paid or accrued. Upon redemption before maturity no adjustment can be made in any year for

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value would form a part of B's gross estate for estate tax purposes. Of course if B's death occurs within five years of the gift of the bonds a deduction equal to the amount of the property previously taxed will be permitted. Bonds purchased by A and registered gratuitously in B's name, payable on death to C, constitute a gift to B during the year purchased; the cost of the bonds must be considered in determining A's gift tax liability for that year. Upon B's death the entire redemption value would form a part of B's gross estate for tax purposes. The deduction for property previously taxed would also be allowed here if applicable. Bonds purchased by A and registered gratuitously in the form "A or B" present no gift tax problem unless and until A gratuitously permits B to redeem the bonds and retain the redemption value. When this occurs the redemption value must be considered in determining A's gift tax liability for that year. On A's death the entire redemption value of bonds still outstanding in this form would constitute a part of his gross estate for tax purposes. Bonds purchased by A and registered gratuitously in the form "B or C" constitute a gift and upon the death of either B or C one-half of the redemption value would form a part of the decedent's gross estate for tax purposes. 33/

33/ Com. Mimeograph, Coll. No. 5202, R. A. No. 1128, Office of the Commissioner of Internal Revenue, June 14, 1941.

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is not exempt from federal income taxes. 32/ Consequently, the effedt of each of the three forms of registration upon tax liabilities is of interest.

EXAMPLES OF GIFT TAX AND ESTATE TAX APPLICATION

A few examples should serve to illustrate. These examples, I should make it clear, involve only Federal taxes. Tax liability under the laws of the various States may be quite different. Bonds purchased by A and registered in A's name alone involve no gift tax problem; they involve exactly the same estate and inheritance tax problems as any other property upon the death of A. Bonds purchased by A and registered gratuitously in B's name alone, constitute a gift during the year purchased; the cost of the bonds must be considered in determining A's gift tax liability for that year. Bonds purchased by A and registered in A's name, payable on death to B, involve no gift tax problem, but on A's death their entire redemption value (this would be the par value of G bonds) would form a part of his gross estate for tax purposes. Bonds purchased by A and registered gratuitously in B's name, payable on death to A, constitute a gift to B during the year purchased and the cost of the bonds must be considered in determining A's gift tax liability for that year. Upon B's death the entire redemption

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32/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 4.
Dept. Cir. No. 654, Second Revision, Part II, Sec. 7.

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ment of an executor or administrator the time for giving notice will ordinarily be extended to six months from the date of appointment of the executor or administrator.

There is a further restriction applying only to the par payment of bonds held by a trust or fiduciary estate that is terminated by death of an individual. If the trust is terminated only in part, par payment will be made of only a proportionate part of the Series G bonds held by the trust. 31/

While this provision may be advantageous in some instances, it should not be forgotten that Series G bonds belonging to an estate or a trust may be reissued in the names of the heirs or other persons ultimately entitled with the original dating and may be held by them to maturity without any loss of interest yield.

TAX STATUS OF UNITED STATES SAVINGS BONDS

Savings bonds of Series E, F, and G, and the interest paid upon them are not subject to taxes imposed on principal or interest by any State or possession of the United States or by any local taxing authority. They are not, however, exempt from gift, estate, and inheritance taxes, and the interest paid on them

31/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.23 (c).

very unusual and liberal feature for any security to possess. Consequently, certain limitations were imposed. To take advantage of the provision for payment at par before maturity, the person entitled to receive payment must, within six months of the death of the registered owner, coowner, or person whose death terminated the fiduciary estate, give to a Federal Reserve Bank or the Treasury Department's Division of Loans and Currency in Chicago, notice in writing of his intention to redeem at par. 30/ The bonds need not be submitted with this notice, but they must be submitted, together with the required proof of death, to the office to which notice was given not later than the last day of the month preceding by one calendar month the date on which payment is desired. It is not required that the bonds be submitted with the notice for the person entitled to payment has an option to delay redemption until the date of the second interest payment after the death which made redemption possible. The time for giving notice of intention to redeem at par may be extended by the Department in certain cases where it was impossible to give notice. For example, if there has been litigation which delayed the appoint-

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30/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.23 (c).

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one coowner they become the sole and absolute property of the survivor. 27/ The effectiveness of this form of registration has also been generally recognized by the various courts which have considered the matter.

Coownership bonds may be reissued to eliminate the name of a living coowner in three cases: (1) where a coowner marries and the other coowner consents to reissue in order to substitute the new spouse as coowner or beneficiary; (2) where coowners have been divorced and a property settlement incorporated in the decree or ratified by the decree awards the bonds to one of the coowners; and (3) where, in the case of Series F or G bonds, the co-owners create a living trust for the benefit of both in whole or in part during their lifetime and reissue in the name of the trustee is desired. 28/ These provisions add some flexibility to the coownership form of registration.

PAR PAYMENT OF SERIES G BONDS

One feature of Series G bonds merits special consideration. This is the provision for optional redemption at par upon the death of an owner or coowner, if a natural person, or upon the termination by reason of the death of an individual of a trust or fiduciary estate which holds the bonds. 29/ This is a

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27/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.45 (c)
28/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.45 (b) (3).
29/ Dept. Cir. No. 654, Second Revision, Part II, Sec. 4.

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Upon the death of the registered owner a surviving beneficiary becomes entitled to the savings bonds as sole owner. 24/ The effects of this form of registration as set forth in the Department's regulations have been variously attacked as contravening the local laws of testamentary disposition, the laws of descent and distribution and the law of gifts. However, the effectiveness of the Treasury regulations has been quite generally recognized by the courts, both state and federal. The few decisions in State courts to the contrary, the first of which was Decker vs. Fowler in the Washington courts 25/, have been negatived by the legislatures of those States through the passage of statutes specifically recognizing the effect of this form of registration. 26/

COOWNER FORM OF REGISTRATION

Of the three permitted forms, bonds registered in coownership form, that is, "John Smith or Ellen Smith", are the least adaptable to changing conditions. In many cases, however, they will meet the wishes of the purchaser more exactly than either of the two forms already discussed. Bonds registered in this form may be redeemed upon presentation by either coowner; upon the death of

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24/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.46 (c).
25/ 92 Pac. 2d 254.
26/ Statement of the Treasury Department on the rights of Surviving Coowners and Beneficiaries of Savings Bonds, ~~July 5, 1945, and appendix thereto.~~ which is appended hereto.

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Single named owner bonds do not complicate the distribution of the property of a decedent; in many cases they simplify it. Unless the laws of the jurisdiction in which the decedent was domiciled require it, it is not necessary to establish title to savings bonds by administration of the estate. Even if administration is required by local law the Treasury will make payment on bonds without it if the value of the bonds is $250 maturity value or less or the estate under $500. In lieu of administration a fairly simple form may be filed with the Department setting out the facts concerning the estate of the decedent and the rights of the parties claiming the bonds. 22/

BENEFICIARY FORM OF REGISTRATION

The beneficiary form of registration, that is, "John Smith payable on death to Ellen Smith", does not give the purchaser or registered owner quite as free a hand in his use of the bonds after purchase as the single named owner form. Under the regulations, although the owner may redeem the bonds at his option, he may not eliminate or change the beneficiary at will. These bonds may be reissued, however, to name the beneficiary as coowner. If the beneficiary predeceased the registered owner or if the beneficiary consents, the bonds may be reissued in the same manner as single named owner bonds. 23/

22/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.47.
23/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.32 and 315.46 (b).

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after purchase. If a purchaser has bonds issued in his own name it is possible for him to have them reissued at a later date naming another natural person as coowner or beneficiary. If they are of Series F or G he may also have them reissued in the name of a trustee of a living trust created by him for his benefit in whole or in part during his lifetime. 19/ While a testamentary trust may become entitled to Series E bonds, they may not be reissued in the name of the trustee. Upon the death of the registered owner, bonds in single named owner form belong to his estate. It is well to keep in mind that they may be redeemed by the executor or administrator of the estate or they may pass by will or by the laws of descent and distribution. A person who thus becomes entitled to bonds may have them reissued in his name alone or with a coowner or beneficiary and the reissued bonds will be dated as of the original date of issue. 20/

If a purchaser desires to make a gift of the bonds he may have them registered in the name of the donee when purchased. Such registration vests title to the bonds in the donee. 21/

19/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.32 and 315.44.

20/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Secs. 315.36 and 315.47.

21/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.2.

forms of registration and in addition may be registered in the names of persons acting in a fiduciary capacity (such as guardians, trustees, etc.), and in the name of a corporation, a partnership, or an unincorporated association, 15/ but the beneficiary and coowner forms may not be used unless all persons named in the registration are natural persons in their own right.

Bonds of Series F and G registered in the name of a trustee (whether an individual or a corporation) may be reissued in the name of succeeding trustees whether the trust was established by will, declaration, or otherwise, 16/ and upon the termination of the trust may be reissued in the name of the person, or persons, entitled to the assets thereof. 17/ Reissue is, of course, allowed in the case of merger, consolidation, or dissolution 18/ of corporations, partnerships, and unincorporated associations.

SINGLE NAMED OWNER FORM (INDIVIDUAL)

The first form, single named owner, is the simplest form in many respects; it permits the registered owner the greatest latitude in handling his bonds

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15/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.5.
16/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.49.
17/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.50 (a) (b).
18/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.56.

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A word as to the reason for these limitations. Savings bonds of Series E were designed primarily to attract investors with relatively small means. A limitation was, therefore, established so that large concentrations would not be made in the hands of a relatively small number of individuals. The undesirability of large concentrations in the case of Series E, F, and G, should be apparent in view of the fact that savings bonds are virtually demand obligations.

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amount of $200,000 (issue price) in their names in coownership form, they would have an excess. In the case of all three series, the method of computing coownership holdings does not depend on the source of the money used to purchase the bonds, the order in which the coowners are named, physical possession or relationship (as such) between the parties.

Under the regulations an excess must be 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. In many instances adjustments of an excess will involve no loss of investment yield, or very little. For example, the $200,000 (issue price) of Series F and G bonds which John and Ella purchased during 1948, can be adjusted by reissuing one-half the amount in the name of John payable on death to Ella and the other half in the name of Ella payable on death to John. The reissued bonds would bear the same issue dates as the originals.

¶ The regulations governing the limitation are set forth in full in Subpart C of Department Circular No. 530, Sixth Revision, as amended.

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regard to the limit. "The happening of an event" which would exclude the application of the limitation, as those words are used here, would include successorship, for example. In brief, X Corporation having absorbed and continued the business activities of Y Corporation would be entitled to acquire and to have reissued in its name any bonds of Series F and G held by Y up to the limit, even though X itself already held the limit in bonds of the same series issued in the same calendar year.

The method of computing holdings of coowners, for the purposes of the limitation in holdings, varies as between Series E bonds, on the one hand, and Series F and G bonds, on the other. In the case of bonds of Series E, bonds registered in coownership form may be applied to the holdings of either or may be apportioned between them, but will not be applied to both, whereas bonds of Series F and G registered in coownership form are charged in full to both coowners. In other words, John Jones and his wife, Ella, could buy $20,000 (maturity value) of savings bonds of Series E-1948 in their names in coownership without exceeding the limit, but if they bought savings bonds of Series F and G 1948 in the

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LIMITATION ON HOLDINGS

There is a limitation on the amount of savings bonds of the various series which an owner may have issued to him during any one calendar year. The existing limitation for savings bonds of Series E is $10,000 (maturity value) on original issue for each calendar year. The limitation per calendar year on original issue of savings bonds of Series F or G is $100,000 (issue price) of either series or of the combined aggregate of both. The words "original issue" as used here are in contradistinction to bonds acquired by reason of the death of another, the termination of a trust, or the happening of any other event within the meaning of the regulations. For example, John Jones who has purchased savings bonds of Series E, F, and G, up to the limit for the year 1948, would not acquire an excess by reason of the death of Mrs. Ella S. Jones leaving him bonds registered in her name alone or in her name payable on death to him up to the limit in Series E, F, and G 1948. Under the regulations bonds so acquired are not included in computing a person's holdings, and John Jones would of course be entitled to have such bonds reissued in his name without

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interest constitutes a net return; if redeemed before maturity, except under special circumstances which make them subject to par payment, they will be redeemed at fixed amounts less than par, the difference between the amount paid and par constituting an adjustment of the interest paid in relation to the time the bonds have been outstanding. 12/

Insert "Limitations on Holdings" here

FORMS AND EFFECTS OF REGISTRATION

It is very important that a security be obtained in a form that will achieve the purpose for which it is purchased. Since savings bonds are issued only in registered form 13/ the forms of registration permitted and the effect of each form of registration are important.

For natural persons in their own right, savings bonds of Series E are available in three, and only three, forms of registration: single named owner form -- "John A. Jones"; beneficiary form -- "John A. Jones payable on death to Mrs. Ella S. Jones"; and coowner form -- "John A. Jones or Mrs. Ella S. Jones". 14/ Bonds of Series F and G are available in the above

diagonals

12/ Dept. Cir. No. 654, Second Revision, Part II, Sec. 2 and 4.
13/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 1.
Dept. Cir. No. 654, Second Revision, Part II, Sec. 1.
Dept. Cir. No. 530, Sixth Revision, Sec. 315.2.
14/ Dept. Cir. No. 653, Second Revision, Part V.
Dept. Cir. No. 654, Second Revision, Part V.
Dept. Cir. No. 530, Sixth Revision, Sec. 315.4.

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available for purchase. Accordingly, the discussion will be limited in the main to savings bonds which are currently available. These are Series E, F, and G.

COST OF UNITED STATES SAVINGS BONDS AND RATES OF INTEREST PAID

The terms upon which savings bonds may be purchased and the rate of return are of primary interest to the investor. Most of you are aware of the graduated nature of the return on these bonds so I will review those provisions only briefly. Series E bonds are sold at a discount at 75 percent of their maturity value. They mature in 10 years, and if held to maturity net 2.9 percent interest compounded semiannually; for shorter periods the return is proportionately less. 10/ Series F bonds are sold at a discount at 74 percent of their maturity value. They mature in 12 years, and if held to maturity net 2.53 percent interest compounded semiannually; for shorter periods the return is proportionately less. 11/ Series G bonds are sold at par and mature in 12 years. Interest is paid at the rate of 2.5 percent semiannually. If G bonds are held to maturity this

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10/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 2.

11/ Dept. Cir. No. 654, Second Revision, Part II, Sec. 2 and 3.

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Series F and Series G bonds. These circulars set forth the terms of the bonds and describe them with particularity. The general regulations currently in effect as to all United States Savings Bonds are contained in Department Circular No. 530, Sixth Revision, as amended. 7/ I call your attention particularly to these Department Circulars because under modern decisions most of which follow the reasoning of U.S. vs. Birdsall 8/ and U.S. vs. Janowitz 9/, the regulations which they contain are regarded as "the supreme law of the land * * * anything in the constitution or laws of any State to the contrary notwithstanding." While the regulations have been revised and amended several times since originally promulgated, the changes have in general been for the purpose of increasing the rights and benefits of the registered owners.

It should be made clear at this point that this discussion is not intended to cover the provisions of the circulars and regulations relating solely to United States Savings Bonds of Series A to D. Bonds of these issues are outstanding in relatively small amounts and they are no longer

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7/ 4 amendments.

8/ 233 U.S. 223.

9/ 257 U.S. 42

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to borrow money on the credit of the United States 2/, but it is possible that many of you have not had ~~the~~ immediate occasion to consider the authority of the Secretary of the Treasury to issue United States Savings Bonds. Under the authority given in the Constitution 3/, the Congress, in 1935, passed Section 22 of the Second Liberty Bond Act. 4/ This section has been slightly amended since that time, but the basic provisions have been unchanged. It confers broad authority on the Secretary of the Treasury to issue savings bonds in such manner and subject to such terms and conditions, including restrictions on their transferability, as he may from time to time prescribe. Pursuant to this authority the Secretary of the Treasury offered United States Savings Bonds to the people of the United States. The current offering circulars for these bonds are Department Circular No. 653, Second Revision, as supplemented and amended 5/, which offers Series E bonds, and Department Circular No. 654, Second Revision, as amended 6/, which offers

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2/ Art. 1, Sec. 8, Cl. 2.

3/ Art. 1, Sec. 8, Cl. 18.

4/ Feb. 4, 1935, C5, Sec. 6, 49 Stat. 21 (found in its amended form in U.S.C. 1946 ed., Title 31, 757c).

5/ 3 supplements and one amendment.

6/ 3 amendments

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million wage earners throughout the United States purchase these bonds monthly through payroll allotments. Over half a million other individuals, largely professional and business men, purchase them regularly through their banks under the "Bond-A-Month" plan. Large amounts are purchased annually by fiduciaries, corporations, associations, and partnerships. On July 1, 1948, of a total public debt of two hundred fifty-two billion dollars over fifty-three billion dollars was represented by savings bonds. 1/ It may be anticipated that for a good many years to come almost every deceased person's estate will involve holdings in United States Savings Bonds. Problems arising from these holdings should therefore be of interest to most attorneys.

One of the first things that should be ascertained when the purchase of any security is being considered, whether it is intended as a short-term or a long-term investment, is the laws and regulations governing the issue and use of the security.

LAWS AND REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS

You are all acquainted with the constitutional authority of the Congress

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1/ Daily Statement of the United States Treasury, July 1, 1948.

again a non-marketable bond was offered -- one that would not be subject to the vagaries of speculation. To emphasize non-marketability and insulate further against market fluctuations the new bonds were also made non-transferable and their use as collateral was prohibited. At the same time, the bonds were made easily redeemable by their owners at fixed and readily ascertainable values. The result was a security which was safe for the inexperienced investor ~~purchaser~~ and which gave him a fair return at a rate based on the length of time the bond was held. This latter feature furnished the incentive to hold bonds to maturity. These bonds were first offered to the people of the United States in 1935. Although they have been known by many names since that time -- Baby Bonds, Defense Savings Bonds, War Savings Bonds, Security Bonds, and United States Savings Bonds -- they are all United States Savings Bonds of Series A to G, inclusive.

In the first few years following their offering savings bonds were not the important factor in our economy which they are today. From 1935 through 1940 only three billion dollars of savings bonds were sold, but their use in bringing about a wider ~~widespread~~ distribution of the Public Debt of the United States and their universal ~~wide~~ acceptance by both large and small investors has since resulted in their becoming a vital part of the national economy. Between five and seven

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this security a primary objective was to avoid a recurrence of one of the unpleasant aftermaths of the first world war. Then you will recall that many who had purchased Treasury bonds to help finance the war found their bonds sinking well below par on the market. To prevent this from happening

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and conditions affecting transfer by reason of death, termination of trusts, copporate succession, or other event. With this in mind, I should like to discuss some of the salient features of savings bonds which should be considered in connection with their use in planning and administering estates and trusts.

The importance of the part savings bonds play in the national economy is well illustrated by a short review of the history of these bonds. In the early 1930's it became apparent that there was a place in the savings and investment field for a Treasury security specially designed for the small investor. During and following World War I, the Treasury Department had experience in the small investor field in the sale of Liberty Bonds, war savings certificates, and Treasury savings certificates. The Post Office also had considerable experience in the savings field through its issue of postal savings certificates. Drawing on and profiting from this backgrouhd and experience as well as that of commercial institutions serving the small investor, a new Treasury security was devised, particularly for the small investor. In planning

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Address by Thomas J. Lynch, General Counsel for the Department of the Treasury, before the Real Property, Probate and Trust Law Section of the American Bar Association at Seattle, Washington, on September 6, 1948.

LEGAL PROBLEMS AFFECTING THE USE OF SAVINGS BONDS IN ESTATE AND TRUST PLANNING

I welcome the opportunity to discuss with this group some of the legal problems relating to United States Savings Bonds. The Treasury Department has for many years, as you know, actively sponsored investment in savings bonds in the conviction that the widest distribution of the ownership of the public debt at all income levels serves both the public interest in the soundness and stability of our fiscal structure and the private interest of the investor in the quality and safety of the security offered to him. As part of this sponsorship we are anxious that the investor in savings bonds be properly guided by knowledge of the terms of the bonds and limitations which might affect the suitability of investment for particular purposes. In seeking to attain this objective of an informed purchasing public, the legal profession can be especially helpful in its wise counsel in relation both to factors governing the appropriateness of original investment and the problems

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

TREASURY DEPARTMENT
Washington

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The following address by Thomas J. Lynch, General Counsel for the Department of the Treasury, is scheduled for delivery before the Real Property, Probate and Trust Law Section of the American Bar Association, Seattle, Washington, at 2 p. m. PDT, September 6, 1948, and is for release at that time.

TREASURY DEPARTMENT

Washington

(The following address by Thomas J. Lynch, General Counsel for the Department of the Treasury, before the Real Property, Probate and Trust Law Section of the American Bar Association, Seattle, Washington, is scheduled for delivery at 2:00 P.M., P.D.T., Monday, September 6, 1948, and is for release at that time.)

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One of the first things that should be ascertained when the purchase of any security is being considered, whether it is intended as a short-term or a long-term investment, is the laws and regulations governing the issue and use of the security.

LAWS AND REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS

You are all acquainted with the constitutional authority of the Congress to borrow money on the credit of the United States 2/, but it is possible that many of you have not had immediate occasion to consider the authority of the Secretary of the Treasury to issue United States Savings Bonds. Under the authority given in the Constitution 3/, the Congress, in 1935, passed Section 22 of the Second Liberty Bond Act. 4/ This section has

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1/ Daily Statement of the United States Treasury, July 1, 1948.
2/ Art. 1, Sec. 8, Cl. 2.
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It should be made clear at this point that this discussion is not intended to cover the provisions of the circulars and regulations relating solely to United States Savings Bonds of Series A to D. Bonds of these issues are outstanding in relatively small amounts and they are no longer available for purchase. Accordingly, the discussion will be limited in the main to savings bonds which are currently available. These are Series E, F, and G.

COST OF UNITED STATES SAVINGS BONDS AND RATES OF INTEREST PAID

The terms upon which savings bonds may be purchased and the rate of return are of primary interest to the investor. Most of you are aware of the graduated nature of the return on these bonds so I will review those provisions only briefly. Series E bonds are sold at a discount at 75 percent of their maturity value. They mature in 10 years, and if held to maturity net 2.9 percent interest compounded semiannually; for shorter periods the return is proportionately less. 10/ Series F bonds are sold at a discount at 74 percent of their maturity value. They mature in 12 years,

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5/ 3 supplements and one amendment.
6/ 3 amendments.
7/ 4 amendments.
8/ 233 U.S. 223.
9/ 257 U.S. 42.
10/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 2.

and if held to maturity net 2.53 percent interest compounded semiannually; for shorter periods the return is proportionately less. 11/ Series G bonds are sold at par and mature in 12 years. Interest is paid at the rate of 2.5 percent semiannually. If G bonds are held to maturity this interest constitutes a net return; if redeemed before maturity, except under special circumstances which make them subject to par payment, they will be redeemed at fixed amounts less than par, the difference between the amount paid and par constituting an adjustment of the interest paid in relation to the time the bonds have been outstanding. 12/.

LIMITATION ON HOLDINGS

There is a limitation on the amount of savings bonds of the various series which an owner may have issued to him during any one calendar year. The existing limitation for savings bonds of Series E is $10,000 (maturity value) on original issue for each calendar year. The limitation per calendar year on original issue of savings bonds of Series F or G is $100,000 (issue price) of either series or of the combined aggregate of both. The words "original issue" as used here are in contradistinction to bonds acquired by reason of the death of another, the termination of a trust, or the happening of any other event within the meaning of the regulations. For example, John Jones who has purchased savings bonds of Series E, F, and G, up to the limit for the year 1948, would not acquire an excess by reason of the death of Mrs. Ella S. Jones leaving him bonds registered in her name alone or in her name payable on death to him up to the limit in Series E, F, and G 1948. Under the regulations bonds so acquired are not included in computing a person's holdings, and John Jones would of course be entitled to have such bonds reissued in his name without regard to the limit. "The happening of an event" which would exclude the application of the limitation, as those words are used here, would include successorship, for example. In brief, X Corporation having absorbed and continued the business activities of Y Corporation would be entitled to acquire and to have reissued in its name any bonds of Series F and G held by Y up to the limit, even through X itself already held the limit in bonds of the same series issued in the same calendar year.

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11/ Dept. Cir. No. 654, Second Revision, Part II, Sec. 2 and 3.
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13/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 1.
Dept. Cir. No. 654, Second Revision, Part II, Sec. 1.
Dept. Cir. No. 530, Sixth Revision, Sec. 315.2

14/ Dept. Cir. No. 653, Second Revision, Part V.
Dept. Cir. No. 654, Second Revision, Part V.
Dept. Cir. No. 530, Sixth Revision, Sec. 315.4.

15/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.5.

Bonds of Series F and G registered in the name of a trustee (whether an individual or a corporation) may be reissued in the name of succeeding trustees whether the trust was established by will, declaration, or otherwise, 16/ and upon the termination of the trust may be reissued in the name of the person, or persons, entitled to the assets thereof. 17/ Reissue is, of course, allowed in the case of merger, consolidation, or dissolution 18/ of corporations, partnerships, and unincorporated associations.

SINGLE NAMED OWNER FORM (INDIVIDUAL)

The first form, single named owner, is the simplest form in many respects; it permits the registered owner the greatest latitude in handling his bonds after purchase. If a purchaser has bonds issued in his own name it is possible for him to have them reissued at a later date naming another natural person as coowner or beneficiary. If they are of Series F or G he may also have them reissued in the name of a trustee of a living trust created by him for his benefit in whole or in part during his lifetime. 19/ While a testamentary trust may become entitled to Series E bonds, they may not be reissued in the name of the trustee. Upon the death of the registered owner, bonds in single named owner form belong to his estate. It is well to keep in mind that they may be redeemed by the executor or administrator of the estate or they may pass by will or by laws of descent and distribution. A person who thus becomes entitled to bonds may have them reissued in his name alone or with a coowner or beneficiary and the reissued bonds will be dated as of the original date of issue. 20/

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Single named owner bonds do not complicate the distribution of the property of a decedent; in many cases they simplify it. Unless the laws of the jurisdiction in which the decedent was domiciled require it, it is not necessary to establish title to savings bonds by administration of the estate. Even if administration is required by local law the Treasury will make payment on bonds without it if the value of the bonds is $250 maturity value or less or the estate under $500. In lieu of administration a fairly simple form may be filed with the Department setting out the facts concerning the estate of the decedent and the rights of the parties claiming the bonds. 22/

16/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.49.
17/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.50 (a) (b).
18/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.56.
19/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.32 and 315.44.
20/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Secs. 315.36 and 315.47.
21/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.2.
22/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.47.

BENEFICIARY FORM OF REGISTRATION

The beneficiary form of registration, that is, "John Smith payable on death to Ellen Smith", does not give the purchaser or registered owner quite as free a hand in his use of the bonds after purchase as the single named owner form. Under the regulations, although the owner may redeem the bonds at his option, he may not eliminate or change the beneficiary at will. These bonds may be reissued, however, to name the beneficiary as coowner. If the beneficiary predeceased the registered owner or if the beneficiary consents, the bonds may be reissued in the same manner as single named owner bonds. 23/ Upon the death of the registered owner a surviving beneficiary becomes entitled to the savings bonds as sole owner. 24/ The effects of this form of registration as set forth in the Department's regulations have been variously attacked as contravening the local laws of testamentary disposition, the laws of descent and distribution and the law of gifts. However, the effectiveness of the Treasury regulations has been quite generally recognized by the courts, both state and federal. The few decisions in State courts to the contrary, the first of which was Decker vs. Fowler in the Washington courts 25/, have been negatived by the legislatures of those States through the passage of statutes specifically recognizing the effect of this form of registration. 26/

COOWNER FORM OF REGISTRATION

Of the three permitted forms, bonds registered in coownership form, that is, "John Smith or Ellen Smith", are the least adaptable to changing conditions. In many cases, however, they will meet the wishes of the purchaser more exactly than either of the two forms already discussed. Bonds registered in this form may be redeemed upon presentation by either coowner; upon the death of one coowner they become the sole and absolute property of the survivor. 27/ The effectiveness of this form of registration has also been generally recognized by the various courts which have considered the matter.

Coownership bonds may be reissued to eliminate the name of a living coowner in three cases: (1) where a coowner marries and the other coowner consents to reissue in order to substitute the new spouse as coowner or beneficiary; (2) where coowners have been divorced and a property settlement incorporated in the decree or ratified by the decree awards the bonds to one of the coowners; and (3) where, in the case of Series F or G bonds,

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23/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.32 and 315.46 (b).
24/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.46.(c).
25/ 92 Pac. 2nd 254.
26/ Statement of the Treasury Department on the rights of Surviving Coowners and Beneficiaries of Savings Bonds, which is appended hereto.
27/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.45 (c).

the coowners create a living trust for the benefit of both in whole or in part during their lifetime and reissue in the name of the trustee is desired. 28/ These provisions add some flexibility to the coownership form of registration.

PAR PAYMENT OF SERIES G BONDS

One feature of Series G bonds merits special consideration. This is the provision for optional redemption at par upon the death of an owner or coowner, if a natural person, or upon the termination by reason of the death of an individual of a trust or fiduciary estate which holds the bonds. 29/ This is a very unusual and liberal feature for any security to possess. Consequently, certain limitations were imposed. To take advantage of the provision for payment at par before maturity, the person entitled to receive payment must, within six months of the death of the registered owner, coowner, or person whose death terminated the fiduciary estate, give to a Federal Reserve Bank or the Treasury Department's Division of Loans and Currency in Chicago, notice in writing of his intention to redeem at par. 30/ The bonds need not be submitted with this notice, but they must be submitted, together with the required proof of death, to the office to which notice was given not later than the last day of the month preceding by one calendar month the date on which payment is desired. It is not required that the bonds be submitted with the notice for the person entitled to payment has an option to delay redemption until the date of the second interest payment after the death which made redemption possible. The time for giving notice of intention to redeem at par may be extended by the Department in certain cases where it was impossible to give notice. For example, if there has been litigation which delayed the appointment of an executor or administrator the time for giving notice will ordinarily be extended to six months from the date of appointment of the executor or administrator.

There is a further restriction applying only to the par payment of bonds held by a trust or fiduciary estate that is terminated by death of an individual. If the trust is terminated only in part, par payment will be made of only a proportionate part of the Series G bonds held by the trust. 31/

While this provision may be advantageous in some instances, it should not be forgotten that Series G bonds belonging to an estate or a trust may be reissued in the names of the heirs or other persons ultimately entitled with the original dating and may be held by them to maturity without any loss of interest yield.

28/ Dept. Cir. No. 530, Sixth Revision, Sec. 315.45 (b) (3).
29/ Dept. Cir. No. 654, Second Revision, Part II, Sec. 4.
30/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.23 (c).
31/ Dept. Cir. No. 530, Sixth Revision, First Amendment, Sec. 315.23 (c).

TAX STATUS OF UNITED STATES SAVINGS BONDS

Savings bonds of Series E, F, and G, and the interest paid upon them are not subject to taxes imposed on principal or interest by any State or possession of the United States or by any local taxing authority. They are not, however, exempt from gift, estate, and inheritance taxes, and the interest paid on them is not exempt from federal income taxes. 32/ Consequently, the effect of each of the three forms of registration upon tax liabilities is of interest.

EXAMPLES OF GIFT TAX AND ESTATE TAX APPLICATION

A few examples should serve to illustrate. These examples, I should make it clear, involve only Federal taxes. Tax liability under the laws of the various States may be quite different. Bonds purchased by A and registered in A's name alone involve no gift tax problem; they involve exactly the same estate and inheritance tax problems as any other property upon the death of A. Bonds purchased by A and registered gratuitously in B's name alone, constitute a gift during the year purchased; the cost of the bonds must be considered in determining A's gift tax liability for that year. Bonds purchased by A and registered in A's name, payable on death to B, involve no gift tax problem, but on A's death their entire redemption value (this would be the par value of G bonds) would form a part of his gross estate for tax purposes. Bonds purchased by A and registered gratuitously in B's name, payable on death to A, constitute a gift to B during the year purchased and the cost of the bonds must be considered in determining A's gift tax liability for that year. Upon B's death the entire redemption value would form a part of B's gross estate for estate tax purposes. Of course if B's death occurs within five years of the gift of the bonds a deduction equal to the amount of the property previously taxed will be permitted. Bonds purchased by A and registered gratuitously in B's name, payable on death to C, constitute a gift to B during the year purchased; the cost of the bonds must be considered in determining A's gift tax liability for that year. Upon B's death the entire redemption value would form a part of B's gross estate for tax purposes. The deduction for property previously taxed would also be allowed here if applicable. Bonds purchased by A and registered gratuitously in the form "A or B" present no gift tax problem unless and until A gratuitously permits B to redeem the bonds and retain the redemption value. When this occurs the redemption value must be considered in determining A's gift tax liability for that year. On A's death the entire redemption value of bonds still outstanding in this form would constitute a part of his gross estate for tax purposes. Bonds purchased by A and registered gratuitously in the form "B or C" constitute a gift and upon the death of either B or C one-half of the redemption value would form a part of the decedent's gross estate for tax purposes. 33/

32/ Dept. Cir. No. 653, Second Revision, Part II, Sec. 4.
Dept. Cir. No. 654, Second Revision, Part II, Sec. 7.

33/ Com. Mimeograph, Coll. No. 5202, R. A. No. 1128, Office of the Commissioner of Internal Revenue, June 14, 1941.

INCOME TAX STATUS OF THE INTEREST ON UNITED STATES SAVINGS BONDS

Problems involving income taxes on the interest on savings bonds are fairly simple. In the case of Series E and F bonds which are issued at a discount, the increment in value is taxable interest income. If the taxpayer is on the accrual basis, interest is income as it accrues. If the taxpayer is on the cash basis, the interest may be reported each year as accrued (as shown in the table on the bonds), or it may all be reported when the bonds mature or when they are redeemed. Once the taxpayer has elected to report the interest as it accrues, however, he cannot change to the cash basis without the permission of the Commissioner of Internal Revenue. Interest on Series G bonds may be included in gross income either when received or as it accrues, depending upon the taxpayer's method of accounting. The interest accrues when it becomes payable, but not until then. Under the terms of issue the redemption value of Series G bonds prior to maturity, except in certain cases upon death, is less than the purchase price; technically, this difference is a refund in part of interest previously paid or accrued. Upon redemption before maturity no adjustment can be made in any year for realized interest, but in the year of redemption the difference between the redemption value and the purchase price is deductible as ordinary loss incurred in a transaction entered into for profit.

It is not likely that it will ever be a real problem which of two taxpayers is required to report the interest on United States Savings Bonds. When bonds are registered in the names of two persons as coowners, interest is income to the person who contributed the purchase price. If the purchase price is contributed by both, interest is income to both in proportion to their contributions. If the bonds were a gift to both coowners, interest is income to each of them in equal amounts. For taxable years beginning after December 1, 1940, regardless of the issue date of the bonds, a trustee may elect to treat the annual increment in value of savings bonds held in trust as taxable income. If that election is made, the increment is taxable to the beneficiary if distributable to him under section 162 of the Internal Revenue Code. Income from interest on savings bonds is, of course, eligible for the "split-income" treatment provided by the Revenue Act of 1948.

MARITAL DEDUCTION PROVISIONS OF REVENUE ACT OF 1948

The Revenue Act of 1948 introduced a new concept into estate and gift tax laws; that is, the marital deduction. This marital deduction has the same effect when gifts are made of savings bonds as it has when gifts are made of other property. It seems advisable, however, to call to your attention some of the provisions of the Act. In general, the Act authorizes the deduction from the gross estate of an amount equal to the value of certain property interests passing to the decedent's surviving spouse, not to exceed one-half of the adjusted gross estate; it authorizes the deduction of one-half of the value of any gift of an interest in non-community property made by any person to his spouse; and it authorizes spouses to elect to treat any gift of an interest in property to a third person as made one-half by each spouse. These provisions apply to savings bonds just the same as they do to any property.

FACILITIES THROUGH WHICH UNITED STATES SAVINGS BONDS MAY BE PURCHASED

The Treasury Department has tried in every way possible to make these bonds readily available to the small investor. To accomplish this it has authorized many agencies to issue Series E bonds. At the present time it is possible to purchase Series E bonds from the Treasurer of the United States, Federal Reserve Banks or Branches, most United States Post Offices, most incorporated banks, trust companies, mutual savings banks, Federal savings and loan associations, and many industrial and commercial firms. 34/ They may be purchased through payroll deduction plans by wage earners or through local banks and trust companies by professional and business men under the "Bond-A-Month" plan. Series F and Series G bonds may be purchased from the Treasurer of the United States or the Federal Reserve Banks and Branches, and applications for the purchase of these bonds may be sent through the agencies authorized to issue Series E bonds which I have mentioned. 35/

FACILITIES THROUGH WHICH UNITED STATES SAVINGS BONDS MAY BE REDEEMED OR REISSUED

Not only has the Treasury Department made it easy for the public to buy these bonds, but the Treasury's Bureau of the Public Debt has expanded its facilities in connection with the savings bond program and is doing all in its power to serve the savings bond holding public. To bring these services closer to the individuals the majority of the banks, trust companies, mutual savings banks, and Federal savings and loan associations have been authorized to redeem Series E bonds for the registered owners, and Federal Reserve Banks have been authorized to handle a large number of the redemption and reissue transactions that arise in connection with savings bonds of Series F and G as well as Series E. The Bureau of the Public Debt has also established an office in Chicago, which handles most of the transactions involving savings bonds.

HOW TO OBTAIN BEST RESULTS FROM FACILITIES AVAILABLE

These facilities are designed to serve you. I might make these suggestions on how they may serve you best. If you are in or near a city with a Federal Reserve Bank or Branch you should take a United States Savings

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34/ Dept. Cir. No. 653, Second Revision, Part III.
35/ Dept. Cir. No. 654, Second Revision, Part III.

Bonds problem first to the Bank's officer who handles savings bond transactions. If the Federal Reserve Bank is authorized to handle the transaction, the officer will advise you how the matter may be handled. If the Federal Reserve Bank is not authorized to handle your particular problem, the officer will either submit it to the Chicago Branch of the Bureau of the Public Debt or will advise you to do so. If you are not near a Federal Reserve Bank or Branch, the problem should be submitted to the Chicago Branch, 36/ where, unless it is a rather unusual transaction, the entire matter can be handled. If you are in or near Chicago or Washington, it may be convenient for you to consult directly either the Chicago Branch or the main office of the Bureau in Washington. There is one type of case which should be referred directly to the main office in any event. That is the occasional case still arising in which an attempt is made to defeat the rights of a surviving coowner or beneficiary. When this occurs, particularly if it appears there will be litigation, the Bureau would appreciate having the matter referred directly to the Commissioner's office. That office will be glad to supply you with a statement of the Department's position and citations to the cases that have been decided on the questions involved. 37/ If the case involves important questions arrangements will be made for presentation of the Treasury Department's position to the court by the Department of Justice.

The Department Circulars containing the regulations governing United States Savings Bonds that I mentioned earlier -- that is, Department Circular No. 653, as revised, amended, and supplemented, Department Circular No. 654, as revised and amended, and Department Circular No. 530, as revised and amended -- may be obtained through the Federal Reserve Banks and Branches, the Chicago Branch of the Bureau of the Public Debt, or the Bureau of the Public Debt in Washington. Any of these offices will be glad to mail the circulars to you upon request. Information on the application of the Federal income, estate, and gift taxes to United States Savings Bonds may be obtained from the Office of the Commissioner of Internal Revenue in Washington or from your local Collector of Internal Revenue.

36/ Bureau of the Public Debt, Merchandise Mart, Chicago 54, Illinois.
37/ Statement of the Treasury Department on the Rights of Surviving Coowners and Beneficiaries of Savings Bonds, July 5, 1945, and the appendix hereto.

STATEMENT OF THE TREASURY DEPARTMENT
ON THE RIGHTS OF SURVIVING COOWNERS AND BENEFICIARIES OF SAVINGS BONDS.*

The Treasury regulations provide that surviving coowners and beneficiaries are entitled to sole and absolute ownership of savings bonds and that judicial proceedings which would defeat or impair those rights will not be recognized. These regulations, promulgated in 1935 pursuant to Section 22(a) of the Second Liberty Bond Act, have been in effect, with minor changes, ever since. In so far as the rights of coowners and beneficiaries are concerned, they were based on very similar regulations governing the issuance of War Savings Certificates during the first world war, which had been tested in the courts and uniformly upheld. 1/ Those certificates were issued under the authority of 31 U.S.C., Section 757, 40 Stat. 291, which provides in part "Such war savings certificates shall be in such form or forms and subject to such terms and conditions, and may have such provisions for payment thereof before maturity, as the Secretary of the Treasury may prescribe." 2/

The Department's position on the savings bond question is that the rights of surviving coowners and beneficiaries to sole and absolute ownership, established by the regulations, which are incorporated by reference in the text of the bonds, are exclusively matters of Federal law and contract (Ruddy v. Rossi (1918), 248 U.S. 104), arising in the exercise of the borrowing power granted to the Government by the Constitution (McCulloch v. Maryland (1819), 4 Wheat. 316, 411-15, 421).

Under the Constitution the Government has the power to borrow money on the credit of the United States (Art. I, Sec. 8, Cl. 2) and to make all laws which shall be necessary and proper for carrying that power into effect (Ibid. Cl. 18). Section 22(a) of the Second Liberty Bond Act, pursuant to which savings bonds are issued, provides in part that savings bonds shall be issued "in such manner and subject to such terms and conditions .... including any restrictions on their transfer, as the

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* The term "savings bonds" as used herein signifies all United States Savings Bonds of whatever series, including those referred to as Defense Savings Bonds and as War Savings Bonds.

1/ Warren v. United States (1929), 68 Ct. Cls. 634 (cert. denied 50 Sup. Ct. 346, 281 U.S. 739); United States v. Janowitz (1921) 257 U.S. 42, and United States v. Sacks (1921), 257 U.S. 37.

2/ Compare with the savings bond statute quoted in part in the third paragraph hereof.

Secretary of the Treasury may from time to time prescribe." 3/ No contention has ever been made that the regulations promulgated by the Secretary under that section are in excess of the authority therein conferred on him, and, in view of the broad statutory terms used, no such argument could be sustained.

Therefore, the regulations governing savings bonds are a valid exercise of the Federal borrowing power, have the force and effect of Federal law (United States v. Birdsall (1914), 233 U.S. 223; United States v. Janowitz (1921), 257 U.S. 42), and by virtue of Article VI, Cl. 2, of the Constitution are "the supreme law of the land" by which the "judges in every state shall be bound ...., anything in the Constitution or laws of any state to the contrary notwithstanding." It follows that state laws, as for example, the law of wills or of intestate succession, or laws governing given forms of tenancy, or the common law related to delivery in the case of gifts, have no bearing whatsoever on the problem and that judicial decisions based thereon are in derogation of the supreme law of the land.

Almost without exception, courts throughout the country have been sustaining as matters of Federal law and contract the rights of surviving beneficiaries and coowners established by the savings bond regulations. Decisions in the following states have held that estates of deceased owners or coowners have no right, title or interest in the bonds when there is a surviving beneficiary or coowner: Arkansas, California, Colorado, Florida, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Texas and Wisconsin. 4/ The decisions were handed down by the highest State court in the following states: Arkansas, Colorado, Florida, Iowa, Maine, Nevada, North Carolina, Ohio and Texas.

The cases of Decker v. Fowler (Wash., 1939), 92 P. (2d) 254, and Deyo v. Adams (N.Y., 1942), 36 N.Y.S. (2d) 734, which refused to uphold the rights of surviving beneficiaries, have been severely criticized by a number of courts 5/ and by other noted authorities, and have been repudiated by the Legislatures of their respective states in statutes adopting the language of the Federal regulations and confirming the

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3/ Section 22(a) was amended by the Public Debt Act of 1941 (55 Stat. 7, U.S.C. 1946 Ed., title 31, sec. 757c).

4/ The appendix to this statement contains a complete table of cases.

5/ Deyo v. Adams has been criticized even by courts in the same state. For example, see Mr. Surrogate Foley's opinion in In re Deyo's Estate, which is cited in the appendix to this statement.

rights of surviving coowners and beneficiaries. 6/ The erroneous reasoning of the Decker case is sharply pointed out in 139 A.L.R. 967, in 14 Wash. Law Rev. 312 (1939), suggesting that it is as unconstitutional as it is erroneous, and in 27 Minn. Law Rev. 401 (1943), characterizing it - and incidentally the Deyo opinion which followed it - as "poor law". In brief, both cases have been thoroughly discredited.

Moreover, Deyo v. Adams had little, if any, value as a precedent to begin with, for the opinion was handed down not on the merits, but on a motion to dismiss for insufficiency of complaint and, over objection that the interlocutory decision was the law of the case, the court nevertheless granted the Government's motion for leave to participate by way of a Suggestion of the Interest of the United States. The Government filed its Suggestion of the Interest of the United States in order to get a decision on the merits but, for reasons not within its control, there were numerous delays. On pages 382 and 383 of his opinion in In re Deyo's Estate, Mr. Surrogate Foley commented on this, stating that the facts set forth "clearly show that the responsibility for the unjustifiable delay in the disposition of the question of ownership of the bonds rests wholly with the executrix." Finally the action was discontinued by stipulation of the parties and the bonds were paid to the beneficiary, Mrs. Adams.

It is quite clear then that the opposing decisions carry no weight as judicial authorities and that the overwhelming majority of cases which have arisen in the courts have sustained the Government's position that surviving beneficiaries and coowners of savings bonds are the sole and absolute owners of such securities and that decedents' estates in such cases have no right, title or interest in the bonds.

Washington, August 31, 1948, second revision.

6/ Wash. Rev. Stat. (Remington's Supp. 1943), Secs. 11548-60, 61, and 40 McKinney's Consol. Laws of New York, Ann. (Supp. 1943), Sec. 24. California and Illinois have enacted similar legislation. See Sec. 704, Civil Code, added by the laws of 1943, and Ch. 76, Sec. 2, as amended, Smith-Hurd Illinois Annotated Statutes, respectively.

NOTE: In view of its opinion that the rights of surviving coowners and beneficiaries of savings bonds rest firmly on the constitutional power of the Federal Government to borrow money on the credit of the United States and to enact all laws necessary to the effective exercise of that power, the Treasury Department has never requested or urged state legislation on the subject although undoubtedly statutes such as those which have been enacted in California, Illinois, New York and Washington are helpful in preventing litigation in those states.

APPENDIX

Below is a table of cases 1/ in which the courts have held that decedents' estates have no right, title or interest in savings bonds when there is a surviving beneficiary or coowner. One asterisk before the name of a case signifies that the bonds involved therein were in coownership form. Two asterisks before the name of a case mean that some of the bonds involved were in the coownership form and others in the beneficiary form of registration. The other cases deal entirely with rights of surviving beneficiaries.

It should be kept in mind that cases involving rights of surviving beneficiaries may be cited in support of the rights of surviving coowners of savings bonds, and vice versa, because the right of survivorship in each case is identical and the courts have uniformly based their decisions on considerations of contract. Unreported cases are cited in the table because most of them have been decided in probate courts and, since they deal with decedents' estates, their opinion that the bonds do not constitute part of the estate when there is a surviving beneficiary or coowner should receive great weight.

TABLE OF CASES

Myers v. Hardin (Ark. S. Ct. 1945) 186 S.W. (2d) 925
* Conrad v. Conrad (Calif. 1944) 152 P. (2d) 221
** Klenck v. Crocker First National Bank (No. 294,300, Superior Ct., San Francisco Co., Calif., 1942)
* In re Stanley's Estate (Colo. S. Ct. 1938) 80 P. (2d) 379
Matilda Mason v. H. G. Briley (Fla. S. Ct. 1945) 21 So. (2d) 595
* In re Estate of August P. Ohlin (No. 43-C-270, Circuit Ct., Cook Co., Ill., 1943)
In re Estate of Orson S. Killick (Circuit Ct., Cook Co., Ill., Jan. 12, 1944)
* In re Estate of Clara Courtney (Probate No. 4916, Dist. Ct. for Fayette Co., Ia., 1944)
In re Estate of Emma C. Logan (No. 19,710, Dist. Ct. for Scott Co., Ia., 1944)
* In re Murray's Estate (Iowa S. Ct. 1945) 20 N.W. (2d) 49
* Succession of Tanner (La. Ct. of Appeals 1946) 24 So. (2d) 642 2/
Harvey v. Rackliffe (Me. S. Ct. 1945) 41 A. (2d) 455
* Josephine Holden Murdock v. Ina M. Spencer (Norfolk Probate No. 112529, Mass. June 1947)

1/ See also Warren v. United States, cited in footnote 1, page 1 of the Statement. The Warren case involved Treasury War Savings Certificates inscribed "A, payable on death to B".

2/ Cf. *Succession of Geagan (La. S. Ct. 1947) 33 So. (2d) 118

Charlton v. Charlton (No. 40,777, Circuit Ct. for Kent Co., Mich., 1938)

Alda Groce Cox v. Federal Reserve Bank of St. Louis and Monzel G. Evans, Admx. (Civil No. 2519, Dist. Ct. of U.S., E. D., Mo., June 1944)

Kate Farrell v. H. J. Coleman (Dist. Ct. for Yellowstone Co., 13th Dist., Mont., April 27, 1942)

* In re Estate of Anna Donohoe (Probate No. 3323, Holt County, Nebr., 1947)

* Stephens v. First National Bank of Nevada, August A. Glanzmann, Admr. (Nevada S. Ct. 1948)

Franklin Washington Trust Co. v. Beltram (N.J. 1943) 29 A. (2d) 854

Reynolds v. Danko (N.J. 1944) 36 A. (2d) 420

* In re Estate of Andrew S. Levy (Orphans Ct., Camden Co., N.J., March 10, 1944)

In re Deyo's Estate (N.Y. 1943) 42 N.Y.S. (2d) 379

* In re Willoughby's Will (N.Y. 1943) 45 N.Y.S. (2d) 177

In re Hager's Estate (N.Y. 1943) 45 N.Y.S. (2d) 468

* Commercial National Bank, Exr. v. Frederickson (No. Car. S. Ct. June 6, 1945) 34 S.E. (2d) 402

Ervin v. Conn (No. Car. S. Ct. June 6, 1945) 34 S.E. (2d) 402; 14 U.S. Law Week 2011

Laufersweiler v. Richmond (Ohio 1942) 22 Ohio Op. 265

In re Estate of Louis Di Santo (Ohio S. Ct. 1943) 51 N.E. (2d) 639

** Estate of Agnes Mellott Dockhorn (No. 1577-D Co. Ct. Garvin Co., Okla., 1945)

United States v. Dauphin Deposit Trust Co. (M. D., Pa. 1943) 50 F. Supp. 73

Mitchell v. Edds (Tex. S. Ct. 1945) 184 S.W. (2d) 823

In re Will of Celia Breslauer (No. 233-559, Milwaukee Co., Wis., Nov. 1, 1944)

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Wednesday, September 1, 1948.

No. S-841

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 1-3/8 percent Treasury Notes of Series A-1950, open on an exchange basis, par for par, to holders of 1-1/2 percent Treasury Notes of Series A-1948, in the amount of $3,747,702,000, which will mature on September 15, 1948. Cash subscriptions will not be received.

The notes now offered will be dated September 15, 1948, and will bear interest from that date at the rate of 1-3/8 percent per annum, payable on a semiannual basis on April 1 and October 1, 1949, and April 1, 1950. They will mature April 1, 1950. 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 notes now offered shall not have any exemption, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The full provisions relating to taxability are set forth in the official circular released today.

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

The subscription books will close for the receipt of all subscriptions at the close of business Friday, September 3.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight September 3, 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

1-3/8 PERCENT TREASURY NOTES OF SERIES A-1950

Dated and bearing interest from September 15, 1948 Due April 1, 1950

1948
Department Circular No. 834

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 1, 1948.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1-3/8 percent Treasury Notes of Series A-1950, in exchange for 1-1/2 percent Treasury Notes of Series A-1948, maturing September 15, 1948.

II. DESCRIPTION OF NOTES

1. The notes will be dated September 15, 1948, and will bear interest from that date at the rate of 1-3/8 percent per annum, payable on a semiannual basis on April 1 and October 1, 1949, and April 1, 1950. They will mature April 1, 1950, and will not be subject to call for redemption prior to maturity.

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

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

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

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

III. SUBSCRIPTION AND ALLOTMENT

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

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

IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1948, or on later allotment, and may be made only in Treasury Notes of Series A-1948, maturing September 15, 1948, which will be accepted at par, and should accompany the subscription.

V. GENERAL PROVISIONS

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

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

JOHN W. SNYDER,
Secretary of the Treasury.

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TREASURY DEPARTMENT

Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS
Thursday, Sept. 2, 1948

Press Service
No. S-842

Secretary Snyder announced today the unfreezing of Portugal by its inclusion in General License No. 53. This action not only removes all controls over current transactions with Portugal but also unblocks the property of most residents of that country under General License No. 53A. General License No. 70 which authorized certain transactions by or on behalf of Portugal or any national thereof, has been simultaneously revoked.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Thursday, September 2, 1948

No. S-842

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843

~~UNITED STATES DELEGATION~~

~~TO THE~~

~~THIRD ANNUAL MEETING OF THE BOARDS OF GOVERNORS~~

~~OF THE~~

~~INTERNATIONAL BANK AND THE INTERNATIONAL MONETARY FUND~~

~~Honorable~~ John W. Snyder, United States Governor of the International Bank and the International Monetary Fund;
~~Honorable~~ William L. Clayton, Alternate United States Governor of the International Bank and the International Monetary Fund;
~~Mr.~~ Frank A. Southard, Jr., Temporary Alternate United States Governor of the International Bank and the International Monetary Fund;

~~Honorable~~ Charles Sawyer, Secretary of Commerce, Adviser;
~~Honorable~~ Paul G. Hoffman, Administrator of the Economic Cooperation Administration, Adviser;
~~Honorable~~ Charles William Tobey, United States Senate, Adviser;
~~Honorable~~ Robert F. Wagner, United States Senate, Adviser;
~~Honorable~~ Jesse Paine Wolcott, United States House of Representatives, Adviser;
~~Honorable~~ Brent Spence, United States House of Representatives, Adviser;
~~Honorable~~ Garrison Norton, Assistant Secretary of State, Adviser;
~~Honorable~~ William McChesney Martin, Jr., Chairman of the Export-Import Bank of Washington, Adviser;
~~Honorable~~ Edmond M. Hanrahan, Chairman of the United States Securities and Exchange Commission, Adviser;
~~Mr.~~ Allan Sproul, President of the Federal Reserve Bank of New York, Adviser;
~~Mr.~~ M. S. Szymczak, Member of the Board of Governors of the Federal Reserve System, Adviser;
~~Mr.~~ James J. Saxon, Assistant to the Secretary of the Treasury, Adviser, and
~~Mr.~~ Thomas J. Lynch, General Counsel, Treasury Department, Adviser

Morning Papers, Thursday

~~FOR IMMEDIATE RELEASE FRIDAY~~, SEPTEMBER 2, 1948

S-843

Secretary Snyder, in his capacity as United States Governor of the International Monetary Fund and the International Bank for Reconstruction and Development, today made public the composition of the United States delegation to the Third Annual Meeting of the Boards of Governors of the Bank and Fund scheduled to be held at the Shoreham Hotel in Washington, D. C., commencing on Monday, September 27, 1948. Membership of the delegation is as follows:

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS, No. S-843
Thursday, September 2, 1948.

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Membership of the delegation is as follows: John W. Snyder, United States Governor of the International Bank and the International Monetary Fund; William L. Clayton, Alternate United States Governor of the International Bank and the International Monetary Fund; Frank A. Southard, Jr., Temporary Alternate United States Governor of the International Bank and the International Monetary Fund;

Charles Sawyer, Secretary of Commerce, adviser; Paul G. Hoffman, Administrator of the Economic Cooperation Administration, adviser; Charles William Tobey, United States Senate, adviser; Robert F. Wagner, United States Senate, adviser; Jesse Paine Wolcott, United States House of Representatives, adviser; Brent Spence, United States House of Representatives, adviser; Garrison Norton, Assistant Secretary of State, adviser; William McChesney Martin, Jr., Chairman of the Export-Import Bank of Washington, adviser; Edmund M. Hanrahan, Chairman of the United States Securities and Exchange Commission, adviser; Allan Sproul, President of the Federal Reserve Bank of New York, adviser; M. S. Szymczak, Member of the Board of Governors of the Federal Reserve System, adviser; James J. Saxon, Assistant to the Secretary of the Treasury, adviser, and Thomas J. Lynch, General Counsel, Treasury Department, adviser.

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patriotic action"; Leon J. Markham, Sales Director of the Savings Bonds Division, and Raphael J. O'Malley, National Payroll Savings Director.

The Army Band gave a musical program. A platform build especially for the event in the train concourse was bedecked with bunting and flags.

Coincidental with the ceremony in Washington, the railroad's 5,000 stations in the 13 states it serves displayed posters to carry to the millions of Americans who daily pass through the stations the story of the savings achievement of the system's employes. In Washington Terminal, the 30th Street Station and Broad Street Station in Philadelphia, Pennsylvania Station in New York City, and Pennsylvania Station in Pittsburgh, hugh 40-foot banners were unfurled.

In presenting the citation, Secretary Snyder said:

"I am grateful for this opportunity of expressing my sincere and deep appreciation of the record of Pennsylvania Railroad men and women in buying U. S. Savings Bonds through regular payroll deductions. We all know that, in these days of high prices and high living costs, it is not easy to save money. It takes determination, and a willingness to make current sacrifices, so as to build for the years which are ahead. But on the other hand, I do not need to remind any American that there was never a more appropriate time, or more urgent need, for all of us to put by dollars for future use.

Railroad workers

"~~The 82,000 workers of the Pennsylvania Railroad~~ who are buying bonds on the payroll savings plan are not only creating security for themselves but are helping their country at a time when that help is most essential.

"I do not know of any better way for us to broadcast to the world our determination, as individual citizens, to keep our country strong for any emergency that may confront it, than to cite payroll savings records ~~such as Pennsylvania Railroad employes are making.~~ of the workers of the railroads of the United States.

"It should also be good news that altogether 7½ million American workers, in every type of industry and in every form of individual occupation, are on the payroll savings plan for buying savings bonds. We hope that by January 1 we shall reach the 10,000,000 mark. To attain this goal, we need the ~~understand~~ help of top management leaders - men of the calibre of President Clement of the Pennsylvania Railroad - and also the continued backing of organized labor, so well represented in this audience.

"To each one of the 82,000 Pennsylvania Railroad workers now participating in this plan as well as to their leaders in organized labor, and in management, I again offer ~~you~~ the warmest thanks of our Government."

Mr. Clement accepted the citation on behalf of the railroad's employes and expressed gratitude for the Treasury's recognition for their bond buying record. Following his remarks, H. F. Sites, General Chairman of the Brotherhood of Railroad Trainmen, Lines East of Pittsburgh, spoke for all the labor general chairmen, and said the labor organizations had been been happy to cooperate.

Also taking part in the program were Vernon L. Clark, National Director of the United States Savings Bonds Division, who called the Pennsylvania Railroad payroll savings canvass "an inspiring example of volunteer

~~Proposed Press Release~~ ~~Sept. 9~~

Release 4 pm EDT
Thursday, Sept. 9, 1948

No. S-844

Secretary Snyder today presented to President M. W. Clement of the Pennsylvania Railroad a special citation, acknowledging the outstanding Savings Bond buying record established by employees of the line since the end of World War I.

The ceremony, which took place at the Washington Union Station just before the departure of the Congressional Limited from New York, honored the 82,553 Pennsylvania workers who have enrolled to buy Savings Bonds out of their earnings during the peacetime drives of the Treasury Department. Actively supported by the labor brotherhoods on the Pennsylvania, volunteer employees conducted a system-wide canvass in which every worker was contacted.

The citation which was presented to President Clement by Secretary Snyder reads as follows:

> "Pennsylvania Railroad employees have achieved an outstanding record by the investment in U. S. Savings Bonds through the Payroll Savings Plan during the Security Loan Campaign, 1948.
>
> Eighty-two thousand five hundred fifty-three employees have availed themselves of this opportunity to buy Bonds and save regularly through this Plan made available by the Pennsylvania Railroad Company in cooperation with the U. S. Treasury.
>
> "This patriotic and wholehearted effort is helping each employee provide for his own future security. This is an achievement for which every participant can take pride. It sets a most commendable example to all Americans.
>
> "John W. Snyder,
>
> Secretary of the Treasury"

The program at Union Station was climaxed by the unveiling of an illuminated sign on the rear car of the Congressional, bearing the slogan, "The Pennsylvania Railroad is proud that 82,553 employees are buying U. S. Savings Bonds regularly on payday". It will remain in place on the train for 30 days. The same slogan was painted in red, white and blue on the sides of the Congressional's locomotive.

TREASURY DEPARTMENT

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

RELEASE 4 P. M. EDT,
Thursday, September 9, 1948.

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In presenting the citation, Secretary Snyder said:

"I am grateful for this opportunity of expressing my sincere and deep appreciation of the record of Pennsylvania Railroad men and women in buying U. S. Savings Bonds through regular payroll deductions. We all know that, in these days of high prices and high living costs, it is not easy to save money. It takes determination, and a willingness to make current sacrifices, so as to build for the years which are ahead. But on the other hand, I do not need to remind any American that there was never a more appropriate time, or more urgent need, for all of us to put by dollars for future use.

"Railroad workers who are buying bonds on the payroll savings plan are not only creating security for themselves but are helping their country at a time when that help is most essential.

"I do not know of any better way for us to broadcast to the world our determination, as individual citizens, to keep our country strong for any emergency that may confront it, than to cite payroll savings records of the workers of the railroads of the United States.

"It shoudl also be good news that altogether 7½ million American workers, in every type of industry and in every form of individual occupation, are on the payroll savings plan for buying savings bonds. We hope that by January 1 we shall reach the 10,000,000 mark. To attain this goal, we need the help of top management leaders - men of the calibre of President Clement of the Pennsylvania Railroad - and also the continued backing or organized labor, so well represented in this audience.

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Also taking part in the program were Vernon L. Clark, National Director of the United States Savings Bonds Division, who called the Pennsylvania Railroad payroll savings canvass "an inspiring example of volunteer patriotic action"; Leon J. Markham, Sales Director of the Savings Bonds Division, and Raphael J. O'Malley, National Payroll Savings Director.

The Army Band gave a musical program. A platform build especially for the event in the train concourse was bedecked with bunting and flags.

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S-845

RELEASE, MORNING NEWSPAPERS,
Saturday, September 4, 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 September 9 and to mature December 9, 1948, which were offered August 31, 1948, were opened at the Federal Reserve Banks on September 3.

The details of this issue are as follows:

Total applied for - $1,597,589,000
Total accepted - 1,001,528,000 (includes $43,439,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.728+ Equivalent rate of discount approx. 1.076% per annum

Range of accepted competitive bids: (Excepting one tender of $100,000)

High - 99.734 Equivalent rate of discount approx. 1.052% per annum
Low - 99.726 " " " " " 1.084% " "

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

1.084%

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 12,690,000	$ 6,232,000
New York	1,348,388,000	816,505,000
Philadelphia	17,595,000	10,060,000
Cleveland	9,768,000	8,028,000
Richmond	2,780,000	2,780,000
Atlanta	1,628,000	1,628,000
Chicago	94,876,000	55,416,000
St. Louis	4,081,000	3,806,000
Minneapolis	8,900,000	8,697,000
Kansas City	11,361,000	10,781,000
Dallas	5,970,000	5,583,000
San Francisco	79,552,000	72,012,000
Total	$1,597,589,000	$1,001,528,000

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TREASURY DEPARTMENT

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

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Average price - 99.728/ Equivalent rate of discount approx. 1.076% per annum.

Range of accepted competitive bids: (Excepting one tender of $100,000)

HIGH - 99.734 Equivalent rate of discount approx. 1.052% per annum
LOW - 99.726 Equivalent rate of discount approx. 1.084% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 12,690,000	$ 6,232,000
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Richmond	2,780,000	2,780,000
Atlanta	1,628,000	1,628,000
Chicago	94,876,000	55,416,000
St. Louis	4,081,000	3,806,000
Minneapolis	8,900,000	8,697,000
Kansas City	11,361,000	10,781,000
Dallas	5,970,000	5,583,000
San Francisco	79,552,000	72,012,000
TOTAL	$1,597,589,000	$1,001,528,000

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Vernon L. Clark, National Director of the Savings Bonds Division, also addressed the new committee. He stressed the need for volunteers to carry forward the Savings Bonds program. Members of the committee, he noted, represent organizations and agencies which are in daily contact with farmers and exercise a profound influence upon their thinking, and hence are well placed to encourage the thrifty practice of bond buying.

Members of the National Agricultural Savings Bonds Committee, appointed by Secretary Snyder, are: Carl Colvin, Deputy Governor, Farm Credit Administration, Washington; John Davis, Executive Secretary, National Council Farmer Cooperatives, Washington; Roger Fleming, Director, Washington Office, American Farm Bureau Federation, Washington; Albert S. Goss, Master, The National Grange, Washington; Edward F. Holter, Lecturer, The National Grange, Middletown, Maryland; Van B. Hart, Professor of Farm Management, New York State College of Agriculture, Cornell University, Ithaca, New York; Allan B. Kline, President, American Farm Bureau Federation, Chicago; William R. Kuhns, Secretary, Savings Bonds Committee, American Bankers Association, New York City; Don Lerch, Agricultural Director CBS, National Association of Radio Farm Directors, Washington; C. L. Mast, Secretary, American Agricultural Editors Association, Chicago; W. A. Minor, Assistant to the Secretary, U. S. Department of Agriculture, Washington; William I. Myers, Dean, New York State College of Agriculture, Cornell University, Ithaca, New York; Charles T. O'Neill, Chairman, Agricultural Commission, American Bankers Association, Charlottesville, Virginia; James Patton, President, The National Farmers Union, Denver; H. H. Rathbun, President, National Council Farmer Cooperatives, New York City; Paul Sanders, President, American Agricultural Editors Association, Richmond, Virginia; Glenn Talbott, Chairman, Executive Committee, The National Farmers Union, Jamestown, North Dakota; and Charles O. Worcester, President, National Association of Radio Farm Directors, Cedar Rapids, Iowa.

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S - 846

RELEASE, AFTERNOON NEWSPAPERS
Tuesday, September 7, 1948

Secretary Snyder today announced the formation of a group of volunteer advisers whose efforts will be devoted to the sale of U.S. Savings Bonds to farmers. The group, which held its first meeting at the Treasury today, will be known as the National Agricultural Savings Bonds Committee.

Members of the committee include representatives of leading national farm organizations, various other agricultural agencies, the agricultural press, and the radio industry. They will assist the U.S. Savings Bonds Division of the Treasury in mapping plans to encourage farmers throughout the nation to build financial reserves in Savings Bonds.

Secretary Snyder welcomed the group and expressed the Treasury's appreciation of this further volunteer aid in its continuing campaign for greater bond sales. He pointed out that this has been another good crop year, and that therefore it is a good time to re-emphasize the Savings Bonds benefits to the farmer. He noted that farmers always had responded well to the bond campaigns.

TREASURY DEPARTMENT

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

IMMEDIATE RELEASE,
Tuesday, September 7, 1948.

No. S-846

Secretary Snyder today announced the formation of a group of volunteer advisers whose efforts will be devoted to the sale of U. S. Savings Bonds to farmers. The group, which held its first meeting at the Treasury today, will be known as the National Agricultural Savings Bonds Committee.

Members of the committee include representatives of leading national farm organizations, various other agricultural agencies, the agricultural press, and the radio industry. They will assist the U. S. Savings Bonds Division of the Treasury in mapping plans to encourage farmers throughout the nation to build financial reserves in Savings Bonds.

Secretary Snyder welcomed the group and expressed the Treasury's appreciation of this further volunteer aid in its continuing campaign for greater bond sales. He pointed out that this has been another good crop year, and that therefore it is a good time to re-emphasize the Savings Bonds benefits to the farmer. He noted that farmers always had responded well to the bond campaign.

Vernon L. Clark, National Director of the Savings Bonds Division, also addressed the new committee. He stressed the need for volunteers to carry forward the Savings Bonds program. Members of the committee, he noted, represent organizations and agencies which are in daily contact with farmers and exercise a profound influence upon their thinking, and hence are well placed to encourage the thrifty practice of bond buying.

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Agriculture, Cornell University, Ithaca, New York; Charles T. O'Neill, Chairman, Agricultural Commission, American Bankers Association, Charlottesville, Virginia; James Patton, President, The National Farmers Union, Denver; H. H. Rathbun, President, National Council Farmer Cooperatives, New York City; Paul Sanders, President, American Agricultural Editors Association, Richmond, Virginia; Glenn Talbott, Chairman, Executive Committee, the National Farmers Union, Jamestown, North Dakota; and Charles O. Worcester, President, National Association of Radio Farm Directors, Cedar Rapids, Iowa.

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men are busy. That is the reason I invited two men from each organization. It is most difficult and almost impossible to set a date when there are no conflicts, but with two representatives I hope each organization will be represented at any and all future meetings of the Committee. Again, I want to thank you for being here today and to express appreciation in advance for the assistance I know we will receive from you.

before you in detail. We want your advice and counsel as to the best methods of approach and your help in determining how to reach every farmer in America effectively with the Savings Bonds Program. We also want your advice and counsel regarding a continuing agricultural Savings Bonds Program. So, I hope before the day is over you will organize as a committee, with a chairman and a vice-chairman. I realize full well that all of you

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are one commodity that cannot be "oversold". They provide the utmost in safety for the farmer's financial reserves and at the same time provide ready cash if it should be needed. Their guaranteed values do not depend upon a fluctuating market.

I am sorry that I cannot be with you for your conferences during the entire day, but I have asked officials of the Treasury and the Savings Bonds Division to place certain problems financial security for the individual.

Farmers have been, and are, important investors in Savings Bonds. They not only buy them, but they retain them. The records of the agricultural states are proof of this statement. Farm states have always been among the leaders in Savings Bond sales, and we are confident that we can continue to depend upon the farmers to do their full share. I'm sure you will agree that Savings Bonds

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profitable farm year, we believe it is a good time to reemphasize the significance of the Savings Bonds Program to the farmer. We need your advice and your counsel in doing this. I wish it were possible to get every farmer and every individual to build a financial reserve in United States Savings Bonds. It would not only help from the national standpoint by more widely distributing the public debt, but obviously would provide management policy is to be continued with an anti-inflationary objective, the ammunition will be severely limited. Accordingly, it is highly important in the year ahead that a maximum effort should be devoted to the sale of Savings Bonds to nonbank holders, so as to provide the greatest possible amount of funds to be used in maintaining reasonable pressure on the bank credit situation.

1-f As we near the end of another

 847

For the full fiscal year 1949, with the recent tax reduction in effect and with expenditures at levels forecast by the President, the public debt will remain at present levels. The only funds available for debt retirement will be the cash receipts from trust funds and the receipts from sales of Savings Bonds in excess of redemptions. If, therefore, inflationary pressures continue through fiscal 1949, and if debt

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than 25 percent in commercial and Federal Reserve Bank portfolios of Government securities in just a little over two years. This is a substantial achievement. We could hardly have laid out, and we certainly would not have dared forecast, a program as successful as this when we stood at the threshold of debt pay-offs back in 1946.

Now, in September 1948, our debt has been reduced by $26-1/2 billion from the peak.

holdings of Federal securities have gone up by about $3-1/2 billion, so that the reduction in holdings by commercial and Federal Reserve Banks has actually been greater than the reduction in total public debt.

On February 28, 1946, commercial and Federal Reserve Banks held $117 billion of Federal securities. At the present time, they hold $87 billion. This decline of $30 billion represents a reduction of more

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major anti-inflationary importance.

It has been the Treasury policy, during this same period, to aim at a reduction in the Government security holdings of the commercial banking system. In seeking to achieve this objective, we have found that our wartime program of fitting securities to the needs of the various investors has paid dividends. It is gratifying that since the peak of the debt, nonbank

I am sure that all of you are familiar with the policy behind the debt pay-off program as it has been conducted. Increasing inflationary pressures in the economy during the past two years have made it imperative that fiscal and monetary policy be directed to combating further increases in price. The very fact that the Treasury was receiving more money in taxes than it was paying out through its expenditures was of

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for this program came from our budget surplus of $6 billion accumulated since January 1, 1948. The rest of the surplus had been added temporarily to the cash balance. Part of this remainder is now being used for debt reduction -- $1/2 billion of maturities will be paid off on September 15, for example -- but some of it will be needed to meet new requirements for national defense and international aid during the months to come.

The cash left over from the Victory Loan had been expended by this time, so that debt reduction during 1947 had to come from the budget surplus -- and was, in fact, just about equal to that surplus. The third phase of the debt pay-off program occurred during the first four months of this calendar year. In those few months, we reduced the debt by $4-1/2 billion - almost twice the reduction for the entire calendar year 1947. The money

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current total of $253 billion. This pay-off program which we have carried out fell into three periods.

The first phase was from the end of February 1946, to the close of the year, during which the debt was reduced by $20 billion through the application of cash funds received from the Victory Loan. During the calendar year 1947, the second phase of the pay-off program, we were able to cut the debt by $2-1/2 billion.

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reached its peak of $280 billion in February 1946, just after the close of the war. The Victory Loan of two months earlier had been our last great drive for funds. War created costs had begun to taper off, and we no longer needed a Treasury cash balance of the proportions for which the emergencies of the preceding years had called. A debt pay-off program was therefore inaugurated. It has brought the debt down to the

Federal Government. This must continue as long as the public debt remains at its present relative size and proportions. However, the public must be constantly alert and fully cooperative in seeing that the exercise of that power is, at all times, directed toward the broad objective of the national welfare.

I should like to take a few minutes to review the history of the management of the debt since it

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it places upon the Federal Government a grave responsibility for proper debt management and for the sound conduct of all of its financial affairs.

No matter how jealous we may be of the freedoms of private enterprise, therefore, the hard facts are that the management of our large public debt is such a dominant factor in the financial and economic life of the Nation that firm control of debt management must be exercised by the

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and deposits in mutual savings banks, commercial banks, insurance companies, and other financial institutions which own Federal securities. This widespread distribution of the public debt gives every person in the United States a vital interest in the debt and in its proper management. It gives every individual an immediate and personal incentive for seeing that the financial affairs of the Government are handled wisely. And

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of Government securities and public debt management also sharply affect the situation of the banking institutions and other financial concerns. In a broader sense, they likewise affect individuals. Individual citizens directly own about $67 billion of Federal securities. In addition, they have an indirect stake in a much larger portion of the public debt securities outstanding because of their savings

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whereas, in 1947, the public debt exceeded the gross national product for the year.

P. 2 These figures and comparisons are unmistakable evidence of the compelling necessity for debt management to be directed properly and advantageously to the financial considerations of the Government, and to the economic well-being of the country.

Factors which affect the field

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war, the rate of interest on the public debt was largely influenced by current financial and business conditions; today, the size and proportion of the Federal debt to the total of all debt makes it the dominating factor in determining interest rates on private debt and the return on investments. Before the war, the public debt was only about one-half of a year's gross national product;

and private debt. Today, the total public debt of $253 billion constitutes some 55 percent of the total of all debt of the Nation. Before the war, Government securities were about 25 percent of the total assets of member banks; while today they are about 45 percent of total assets. They also constitute 40 percent of the assets of insurance companies and 60 percent of the assets of mutual savings banks. Before the now in excess of $250 billion. The economic importance of this debt lies not merely in its size, but in its proportion to the total of all debt in our Nation, in the impact of its management on all interest rates, in its cost of servicing, and in the proper provision for its retirement.

At the end of the fiscal year 1940, the public debt amounted to less than $50 billion and was less than 25 percent of the total public

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savings bond matters, and in turn to explain to you our program of activities.

I want to start off these discussions by talking with you a little about the financial problems of the Treasury Department, which are, as a matter of fact, the financial problems of the Federal Government.

One of the principal responsibilities of the Treasury is the management of the public debt --

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Since I have been at the Treasury, I have frequently consulted with advisory committees representing particular segments of our economy. These committees are very helpful. We invite here advisory groups representing commercial banks, savings banks, insurance companies, government bond dealers, commercial and industrial corporations and others. You, of course, represent agriculture, and we at the Treasury would like to get your viewpoint on

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P-1 I greatly appreciate your coming here today to discuss with us some of the problems we have at the Treasury. Government, as you know, is just as much your business as it is the business of those actively engaged in it. The job of running government in our American democracy is the job of 146 million people. The kind of government we have here is the kind of government that you and 146 million other people make it.

The following address by Secretary Snyder before the National Agricultural Savings Bonds Committee at the Treasury Department, Washington, is scheduled for delivery at 1:15 P.M. Tuesday, September 7, 1948, and is for release at that time.

S-847

TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder before the National Agricultural Savings Bonds Committee at the Treasury Department, Washington, is scheduled for delivery at 1:15 P.M. Tuesday, September 7, 1948, and is for release at that time.

I greatly appreciate your coming here today to discuss with us some of the problems we have at the Treasury. Government, as you know, is just as much your business as it is the business of those actively engaged in it. The job of running government in our American democracy is the job of 146 million people. The kind of government we have here is the kind of government that you and 146 million other people make it.

Since I have been at the Treasury, I have frequently consulted with advisory committees representing particular segments of our economy. These committees are very helpful. We invite here advisory groups representing commercial banks, savings banks, insurance companies, government bond dealers, commercial and industrial corporations and others. You, of course, represent agriculture, and we at the Treasury would like to get your viewpoint on savings bond matters, and in turn to explain to you our program of activities.

I want to start off these discussions by talking with you a little about the financial problems of the Treasury Department, which are, as a matter of fact, the financial problems of the Federal Government.

One of the principal responsibilities of the Treasury is the management of the public debt — now in excess of $250 billion. The economic importance of this debt lies not merely in its size, but in its proportion to the total of all debt in our Nation, in the impact of its management on all interest rates, in its cost of servicing, and in the proper provision for its retirement.

At the end of the fiscal year 1940, the public debt amounted to less than $50 billion and was less than 25 percent of the total public and private debt. Today, the total public debt of $253 billion constitutes some 55 percent of the total of all debt of the Nation. Before the war, Government securities were about 25 percent of the total assets of member banks; while today they are about 45 percent of total assets. They also constitute 40 percent of the assets of insurance companies and 60 percent of the assets of mutual savings banks. Before the war, the rate of interest on the public debt was largely influenced by current financial and business conditions; today, the size and proportion of the Federal debt to the total of all debt makes it the dominating factor in determining interest rates on private debt and the return on investments. Before the war, the public debt was only about one-half of a year's gross national product; whereas, in 1947, the public debt exceeded the gross national product for the year.

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These figures and comparisons are unmistakable evidence of the compelling necessity for debt management to be directed properly and advantageously to the financial considerations of the Government, and to the economic well-being of the country.

Factors which affect the field of Government securities and public debt management also sharply affect the situation of the banking institutions and other financial concerns. In a broader sense, they likewise affect individuals. Individual citizens directly own about $67 billion of Federal securities. In addition, they have an indirect stake in a much larger portion of the public debt securities outstanding because of their savings and deposits in mutual savings banks, commercial banks, insurance companies, and other financial institutions which own Federal securities. This widespread distribution of the public debt gives every person in the United States a vital interest in the debt and in its proper management. It gives every individual an immediate and personal incentive for seeing that the financial affairs of the Government are handled wisely. And it places upon the Federal Government a grave responsibility for proper debt management and for the sound conduct of all of its financial affairs.

No matter how jealous we may be of the freedoms of private enterprise, therefore, the hard facts are that the management of our large public debt is such a dominant factor in the financial and economic life of the Nation that firm control of debt management must be exercised by the Federal Government. This must continue as long as the public debt remains at its present relative size and proportions. However, the public must be constantly alert and fully cooperative in seeing that the exercise of that power is, at all times, directed toward the broad objective of the national welfare.

I should like to take a few minutes to review the history of the management of the debt since it reached its peak of $280 billion in February 1946, just after the close of the war. The Victory Loan of two months earlier had been our last great drive for funds. War created costs had begun to taper off, and we no longer needed a Treasury cash balance of the proportions for which the emergencies of the preceding years had called. A debt pay-off program was therefore inaugurated. It has brought the debt down to the current total of $253 billion. This pay-off program which we have carried out fell into three periods.

The first phase was from the end of February 1946, to the close of the year, during which the debt was reduced by $20 billion through the application of cash funds received from the Victory Loan. During the calendar year 1947, the second phase of the pay-off program, we were able to cut the debt by $2-1/2 billion. The cash left over from the Victory Loan has been expended by this time, so that debt reduction during 1947 had to come from the budget surplus -- and was, in fact, just about equal to that surplus. The third phase of the debt pay-off program occurred during the first four months of this calendar year. In these few months, we reduced the debt by $4-1/2 billion — almost twice the reduction for the entire calendar year 1947. The money for this program came from our budget surplus of $6 billion accumulated since January 1, 1948. The rest of the surplus had been added temporarily to the cash balance. Part of this remainder is now being used for debt reduction — $1/2 billion of maturities will be paid off on September 15, for example — but some of it will be needed to meet new requirements for national defense and international aid during the months to come.

I am sure that all of you are familiar with the policy behind the debt pay-off program as it has been conducted. Increasing inflationary pressures in the economy during the past two years have made it imperative that fiscal and monetary policy be directed to combating furthur increases in price. The very fact that the Treasury was receiving more money in taxes than it was paying out through its expenditures was of major anti-inflationary importance.

It has been the Treasury policy, during this same period, to aim at a reduction in the Government security holdings of the commercial banking system. In seeking to achieve this objective, we have found that our wartime program of fitting securities to the needs of the various investors has paid dividends. It is gratifying that since the peak of the debt, nonbank holdings of Federal securities have gone up by about $3-1/2 billion, so that the reduction in holdings by commercial and Federal Reserve Banks has actually been greater than the reduction in total public debt.

On February 28, 1946, commercial and Federal Reserve Banks held $117 billion of Federal securities. At the present time, they hold $87 billion. This decline of $30 billion represents a reduction of more than 25 percent in commercial and Federal Reserve Bank portfolios of Government securities in just a little over two years. This is a substantial achievement. We could hardly have laid out, and we certainly would not have dared forecast, a program as successful as this when we stood at the threshold of debt pay-offs back in 1946.

Now, in September 1948, our debt has been reduced by $26-1/2 billion from the peak.

For the full fiscal year 1949, with the recent tax reduction in effect and with expenditures at levels forecast by the President, the public debt will remain at present levels. The only funds available for debt retirement will be the cash receipts from trust funds and the receipts from sales of Savings Bonds in excess of redemptions. If, therefore, inflationary pressures continue through fiscal 1949, and if debt management policy is to be continued with an anti-inflationary objective, the ammunition will be severely limited. Accordingly, it is highly important in the year ahead that a maximum effort should be devoted to the sale of Savings Bonds to nonbank holders, so as to provide the greatest possible amount of funds to be used in maintaining reasonable pressure on the bank credit situation.

As we near the end of another profitable farm year, we believe it is a good time to reemphasize the significance of the Savings Bonds Program to the farmer. We need your advice and your counsel in doing this. I wish it were possible to get every farmer and every individual to build a financial reserve in United States Savings Bonds. It would not only help from the national standpoint by more widely distributing the public debt, but obviously would provide financial security for the individual.

Farmers have been, and are, important investors in Savings Bonds. They not only buy them, but they retain them. The records of the agricultural states are proof of this statement. Farm states have always been among the leaders in Savings Bond sales, and we are confident that we can continue to depend upon the farmers to do their full share. I'm sure you will agree that Savings Bonds are one commodity that cannot be "oversold". They provide the utmost in safety for the farmer's financial reserves and at the same time provide ready cash if it should be needed. Their guaranteed values do not depend upon a fluctuating market.

I am sorry that I cannot be with you for your conferences during the entire day, but I have asked officials of the Treasury and the Savings Bonds Division to place certain problems before you in detail. We want your advice and counsel as to the best methods of approach and your help in determining how to reach every farmer in America effectively with the Savings Bonds Program. We also want your advice and counsel regarding a continuing agricultural Savings Bonds Program. So, I hope before the day is over you will organize as a committee, with a chairman and a vice-chairman. I realize full well that all of you men are busy. That is the reason I invited two men from each organization. It is most difficult and almost impossible to set a date when there are no conflicts, but with two representatives I hope each organization will be represented at any and all future meetings of the Committee. Again, I want to thank you for being here today and to express appreciation in advance for the assistance I know we will receive from you.

STATUTORY DEBT LIMITATION

AS OF August 31, 1948

TREASURY DEPARTMENT
Fiscal Service
Washington, Sept. 3, 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 August 31, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 12,838,393,000		
Certificates of indebtedness	22,293,765,000		
Treasury notes	15,714,888,200	$ 50,847,046,200	
Bonds -			
Treasury	112,462,023,500		
Savings (current redemp. value)	54,704,260,070		
Depositary	330,726,000		
Armed Forces Leave	522,296,925		
Investment series	958,045,000	168,977,351,495	
Special Funds -			
Certificates of indebtedness	16,572,250,000		
Treasury notes	14,314,883,500	30,887,133,500	
Total interest-bearing		250,711,531,195	
Matured, interest-ceased		233,682,185	
Bearing no interest:			
War savings stamps	56,110,112		
Excess profits tax refund bonds	8,221,914		
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	1,291,117,026	
Total		252,236,330,406	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	13,980,386		
Demand obligations: C.C.C.	32,937,519	46,917,905	
Matured, interest-ceased		4,527,975	
		51,445,880	
Grand total outstanding			252,287,776,286
Balance face amount of obligations issuable under above authority			22,712,223,714

Reconcilement with Statement of the Public Debt - August 31, 1948
(Daily Statement of the United States Treasury, September 1, 1948

Outstanding -	
Total gross public debt	253,049,362,065
Guaranteed obligations not owned by the Treasury	51,445,880
Total gross public debt and guaranteed obligations	253,100,807,945
Deduct - other outstanding public debt obligations not subject to debt limitation	813,031,659
	$252,287,776,286

S-848

STATUTORY DEBT LIMITATION
AS OF August 31, 1948

September 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."

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

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Interest-bearing:			
Treasury bills	$ 12,838,393,000		
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Treasury	112,462,023,500		
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Total interest-bearing		250,711,531,195	
Matured, interest-ceased		233,682,185	
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War savings stamps	56,110,112		
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Internat'l Bank for Reconst. and Development series	65,785,000		
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Total		252,236,330,406	
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Debentures: F.H.A.	13,980,386		
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Grand total outstanding			252,287,776,286
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Reconcilement with Statement of the Public Debt - August 31, 1948
(Daily Statement of the United States Treasury, September 1, 1948)

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Guaranteed obligations not owned by the Treasury	51,445,880
Total gross public debt and guaranteed obligations	253,100,807,945
Deduct - other outstanding public debt obligations not subject to debt limitation	813,031,659
	$252,287,776,286

S-848

FOR IMMEDIATE RELEASE
September 7, 1948

S-849

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 August 28, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota: Quantity	Unit of Quantity	Imports as of August 28, 1948
Buttons	850,000	Gross	176,910
Cigars	200,000,000	Number	836,012
Coconut Oil	448,000,000	Pound	53,576,280
Cordage	6,000,000	"	1,698,578
Rice	1,040,000	"	-
Sugars, refined)	1,904,000,000	"	4,499,374
unrefined)			322,783,930
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE,
Friday, September 10, 1948.

No. S-849

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 August 28, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of August 28, 1948
Buttons	850,000	Gross	176,910
Cigars	200,000,000	Number	836,012
Coconut Oil	448,000,000	Pound	53,576,280
Cordage	6,000,000	"	1,698,578
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	4,499,374 322,783,930
Tobacco	6,500,000	"	203,278

5-450

IMMEDIATE RELEASE
September 7, 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 August 28, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 28, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	5,794
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,037
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 9-months Quota Filled
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1947	150,000,000	Pound	149,136,865
Other		60,000,000	Pound	55,254,172
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	243,246

(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. 14,504,779 pounds of such Cuban tobacco were imported for consumption during the period January 1, to August 28, 1948, inclusive.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, September 10, 1948.

No. S-850

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 August 28, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of August 28, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	5,794
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,037
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 9-months Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	149,136,865
Other	Sept. 15, 1947	60,000,000	Pound	55,254,172
Walnuts	May 22 - Dec. 31, 1948	3,333,333	Pound	243,246

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8 5-1

ALPHA.

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.

85-1

~~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 September 16, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 16, 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

~~Exhibit I~~

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TREASURY DEPARTMENT
Washington

S-857

FOR RELEASE, MORNING NEWSPAPERS,
Friday, September 10, 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 September 16, 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 September 16, 1948 ~~(5)~~, and will mature December 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, September 13, 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-851
Friday, September 10, 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 September 16, 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 September 16, 1948, and will mature December 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 saving time, Monday, September 13, 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 suppled 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 Banks on September 16, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 16, 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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FOR IMMEDIATE RELEASE
~~September 7, 1948~~

5-852

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 **August 28**, 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1947, to Aug. 28, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1947, to Aug. 28, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1947, to August 28, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	47,633,445) (4a)	-
Peru	247,952	247,952	2,002,277)	-
British India	2,003,483	271,932	-	44,164,731
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	10,496,990	49,813,671 (4a)	44,164,731

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 22, 1947.
4/a These figures include 4,058,973 pounds of Egyptian and 98,278 pounds of Peruvian cotton charged during the period July 20 to August 28, 1948, to the additional quota provided in the President's Proclamation No. 2800.
5/ Established quota - 70,000,000 .

TREASURY DEPARTMENT
Washington 25

FOR IMMEDIATE RELEASE
Friday, September 10, 1948

No. S-852

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 August 28, 1948 inclusive, are as follows:

COTTON (other than linters)
(In pounds)

Country of Orgin	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 Aug. 28, 1948	Imports Sept. 20, 1947, to Aug. 28, 1948	Imports Sept. 20, 1947, to August 28, 1948
Egypt and the Anglo-Egyptian Sudan.........	783,816	-	47,633,445) (4a)	-
Peru...........	247,952	247,952	2,002,277) (4a)	-
British India.	2,003,483	271,932	-	44,164,731
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	10,496,990	49,813,671(4a)	44,164,731

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 22, 1947.
4/a These figures include 4,058,973 pounds of Egyptian and 98,278 pounds of Peruvian cotton charged during the period July 20 to August 28, 1948, to the additional quota provided in the President's Proclamation No. 2800.
5/ Established quota - 70,000,000.

85-3

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 Aug. 28, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to Aug. 28, 1948 1/
United Kingdom.....	4,323,457	25,172	1,441,152	19,703
Canada............	239,690	175,266	-	-
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	270,065	1,599,886	19,703

1/ Included in total imports, column 2.

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5-80-3

FOR IMMEDIATE RELEASE,
September 7, 1948

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		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1948, to August 28, 1948	Established Quota	Imports May 29, 1948, to August 28, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	13	3,815,000	140,402
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	13	4,000,000	140,562

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TREASURY DEPARTMENT
Washington 25

FOR IMMEDIATE RELEASE,
Friday, September 10, 1948.

No. S-853

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, and April 29, 1943, for the 12 months commencing May 29, 1948, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1948 to August 28, 1948	Established Quota	Imports May 29, 1948, to August 28, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
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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	13	4,000,000	140,562

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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:

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Canada	239,690	175,266	-	-
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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	270,065	1,599,886	19,703

1/ Included in total imports, column 2.

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85-4

we know that the America of the future will be an even greater and an even more prosperous land.

pattern of their country's history. Today, in cities, towns, and counties everywhere across America, we have enlisted millions of volunteers who -- equally courageous and every bit as determined -- are once again engaged in shaping a better, brighter destiny for this country. Because of their vision, your vision, -- their faith, your faith, -- their hard work, your hard work, -- their unselfish devotion, your unselfish devotion, --

85-6

$47 billions worth of Savings Bonds can mean a better, a finer, a more secure America.

Because of this Savings Bonds program to which all of you are devoting your energies, the America of the future will be a better place in which to grow up, a better place to live, and a better and safer place in which to grow old.

One hundred and seventy-three years ago a little band of courageous and determined volunteers changed the

85-4

education for 11,750,000 men and women. That is 36 times the number of students which would normally enter college this year.

Or $47 billions in Savings Bonds could mean 4,700,000 mortgage free $10,000 homes. Thus

$47 billions worth of Savings Bonds means greater opportunities for all our people, and freedom from care and want, which all too often beset old age;

854

Bonds outstanding in the hands of individual Americans. This is a truly overwhelming figure. Only when we translate and reinterpret this vast sum in terms of what it could mean to the individuals who comprise its collective ownership, and to the Nation as a whole -- can we begin to realize its tremendous significance.

Forty-seven ~~$47~~ billion~~s~~ dollars in Savings Bonds could mean a complete 4-year college

95-4

Let your eyes travel over a map of the United States and no matter where they come to rest you'll find the location of a an inspiring example of volunteer service to the Savings Bonds program. For, throughout the length and breadth of America there are millions of men and women who have made this Savings Bonds program their own.

At present we know that there are $47 billions worth of Savings

$20,150 in Security Bonds -- and surely that's a figure which entitles him to take his place in the forefront of our volunteers.

Milton Wolf, musical instrument manufacturer of Chicago, has, since early 1943, lined up hundreds of topflight entertainers and used his connections with radio, stage and screen personalities to insure their continued cooperation with the bond program.

85-4

to the Washington Building Trades Council, AFL, sold to her labor associates and to labor organizations more than $800,000 worth of bonds -- and she is continuing her good work.

Sidney Oliver Helmke of New Orleans probably couldn't tell you in so many words how he feels about the public service aspects of the Savings Bonds program. For, he is only 6 years old, but, nevertheless, his is an enviable record. During the Security Loan Drive, Sidney sold

83-4

since he came into the program during the Fourth War Loan Drive Emilio Vecchi's zeal has been unflagging, his enthusiasm and his capacity for hard work equally boundless. After all, you need plenty of zeal ... and enthusiasm ... and hard work ... to sell $8,500,000 worth of bonds single-handed.

Mrs. Thelma Dawson, of Washington, D. C. has an inspiring story. During the Security Loan Drive, Mrs. Dawson, who is secretary

 55-4

Public service is also the creed of Emilio Vecchi, the tailor from Des Moines, Iowa, whose shop was closed almost continually during the Security Loan Drive so that its owner could be out selling bonds. Mr. Vecchi carried on a personal direct mail promotion to 1,500 of his customers urging them to buy bonds; he paid for advertising space in the local newspapers to tell readers why they should invest in Savings Bonds. Ever

85-4

As an excellent example, there is Mr. Sy Gruber of Mt. Vernon, New York. The 52-year-old Mr. Gruber has made his living as an encyclopedia salesman since 1942 on a commission basis -- but only during the evenings, and on Saturdays and Sundays. This man devotes all the rest of his time to selling United States Savings Bonds. He is proud to be acting as his country's representative whenever he makes a bond sale.

 85-4

the truest sense, to all the people everywhere. Above and beyond an actual bond purchase, is the knowledge of participation in the Nation's Government. It is only fitting that since the day when the first Savings Bond went on sale, millions of men and women throughout the United States have given unstintingly of themselves to this program, and have written chapter after chapter in a story of unqualified success.

854

they are rendering -- no reward beyond the satisfaction that always comes from contributing to the public good.

The famous Minute Man of Lexington, who was for so long the identifying symbol of the Savings Bonds program, was not, you will recall, a professional soldier. The Minute Man was a volunteer -- a word which for years has had the most honorable association with Savings Bonds. For this program belongs, in

82-4

Yes, millions of Americans firmly believe that it is only prudent for folks to save through Savings Bonds. What's more, they are devoting themselves wholeheartedly to the cause of selling Savings Bonds to their families, friends, neighbors, and fellow-townsmen -- not only during drive periods, but regularly, day after day, week after week. For this they receive no compensation other than the knowledge of the service

85-4

which were the predecessors of our Series E bonds, were issued during years of peace to encourage Americans in all walks of life to develop habits of thrift, to save for the future needs of their families, and, by acquainting them with the kind of securities issued by their Government, to induce them to become holders of shares in the United States of America. The fruits of that planning are already being harvested, as these bonds mature.

 85-4

Because they were once known as "War Bonds", many of us have grown accustomed to thinking of the Savings Bonds program as an outgrowth of the war years -- as something which was born and developed during the urgency of the conflict. But the entire concept of the Savings Bonds program had its inception in 1935, at a time when the possibility of another world war was remote from our thinking. The Series A, B, C, and D bonds and the "Baby Bonds"

85-4

purchaser, no matter who he is or where his plans for his individual future lead, knows that the Savings Bond he holds is a protection for him and for his family; he knows that it is a good thing for his neighbors and friends and their families to own bonds; he knows that these benefits are extended to include the community in which he lives, the state of which that community is a part, and the Nation as a whole.

 85-4

all Americans -- the harvest that never fails.

For the truly amazing thing about this Savings Bonds program of ours is that it has so many aspects that to every group and segment of our population it appeals in a particular fashion, and holds out a distinctive and entirely individual attraction. Each one of these groups and segments has a self-interest as well as a national interest in the Savings Bonds program. Every bond

85-4

To educators, I would explain the function of the Savings Bonds program as a vehicle for training our youth in more than a quarter of a million American schoolrooms in the ways of thrift -- surely one of the most important habits which an individual, or a nation, can cultivate.

And if I were called upon to say a few words to the farm leaders of the Nation I would stress Savings Bonds as an excellent investment for

 85-4

demonstration of the soundness and effectiveness of the work of our national advertisers.

To retailers, I would point out the significance of our Savings Bonds program as a means of building up great reserve potentials of deferre[d] purchasing power in their individual communities. I would make clear how great an effect such future spending would have on a community's well-being.

 854

To the representatives of labor, I would repeat the advantages to the members of their organizations of having individual reserves of savings to provide for all financial needs.

To national advertisers, I would speak in their own language about Savings Bonds. For, as the greatest user of the various mass media of communication in telling its own vital and dramatic story, Savings Bonds advertising is an excellent of the Payroll Savings Plan.

I would show clearly, that in plants and factories where this Plan is functioning efficiently, it has made a marked contribution to the reduction in absenteeism and accidents; to the decrease in personnel turnover; and, most important of all, to the intangible which we call "plant morale" -- that relationship between employer and employee -- which has been maintained at a consistently high level.

854

Savings Bonds from the standpoint of long-range investments for security, both for individuals and for corporate groups. I would repeat what they already know so well -- that Savings Bonds, backed by the integrity of the United States Government, insure a safe investment.

If I were appearing before a gathering of top industrialists, I would stress the manifold merits

85-4

If I were speaking to a group of the banking fraternity, I would discuss the Savings Bonds program in terms of the management of our national debt. I would reemphasize that the widest possible distribution of that debt is one of the wise and sound approaches to debt management.

If I were addressing a meeting of investment bankers, I would talk to them about

85-4

ADDRESS BY SECRETARY SNYDER

before the

SALES DEVELOPMENT CONFERENCE

of the

UNITED STATES SAVINGS BONDS DIVISION

ST. PAUL, MINNESOTA

Friday, September 17, 1948

S-854

The following address by Secretary Snyder before the Sales Development Conference of the United States Savings Bonds Division, Hotel Lowry, St. Paul, Minnesota, is scheduled for delivery at 8 P.M. Central Standard Time, Friday, September 17, 1948, and is for release at that time.

[redacted]

TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder before the Sales Development Conference of the United States Savings Bonds Division, Hotel Lowry, St. Paul, Minnesota, is scheduled for delivery at 8 P.M. Central Standard Time, Friday, September 17, 1948, and and is for release at that time.

If I were speaking to a group of the banking fraternity, I would discuss the Savings Bonds program in terms of the management of our national debt. I would reemphasize that the widest possible distribution of that debt is one of the wise and sound approaches to debt management. If I were addressing a meeting of investment bankers, I would talk to them about Savings Bonds from the standpoint of long-range investments for security, both for individuals and for corporate groups. I would repeat what they already know so well - that Savings Bonds, backed by the integrity of the United States Government, insure a safe investment.

If I were appearing before a gathering of top industrialists, I would stress the manifold merits of the Payroll Savings Plan. I would show clearly, that in plants and factories where this Plan is functioning efficiently, it has made a marked contribution to the reduction in absenteeism and accidents; to the decrease in personnel turnover; and, most important of all, to the intangible which we call "plant morale" -- that relationship between employer and employee -- which has been maintained at a consistently high level.

To the representatives of labor, I would repeat the advantages to the members of their organizations of having individual reserves of savings to provide for all financial needs. To national advertisers, I would speak in their own language about Savings Bonds. For, as the greatest user of the various mass media of communication in telling its own vital and dramatic story, Savings Bonds advertising is an excellent demonstration of the soundness and effectiveness of the work of our national advertisers. To retailers, I would point out the significance of our Savings Bonds program as a means of building up great reserve potentials of deferred purchasing power in their individual communities. I would make clear how great an effect such future spending would have on a community's well-being.

To educators, I would explain the function of the Savings Bonds program as a vehicle for training our youth in more than a quarter of a million American schoolrooms in the ways of thrift -- surely one of the most important habits which an individual, or a nation, can cultivate. And if I were called upon to say a few words to the farm leaders of the Nation I would stress Savings Bonds as an excellent investment for all Americans -- the harvest that never fails.

For the truly amazing thing about this Savings Bonds program of ours is that it has so many aspects that to every group and segment of our population it appeals in a particular fashion, and holds out a distinctive and entirely individual attraction. Each one of these groups and segments has a self-interest as well as a national interest in the Savings Bonds program. Every bond purchaser, no matter who he is or where his plans for his individual future lead, knows that the Savings Bond he holds is a protection for him and for his family; he knows that it is a good thing for his neighbors and friends and their families to own bonds; he knows that these benefits are extended to include the community in which he lives, the state of which that community is a part, and the Nation as a whole.

Because they were once known as "War Bonds", many of us have grown accustomed to thinking of the Savings Bonds program as an outgrowth of the war years -- as something which was born and developed during the urgency of the conflict. But the entire concept of the Savings Bonds program had its inception in 1935, at a time when the possibility of another world war was remote from our thinking. The Series A, B, C, and D bonds and the "Baby Bonds" which were the predecessors of our Series E bonds, were issued during years of peace to encourage Americans in all walks of life to develop habits of thrift, to save for the future needs of their families, and, by acquainting them with the kind of securities issued by their Government, to induce them to become holders of shares in the United States of America. The fruits of that planning are already being harvested, as these bonds mature.

Yes, millions of Americans firmly believe that it is only prudent for folks to save through Savings Bonds. What's more, they are devoting themselves wholeheartedly to the cause of selling Savings Bonds to their families, friends, neighbors, and fellow-townsmen -- not only during drive periods, but regularly, day after day, week after week. For this they receive no compensation other than the knowledge of the service they are rendering -- no reward beyond the satisfaction that always comes from contributing to the public good.

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As an excellent example, there is Mr. Sy Gruber of Mt. Vernon, New York. The 52-year-old Mr. Gruber has made his living as an encyclopedia salesman since 1942 on a commission basis -- but only during the evenings, and on Saturdays and Sundays. This man devotes all the rest of his time to sell-ing United States Savings Bonds. He is proud to be acting as his country's representative whenever he makes a bond sale. Public service is also the creed of Emilio Vecchi, the tailor from Des Moines, Iowa, whose shop was closed almost continually during the Security Loan Drive so that its owner could be out selling bonds. Mr. Vecchi carried on a personal direct mail promotion to 1,500 of his customers urging them to buy bonds; he paid for advertising space in the local news-papers to tell readers why they should invest in Savings Bonds. Ever since he came into the program during the Fourth War Loan Drive Emilio Vecchi's zeal has been unflagging, his enthusiasm and his capacity for hard work equally boundless. After all, you need plenty of zeal ... and enthusiasm ... and hard work ... to sell $8,500,000 worth of bonds single-handed.

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Because of this Savings Bonds program to which all of you are devoting your energies, the America of the future will be a better place in which to grow up, a better place to live, and a better and safer place in which to grow old.

One hundred and seventy-three years ago a little band of courageous and determined volunteers changed the pattern of their country's history. Today, in cities, towns, and counties everywhere across America, we have enlisted millions of volunteers who -- equally courageous and every bit as determined -- are once again engaged in shaping a better, brighter destiny for this country. Because of their vision, your vision, -- their faith, your faith, -- their hard work, your hard work, -- their unselfish devotion, your unselfish devotion, -- we know that the America of the future will be an even greater and an even more prosperous land.

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5-855

~~S-855~~

RELEASE, MORNING NEWSPAPERS,
Tuesday, September 14, 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 September 16, and to mature December 16, 1948, which were offered September 10, 1948, were opened at the Federal Reserve Banks on September 13.

The details of this issue are as follows:

Total applied for - $1,685,109,000
Total accepted - 1,100,616,000 (includes $48,568,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.726/ Equivalent rate of discount approx. 1.083% per annum

Range of accepted competitive bids: (Excepting one tender of $200,000)

High - 99.735 Equivalent rate of discount approx. 1.048% per annum
Low - 99.725 " " " " " 1.088% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,541,000	$ 23,106,000
New York	1,423,868,000	860,760,000
Philadelphia	2,638,000	2,488,000
Cleveland	12,280,000	12,280,000
Richmond	4,655,000	4,655,000
Atlanta	3,655,000	3,655,000
Chicago	104,381,000	86,181,000
St. Louis	3,921,000	3,921,000
Minneapolis	8,660,000	8,660,000
Kansas City	17,063,000	16,863,000
Dallas	9,661,000	9,261,000
San Francisco	68,786,000	68,786,000
TOTAL	$1,685,109,000	$1,100,616,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, September 14, 1948.

No. S-855

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Total accepted - 1,100,616,000 (includes $48,568,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Average price - 99.726/ Equivalent rate of discount approx. 1.083% per annum

Range of accepted competitive bids: (Excepting one tender of $200,000)

High - 99.735 Equivalent rate of discount approx. 1.048% per annum
Low - 99.725 Equivalent rate of discount approx. 1.088% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,541,000	$ 23,106,000
New York	1,423,868,000	860,760,000
Philadelphia	2,638,000	2,488,000
Cleveland	12,280,000	12,280,000
Richmond	4,655,000	4,655,000
Atlanta	3,655,000	3,655,000
Chicago	104,381,000	86,181,000
St. Louis	3,921,000	3,921,000
Minneapolis	8,660,000	8,660,000
Kansas City	17,063,000	16,863,000
Dallas	9,661,000	9,261,000
San Francisco	68,786,000	68,786,000
TOTAL	$1,685,109,000	$1,100,616,000

5- 85-6

September 7, 1948

TO MR. BARTELT:

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

Purchases	$4,969,000
Sales	600,000
Net Purchases	$4,369,000

(Sgd.) S. P. Gerardi

Chief, Division of Investments

Wissecarver: 9/7/48

TREASURY DEPARTMENT

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

RELEASE, MORNING PAPERS, No. S-856
Wednesday, September 15, 1948.

During the month of August, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $4,369,000, Secretary Snyder announced today.

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(4)

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

	June 30, 1948	Apr. 12, 1948	June 30, 1947	Increase or decrease since Apr. 12, 1948		Increase or decrease since June 30, 1947	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships and corporations:							
Demand	$45,203,667	$45,134,137	$44,751,010	$69,530	.15	$452,657	1.01
Time	18,830,881	18,767,225	18,556,606	63,656	.34	274,275	1.48
Deposits of U. S. Government	1,365,053	1,526,220	868,049	-161,167	-10.56	497,004	57.26
Postal savings deposits	2,809	2,803	2,804	6	.21	5	.18
Deposits of States and political subdivisions	5,175,811	4,907,268	4,562,716	268,543	5.47	613,095	13.44
Deposits of banks	7,305,787	7,034,821	7,433,963	270,966	3.85	-128,176	-1.72
Other deposits (certified and cashiers' checks, etc.)	1,115,980	1,094,772	1,222,001	21,208	1.94	-106,021	-8.68
Total deposits	78,999,988	78,467,246	77,397,149	532,742	.68	1,602,839	2.07
Bills payable, rediscounts, and other liabilities for borrowed money	42,871	152,315	27,860	-109,444	-71.85	15,011	53.88
Other liabilities	752,485	769,669	679,571	-17,184	-2.23	72,914	10.73
Total liabilities, excluding capital accounts	79,795,344	79,389,230	78,104,580	406,114	.51	1,690,764	2.16
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	23,898	25,235	28,359	-1,337	-5.30	-4,461	-15.73
Common	1,780,905	1,774,713	1,742,512	6,192	.35	38,393	2.20
Total	1,804,803	1,799,948	1,770,871	4,855	.27	33,932	1.92
Surplus	2,451,488	2,419,482	2,329,951	32,006	1.32	121,537	5.22
Undivided profits	971,091	961,790	874,798	9,301	.97	96,293	11.01
Reserves	318,386	357,448	333,060	-39,062	-10.93	-14,674	-4.41
Total surplus, profits, and reserves	3,740,965	3,738,720	3,537,809	2,245	.06	203,156	5.74
Total capital accounts	5,545,768	5,538,668	5,308,680	7,100	.13	237,088	4.47
Total liabilities and capital accounts	85,341,112	84,927,898	83,413,260	413,214	.49	1,927,852	2.31
Ratios:	Percent	Percent	Percent				
U.S.Gov't securities to total assets	42.45	43.51	47.27				
Loans and discounts to total assets	26.13	25.69	22.55				
Capital accounts to total deposits	7.02	7.06	6.86				

NOTE: Minus sign denotes decrease.

3

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1948, April 12, 1948, and June 30, 1947
(In thousands of dollars)

	June 30, 1948	Apr. 12, 1948	June 30, 1947	Increase or decrease since Apr. 12, 1948: Amount	Increase or decrease since Apr. 12, 1948: Percent	Increase or decrease since June 30, 1947: Amount	Increase or decrease since June 30, 1947: Percent
Number of banks	5,004	5,014	5,018	-10	-.20	-14	-.28
ASSETS							
Commercial and industrial loans	$10,967,053		$9,043,562			$1,923,491	21.27
Loans on real estate	5,270,421		4,228,135			1,042,286	24.65
Consumer loans to individuals	3,536,607		2,669,114			867,493	32.50
All other loans, including overdrafts	2,726,779		2,869,195			-142,416	-4.96
Total gross loans	1/ 22,500,860		-------			-------	
Less valuation reserves	197,818		2/			2/	
Net loans	22,303,042	$21,816,341	18,810,006	$486,701	2.23	3,493,036	18.57
U. S. Government securities:							
Direct obligations	36,226,156)	36,955,647	(39,419,227)	-724,240	-1.96	(-3,193,071	-8.10
Obligations fully guaranteed	5,251)		(6,378)			(-1,127	-17.67
Total U. S. securities	36,231,407	36,955,647	39,425,605	-724,240	-1.96	-3,194,198	-8.10
Obligations of States and political subdivisions	3,207,888	3,172,597	2,900,981	35,291	1.11	306,907	10.58
Other bonds, notes, and debentures	1,943,659	1,962,559	1,896,733	-18,900	-.96	46,926	2.47
Corporate stocks, including stocks of Federal Reserve banks	158,271	157,536	155,338	735	.47	2,933	1.89
Total securities	41,541,225	42,248,339	44,378,657	-707,114	-1.67	-2,837,432	-6.39
Total loans and securities	63,844,267	64,064,680	63,188,663	-220,413	-.34	655,604	1.04
Currency and coin	1,120,314	1,087,322	988,288	32,992	3.03	132,026	13.36
Reserve with Federal Reserve Banks	11,325,863	11,062,360	10,623,726	263,503	2.38	702,137	6.61
Balances with other banks	8,019,321	7,773,739	7,783,534	245,582	3.16	235,787	3.03
Total cash, balances with other banks, including reserve balances and cash items in process of collection	20,465,498	19,923,421	19,395,548	542,077	2.72	1,069,950	5.52
Other assets	1,031,347	939,797	829,049	91,550	9.74	202,298	24.40
Total assets	85,341,112	84,927,898	83,413,260	413,214	.49	1,927,852	2.31

1/ Beginning June 30, 1948, figures for various loan items are shown gross, i.e., before deduction of valuation reserves, and are not entirely comparable with prior figures.

2/ Not available.

857

nearly 5 percent. The percentage of loans and discounts to total assets on June 30, 1948 was 26.13, in comparison with 22.55 on June 30, 1947.

Investments by the banks in United States Government obligations (including $5,000,000 guaranteed obligations) on June 30, 1948 aggregated $36,231,000,000, which was a decrease of $3,200,000,000, or 8 percent, in the year. These investments were 42.45 percent of total assets, compared to 47.27 percent in June of the year previous. Other bonds, stocks, and securities of $5,310,000,000, which included obligations of States and political subdivisions of $3,200,000,000, amounted to about the same as in April, but were $357,000,000, or 7 percent, more than in June last year.

Cash of $1,120,000,000, reserves with Federal Reserve banks of $11,326,000,000 and balances with other banks (including cash items in process of collection) of $8,019,000,000, a total of $20,465,000,000, showed an increase of more than 5 percent in the year.

The unimpaired capital stock of the banks at the end of June 1948 was $1,805,000,000, including $24,000,000 of preferred stock. Surplus was $2,452,000,000, undivided profits $971,000,000, and reserves $318,000,000, or a total of $3,741,000,000. Total capital accounts of $5,546,000,000, which were 7.02 percent of total deposits, were $237,000,000 more than in June last year when they were 6.86 percent of total deposits.

TREASURY DEPARTMENT
Washington

Press Service
No. S-807

~~FOR~~ RELEASE, MORNING NEWSPAPERS
Thursday, September 16, 1948

The total assets of national banks on June 30, 1948 amounted to more than $85,000,000,000, it was announced today by Comptroller of the Currency Preston Delano. The returns covered 5,004 active national banks in the United States and possessions. The assets were $400,000,000 more than reported by the 5,014 national banks as of April 12, 1948, the date of the previous call, and nearly $2,000,000,000 more than reported by the 5,018 active banks as of June 30, 1947.

The deposits of the banks on June 30, 1948 were $79,000,000,000, an increase of more than $500,000,000, or seven-tenths percent, since April, and an increase of $1,600,000,000, or 2 percent, since June 1947. Included in the recent deposit figures are demand deposits of individuals, partnerships and corporations of $45,200,000,000, which increased $70,000,000 since April, and time deposits of individuals, partnerships and corporations of $18,800,000,000, which increased $64,000,000. Deposits of the United States Government of $1,365,000,000 were $161,000,000 less than in April; deposits of States and political subdivisions of $5,176,000,000 showed an increase of $268,000,000, or 5 percent; and deposits of banks of $7,306,000,000 were $271,000,000, or nearly 4 percent, more than in April. Postal savings deposits were nearly $3,000,000, and certified and cashiers' checks were $1,116,000,000.

Loans and discounts at the end of June 1948 were $22,300,000,000 after deducting reserves of nearly $200,000,000 for possible future losses. The net loans were more than $480,000,000, or 2 percent, over the amount reported as of April 12, and nearly $3,500,000,000, or 18 percent, over the amount reported as of June 30, 1947. Commercial and industrial loans of $10,900,000,000 were up 21 percent in the year, loans on real estate of $5,200,000,000 were up 24 percent, and consumer loans to individuals of $3,500,000,000 were up 32 percent, while all other loans of $2,700,000,000, which included loans to farmers, advances to brokers and dealers and others for the purpose of purchasing or carrying securities, and loans to banks, etc., showed a decrease of

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS
Thursday, September 16, 1948

No. S-857

The total assets of national banks on June 30, 1948 amounted to more than $85,000,000,000, it was announced today by Comptroller of the Currency Preston Delano. The returns covered 5,004 active national banks in the United States and possessions. The assets were $400,000,000 more than reported by the 5,014 national banks as of April 12, 1948, the date of the previous call, and nearly $2,000,000,000 more than reported by the 5,018 active banks as of June 30, 1947.

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Investments by the banks in United States Government obligations (including $5,000,000 guaranteed obligations) on June 30, 1948 aggregated $36,231,000,000, which was a decrease of $3,200,000,000, or 8 percent, in the year. These investments were 42.45 percent of total assets, compared to 47.27 percent in June of the year previous. Other bonds, stocks, and securities of $5,310,000,000, which included obligations of States and political subdivisions of $3,200,000,000, amounted to about the same as in April, but were $357,000,000, or 7 percent, more than in June last year.

Cash of $1,120,000,000, reserves with Federal Reserve banks of $11,326,000,000 and balances with other banks (including cash items in process of collection) of $8,019,000,000, a total of $20,465,000,000, showed an increase of more than 5 percent in the year.

The unimpaired capital stock of the banks at the end of June 1948 was $1,805,000,000, including $24,000,000 of preferred stock. Surplus was $2,452,000,000, undivided profits $971,000,000, and reserves $318,000,000, or a total of $3,741,000,000. Total capital accounts of $5,546,000,000, which were 7.02 percent of total deposits, were $237,000,000 more than in June last year when they were 6.86 percent of total deposits.

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1948, April 12, 1948, and June 30, 1947
(In thousands of dollars)

	June 30, 1948	Apr. 12, 1948	June 30, 1947	Increase or decrease since Apr. 12, 1948		Increase or decrease since June 30, 1947	
				Amount	Percent	Amount	Percent
Number of banks	5,004	5,014	5,018	-10	-.20	-14	-.28
ASSETS							
Commercial and industrial loans	$10,967,053		$9,043,562			$1,923,491	21.27
Loans on real estate	5,270,421		4,228,135			1,042,286	24.65
Consumer loans to individuals	3,536,607		2,669,114			867,493	32.50
All other loans, including overdrafts	2,726,779		2,869,195			-142,416	-4.96
Total gross loans	1/22,500,860		---------			---------	
Less valuation reserves	197,818		2/			2/	
Net loans	22,303,042	$21,816,341	18,810,006	$486,701	2.23	3,493,036	18.57
U. S. Government securities:							
Direct obligations	36,226,156)	36,955,647	(39,419,227)	-724,240	-1.96	(-3,193,071	-8.10
Obligations fully guaranteed	5,251)		(6,378)			(-1,127	-17.67
Total U. S. securities	36,231,407	36,955,647	39,425,605	-724,240	-1.96	-3,194,198	-8.10
Obligations of States and political subdivisions	3,207,888	3,172,597	2,900,981	35,291	1.11	306,907	10.58
Other bonds, notes, and debentures	1,943,659	1,962,559	1,896,733	-18,900	-.96	46,926	2.47
Corporate stocks, including stocks of Federal Reserve banks	158,271	157,536	155,338	735	.47	2,933	1.89
Total securities	41,541,225	42,248,339	44,378,657	-707,114	-1.67	-2,837,432	-6.39
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Currency and coin	1,120,314	1,087,322	988,288	32,992	3.03	132,026	13.36
Reserve with Federal Reserve Banks	11,325,863	11,062,360	10,623,726	263,503	2.38	702,137	6.61
Balances with other banks	8,019,321	7,773,739	7,783,534	245,582	3.16	235,787	3.03
Total cash, balances with other banks, including reserve balances and cash items in process of collection	20,465,498	19,923,421	19,395,548	542,077	2.72	1,069,950	5.52
Other assets	1,031,347	939,797	829,049	91,550	9.74	202.298	24.40
Total assets	85,341,112	84,927,898	83,413,260	413,214	.49	1,927,852	2.3

1/ Beginning June 30, 1948, figures for various loan items are shown gross, i. e., before deduction of valuation reserves, and are not entirely comparable with prior figures.

2/ Not available.

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

	June 30, 1948	Apr. 12, 1948	June 30, 1947	Increase or decrease since Apr. 12, 1948		Increase or decrease since June 30, 1947	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships and corporations:							
Demand	$45,203,667	$45,134,137	$44,751,010	$69,530	.15	$452,657	1.01
Time	18,830,881	18,767,225	18,556,606	63,656	.34	274,275	1.48
Deposits of U. S. Government	1,365,053	1,526,220	868,049	-161,167	-10.56	497,004	57.26
Postal savings deposits	2,809	2,803	2,804	6	.21	5	.18
Deposits of States and political subdivisions	5,175,811	4,907,268	4,562,716	268,543	5.47	613,095	13.44
Deposits of banks	7,305,787	7,034,821	7,433,963	270,966	3.85	-128,176	-1.72
Other deposits (certified and cashiers' checks, etc.)	1,115,980	1,094,772	1,222,001	21,208	1.94	-106,021	-8.68
Total deposits	78,999,988	78,467,246	77,397,149	532,742	.68	1,602,839	2.07
Bills payable, rediscounts, and other liabilities for borrowed money	42,871	152,315	27,860	-109,444	-71.85	15,011	53.88
Other liabilities	752,485	769,669	679,571	-17,184	-2.23	72,914	10.73
Total liabilities, excluding capital accounts	79,795,344	79,389,230	78,104,580	406,114	.51	1,690,764	2.16
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	23,898	25,235	28,359	-1,337	-5.30	-4,461	-15.73
Common	1,780,905	1,774,713	1,742,512	6,192	.35	38,393	2.20
Total	1,804,803	1,799,948	1,770,871	4,855	.27	33,932	1.92
Surplus	2,451,488	2,419,482	2,329,951	32,006	1.32	121,537	5.22
Undivided profits	971,091	961,790	874,798	9,301	.97	96,293	11.01
Reserves	318,386	357,448	333,060	-39,062	-10.93	-14,674	-4.41
Total surplus, profits, and reserves	3,740,965	3,738,720	3,537,809	2,245	.06	203,156	5.74
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Ratios:	Percent	Percent	Percent				
U.S.Gov't securities to total assets	42.45	43.51	47.27				
Loans and discounts to total assets	26.13	25.69	22.55				
Capital accounts to total deposits	7.02	7.06	6.86				

NOTE: Minus sign denotes decrease.

~~Thursday 9.~~

[redacted] RELEASE, MORNING NEWSPAPERS
~~Tuesday, September 14, 1948.~~
Thursday, September 16, 1948

Tar 5-85-8

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-3/8 percent Treasury Notes of Series A-1950, to be dated September 15, 1948.

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

Federal Reserve District	Total Subscriptions Received & Allotted
Boston	$ 100,737,000
New York	1,751,794,000
Philadelphia	148,036,000
Cleveland	129,867,000
Richmond	53,211,000
Atlanta	92,639,000
Chicago	579,452,000
St. Louis	141,021,000
Minneapolis	94,376,000
Kansas City	148,459,000
Dallas	85,440,000
San Francisco	267,003,000
Treasury	3,339,000
TOTAL	$3,595,374,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Thursday, September 16, 1948.

No. S-858

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-3/8 percent Treasury Notes of Series A-1950, to be dated September 15, 1948.

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

Federal Reserve District	Total Subscriptions Received and Allotted
Boston	$ 100,737,000
New York	1,751,794,000
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Atlanta	92,639,000
Chicago	579,452,000
St. Louis	141,021,000
Minneapolis	94,376,000
Kansas City	148,459,000
Dallas	85,440,000
San Francisco	267,003,000
Treasury	3,339,000
TOTAL	$3,595,374,000

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~~For Release:~~

85-9

~~George J. Schoeneman, Commissioner of Internal Revenue, announced today that the instruction sheets which regularly accompany the income tax return (Form 1040) have been completely revised for the benefit of taxpayers.~~

The new instructions take the form of a 16-page pamphlet, printed in type scientifically selected for easy reading, and phrased in everyday language, ~~likely to be understood by most taxpayers~~. The pamphlet replaces a four-page leaflet, printed in small type, which had been used for several years.

"We have attempted in this pamphlet to tell the taxpayer the things he wants to know in language he understands," the Commissioner commented. "Naturally, prudent considerations of cost and law were limiting factors. However, we regard this pamphlet as a significant step forward in our constant effort to help the taxpayer in the fulfillment of his taxpaying obligations.

"We have not contented ourselves with mere readability and simplicity of language in this pamphlet. We have also taken every proper step to acquaint the taxpayer with the exemptions, credits, deductions, and choices which he may legitimately use in computing his correct tax."

While designed primarily for use in connection with Form 1040, the pamphlet may also be of interest to taxpayers who will use the new Form 1040A, and will be available to them upon request at offices of the Collectors of Internal Revenue about January 1. Persons who filed Form 1040 for last year will receive the pamphlet by mail along with blank return forms in accordance with past custom.

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~~The new Form 1040A is similar to and takes the place of the form which was formerly printed on the back of Withholding Statements (Form W-2).~~

~~Form 1040A was designed to preserve the essential simplicity of the Form W-2 type of return but to improve its use by providing more space in which to write and to make possible the printing of basic instructions on the back of the page. The new form also is expected to assist taxpayers in summarizing their wages from different employers in the many cases in which taxpayers hold more than one job during the year.~~

~~Employers will continue to issue Withholding Statements to their employees, and the employees will be asked to attach these Statements to their income tax returns, whether filed on Form 1040 or Form 1040A.~~

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approved orally by G. J. S.

Phi's
Thursday Sept 16

S-859

A new and easier set of instructions on "How to Prepare Your U.S. Income Tax Return" came from the Bureau of Internal Revenue today. George J. Schoeneman, Commissioner of Internal Revenue, ~~predicted that every one using the familiar Form 1040 for return making purposes would welcome~~

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predicted that the publication would be warmly welcomed by everyone using the familiar Form 1040 for return-making purposes.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, AFTERNOON NEWSPAPERS,
Thursday, September 16, 1948.

No. S-859

A new and easier set of instructions on "How to Prepare Your U. S. Income Tax Return" came from the Bureau of Internal Revenue today. George J. Schoeneman, Commissioner of Internal Revenue, anticipated that the publication would be warmly welcomed by everyone using the familiar Form 1040 for return-making purposes.

The new instructions take the form of a 16-page pamphlet, printed in type scientifically selected for easy reading, and phrased in everyday language. The pamphlet replaces a four-page leaflet, printed in small type, which had been used for several years.

"We have attempted in this pamphlet to tell the taxpayer the things he wants to know in language he understands," the Commissioner commented. "Naturally, prudent considerations of cost and law were limiting factors. However, we regard this pamphlet as a significant step forward in our constant effort to help the taxpayer in the fulfillment of his taxpaying obligations.

"We have not contented ourselves with mere readability and simplicity of language in this pamphlet. We have also taken every proper step to acquaint the taxpayer with the exemptions, credits, deductions, and choices which he may legitimately use in computing his correct tax."

While designed primarily for use in connection with Form 1040, the pamphlet may also be of interest to taxpayers who will use the new Form 1040A, and will be available to them upon request at offices of the Collectors of Internal Revenue about January 1. Persons who filed Form 1040 for last year will receive the pamphlet by mail along with blank return forms in accordance with past custom.

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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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amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **September 23, 1948**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 23, 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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, September 17, 1948.

The Secretary of the Treasury, by this public notice, invites tenders for $**1,000,000,000**, or thereabouts, of **91** -day Treasury bills, for cash and in exchange for Treasury bills maturing **September 23, 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 **September 23, 1948**, and will mature **December 23, 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** ~~Standard~~ time, **Monday, September 20, 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, No. S-860
Friday, September 17, 1948.

The Secretary of the Treasury, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 23, 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 September 23, 1948, and will mature December 23, 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, September 20, 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 Banks on September 23, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 23, 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

Washington

The following address by Secretary Snyder before the annual convention of the National Association of Supervisors of State Banks at the Brown Hotel, Louisville, Ky., is scheduled for delivery at 2 P.M. C.S.T., Wednesday, September 22, 1948, and is for release at that time.

THE BUSINESS OUTLOOK

It is a real pleasure to be here with the State Bank Supervisors today. We meet on a common ground -- a genuine interest in the protection, development and betterment of our banking system.

I have been associated for many years with bank supervision under all sorts of economic conditions. I spent years adjusting the affairs of banks which had become involved in serious insolvency; I have been an active participant, both as principal and as supervisor, in the making of many Government loans -- some in cooperation with banks and some for the purpose of enabling banks to reestablish themselves; and I have had general direction in recent years over the supervision of the banks of the national banking system. On the other hand, I have also been on the receiving side of bank supervision during the time I served as a bank officer.

No one knows better than bank supervisors of the vast changes which have taken place in our banking system during the past quarter-century, and we all know the extent to which those changes were beneficially influenced by bank supervisors. You are to be commended for the job you have done, and are doing.

In my experience in banking and connection with banking supervision, I have acquired a very strong conviction in which I believe all of you will join. This relates to the importance to successful banking of an understanding of national and world economic trends. To a large extent, within our generation, the extremes of weak and strong banking have resulted from the foresight, or the lack of it, of the banking fraternity and of bank supervision. For this reason, no subject should be of greater significance to bank supervisors than the underlying forces and trends of the general economic picture.

Discussion of the economic situation as it looks today, recalls a talk that I gave before the Economic Club of New York nearly two years ago, in November, 1946. At that time, there was great uncertainty over the business prospect. The stock market had broken badly in September, which led many to believe that a business decline would shortly follow. Business observers feared a repetition of the 1920 crash. This fear was reinforced by a great rise in business inventories, which had increased more than $6 billion in four months.

In the fall of 1946, the production of both manufactured goods and farm products was far above any previous peacetime level. Industrial production was 80 percent above the 5-year prewar average, and farm production exceeded the prewar level by fully one-third. Civilian employment was at an all-time record.

"How long can it last?" was the big question at that time. A survey of the opinions of economists, bankers, and other business observers showed a widely held belief that business would reach a top within a few months, and that by the following summer it would start a substantial decline. But I saw no reason to accept that opinion. For with all the enormous resources of our country, with our huge unfilled demand for goods, and with certain safeguards that had been installed by the Government during recent years to protect our economy, many of us did not believe that a postwar recession was inevitable just because one occurred after World War I.

In my talk to the Economic Club, I pointed out some of the important differences between the postwar situation of 1920 and that of 1946, and stated, that in view of these differences, I could not see how a fair appraisal of "America Today" could justify the feeling that a material recession in "America Tomorrow" was inevitable. The events of the past two years have borne out this belief. Far from suffering the recession that many had predicted, our national production and consumption have pushed forward to new records.

The industrial production index is now about 190, as compared with 180 in the fall of 1946. Employment has reached new high records, with more than 61 million persons now in civilian jobs. This does not include the Armed Forces. Agricultural production is close to the wartime peak. Cash farm income in the first 8 months of 1948 was ~~5~~ 4 percent higher than in the same period last year. Our material well-being has improved substantially as more and more consumer goods have become available.

It is important however that we distinguish between a high-level economy and the boom stage in the so-called "business cycle". For herein, as I see it, lies the essential difference between the present economic situation and those periods of the twenties. A high-level economy with widespread prosperity, such as we have today, does not necessarily imply that the foundation must be unsound. It may well be based on sound conditions which could be prolonged indefinitely, provided an unbalanced-situation were not allowed to develop. Let me repeat this -- for I think it touches the heart of the whole situation. Our prosperity can be continued and spread to more and more of our people -- as it should -- provided we do not allow an unbalanced condition to develop.

Let me point out some of the factors which could be dangerous. A typical boom stage in the business cycle can only be temporary, because it is built on an unbalanced foundation, generally characterized by excessive speculation. The booms of the twenties, for example, were fed by widespread speculation in commodities and in rural or urban real estate, much of which was financed with borrowed money. The boom which ended in 1929 was unbalanced by nation-wide stock market speculation which was also largely financed with borrowed money.

Today, it seems quite clear that neither production nor prices are being supported by a rising tide of speculation, such as characterized the 1920 booms. The speculative interest in the commodity markets is proportionately normal. Speculation in the stock market has remained rational. Businessmen generally have been cautious about expanding their inventories. We owe this continued well-balanced situation, in large part, to the good sense of the American people aided by various actions and timely warning signals from the Government.

We must be constantly alert, however, to the potential dangers that have threatened through growing inflationary pressures. The outstanding need of our economy is to counteract these pressures. The Government has only limited weapons for this purpose, but the Government is vigorous in using those that it has. Let no one have any doubt about this. One of these weapons has been the policy of directing debt management to a rapid reduction of the Federal debt, particularly that held by banks.

Budget surpluses, enabling debt reduction during the past two years, have been aimed at reducing inflationary pressures. I stated when I assumed office as Secretary of the Treasury in June, 1946, that it was the responsibility of the Government to reduce its expenditures in every possible way, and to achieve a balanced budget, or better. Both President Truman and I have continued to emphasize the imperative necessity of reducing our debt burden during this period of great prosperity.

It was most gratifying to be able to announce at the end of the fiscal year just passed that we had completed two years of budget surpluses. In the 1948 fiscal year, we achieved by far the largest surplus in our history - $8,419,000,000. But, unfortunately, the record of these two years of surpluses will not be repeated during the present fiscal year. And that is due to the ill-timed and ill-conceived tax bill passed in the last Congress.

In carrying out the Treasury's debt management policy, the debt held by the commercial banking system has been reduced by $30 billion since February 1946, or $3-~~1/2~~ billion more than the reduction in the total debt. There has been an actual increase during this period of $3-~~1/2~~ billion in Federal debt held by nonbank investors. This increase reflects principally the increased amount of securities held by Government trust funds and the vigorous sales campaigns for savings bonds conducted during the period.

As part of the Treasury program to reduce inflationary pressures, credit has been tightened by a gradual increase in interest rates on short-term Treasury securities, and by a sharp reduction in premiums on long-term issues. Indicating the effectiveness of these actions, it is encouraging to note that the money supply has lately declined. At the end of July, the currency outside of banks plus adjusted demand deposits was $4.6 billion less than the all-time peak of $113.6 billion reached at the end of last December. This was partly seasonal, but last year the reduction during the same period was only $1.0 billion.

But, perhaps the most significant factor in the business structure of the nation is the fact that both individuals and corporations have built up assets of sufficient volume to maintain a highly liquid financial position. The liquid assets of individuals are now estimated at approximately $200 billion, of which more than $140 billion has been accumulated since 1939. Net working capital of corporations has increased by $38 billion since 1939, reaching a recent total of $62 billion. Corporate holdings of cash and Government securities have increased $22 billion since 1939.

And, the strong financial position in agriculture is well illustrated by the situation in farm real estate. While prices of farms have advanced even more rapidly in recent years than during the comparable period of World War I, the rise has not been financed by borrowing. On the contrary, it has been accompanied by a decrease of about 30 percent in farm mortgage debt, in contrast to an increase of 160 percent during the speculative land boom of World War I. The total farm mortgage debt of $4-3/4 billion at the end of 1947 was less than 8 percent of the value of all farm lands and buildings. In this, and in other respects, agriculture stands today on a much firmer foundation than it did in the twenties.

In any appraisal of the strength of our economy now as contrasted with the situation in the twenties, full regard must be given to the safeguards and supports which have been provided since the early 1930's by a government acting with vision and dispatch in response to a nation's awakened sense of social responsibility. Today, under the provisions of Social Security legislation, we have Federally-sponsored State unemployment insurance which would aid materially in maintaining purchasing power should there ever develop a serious business setback.

Today, the position of agriculture is bolstered not only by the strong financial condition of farmers, but also by measures to insure proper returns to the farmers for their farm products. The Administration's program for protecting the rights of labor, which has broadened the use of collective bargaining in wage negotiations, has served to strengthen and stabilize the entire wage structure. Under the protective operations of the Securities and Exchange Commission, investors in securities are enabled to obtain full and accurate information concerning the registered issues. Restrictions on the use of credit in stock market trading, administered by the Federal Reserve Board, have done much to prevent excessive speculation in that field. The Federal Deposit Insurance legislation protects the savings of depositors, and the stability of the banking structure is thereby immensely improved.

When all of these factors are summarized, they indicate without question that the national economy today is much healthier and stronger than it was in the twenties. We must concentrate on those features of our present situation that have enabled us to maintain a basically sound high-level economy, and we must be alert for any developing evidence of unbalance that might cause an unnecessary breakdown.

The present picture is a reassuring one; but there are a few unhealthy symptoms in addition to the inflationary pressures which I have mentioned. One is the extent of real estate speculation and another is the rapid rise in consumer credit, now at record levels. This type of credit expansion not only contributes to inflationary pressure now, but will be strongly deflationary later. The banking fraternity has made a valuable and significant contribution toward stabilizing our economy through the voluntary program for credit control which the American Bankers' Association has so aggressively sponsored. A more careful screening of loan applications brought visible results during the first half of this year in holding down bank credit. This action has contributed substantially toward preserving a well-balanced economy.

Since the Treasury, in this fiscal year, will no longer be able to contribute substantially to inflation control by an excess of receipts over expenditures, an even greater responsibility will be placed on the men who determine loan policies in the nation's 15,000 banks. A liberal uncoordinated credit policy contributed to the short-lived speculative boom after the First World War, the liquidation of which brought heavy losses to lenders as well as borrowers. We have too much at stake to risk a repetition of that experience. All types of loans should be kept on a sound basis. Speculative buying should be held to a proper minimum. And consumer credit should not be allowed to become over-extended. A greater and even more prosperous future faces this nation if we are wise.

The Nation is faced with a heavy unfilled demand for houses, for automobiles, farm machinery, freight cars, steel, electrical capacity, new schools and highways. Our population is growing, and a still greater expansion in these facilities may well be called for in the future. Electronic devices, plastics, and other new inventions are attracting an increasing public demand. We have only begun to tap the billions of savings built up during the war years. All of these facts testify to the powerful reserve strength in our national economy.

For with our eyes ever toward the future -- with alertness to detect and forestall any threat to our economic stability -- we have every reason to hope for continued prosperity in the years to come, and for an even greater and better America.

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RELEASE, MORNING NEWSPAP
Monday, September 20, 19

Secretary of the Tr
Federal Reserve Banks, c
Series G-1949, open on a
tificates of Indebtedness [illegible]
Series K-1948, in the amount of $1,467,076,000, or Treasury Notes of Series B-1948, in the amount of $4,092,050,000, all maturing October 1, 1948. Cash subscriptions will not be received.

The certificates now offered will be dated October 1, 1948, and will bear interest from that date at the rate of one and one-quarter percent per annum, payable with the principal at maturity on October 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 securities. Subject to the usual reservations, all subscriptions will be allotted in full.

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

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

The text of the official circular follows:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, September 20, 1948.

No. S-862

Secretary of the Treasury Snyder today announced the offering, through the Federal Reserve Banks, of 1-1/4 percent Treasury Certificates of Indebtedness of Series G-1949, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series J-1948, in the amount of $1,353,966,000, or Series K-1948, in the amount of $1,467,076,000, or Treasury Notes of Series B-1948, in the amount of $4,092,050,000, all maturing October 1, 1948. Cash subscriptions will not be received.

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

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

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

The text of the official circular follows:

UNITED STATES OF AMERICA

1-1/4 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES G-1949

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

1948
Department Circular No. 835

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 20, 1948.

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 1-1/4 percent Treasury Certificates of Indebtedness of Series G-1949, in exchange for Treasury Certificates of Indebtedness of Series J-1948 or Series K-1948, or Treasury Notes of Series B-1948, all maturing October 1, 1948.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated October 1, 1948, and will bear interest from that date at the rate of 1-1/4 percent per annum, payable with the principal at maturity on October 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 October 1, 1948, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series J-1948 or Series K-1948, or Treasury Notes of Series B-1948, all maturing October 1, 1948, which will be accepted at par, and should accompany the subscription. The full amount of interest due on the securities surrendered will be paid to the subscriber following acceptance of the securities.

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.

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because it puts the brakes on inflation and brings down living costs.

I have enjoyed talking to you about these problems which we, as citizens, hold in common. In asking for your cooperation and assistance in our struggle to cut down inflationary pressures, I know I am appealing to a sympathetic and responsive organization whose members have never turned away when there was a legitimate public service to be performed. No other group has a greater understanding of Government and its financial problems. I know we in the Treasury can count on you.

to the cooperation and activity of business executives throughout the country. Hundreds of companies have reestablished the plan, or have revitalized it; and important increases in participation are reported everywhere. We hope in your capacity as financial advisers and consultants to business, that you will look upon the plan from the viewpoint of its economic and financial benefits to the employer, the employee, and the country as a whole, and disregard the small cost involved in its operation. As you know, each dollar of debt which is transferred from the banks to the general public cuts down the money supply and relieves the pressure upon prices. That is why emphasis on that phase of our anti-inflation program is more important now than ever before.

You can help greatly in our fight against inflation by using your influence with your clients to see that the payroll savings plan is put into effect in those companies which do not now have it and is maintained and strengthened in those companies where it is now in operation, to the end that it be made available to every worker in the country who wants to participate in it. That's good for management because it benefits from the effects of a more stable economy. It's good for the worker who saves a portion of his earnings against the day when they are really needed. And it's good for you and me and the country as a whole from trust funds and the receipts from the sales of savings bonds. It is, therefore, highly important that a maximum effort should be devoted to the sale of savings bonds to nonbank holders.

The heart of the Savings Bonds Program, as you know, is the payroll savings plan. It is in firms like those with which you come in daily contact that the payroll savings plan can be the most effective. During the war, business and industrial firms throughout the country cooperated whole-heartedly in promoting participation in this plan. At its peak, about 27 million people were purchasing bonds through payroll deductions. After the war, there was a substantial decline in the number of participants in the payroll savings plan which was, of course, to be expected. No need in peacetime can equal the need of actual war, nor can any peacetime appeal be as effective as the patriotic one which was made during the war, when most purchasers of bonds had sons, husbands, fathers and loved ones on the fighting fronts.

The low point of participation in the payroll savings plan was reached about a year ago, and the trend has been upward since. This upward trend has been due, in large part,

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is placed upon the banks to reintensify their efforts to reduce nonessential lending. When one bastion is put out of action, the remaining bastion must double its fire. The bankers of the country, I am happy to say, are accepting the challenge in this spirit.

In your capacity as professional accountants you can be very helpful in this connection. By counseling your clients not to borrow money for purposes which do not increase production, you can join the ranks of those actively engaged against the forces of inflation. You know better than any other group in the community the dangers of over-extension -- over-extension of credit, over-extension of inventories, and over-extension of plant and equipment. By carrying to your clients a message both of optimism and conservatism, you can make your influence felt in the battle against high prices. Both are needed, for it is only by maintaining a balance between the two that we can avoid the boom-and-bust cycle characteristic of so much of our past history.

So much for fiscal policy. Now I want to talk briefly about another matter on which the Treasury would like to have your help and cooperation. As I have indicated, for the full fiscal year 1949, we will not be able to effect a net reduction in the debt. We will, however, be able to continue in some degree our anti-inflationary policy of cutting down the amount of bank-held debt. But the only funds available for this purpose will be the cash receipts

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is using them to the greatest possible extent. For example, the Treasury, during the past year, has increased substantially the interest rates which it pays on short-term Government securities. This, of course, results in higher interest rates on private borrowing and, so, has a restraining effect on such borrowing. The Federal Reserve System has followed with increased rediscount rates; and has recently announced increases in reserve requirements against demand and time deposits of all member banks, pursuant to the new authority granted by Congress last August.

In addition, the Government has asked private bankers to reexamine their lending policies, with a view to cutting down lending which does not result in an increase in the production of goods and services. The American Bankers Association carried out a special program to cooperate with the Government in this respect; and I should like to take this occasion to repeat the thanks which Secretary Snyder has already expressed for the Association's cooperation.

The task is far from complete, however; and, as Secretary Snyder and President Dodge of the American Bankers Association each commented in an exchange of correspondence last July, now that the Federal Government is no longer able to operate at a surplus, a heavy and added responsibility

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You will note that I say operating deficit and operating surplus. In seeking for a Government surplus we must be sure that we have a real surplus, and not one that appears only on paper. We should be careful that we do not get mixed up by our bookkeeping. I don't have to tell you accountants that the Government should keep its records so that a CPA could certify to them without putting embarrassing qualifications in his certificate. What I have in mind, of course, is the law passed by the last Congress which directed that 3 billion dollars spent during this fiscal year for the Economic Cooperation Program be treated for the purpose of reporting Government expenditures as if it had been spent in the preceding fiscal year. Keeping the books that way does not make it so. This bookkeeping operation, directed by the Congress, does not change the timing of the impact on the economy of a single dollar of Government receipts or expenditures. This transaction is irrelevant as far as the problem of inflation is concerned. You accountants are in a better position to realize that than any other group in the country.

The Federal Government has, of course, other -- but less effective -- anti-inflationary fiscal instruments, and

While the total debt is now down 27 billion dollars from its peak, it is significant to point out that the debt held by the commercial banking system is 30 billion dollars less than it was at the peak two and one-half years ago. And the volume of securities owned by individuals and other nonbank investors is larger than it was in February 1946. This transfer of Government securities from banks to nonbank investors was a direct consequence of the public debt management policies of the Treasury. These policies have contributed to the fight against inflation, and will be continued as long as they are appropriate.

Unfortunately, however, the Federal Government no longer has a budget surplus; with the battle against inflation not yet won we have lost our most powerful fiscal weapon. As a result of the combined impact of increased expenditures for foreign aid and National defense, brought about by the tense international situation, and decreased tax revenues, brought about by an ill-timed tax reduction, the Federal Government will this year have an operating deficit estimated by the President at approximately 1-1/2 billion dollars, as contrasted with an operating surplus of nearly 8-1/2 billion dollars last year.

Consequently, a debt pay-off program was inaugurated on March 1, 1946. This program, carried on over the last 2-1/2 years, has brought the debt down to the present level of a little under 253 billion dollars.

From March 1 to the close of 1946, the debt was reduced 20 billion dollars through the application of cash balance funds. By this time, the cash left over from the Victory Loan had been expended, so that subsequent debt reduction had to come from a budget surplus. During 1947 and the first four months of 1948, by the use of the budget surplus, we were able to cut the debt by over 7 billion dollars. Two-thirds of this reduction was concentrated in the first four months of 1948.

The money for this concentrated program in the early months of the current calendar year came from a budget surplus of approximately 6 billion dollars accumulated in the first quarter of the year. The rest of the surplus was used to build up the cash balance -- partially to meet expenditures in the latter part of the year when current expenditures exceed current receipts. Some of the remainder, however, is still available for debt reduction -- for example, a bond maturity of 451 million dollars was paid off only last week.

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seriously out of line. It could be used for this purpose only at the risk of a drastic deflation in the entire economy. In the main, fiscal policy can deal only with general excesses or deficiencies of purchasing power.

Before I began to talk about the way we have tried to direct our policies toward combating inflationary pressures, I wanted to make that clear.

In the field of fiscal policy, a surplus of Government receipts over expenditures -- which can be used for debt retirement -- is the most effective instrument. The fact that the Federal Government has been able to operate at a substantial surplus during the past two years has been a factor of significant anti-inflationary importance.

As you know, the public debt reached a peak of 280 billion dollars in February 1946, just after the close of the Victory Loan. At the same time, the Treasury cash balance, swollen by the proceeds of the Loan, also was at its record level. Because Federal expenditures were then being cut more rapidly than had at first seemed possible, we no longer needed a Treasury cash balance as large as had been required to meet the contingencies of the preceding war years.

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It was to deal with this serious problem of inflationary pressures that President Truman called Congress into special session last November and again last July. He laid before Congress a comprehensive anti-inflation program, which Congress chose not to enact. I will not go into the details of that program or why President Truman considered that it was essential to have all of it. I merely want to point out that the program contained specific measures for remedying specific instances of excessively high prices, which cannot be reached by the general anti-inflationary weapons at the disposal of the Administration today.

Fiscal policy can be employed against inflation, for example, by cutting down the total purchasing power of the economy. It is not, however, a suitable weapon for bringing under control the price of any one specific item which is

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According to the figures compiled by the Federal Reserve Board, industrial production early this year reached a peacetime record of 194 percent of the 1935-39 average -- far above any level reached in the prewar years.

This prosperity is distributed broadly throughout the economy. All sectors share in it. Wages and salaries, farm income, and business profits have all reached new peak levels.

The standard of living of the American people, measured in terms of goods and services, is higher than ever before.

This record prosperity is in sharp contrast to the situation which existed at a similar period after the end of World War I. Many of you will recall that by the end of 1921 this country had already experienced, and was just beginning to recover from, a severe postwar recession. Early in 1921, industrial production had reached a level one-third below the postwar peak. Wholesale prices -- as measured by the Bureau of Labor Statistics index -- had dropped nearly 45 percent from their 1920 peak.

Our present prosperity is not, however, without a very serious danger. This danger is the persistent upward pressure on prices which has existed throughout most of the

In the Treasury we work constantly at the problems of public debt management and we try to mold our debt-management objectives to the needs of the country as the fiscal and economic conditions change from day to day. Each decision must be weighed carefully in the light of its swift and chain-like ramifications.

Before telling you how we are attempting to shape -- and have shaped -- our fiscal policy to the needs of the economy, I should like first to review briefly our economic situation.

The United States is enjoying a prosperity never before equaled in peacetime. It is a prosperity so great in its proportions that hardly anyone would have dared forecast it three years ago. The reconversion slump, which so many persons then were so certain we could not avoid, simply has not materialized.

In July, employment reached an all-time record of nearly 62 million jobs. Most of you will recall that only three years ago a goal of 60 million jobs for the peacetime economy was considered over-optimistic. Unemployment has fluctuated between 1-3/4 and 2-3/4 million since VJ-Day. This represents pretty close to maximum employment in a dynamic economy such as ours, where you always find workers

One of the principal responsibilities of the Treasury is the management of the public debt. The very size of the public debt is in itself a real challenge -- 253 billion dollars is a tremendous sum. While you should not be overwhelmed by the magnitude of the public debt, nonetheless you cannot prudently underestimate its far-reaching effect upon the national economy.

The public debt today makes up about 55 percent of all of the debt in the United States. Federal obligations are the principal investments of millions of individuals, and of thousands of banks, other financial institutions and corporations. Individuals directly own 67 billion dollars of Federal securities. In addition, they have an indirect stake in the larger portion of the public debt owned by banks, insurance companies and other financial institutions which hold their savings and deposits and underwrite their policies. Federal securities constitute about 55 percent of the earning assets of commercial banks, about 40 percent of the assets of insurance companies, and about 60 percent of the assets of mutual savings banks. The Treasury, therefore, has a responsibility for what happens to its obligations such as no private financial organization could have.

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~~MR. CHAIRMAN, AND MEMBERS OF THE AMERICAN INSTITUTE OF ACCOUNTANTS:~~

During the recent war, and particularly in the immediate post-war period in connection with the settlement of cancelled war contracts, I had an opportunity to work closely with many of the members of the American Institute of Accountants, some of whom are present today. Your President George D. Bailey, your Vice-President J. Harold Stewart, Paul Grady, George O. May, John McEachern and Coleman Andrews, to mention only a few whose names come most readily to mind, all performed patriotic yeoman services on behalf of the Government in connection with the swift solution of some of the most complicated and baffling problems ever to confound accountants and lawyers. Every lawyer who was privileged to work with them was impressed with their competence, skill and cooperation. And that's a lot for a lawyer to say about an accountant. The Government owes them much for their sacrifice and help.

I was delighted when George Bailey and Hal Stewart invited me to come here today, not only because it affords me an opportunity to renew acquaintances, but also because it provides an occasion to tell you about some of our problems in the Treasury and bespeak your help in solving them.

TREASURY DEPARTMENT

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TREASURY DEPARTMENT

S-863

Washington

The following address by Edward H. Foley, Jr., Under Secretary of the Treasury, before the American Institute of Accountants, Grand Ball Room, Palmer House, Chicago, Illinois, is scheduled for delivery at 11:15 A.M., C.D.T., Thursday, September 23, 1948, and is for release at that time.

TREASURY DEPARTMENT

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The money for this concentrated program in the early months of the current calendar year came from a budget surplus of approximately 6 billion dollars accumulated in the first quarter of the year. The rest of the surplus was used to build up the cash balance -- partially to meet expenditures in the latter part of the year when current expenditures exceed current receipts. Some of the remainde r, however, is still available for debt reduction -- for example, a bond maturity of 451 million dollars was paid off only last week.

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The Federal Government has, of course, other -- but less effective -- anti-inflationary fiscal instruments, and is using them to the greatest possible extent. For example, the Treasury, during the past year, has increased substantially the interest rates which it pays on short-term Government securities. This, of course, results in higher interest rates on private borrowing and, so, has a restraining effect on such borrowing. The Federal Reserve System has followed with increased rediscount rates; and has recently announced increases in reserve requirements against demand and time deposits of all member banks, pursuant to the new authority granted by Congress last August.

In addition, the Government has asked private bankers to reexamine their lending policies, with a view to cutting down lending which does not result in an increase in the production of goods and services. The American Bankers Association carried out a special program to cooperate with the Government in this respect; and I should like to take this occasion to repeat the thanks which Secretary Snyder has already expressed for the Association's cooperation.

The task is far from complete, however; and, as Secretary Snyder and President Dodge of the American Bankers Association each commented in an exchange of correspondence last July, now that the Federal Government is no longer able to operate at a surplus, a heavy and added responsibility is placed upon the banks to re-intensify their efforts to reduce nonessential lending. When one bastion is put out of action, the remaining bastion must double its fire. The bankers of the country, I am happy to say, are accepting the challenge in this spirit.

In your capacity as professional accountants you can be very helpful in this connection. By counseling your clients not to borrow money for purposes which do not increase production, you can join the ranks of those actively engaged against the forces of inflation. You know better than any other group in the community the dangers of over-extension -- over-extension of credit, over-extension of inventories, and over-extension of plant and equipment. By carrying to your clients a message both of optimism and conservatism, you can make your influence felt in the battle against high prices. Both are needed, for it is only by maintaining a balance between the two that we can avoid the boom-and-bust cycle characteristic of so much of our past history.

So much for fiscal policy. Now I want to talk briefly about another matter on which the Treasury would like to have your help and cooperation. As I indicated, for the full fiscal year 1949, we will not be able to effect a net reduction in the debt. We will, however, be able to continue in some degree our anti-inflationary policy of cutting down the amount of bank-held debt. But the only funds available for this purpose will be the cash receipts from trust funds and the receipts from the sales of savings bonds. It is, therefore, highly important that a maximum effort should be devoted to the sale of savings bonds to nonbank holders.

The heart of the Savings Bonds Program, as you know, is the payroll savings plan. It is in firms like those with which you come in daily contact that the payroll savings plan can be the most effective. During the war, business and industrial firms throughout the country cooperated whole-heartedly in promoting participation in this plan. At its peak, about 27 million people were purchasing bonds through payroll deductions. After the war, there was a substantial decline in the number of participants in the payroll savings plan which was, of course, to be expected. No need in peacetime can equal the need of actual war, nor can any peacetime appeal be as effective as the patriotic one which was made during the war, when most purchasers of bonds had sons, husbands, fathers and loved ones on the fighting fronts.

The low point of participation in the payroll savings plan was reached about a year ago, and the trend has been upward since. This upward trend has been due, in large part, to the cooperation and activity of business executives throughout the country. Hundreds of companies have reestablished the plan, or have revitalized it; and important increases in participation are reported everywhere. We hope in your capacity as financial advisers and consultants to business, that you will look upon the plan from the viewpoint of its economic and financial benefits to the employer, the employee, and the country as a whole, and disregard the small cost involved in its operation. As you know, each dollar of debt which is transferred from the banks to the general public cuts down the money supply and relieves the pressure upon prices. That is why emphasis on that phase of our anti-inflation program is more important now than ever before.

You can help greatly in our fight against inflation by using your influence with your clients to see that the payroll savings plan is put into effect in those companies which do not now have it and is maintained and strengthened in those companies where it is now in operation, to the end that it be made available to every worker in the country who wants to participate in it. That's good for management because it benefits from the effects of a more stable economy. It's good for the worker who saves a portion of his earnings against the day when they are really needed. And it's good for you and me and the country as a whole because it puts the brakes on inflation and brings down living costs.

I have enjoyed talking to you about these problems which we, as citizens, hold in common. In asking for your cooperation and assistance in our struggle to cut down inflationary pressures, I know I am appealing to a sympathetic and responsive organization whose members have never turned away when there was a legitimate public service to be performed. No other group has a greater understanding of Government and its financial problems. I know we in the Treasury can count on you.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, September 21, 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 September 23, and to mature December 23, 1948, which were offered September 17, 1948, were opened at the Federal Reserve Banks on September 20.

The details of this issue are as follows:

Total applied for - $1,397,986,000
Total accepted - 1,000,796,000 (includes $50,380,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.724/ Equivalent rate of discount approx. 1.092% per annum

Range of accepted competitive bids:

High - 99.730 Equivalent rate of discount approx. 1.068% per annum
Low - 99.722 " " " " " 1.100% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 9,550,000	$ 9,550,000
New York	1,247,761,000	890,071,000
Philadelphia	3,800,000	3,800,000
Cleveland	6,390,000	6,390,000
Richmond	9,080,000	9,080,000
Atlanta	4,442,000	4,442,000
Chicago	75,320,000	35,820,000
St. Louis	3,424,000	3,424,000
Minneapolis	3,410,000	3,410,000
Kansas City	6,815,000	6,815,000
Dallas	5,515,000	5,515,000
San Francisco	22,479,000	22,479,000
TOTAL	$1,397,986,000	$1,000,796,000

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TREASURY DEPARTMENT

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

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No. S-864

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TREASURY DEPARTMENT

Washington

Statement by Secretary Snyder at Press Conference,
Oklahoma City, Friday, September 24, 1948.

My visit to Oklahoma City gives me an opportunity to express first-hand to the residents of Oklahoma the Treasury's appreciation of the fine job they did during the Security Loan campaign. Oklahoma was fifth among the States in purchases of Series E Savings Bonds. This was an outstanding achievement.

The many men, women and children who served as volunteers under the able bond-selling leadership of A. E. Bradshaw, President of the National Bank of Tulsa and Oklahoma Chairman of the U. S. Savings Bonds Division of the Treasury, deserve the thanks not only of the Government but also of all their fellow citizens. The State's increasing investment in Savings Bonds marks a certain improvement in the economic status of Oklahoma's people.

At the present time, the amount of this investment is more than $515,000,000. The potential benefits of this fact in terms of greater security and the attainment of every conceivable family goal are self-evident.

The Treasury's Savings Bonds program is a continuing effort, and we need your further help. I hope our volunteer force in this State will constantly encourage Oklahomans to buy more and more U. S. Savings Bonds regularly, not only for their own good but for the good of the country. I commend the Payroll Savings Plan and the Bond-a-Month Plan especially to your attention. They make bond-buying easy.

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TREASURY DEPARTMENT

Washington

(The following address by Secretary Snyder before the Oklahoma City Chamber of Commerce Public Forum at the Skirvin Hotel, Oklahoma City, Okla., is scheduled for delivery at 1 P.M. C.S.T. Friday, September 24, 1948, and is for release at that time.)

THE PUBLIC DEBT AND THE PUBLIC WELFARE

It is a pleasure to return to the Southwest and to meet again with Southwesterners. It is a particular pleasure to return to Oklahoma and to this splendid city that is your capital.

Your State yields generously from its abundance to the material needs of America. Its excellent educational institutions contribute much to American culture. The whole canvas of Oklahoma life of yesterday and today is colored with events and personalities which lend zest and flavor and romance to the story of our times.

I should feel remiss if I did not pay my sincerest respects to those persons who have developed Oklahoma's great material and cultural wealth. I pay my respects alike to labor and to management, and especially to those early pioneers of agriculture and industry who, in a young and growing State, often are management and labor in one.

I should be remiss, too, if I did not congratulate those who have built this capital city of Oklahoma — its stately halls of government, its homes, churches, schools, business blocks, and factories. I congratulate those who brought to reality the dream of your magnificent civic center. As a great focus of dynamic trade, a dominant livestock market, a crossroads of rail, highway and air traffic, it is a city well deserving of the Nation's keenest attention. I want to thank the Oklahoma City Chamber of Commerce very heartily for the privilege of being here and of talking to you.

I would like to use this occasion to discuss certain of the problems which we have in connection with our Treasury activities. These are problems in which you and every other American citizen have a continuing interest, because they are problems which affect directly and vitally the economic welfare of our nation.

Good government, as you know, is not the responsibility merely of government officials and employees. Rather, it is the responsibility of each and everyone of us. This American democracy is made up of 146 million people, and the quality of its Government will after all be determined by those 146 million people. Our Government is the security to our homes and persons. It is the protection to the opportunities for individual careers and advancement which private enterprise provides for us. Certainly therefore, as a matter of personal, individual concern, it deserves our sincere and active attention.

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Therefore, the broad, basic Treasury problems are your problems as well as mine. And one of the most important of these problems is the management of the public debt. Today this debt is at the figure of $252 billion.

The immensity of this debt is not the only mark of its social and economic importance. There is great import also in its proportionate size to the sum total of all the debts of our nation, both public and private; in the extent to which its management policies affect all monetary and business affairs; and in its cost to taxpayers in servicing and retirement requirements.

Due to all of these factors, there is compelling necessity for our debt management actions to be directed not only to considerations of Government finance but also to considerations of the economic well-being of the country. The day-to-day business of banking and all other financial institutions can be sharply influenced by the actions we take in the management of this debt. And any influence felt directly by financial concerns will in turn be felt indirectly by all other business groups. Individuals know their economic status is involved not only because of their savings and deposits in financial institutions which own Federal securities, but also because individual citizens directly own $67 billion in Government obligations.

In view of this widespread distribution of the debt, and in view of the fact that debt policy determinations are echoed in almost innumerable social and economic directions, it seems to me that two plainly evident conculsions can be drawn. The first is that every citizen has a personal interest in those determinations and, as a corollary, has a personal incentive for seeing that all the financial affairs of the Government are handled wisely. The second is that upon the Government, there rests a grave responsibility for proper debt management and for the sound conduct of all its financial affairs.

In the nature of things, the Government of course must exercise firm control of debt management so long as the debt remains at its present relative size and proportions. The responsibility is one in the conduct of which the Treasury has carried out a program of periodic consultations with advisory committees representing a cross section of American business life, for an exchange of views and information. These consultations have been helpful in assisting the Treasury to determine the soundest possible debt management policies. To seek this assistance has been but common sense; it is equally common sense that due to the effect of debt management policies upon our financial and economic life, firm control is essential and the responsibility for it cannot be delegated.

The public's role, as I see it, should be one of constant alertness toward seeing that the exercise of debt management authority is at all times directed toward the broad objective of the national welfare, and of support for that authority when it is so directed.

The present economic situation is one which should make everyone particularly aware of the significance of proper debt management policies. In general, the over-all economic situation is encouraging. Employment was never higher in this nation than now. In July, our economy provided almost 62 million civilian jobs -- a remarkable achievement.

According to figures compiled by the Federal Reserve Board, industrial production reached a record peacetime level early this year of 194 percent of the 1935-39 average. The present level is slightly lower, but it still is far above any level reached in the prewar years. Agricultural production is close to the wartime peak and cash farm income, so far this year, has been running ahead of the same period last year.

There are to be seen a great many outward evidences of a record-breaking prosperity being enjoyed by the majority of our people. At the same time there remain heavy unfilled demands for goods which augur well for a continued high level of employment and industrial operation. The position of agriculture is supported not only by the remarkably strong financial condition of farmers generally, but also by the existence of preventive measures to protect important farm products from unwarranted declines.

That much of the picture is encouraging, and indeed contributes to our confident feeling that here in America we are working out a destiny in which man will live with the maximum of comfort and a minimum of hardship. But it must be pointed out that the postwar record of a truly remarkable prosperity in our land has been attended by some unhealthy symptoms. One is the persistent upward pressure on prices which has been manifested within our economy. We have had to give especial attention to the price problem in formulating our public debt policies, because these policies, if wisely determined and consistently executed, are capable of helping to protect the economy -- and our prosperity -- from inflation's undermining influences.

The control of inflation is and has been for many months one of the most important domestic issues facing the country. It is important to all branches of the Government -- to the Administration and to the Congress. It is important to the Secretary of the Treasury, because as the Government's chief fiscal officer he is responsible for taking whatever actions can be taken in the fiscal area to aid in the control of inflation.

Properly directed fiscal policy operates against inflation by applying brakes to the economy's spending power. In any period of general price rise, this anti-inflation weapon is effective, and, in fact, indispensable.

I am not suggesting that fiscal policy is a cure for all of the pains which inflation may cause us. It has only limited applicability in dealing with special situations such as the spectacular, if not staggering, increases we have seen in the prices of certain individual commodities. But within their sphere, fiscal measures can demonstrate positive effectiveness.

The chief fiscal weapon which has been available to the Secretary of the Treasury in the anti-inflation fight has been a budget surplus from taxes. From the day I took office as Secretary, I have emphasized that it was the Government's responsibility to reduce its expenditures in all possible directions and to accomplish a balanced budget. Through the aggressive cooperation of the President and all Agencies of Government the budget has been balanced during each of my two fiscal years in office, first by about $750 million for the fiscal year 1947, and in the fiscal year 1948 by the much more substantial sum of nearly $8.5 billion. These favorable balances were achieved in the face of developments abroad which, as you know, forced us to make considerably larger postwar investments in national security than we had thought would be necessary.

It was an anti-inflation factor of considerable significance that we had these surpluses to use in reducing the public debt. There has been a net debt reduction of $28 billion since the debt reached its peak in February, 1946, and of this net reduction the surpluses accounted for over $7 billion. Funds for the remainder of the net retirement of obligations came from the cash balance which the Treasury had on hand at the end of the Victory Loan Drive. With the end of the war, we required smaller daily cash balances to meet our Government obligations and were therefore enabled to apply the excess cash in debt reduction.

The Treasury Department has now been deprived of its most important anti-inflation fiscal weapon, by reason of the fact that for the current fiscal year the Government faces a deficit rather than a surplus. Due to the tax reduction legislation which struck $5 billion from our estimates of revenue for the fiscal year 1949, and to increased expenditures for national defense and for foreign aid, the Bureau of the Budget has estimated that total Government costs for the fiscal year 1949 will exceed the Government's income by approximately $1.5 billion, which will eliminate the plan for further debt reduction this year.

Aside from all economic questions, I believe that most Americans would feel considerably more at ease during the fiscal year 1949 if they knew that the public debt was being further reduced day by day.

I believe they realize that the present time, with its marked prosperity, is a most propitious one to lessen further the debt burden. I believe they realize this would be to the advantage not only of ourselves, but also of future generations.

In connection with my references to Government revenues, I should like to digress for a moment to say a word or two about the agency which collects the Government's taxes. That agency, as you know, is the Bureau of Internal Revenue. The machinery of the Bureau operates in part through the staffs of 64 Collectors of Internal Revenue, and a considerable number of employees of these collectors are here today as guests of the Oklahoma City Chamber of Commerce.

The Bureau of Internal Revenue is one of the largest businesses in the world. It collected $42 billion of revenue in the fiscal year 1948.

It administers the tax accounts of 65 million persons and corporations. It has approximately 50,000 employees, and I feel that these employees do an amazingly efficient job in handling this vast business enterprise.

I am sure you have found the average Internal Revenue Service employee courteous and patient as well as fair in any tax dealings you may have had with him or her. I am glad to say that we of the Treasury in return find the average American completely honest with the Government and ready to discharge his tax obligations in full.

To revert to my main theme, you may be sure that the Government will do everything in its power to maintain the integrity of its obligations. A few details of the steps we have taken so far should be of interest to you.

One of our policies has been to concentrate debt reduction in that portion of the debt held by the commercial banking system. The advantage of this is that it tends to alleviate problems of credit and of the monetary supply. Actually, the reduction in the bank-held portion of the public debt has been greater by about $3 billion than the over-all debt reduction. This was accomplished through a transfer in the debt holdings to non-bank investors. If we increase our sales of securities to non-bank investors, and use the money to pay off obligations held by the commercial banking system, a basic improvement will have been accomplished in the whole debt situation, from the standpoint of letting off some of the steam behind the inflation movement.

The portion of the debt held by commercial and Federal Reserve banks was $117 billion in February, 1946. It is now down to $87 billion. That is a reduction in excess of 25 percent and is more than we hoped for when the debt pay-off program got under way.

That our bank-held debt reduction policy has been an effective anti-inflationary weapon is evidenced by the statistics on the money supply — that is currency outside of banks plus adjusted demand deposits. During the past year there has been no increase at all in the money supply — the decline in Federal debt held by the banking system has offset a corresponding increase in the money supply arising from other causes. The whole increase in the money supply since VJ-Day has been only 9 percent.

Along with the decline in the amount of debt held by the banking system, and partially contributing to it, has been the use by the Treasury of another fiscal weapon. I refer to the increase in short-term interest rates, which was instituted in July of last year. The interest rate on 90-day Treasury bills, which had been held at 3/8 of 1 percent for the entire war period, is now a little over 1 percent; the rate on 1-year certificates of indebtedness, which was 7/8 of 1 percent during the entire war period, is now 1-1/4 percent.

This increase in short-term Government rates is, in turn, reflected in the rates which private borrowers must pay to obtain funds. These higher rates have a restraining influence on borrowing and, therefore, have an anti-inflationary effect on the economy.

We have supplemented these steps by asking bankers to scrutinize their loan applications carefully and, insofar as possible, to extend only such loans as would result in an increase in the production of goods and services. You undoubtedly have heard about the special program which the American Bankers Association adopted in this connection.

With a Federal deficit once more in prospect, the extent to which we can continue to work an improvement in the bank credit situation by the retirement of bank-held debt will depend, in part, on the bond-buying support of individual citizens.

If those citizens buy more Savings Bonds than they redeem, the funds representing the excess of sales over redemptions can be used to pay off bank-held obligations, and thus continue the shifting of portions of the debt from potentially inflationary to non-inflationary hands. And, I might add, cash receipts of trust funds which the Treasury administers can be used for the same purpose.

This is a considerably less effective phase of debt management than that represented in the net debt reductions accomplished heretofore. Nevertheless, let me assure you that it is a worth while and important phase. The inflation problem is such that we cannot ignore any means of reducing its severity, limited though the application of the means may be.

In concluding, let me leave with you the suggestion that if sound Federal finance is a matter of personal, individual concern to you — and I know that it is — here is a way in which you may profitably give expression to that concern. Buy and hold the greatest amount of United States Savings Bonds that your circumstances permit. Your every purchase is an anti-inflation effort, and if there are enough purchases throughout the country, the cumulative effect of these efforts, in providing additional protection of our economy from inflation's dangers, will be very valuable indeed.

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FOR IMMEDIATE RELEASE
Tuesday, September 21, 1948

TO. S-866

The Bureau of Customs announced today that the global quota of 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more, but less than 1-11/16 inches, prescribed in the President's Proclamation of September 5, 1939, as modified, for the current quota year, is filled.

Warehouse withdrawals covering 46,303,038 pounds of such cotton were presented to customs at 12 noon, eastern standard time, on September 20, 1948. The collectors of customs in the districts where the cotton is located have been authorized to release 98.6035 percentum of the cotton covered by each such entry.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
Tuesday, September 21, 1948 No. S-866

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~~FOR~~ IMMEDIATE RELEASE
Thursday, September 23, 1948

S-867

The Bureau of Customs announced today that the current quota for Peru on cotton having a staple of less than 1-1/8 inches (other than rough or harsh cotton having a staple of less than 3/4 inches) was filled by such cotton presented at 12 noon, eastern standard time, on September 20.

The Russian quota on the same kind of cotton was approximately 60 percent, the Brazilian approximately 32 percent, and the Mexican approximately 63 percent filled.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE, No. S-867
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The Russian quota on the same kind of cotton was approximately 60 percent, the Brazilian approximately 32 percent, and the Mexican approximately 63 percent filled.

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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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amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **September 30, 1948**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 30, 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

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, September 24, 1948.

5-868

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 **September 30, 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 **September 30, 1948**, and will mature **December 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 time, **Monday, September 27, 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.

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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 Banks on September 30, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 30, 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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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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5-869

RELEASE, MORNING NEWSPAPERS,
Tuesday, September 28, 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 September 30, and to mature December 30, 1948, which were offered September 24, 1948, were opened at the Federal Reserve Banks on September 27.

The details of this issue are as follows:

Total applied for - $1,410,855,000
Total accepted - 1,102,605,000 (includes $42,260,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.720 Equivalent rate of discount approx. 1.109% per annum

Range of accepted competitive bids:

High	- 99.726	Equivalent rate of discount approx. 1.084% per annum
Low	- 99.717	" " " " " 1.120% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 20,150,000	$ 20,130,000
New York	1,125,042,000	852,062,000
Philadelphia	27,765,000	17,715,000
Cleveland	45,302,000	45,302,000
Richmond	2,885,000	2,885,000
Atlanta	9,166,000	9,166,000
Chicago	110,756,000	85,556,000
St. Louis	6,163,000	6,163,000
Minneapolis	8,815,000	8,815,000
Kansas City	8,327,000	8,327,000
Dallas	4,075,000	4,075,000
San Francisco	42,409,000	42,409,000
TOTAL	$1,410,855,000	$1,102,605,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, September 28, 1948. No. S-869

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Atlanta	9,166,000	9,166,000
Chicago	110,756,000	85,556,000
St. Louis	6,163,000	6,163,000
Minneapolis	8,815,000	8,815,000
Kansas City	8,327,000	8,327,000
Dallas	4,075,000	4,075,000
San Francisco	42,409,000	42,409,000
TOTAL	$1,410,855,000	$1,102,605,000

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Information from the Treasury Department's recent census of assets which remained blocked on June 1, 1948 is already being made available to the European recipient countries. Partially tabulated results from this census reveal blocked assets in the United States worth approximately a billion dollars. Of this amount approximately half was reported as belonging to nationals of countries receiving American assistance and it is believed that save for the census these countries would be without knowledge regarding a substantial portion of these assets.

The controls over the importation of securities which once formed a major part of the freezing program have been largely removed, but, to the extent necessary to prevent the sale here of enemy looted securities, certain selective controls have been retained. It was under these controls that a ring dealing in stolen securities was recently indicted in Boston for importations of looted securities worth more than $200,000.

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DEPARTMENT

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Press Service
No. 5-870

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A primary aim of the freezing controls was to prevent nationals of the invaded countries of Europe from being despoiled and forced under duress to transfer to the Axis powers their claims to American assets. The freezing controls also served in many ways as a weapon of economic warfare to hamper the financial and commercial activities of our World War II enemies.

The elimination of restrictions on transactions and the gradual unblocking of foreign assets began shortly after the end of actual hostilities. The elimination of these controls has been handled so as to maintain the major objectives for which they were instituted. Unblocking of property has proceeded on a basis which has preserved the ability of the United States to vest assets actually belonging to enemies. The procedures now in effect for unblocking foreign assets in the United States have also been developed with a view toward assisting in the implementation of the European Recovery Program. Through these procedures the governments which receive American aid are obtaining information with respect to the assets of their nationals in the United States so that such assets or the income produced by them can be employed in the task of rehabilitating the European economy.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS

Press Service
No. S-870

Secretary Snyder today announced the close of more than eight years of activity by the Treasury in the field of controlling foreign assets in the United States. The program started by the Treasury Department almost a decade ago is to be carried through to its ultimate liquidation by the Department of Justice pursuant to a Presidential transfer of jurisdiction. Plans for this transfer, which is effective as of midnight, September 30, were made by the interested departments in February and were at that time approved by the National Advisory Council and communicated to the Congress. Accordingly, the Treasury Department regulations setting forth the organization and procedures of Foreign Funds Control, and other related regulations promulgated in 1942, are being revoked. These regulations are being superseded by new regulations similar in scope issued by the Department of Justice.

Treasury participation in this field began with the freezing order of April 1940, issued at the time of the German invasion of Norway and Denmark. The scope of the order was gradually expanded until by 1941 it covered China and Japan as well as all the countries of continental Europe, except Turkey. A 1941 census revealed that the Treasury Department was then controlling foreign assets in the United States worth more than eight billion dollars.

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TREASURY DEPARTMENT

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

RELEASE, MORNING PAPERS,
Thursday, September 30, 1948.

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IMMEDIATE RELEASE,
Wednesday, September 29, 1948.

No. S-871

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-1/4 percent Treasury Certificates of Indebtedness of Series G-1949, to be dated October 1, 1948, open to the holders of Treasury Certificates of Indebtedness of Series J-1948 and Series K-1948, and Treasury Notes of Series B-1948, all maturing October 1, 1948.

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

Federal Reserve District	Series J-1948 Certificates Exchanged	Series K-1948 Certificates Exchanged	Series B-1948 Notes Exchanged	Total Exchanges
Boston	$ 64,495,000	$ 48,741,000	$ 116,938,000	$ 230,174,000
New York	589,555,000	614,554,000	2,234,108,000	3,438,217,000
Philadelphia	38,382,000	49,966,000	135,755,000	224,103,000
Cleveland	67,194,000	32,971,000	105,940,000	206,105,000
Richmond	17,655,000	42,909,000	55,953,000	116,517,000
Atlanta	43,799,000	49,506,000	97,488,000	190,793,000
Chicago	156,393,000	182,860,000	457,440,000	796,693,000
St. Louis	52,609,000	55,455,000	105,534,000	213,598,000
Minneapolis	53,586,000	49,238,000	110,208,000	213,032,000
Kansas City	59,148,000	67,370,000	117,215,000	243,733,000
Dallas	34,779,000	47,965,000	101,364,000	184,108,000
San Francisco	74,269,000	114,791,000	273,152,000	462,212,000
Treasury	4,581,000	9,116,000	1,767,000	15,464,000
TOTAL	$1,256,445,000	$1,365,442,000	$3,912,862,000	$6,534,749,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 29, 1948.

No. S-871

The Secretary of the Treasury today announced the subscription and allotment figures with respect to the current offering of 1-1/4 percent Treasury Certificates of Indebtedness of Series G-1949, to be dated October 1, 1948, open to the holders of Treasury Certificates of Indebtedness of Series J-1948 and Series K-1948, and Treasury Notes of Series B-1948, all maturing October 1, 1948.

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

Federal Reserve District	Series J-1948 Certificates Exchanged	Series K-1948 Certificates Exchanged	Series B-1948 Notes Exchanged	Total Exchanges
Boston	$ 64,495,000	$ 48,741,000	$ 116,938,000	$ 230,174,000
New York	589,555,000	614,554,000	2,234,108,000	3,438,217,000
Philadelphia	38,382,000	49,966,000	135,755,000	224,103,000
Cleveland	67,194,000	32,971,000	105,940,000	206,105,000
Richmond	17,655,000	42,909,000	55,953,000	116,517,000
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San Francisco	74,269,000	114,791,000	273,152,000	462,212,000
Treasury	4,581,000	9,116,000	1,767,000	15,464,000
TOTAL	$1,256,445,000	$1,365,442,000	$3,912,862,000	$6,534,749,000

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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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amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 7, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 7, 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

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5-872

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, October 1, 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 October 7, 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 October 7, 1948, and will mature January 6, 1948, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 4, 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, October 1, 1948.

No. S-872

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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 Banks on October 7, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 7, 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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RELEASE, MORNING NEWSPAPERS,
Tuesday, October 5, 1948.

S-873

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 October 7, 1948, and to mature January 6, 1949, which were offered October 1, 1948, were opened at the Federal Reserve Banks on October 4.

The details of this issue are as follows:

Total applied for - $1,676,128,000
Total accepted - 1,101,319,000 (includes $51,397,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.718+ Equivalent rate of discount approx. 1.114% per annum

Range of accepted competitive bids:

High - 99.724 Equivalent rate of discount approx. 1.092% per annum
Low - 99.717 " " " " " 1.120% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 44,207,000	$ 40,031,000
New York	1,374,244,000	883,921,000
Philadelphia	36,355,000	26,715,000
Cleveland	30,027,000	24,077,000
Richmond	4,880,000	4,880,000
Atlanta	3,143,000	3,143,000
Chicago	89,976,000	43,533,000
St. Louis	4,445,000	4,209,000
Minneapolis	7,910,000	6,435,000
Kansas City	15,149,000	13,910,000
Dallas	12,932,000	11,570,000
San Francisco	52,860,000	38,895,000
TOTAL	$1,676,128,000	$1,101,319,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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TOTAL	$1,676,128,000	$1,101,319,000

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under 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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, October 8, 1948.

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 October 14, 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 October 14, 1948 , and will mature January 13, 1949 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 11, 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.

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TREASURY DEPARTMENT

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Boatswain's Mate Reynolds, one of the designated swimmers, requested permission from the ship's executive officer to go over the side. With complete disregard for his own personal safety, he jumped into the water, and swam to Gray, who was near exhaustion. While the two sailors were being hoisted from the sea, Reynolds used his own body to fend the rescued man off the side of the ship. Because of the violent rain, the confused seas, and the heavy roll of the vessel, this rescue was considered unusually hazardous.

In presenting the gold medal, Secretary Snyder praised Reynold's initiative, courage and disregard for his own personal safety. This act, he pointed out, was "extremely heroic, and far beyond the call of duty."

Reynolds, who is a native of Chincoteague, Va., is 32 years old, and has been in the Coast Guard since 1939. Several other members of his immediate family are attached to the service. On March 6, 1948, he was chosen as "Hero of the Year" by the Second Division, Post 27, American Legion, Baltimore, Md., and was awarded the Medal of Valor for the rescue of Gray.

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Release: Morning Newspapers.
Saturday, Oct. 9, 1948

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D-873

Secretary Snyder today awarded the Treasury Department Gold Lifesaving Medal to Marion K. Reynolds, Boatswain's Mate 1st Class, United States Coast Guard, of Allston, Massachusetts, for "heroic action beyond the call of duty" in saving the life of a shipmate ~~who fell overboard from the deck of a cutter in the mid-Atlantic last fall.~~ under unusually hazardous conditions.

The incidents leading up to the near tragedy, as described by the United States Coast Guard, began ~~of~~ on September 1, 1947, while the cutter MCCULLOUGH was on weather patrol in the North Atlantic approximately eight hundred miles northeast of Argentia, New Foundland. A dispatch had been received warning that a storm of hurricane force was approaching. On the next day, September 2, the sea was rough, a hard rain was falling, and the vessel was rolling heavily. In the darkness of early morning, Robert T. Gray, an electronics technician, was knocked off his feet by the swing of a heavy water-tight door, and slid under the lower lifeline into the sea.

The general alarm was sounded, life rings with lights attached were thrown over the side, and a messenger was dispatched to get men into swimming suits with lines attached, and to post lookouts around the ship. One of the life rings reached the foundering man, but an instant after he grasped it the light went out. The ship's searchlight shortly afterward picked out Gray, who was feebly attempting to swim toward the vessel, some seventy-five yards away.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
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In presenting the gold medal, Secretary Snyder praised Reynold's initiative, courage and disregard for his own personal safety. This act, he pointed out, was "extremely heroic, and far beyond the call of duty".

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TREASURY DEPARTMENT

Washington

(The following address by Secretary Snyder at a dinner meeting of New York Post No. 505, Veterans of Foreign Wars, Waldorf Astoria Hotel, is scheduled for delivery at 8:30 p.m., E. S. T., Saturday, October 9, 1948, and is for release at that time.)

It is a privilege at any time to speak in this great city of New York, which in so many respects, is the first city of the world. And, it is not only a privilege but a very great pleasure to be with you on such an occasion as the present one. I join most sincerely with you of this Post, the Veterans of Foreign Wars, in paying honor to one of New York's esteemed citizens.

The Treasury is no less proud to have Captain Pedrick as a Collector of Internal Revenue, than New York is proud to have him as a leader in many notable civic projects.

His District, the Second District of New York, is responsible for the income tax accounts of almost 750,000 individuals and of more than 200,000 corporations. Millions of tax documents — six million tax withholding forms alone — pass each year through the offices under his jurisdiction.

While these figures illustrate the importance of Captain Pedrick's post as Collector, not only to the Government, but also to New York, it would be difficult, indeed, to appraise his civic accomplishments.

I have referred to New York as a first city in the world. It is that in many respects, but perhaps one of the most important of these is its role as the world's greatest port.

In this role, New York has long played a vital part. The currents of domestic and foreign trade meet here as nowhere else on earth. New York came into its own as a trading center early in the history of this country, and ever since that time she has been one of the greatest strategic ports of the world. Shifting economic forces have from time to time diverted portions of her tonnage to other ports and of her business to other markets, but her essential leadership in the trade world remains today unchallenged.

Because of this preeminence, New York is quick to feel the impact of social or economic disturbance at home or abroad. The impact of those disturbances which are long sustained will sooner or later reach through every level of New York business and social life.

And, because New York is so assuredly a world product, and functions so importantly in world life, this city bears a clear responsibility, through those contacts, to the people of our country.

That responsibility has many ramifications and many facets. But I think it may all be summed up as a duty to support faithfully all those policies and practices which are aimed at the sound solution of our national and international problems. No lesser obligation would measure up logically and historically to the position which this city has achieved in world affairs.

New York has discharged this obligation faithfully in days gone by, and I am sure may be counted upon to discharge it no less ably in days to come.

I do not need to tell you, however, that great problems confront us all. Symptoms of underlying dangers to our economic environment are perhaps most apparent to us when they affect us personally — when they can mean immediate trouble here at home.

If a stranger to the American scene were to survey it from the vantage point of New York or any other great focal point of American activity, he would be first impressed by visible signs of a phenomenal prosperity in all directions. The American economy in recent months has achieved the most productive tempo in its history. Industrial output, employment, and agricultural income all have reached record-breaking stages this year, and these stages continue well sustained. Heavy demands for a wide variety of products remain unfilled, and these demands are backed by a large volume of liquid assets in the hands of both individuals and corporations.

America, to put it briefly, never before has known such a measure of material well-being.

Behind the humming of factory wheels, the harvesting of huge crops, and the sight of an unprecedented employment of 62,000,000 persons, there are many other reasons for confidence in our continued prosperity.

We know that America still possesses uncalculated resources.

We know that the American people have a great reservoir of energy, ingenuity and intelligence.

We know that our system of democratic government with our parallel system of free enterprise provides the human race with greater opportunity for advancement than any other system or combination of systems so far developed by man.

All these circumstances and these characteristics of our life and people, would, disregarding certain underlying tendencies, quickly convince the most skeptical that there should be no room in this nation today for doubts about the future, were it not that within the framework of American life today, there are problems of far-reaching economic, political, and social significance. These problems must be carefully resolved if we are to assure continuance of America's prosperity.

You are familiar with these home front problems, and I am sure that you will give them the close attention that they deserve. At the same time, we must recognize that the impact of international problems upon our economy is nonetheless important — a fact of which you Veterans are well aware.

But the threat to our national security which has been so plainly evident in the last year is not the only present problem of foreign origin which is of vital concern to us. Slow recovery from war's physical destruction and economic dislocations, and slow return to full production, have been the general experience of most of the nations of the world. The restoration of normal trade has been greatly handicapped as a result, and the financing of even limited trade has been most difficult.

As an example, the monetary problem has been paramount in practically every instance. War and postwar costs drained the gold and dollar reserves of most governments, and this and other factors have upset normal currency operations. The stability of exchange rates, which is so necessary to accomplish a freer flow of trade, remains a matter of serious concern.

We had hoped, after the victory, that private investment of American capital abroad would make an early and helpful contribution to recovery. Unfortunately, there are today few countries where conditions are such as to attract outside capital.

And, there are other troublesome problems throughout the world which of necessity will have an adverse effect on the future of New York and the rest of America unless they are remedied. To solve these international problems which beset us, well organized and deeply searching efforts have been set in motion. Never before were the peace-loving nations of the earth so earnestly engaged in cooperative endeavor to preserve the peace and to liberate the world from obstacles to economic and political progress. The United States has taken the lead in these efforts, and has, of necessity, shouldered much of the expense. But standing with us and acting in concert with us are many other peoples whose combined influence in world affairs reaches far, and whose combined strength significantly supplements our own.

We are strong in the determination to exercise the responsibilities of leadership which have come to us. We must remain strong economically as a nation, and we must keep our Government strong financially, if we are to carry out that determination with the greatest possible effectiveness.

To remain strong we need to concentrate on long-range purposes sometimes at the expense of immediate self-interests. We need to appraise our domestic problems realistically, and to treat them with realistic remedies, not with rhetoric.

The shirt-sleeved realism which produced the European Recovery Program is the sort of realism I have in mind. In some quarters, such a down-to-earth approach to our difficulties is accepted as desirable only when the individuals concerned are not personally affected. I think it might be well to try to inspire sounder, stronger convictions among those who are inclined to temporize with the domestic dangers we face through our international problems, or to dismiss these dangers with airy phrases.

I would like to cite what I regard as an important example of the working of realism in national and international affairs. It is an example in which you of New York, as a great world port, have a very direct stake.

Early in the thirties, a man of vision, Secretary of State Hull, recognized a compelling need for the lowering of trade barriers on a reciprocal basis between this and other countries. Few of you need to be reminded of the work of Cordell Hull in this direction.

What we had done prior to that time about international trade was, largely, to pass some tariff acts of unhappy memory which departed from every semblance of realism and gave almost free play to unrestrained log-rolling. There was little thought of long-range purpose behind these acts.

Secretary Hull's vision and practical statesmanship led to the Reciprocal Trade Agreements Act of 1934. Sensibly, this act gave authority to the Secretary of State to negotiate reciprocal agreements with other nations which cleared the way for an accelerated flow of trade.

The act came up this year for the latest in a series of extensions of its life. President Truman of course urged that no change be made in its provisions. He emphatically pointed out that "the program is a tested and practical means for achieving the benefits of expanding world commerce for the United States and other countries and a continuing evidence of the determination of the United States to contribute its full share to the reconstruction of a sound and growing world economy as a basis for enduring world peace."

Secretary Marshall further described the act as the most important single factor in our long-range economic policy.

But in an atmosphere of secret hearings and discussions at Washington, the trade agreements program was threatened with emasculation, if not outright death. Realism had taken flight.

As you know, a "compromise" extension measure finally reached the President's desk. This compromise whittled down the simple, direct, and effective powers which the original legislation had conferred. The authority of the Administration was hedged about with new and limiting procedures. Moreover, the term of the extension was one year, where previously it had typically been three.

President Truman, his Administration, you who are here tonight, and the whole of this country have deep concern in this matter. We must begin now to prepare for another battle over the reciprocity program next year. This, I think, is part of that responsibility to which I earlier referred.

When World Trade Week was observed this year, it had as its theme: "world trade makes good neighbors." This city has profited greatly from the international neighborliness which we have been able to achieve in the past. It is your hope, certainly, to be better neighbors with the people of all nations in days to come.

As of today, a considerable portion of the world is shut off not only from peaceful commerce but even from free communication with the rest of us. There are millions of people in such areas who at heart must be much like ourselves. But they live, by decree of their rulers, in a sort of shadowed seclusion where natural impulses to human association and cooperation are allowed to have little place.

Thus we find an impenetrable barrier surrounding that part of the world with which we want so much to cultivate normal relations. We are stopped from carrying on the age-old practice of barter and trade. Through the exchange of our products, we promote not only friendship, but the recovery of strength of those nations with which we trade. The forward march of civilization has been temporarily thwarted. It is our fervent hope that in the not distant future this curtain will be lifted and the natural course of understanding and neighborliness once more be open to all.

You Veterans here tonight are closer to the events of today than any other of our people, having fought in the last war, and some even in two wars, to safeguard this country. You must have felt that you and your families were entitled to the tranquility that should come with victory.

But tranquility and real peace are not always the immediate fruits of victory. They may take time to cultivate.

You are rightly disturbed today by the atmosphere of anxiety that hangs over the international scene, by the fear that our economic and financial stability may be disturbed, not only by the forces of world dissension, but by unwise domestic measures.

No man, nor no few men, can promise you certain and lasting peace, nor absolute security from domestic difficulties, because no one man can take the steps essential to maintain peace and to maintain internal equilibrium without the cooperation and the help and the constant encouragement of Veterans like yourselves.

With your help and with the help of the people of this nation, there need be no council of despair, for there are men in your Government who have the vision and the calm and the courage to steer our destinies through the present troubled waters — if you will support them.

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TREASURY DEPARTMENT
Fiscal Service
Washington, Oct. [illegible] 1948
13

STATUTORY DEBT LIMITATION

AS OF September 30, 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 September 30, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills....................	$ 12,627,952,000		
Certificates of indebtedness.......	22,293,765,000		
Treasury notes....................	15,626,607,600	$ 50,548,324,600	
Bonds -			
Treasury..........................	112,011,042,600		
Savings (current redemp. value)...	54,776,247,620		
Depositary........................	332,945,500		
Armed Forces Leave................	507,253,025		
Investment series.................	957,885,000	168,585,373,745	
Special Funds -			
Certificates of indebtedness.....	16,897,250,000		
Treasury notes....................	14,323,652,500	31,220,902,500	
Total interest-bearing..................		250,354,600,845	
Matured, interest-ceased..................		240,641,660	
Bearing no interest:			
War savings stamps................	55,554,872		
Excess profits tax refund bonds....	7,984,308		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series.........	65,785,000		
Internat'l Monetary Fund series..	1,153,000,000	1,282,324,180	
Total....................................		251,877,566,685	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	13,986,986		
Demand obligations: C.C.C.	32,043,075	46,030,061	
Matured, interest-ceased..................		4,453,975	
		50,484,036	
Grand total outstanding..................			251,928,050,721
Balance face amount of obligations issuable under above authority..........			23,071,949,279

Reconcilement with Statement of the Public Debt - September 30, 1948
(Daily Statement of the United States Treasury, October 1, 1948

Outstanding -	
Total gross public debt..................	252,687,363,764
Guaranteed obligations not owned by the Treasury..............	50,484,036
Total gross public debt and guaranteed obligations..............	252,737,847,800
Deduct - other outstanding public debt obligations not subject to debt limitation......	809,797,079
	$251,928,050,721

[signature] 5-876

RHMulroe/MLM

STATUTORY DEBT LIMITATION
AS OF SEPTEMBER 30, 1948

October 13, 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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Interest-bearing:			
Treasury bills..................	$ 12,627,952,000		
Certificates of indebtedness.	22,293,765,000		
Treasury notes................	15,626,607,600	$ 50,548,324,600	
Bonds -			
Treasury....................	112,011,042,600		
Savings (current redemp. value)	54,776,247,620		
Depositary.................	332,945,500		
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Investment series..........	957,885,000	168,585,373,745	
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Total interest-bearing.....................		250,354,600,845	
Matured, interest-ceased.........................		240,641,660	
Bearing no interest:			
War savings stamps..........	55,554,872		
Excess profits tax refund bonds	7,984,308		
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Internat'l Monetary Fund series	1,153,000,000	1,282,324,180	
Total..		251,877,566,685	
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Deduct - other outstanding public debt obligations not subject to debt limitation................................	809,797,079
	$251,928,050,721

S-876

5-877

RELEASE, MORNING NEWSPAPERS,
Tuesday, October 12, 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 October 14, 1948, and to mature January 13, 1949, which were offered October 8, 1948, were opened at the Federal Reserve Banks on October 11.

The details of this issue are as follows:

Total applied for - $1,413,923,000
Total accepted - 902,136,000 (includes $63,343,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.717+ Equivalent rate of discount approx. 1.118% per annum

Range of accepted competitive bids:

High - 99.722 Equivalent rate of discount approx. 1.100% per annum
Low - 99.717 " " " " " 1.120% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 10,650,000	$ 10,370,000
New York	1,121,776,000	697,232,000
Philadelphia	13,815,000	3,801,000
Cleveland	24,795,000	18,095,000
Richmond	11,700,000	11,280,000
Atlanta	4,893,000	4,893,000
Chicago	84,478,000	33,726,000
St. Louis	4,005,000	3,877,000
Minneapolis	8,345,000	7,805,000
Kansas City	28,346,000	27,273,000
Dallas	18,692,000	15,564,000
San Francisco	82,428,000	68,220,000
TOTAL	$1,413,923,000	$902,136,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, October 12, 1948.

No. S-877

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Range of accepted competitive bids:

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Low - 99.717 Equivalent rate of discount approx. 1.120% per annum

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Kansas City	28,346,000	27,273,000
Dallas	18,692,000	15,564,000
San Francisco	82,428,000	68,220,000
TOTAL	$1,413,923,000	$902,136,000

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878

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, 1948, to Oct. 2, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Oct. 2, 1948 (1)
United Kingdom.....	4,323,457		1,441,152	
Canada.............	239,690		-	
France.............	227,420		75,807	
British India......	69,627	806	-	
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	806	1,599,886	

1/ Included in total imports, column 2.

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5-878

FOR IMMEDIATE RELEASE
October ~~12~~, 1948
Wednesday 13

S-878

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, 1948, to October 2 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1948, to Oct. 2, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1948, to Oct. 2, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1948, to October 2, 1948.
Egypt and the Anglo-Egyptian Sudan	783,816	-		-
Peru	247,952	247,952		-
British India	2,003,483			251,958
China	1,370,791	-		-
Mexico	8,883,259	4,139,235		-
Brazil	618,723	200,912		-
Union of Soviet Socialist Republics	475,124	281,074		-
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	4,869,173	45,656,420	251,958

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The Established Quota of 45,656,420 pounds established by the President's Proclamation No.2351 was filled on September 20, 1948.
5/ Established Quota - 70,000,000.

TREASURY DEPARTMENT
Washington 25

IMMEDIATE RELEASE
Wednesday, October 13, 1948

No. S-878

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, 1948, to October 2, 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, 1948 to Oct. 2, 1948.	Imports Sept. 20, 1948 to Oct. 2, 1948.	Imports Sept. 20, 1948, to October 2, 1948.
Egypt and the Anglo-Egyptian Sudan......	783,816	-		-
Peru...............	247,952	247,952		-
British India.......	2,003,483			251,958
China..............	1,370,791	-		-
Mexico.............	8,883,259	4,139,235		-
Brazil.............	618,723	200,912		-
Union of Soviet Socialist Republics.	475,124	281,074		-
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	4,869,173	45,656,420	251,958

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 20, 1948.
5/ Established Quota - 70,000,000.

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, 1948, to Oct. 2, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Oct. 2, 1948 1/
United Kingdom.....	4,323,457		1,441,152	
Canada..............	239,690		-	
France..............	227,420		75,807	
British India.......	69,627	806	-	
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	806	1,599,886	

1/ Included in total imports, column 2.

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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 Sept. 19, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1947, to Sept. 19, 1948 (1)
United Kingdom.....	4,323,457	25,172	1,441,152	19,703
Canada.............	239,690	175,266	-	-
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	270,065	1,599,886	19,703

1/ Included in total imports, column 2.

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5-879

~~FOR~~ IMMEDIATE RELEASE
Wednesday OCTOBER ~~12~~, 1948
13

5 - 879

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 September 19, 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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept. 20, 1947, to Sept. 19, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1947, to Sept. 19, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1947, to Sept. 19, 1948
Egypt and the Anglo-Egyptian Sudan...........	783,816	-	49,084,780) (4a)	-
Peru.............	247,952	247,952	2,079,318)	-
British India....	2,003,483	271,932	-	44,252,254
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	10,496,990	51,342,047(a)	44,252,254

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

2/ Other than Gold Coast and Nigeria.

3/ Other than Algeria, Tunisia, and Madagascar.

4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 22, 1947.

4/a These figures include 5,510,308 pounds of Egyptian and 175,319 pounds of Peruvian cotton charged during the period July 20 to September 19, 1948, to the additional quota provided in the President's Proclamation No. 2800

5/ Established quota - 70,000,000

TREASURY DEPARTMENT
Washington 25

IMMEDIATE RELEASE
Wednesday, October 13, 1948

No. S-879

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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 Sept. 19, 1948	Imports Sept. 20, 1947, to Sept. 19, 1948	Imports Sept. 20, 1947, to Sept. 19, 1948
Egypt and the Anglo-Egyptian Sudan............	783,816	-	49,084,780) (4a)	-
Peru...............	247,952	247,952	2,079,318) (4a)	-
British India......	2,003,483	271,932	-	44,252,254
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	10,496,990	51,342,047(a)	44,252,254

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ The quota of 45,656,420 pounds established by the President's Proclamation No. 2351 was filled on September 22, 1947.
4/a These figures include 5,510,308 pounds of Egyptian and 175,319 pounds of Peruvian cotton charged during the period July 20 to September 19, 1948, to the additional quota provided in the President's Proclamation No. 2800.
5/ Established quota - 70,000,000.

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 Sept. 19, 1948	Established: 33-1/3% of Total Quota	Imports Sept. 20, 1947 to Sept. 19, 1948 (1)
United Kingdom......	4,323,457	25,172	1,441,152	19,703
Canada..............	239,690	175,266	-	-
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	270,065	1,599,886	19,703

1/ Included in total imports, Column 2.

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S-879

FOR IMMEDIATE RELEASE
October ~~12~~ 13, 1948
Wednesday

S-880

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 October 2, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of October 2, 1948
Buttons	850,000	Gross	180,219
Cigars	200,000,000	Number	839,222
Coconut Oil	448,000,000	Pound	60,088,506
Cordage	6,000,000	"	1,747,448
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	4,499,374 414,926,548
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, October 13, 1948.

No. S-880

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Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	4,499,374 414,926,548
Tobacco	6,500,000	"	203,278

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S-881

FOR IMMEDIATE RELEASE,
~~October 12, 1948~~
Wednesday 13

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		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1948, to October 2, 1948	Established Quota	Imports May 29, 1948, to October 2, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	72,073	3,815,000	179,078
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	72,073	4,000,000	179,238

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TREASURY DEPARTMENT
Washington 25

IMMEDIATE RELEASE,
Wednesday, October 13, 1948.

No. S-881

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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	72,073	4,000,000	179,238

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IMMEDIATE RELEASE
Wednesday October ~~12~~ 13, 1948

S-882

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 October 2, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 2, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,280
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,216
Butter	Quota ineffective for the period April through October			
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	24,930,188	Pound	19,255,359
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	258,600
Other	Sept.15, 1948	60,000,000	Pound	15,170,554
Walnuts	May 22 - Dec.31, 1948	3,333,333	Pound	342,711

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. 17,025,544 pounds of such Cuban tobacco were imported for consumption during the period January 1 to October 2, 1948, inclusive.

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, October 13, 1948.

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883

5-~~876~~

October 5, 1948

TO MR. BARTELT:

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

Purchases	$7,500,000
Sales	326,000
Net Purchases	$7,174,000

(Sgd.) S. P. Gerardi

Chief, Division of Investments

Wisecarver:10/5/48

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING PAPERS,
Friday, October 15, 1948. No. S-883

During the month of September, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $7,174,000, Secretary Snyder announced today.

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~~ALPHA~~

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.

~~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 October 21, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 21, 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

~~Exhibit~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, October 15, 1948.
~~(1)~~

884

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 October 21, 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 October 21, 1948 ~~(5)~~, and will mature January 20, 1949 ~~(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 time, Monday, October 18, 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, October 15, 1948.

No. S-884

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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 by 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 Banks on October 21, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 21, 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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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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Immediate ~~PROPOSED~~ RELEASE ~~or MEMORANDUM TO THE PRESS~~ S-885-
Friday, October 15, 1948

Secretary Snyder today presented the Distinguished Service Award of the Treasury Department to Irving Geist, New York City, in recognition of services rendered the Department in connection with the Savings Bond program.

Mr. Geist, a garment manufacturer with offices at 1372 Broadway, actively participated as a volunteer salesman during the eight Savings Bond drives of the war and post-war periods. The efforts put forth by Mr. Geist and those who worked with him resulted in the sale of millions of dollars in bonds during these drives.

The citation presented to Mr. Geist by Secretary Snyder is inscribed as follows: "To Irving Geist, for leadership in building security for the people and the Nation through United States Savings Bonds."

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TREASURY DEPARTMENT

Information Service

WASHINGTON, D.C.

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TREASURY DEPARTMENT

Washington

(The following address by Secretary Snyder before the National Convention of the American Legion at the Dinner Key Auditorium, Miami, Fla., is scheduled for delivery at 2:00 p.m. E.S.T. Wednesday, October 20, 1948, and is for release at that time.)

YOUR STAKE IN FEDERAL FINANCE

You members of the American Legion, in more than one great war, have donned uniforms and shouldered arms to preserve the integrity of this country. Through your energy, patriotism, courage and selflessness, you have proven your firm determination to perpetuate the rights, privileges and obligations inherent in our democracy.

We all shared the same hope and conviction -- that with the end of hostilities, we would be able to reestablish ourselves in the civic, business, and religious life of our communities and devote ourselves to leading peaceful, constructive lives in a world that is free from fear.

Our efforts and our hopes have been tempered to the extent that we are still engaged in a struggle for economic, social, and political peace. Whenever despotism and tyranny, regardless of their former names, seek to conquer the American people, we respond in a mighty force to protect and defend our heritage of democracy. The continuing struggle for democratic principles will always fire the hearts of resolute men.

Most of you have now returned to civilian life, only to find as private citizens, you have had to continue the job you believed completed at the time of demobilization. You have had to continue the fight for those same aims, hopes, and principles essential to the progress and welfare of our country.

The American Legion truly represents a great cross-section of America today. It can be well termed an outstanding Honor Group, for to become eligible for membership, you must have served and defended this nation in time of war. I think that I might well stress that the American Legion by precept and example has through its various programs, done much to aid this country in both peace and war. You shouldered great responsibility as an organization in sponsoring the sale of war bonds; your aid was of tremendous value in making the draft act work; the recreational facilities which you provided in cities adjoining military camps greatly eased the social problem of the serviceman during the war. In peacetime, you have continued that fine work through the programs you are providing for Veterans in the Army, Navy, and Veterans' hospitals throughout the nation. You have stood firm in your strong support of the President's U.M.T. program and have given like support to the European Recovery Program. I could continue at great length to point out the many worthy activities of this great organization. But I shall mention only one more, one which represents again the searching effort of the Legion continually to serve our country. I refer to that magnificent program of sponsoring sandlot baseball contests in an effort to minimize juvenile delinquency.

It was not my purpose today to come here to tell you of the fine qualities of the Legion, but I could not forego the satisfaction at this time of recognizing and paying tribute to some of your activities. When we realize that 41 percent of all of the men of the nation between 20 and 65 years of age are war veterans, we must fully appreciate the great potential strength and influence of the American Legion, for each of these 41 percent is eligible for membership. Translate this into your power for good for your country through an earnest effort to see that all eligible voters exercise their right of franchise in the coming national election, and we can well gauge the measure of your influence upon our national affairs.

From your record in time of war and from a history of your activities in time of peace, the American Legion has demonstrated the earnest purpose of making the United States safe for democracy and unsafe for hypocrisy.

The American Legion is an organization which at all times is deeply concerned with the trend of national affairs as a matter of preeminent importance. Therefore, in addressing you servicemen and women I feel a special obligation to discuss frankly the finances of the country. For you well know, that only so long as this country remains strong and sound financially, can its freedom be assured.

I shall try to discuss some of the fundamentals of your stake in Federal finance without resorting to figures, or at least with only a minimum of figures. For the chief problems of Federal finance today have their solution not in figures, but in the exercise of just plain common sense.

The particular duty of the Treasury is to maintain, unquestioned, the credit of the United States and the integrity of our dollar. In order to do this, we must pursue a policy of living within our means, reducing our public obligations, and adjusting our tax load equitably while at the same time properly providing funds for our defense.

Today, I want to talk to you mainly about the national debt of this nation. Not too many years ago, Federal fiscal policy was a matter far removed from the concern of the average man. But present day conditions have made it imperative that each and every one of us has a working knowledge of the nation's finances.

In the long run Government fiscal policy is what you, as voters, decree. In its broadest sense, it stems from the services and protection you demand from your Government. For, after all, the Government Administration can spend only the funds provided through appropriations made by your representatives in Congress.

Fiscal policy rests on such factors as what and how you spend, and what and how you save. It is determined by what you do to keep prices at a reasonable level, on how much you invest in Government bonds and private securities, what you pay in taxes, and on your concept of our economy.

This Government faces obligations for the current fiscal year which will take 4/5 of every budget dollar to meet four broad classifications of expenses. National defense in one of these. International payments, chiefly for necessary foreign aid, is another. Funds for veterans' administration comprise a third, and the fourth covers interest on the public debt and a variety of refunds, principally of overpaid taxes.

The remaining 1/5 of each budget dollar covers a lengthy list of Government costs, such as those for social welfare, health and security; outlays for housing, education and agriculture; transportation and communication needs; the conservation and development of natural resources; programs affecting commerce, industry and labor, and expenditures for actual government operations.

These proportionate applications of the Federal budget dollar of today bear little resemblance to those costs of Government of a decade or more ago. But we live in a changing world. You Legionnaires, especially those who saw service in both World Wars, are well aware of this fact. Our private lives, our whole social order, as well as the responsibilities of our Government, have been altered greatly in two generations. This alteration has been brought about by the tremendous impact of world events.

The Federal budget picture for the year is not encouraging. To put it briefly, we are in the red again. The Bureau of the Budget estimates that the Government faces an operating deficit for this fiscal year of a billion and a half dollars. That can mean but one thing. We shall not be able to go on reducing the public debt during the fiscal year 1949. In this fact lies a matter of pertinent interest to you.

I do not believe the average American needs to be a student of economics or of finance to realize that we should pare down the public debt especially in these times of widespread prosperity.

The public debt represents the sum total of money on loan to the Government. Many of the loans are from individual citizens. Others are from insurance companies, savings institutions, business and industrial corporations, and other such institutions. Another large block is held by the commercial banking system. As of today, all these loans add up to about $252 billion.

This is simply too large a figure for any of us to visualize as a sum of money. But, if we make a few comparisons, the figure begins to have some meaning.

Back in 1940, at the start of the defense program, the public debt was relatively small. It was smaller in terms of money and it was smaller in relation to the whole business of the country. At that time it totaled about $50 billion.

In the year 1940, the value of all the goods and services produced by this nation would have amounted to approximately $100 billion or twice the size of the national debt. But today, even with over 60 million people employed, with business at unprecedented levels, and with record peacetime production, it would take a full year for our national production to reach the figure of our present national debt.

The point I am making doesn't need bolstering with further figures. Our debt is tremendous. And you, as American citizens, have made a very substantial investment in your Government. The wise management of the funds which you have entrusted to the Government is, consequently, of direct interest to every American citizen.

You, as individual citizens, own directly $67 billion of savings bonds and other public debt issues. But, the average citizen actually has a far larger stake in the Government than his own personal holdings in Government bonds.

Most of us have insurance policies, checking accounts, savings accounts, or some other evidence that we have invested a part of our funds in some financial institution. These institutions must, in turn, keep this money invested. And all of them -- the banks, the insurance companies, the savings and loan associations, and others -- have today a far larger proportion of their own funds invested in Government securities than they had before the war.

For example, more than half of the investments of commercial banks are, at the present time, invested in Federal securities. This is about half again as large as the general proportion eight or ten years ago. The same is true for all other large organizations with substantial funds to invest.

As a result, every one of you is personally affected by the Government's fiscal policy.

Let me touch briefly here on the Treasury's debt management policies since the total outstanding obligations of the Government reached their peak in February, 1946. It will interest you, as citizens and as investors in your Government, to look behind the scenes for a moment to see how we went about cutting down the amount owed by the Government as soon as the tapering off of war costs made it possible.

First, however, let me call to your attention the wartime policy of keeping interest rates on Government obligations low. As compared with rates during World War I, this is benefitting taxpayers to the extent of $5 billion a year at the present time.

But I started out to talk about debt reduction. The sharp decline in military and related expenditures, coupled with the smooth and rapid reconversion from wartime to peacetime activities throughout the country, meant that Government revenues remained high in relation to Federal expenditures.

Consequently, in 1946, the Treasury was able to apply to repayment of the public debt much of the large cash balance with which it ended the calendar year 1945. This, plus the application of the Government surplus, has cut the debt by more than $27 billion, an achievement which is of benefit to us all. It is an achievement made possible by the prosperity which has been maintained in this country since the war.

At this present time, however, the Government has less money coming in than it must pay out. There is no mystery about the causes of this condition. We face increased expenditures for defense and for foreign aid, brought about by the tense international situation. But in the face of this situation, and with incomes higher than at any time in our history -- incomes which are competing for more goods than even this great country can produce under conditions of full employment -- the Congress saw fit to reduce taxes. I do not personally believe that such an approach will help to solve our domestic economic problems. For the Government's estimated operating deficit of $1 - 1/2 billion which will result, contrasts with an operating surplus of $8 - 1/2 billion last year, which was applied to reduce the debt.

It goes without saying that we cannot hold back on national defense at a time when the international outlook is as grim as it is now.

And, today we cannot afford to withhold proper foreign aid. We have made loans to China, Turkey, and Greece. We have given aid to England, France, Italy, and other western European countries under the Interim-Aid and the Economic Recovery Programs. Our experience up to now has been that these expenditures are sound policy. We are succeeding in our objectives of promoting recovery and stemming the inroads of communism.

Giving full recognition to all of these obligations and problems, I want to again remind you that you Legionnaires and the wage earners and investors of this nation must remain constantly alive to the fiscal policy of your Government. The Government's credit must be kept above question. We must strive for a proper balance between over expansion and excessive contraction of credit. We must maintain the stability and soundness of our currency, make proper payments on our debt, and assure an equitable distribution of the tax load. Never lose sight of the fact that your economic future is definitely tied in with the financing of your Government.

I have talked at some length about your stake in Federal finance on the liability side. Before I close I would like to emphasize that every American has a very great stake, too, on the assets side of the current situation in this country.

Our defense lies not only in the money which we spend on planes and guns, on military training, on aid to the democracies abroad, important as these expenditures are. And, it is not wholly the size of our Army, our Navy, our Air Force which will determine our defense capacities.

For our defense lies also in the vast wealth of this country and the standards of living which we, as American citizens, enjoy. In our wealth and our prosperity, all of us have a share. It is a share not only in America's present, but in her boundless future.

Our current high business activity is not a false boom propped up by widespread commodity speculation as in 1920, nor by nationwide stock speculation as in 1929. It is solid and substantial, based on actual needs for the things that people use in their homes, for the homes themselves, for factory and farm machinery, for schools and for highways.

This is our strength, and our great bulwark against threatened aggression. We can be proud of our prosperity today. We have fought for it. We have worked to maintain it under all conditions. I am sure that each one of us will continue to use all the means at his command to further the well-being of our country and of our citizens.

The crisis of our day is fundamentally a struggle between the basic elements of a democratic order and a non-democratic order. This nation, because of our determined principles of free society, is at the forefront of this struggle.

Crises are never welcome. They require the making of a decision — an adjustment, individually and nationally. To be properly met, they require a realistic approach, a knowledge of facts, an ability to analyze the consequence, courage to do that which reason indicates ought to be done, and the tenacity of purpose to follow through.

The United States looks today to such organizations as our American Legion to assume their proper leadership in this battle with courage, fortitude, and zeal. We know that so long as your own, and similar organizations, continue to provide resolute leadership in your community, in your state, and throughout the nation in carrying the heavy responsibilities which we face today, the future course of this nation is secure and positive.

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of our Management Committee.

We are moving forward toward the attainment of our goal of rendering better service to the taxpayer and more efficient administration in the Bureau of Internal Revenue.

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had a number of studies made by Treasury and Bureau staffs as well as outside studies conducted by an advisory group to the joint Congressional Committee of Internal Revenue Taxation. These studies have brought out new techniques and new procedures which will aid us in modernizing and simplifying existing operations. Some of these improvements I have mentioned in this discussion and further improvements can be anticipated through the recommendations force had to be created within a relatively short time under very trying conditions in the early days of the war. At times it seemed that the gigantic task imposed by the changes in the revenue laws was insurmountable. Nevertheless, the Bureau did a splendid job under those adverse conditions.

During the last two years, we have been taking a new look at the the Bureau organization. We have

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I have been discussing with you many of the technical changes and technical problems which have had the attention of the Bureau of Internal Revenue. In closing, I would like to mention briefly some of the broader aspects of the Bureau's responsibilities.

As you know, the collection of taxes is the biggest business in the world from the standpoint of receipts. To do this job requires the work of nearly 60,000 employees. This huge

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its gigantic task of auditing the returns and expediting refunds.

One of the most striking improvements made in years will appear in the Instructions which will accompany the Forms 1040 to be distributed by collectors to taxpayers in the next few months.

The new instructions will be in the form of a pamphlet telling the taxpayer the things he needs to know in language he understands.

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Collectors will continue to compute the tax for all taxpayers who file these returns. The Withholding Statements will continue to be used as receipts showing the amounts of wages and taxes withheld, and they must be attached to the Form 1040-A or the Form 1040 in support of the wages and withholding shown in the returns.

This new procedure should aid taxpayers. And it will prove of great assistance to the Bureau in

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public will be noted for the first time when the income tax forms for 1948 are distributed by the collectors to the taxpayers. These improvements include a simplified income tax form for wage earners, and a more intelligible presentation of instructions for making out income tax returns.

For several years the Withholding Statement (Form W-2) which an employee receives from his employer has been so designed that fully accomplish certain of these corrections. The program covered approximately fifty points which need Congressional attention.

The Treasury also has transmitted to the Congressional Committees and released to the public in the last two years reports on seventeen separate technical studies for general postwar tax revision.

Some of the latest administrative developments affecting the general development of new ones. Similar surveys by outside experts already have been made of two other major Treasury agencies, the Bureau of Customs and the U. S. Coast Guard.

As you know, on the legislative side, the Treasury has been constantly concerned with the correction of inequities and other administrative defects in tax law. We transmitted to the Congress this year a basic program of technical legislative revisions required to

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Our most recent step toward greater Bureau of Internal Revenue efficiency has been the selection of a management-engineering firm to make an over-all survey and analysis of the operations of collectors' offices. Financial provision for the survey was made in the Treasury's 1949 appropriations Act. It should result in thorough coordination of the improvements in Bureau procedure already mapped out, and in the

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As a result of an experiment made in the Cleveland Collector's office, punch card equipment is being installed in the New York area and in Chicago, Detroit, Baltimore and Los Angeles to determine the tax for ok those persons who elect to have the collectors figure their tax for them. The use of such mechanical devices is being tested and extended just as fast as possible.

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The number of miscellaneous excise tax returns transmitted to the Washington office of the Bureau for examination and audit has been drastically reduced. The total number of these returns filed each year approximates 6 million, and all but about 45,000 of these are now to be processed by field action exclusively. Decentralization of Washington operations will continue to be instituted as soon as possible

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office for classification prior to assignment to the agents for investigation. Certain other functions now performed in the Washington office, such as the determination of the penalty for late filing of individual income tax returns, are being delegated to the field offices. The estimated clerical and other savings resulting from such transfers from the Washington office are being allocated to the field offices for the further income tax returns of $7,000 and over, now asserted by the Washington office, will be asserted by Collectors on and after January 1, 1949, under delegated authority.

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expanded following discussions between the Commissioner and myself. This action was later concurred in by the report of the House-Senate Joint Committee on Internal Revenue Taxation. Further improvements in Bureau procedures and Bureau management growing out of the suggestions in the Joint Committee report have been pushed as fast as capable personnel could be obtained.

These various steps for

streamline procedures for effective and efficient service under present-day conditions. To date, this Program has made it possible to divert approximately 700,000 man-hours per year from clerical routines to enforcement work.

In November, 1945, the Commissioner of Internal Revenue established a small management staff in his office. Early this year, this staff was strengthened and caught.

The expansion of responsibilities laid upon the Bureau has had far-reaching results in other ways, especially in the field of operating efficiency. During the tremendous work load of the war years, there had been little time available to seek improvements in procedure. In 1947, however, a Work Simplification Program was put into effect by the Treasury and the Bureau to discover and eliminate duplication of effort and to approximately $2.0 billion for each of the fiscal years.

While the amounts of revenue involved in the tax evasion cases and collected as a result of investigation are large, yet the actual number of violators was a very small percentage of the total number of taxpayers. The great majority of Americans fully and faithfully discharge their tax responsibility, and are entitled to be assured that the evaders will be and the salary stabilization provisions.

High tax rates and increased currency circulation during the war years greatly increased the number of tax evaders. Of necessity, our enforcement efforts had to be intensified and we have found, as a result, that more and more criminal cases are being instituted. Likewise, the campaign against tax evaders yielded additional assessments which reached the unprecedented total of definite value in building a sense of security among their employees, and with minor exceptions, employees themselves have supported the withholding system.

Other many and varied tasks were thrust upon the Bureau of Internal Revenue during this same period. The Bureau was called upon to undertake the administration of such measures as the excess profits tax law, the pension trust provisions of the income tax law,

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from $22 million in 1943 to only $1.1 million in 1948.

The collection of income taxes from individuals by withholding has now become an established feature of our economy, and millions of citizens have discovered that it is easier and more convenient to pay their income taxes by easy installments each pay day than in larger amounts quarterly or annually. Employers have learned that the withholding system has a another.

A tremendous saving of interest was made possible by speeding up these refunds. The number of refunds paid increased from 16 million in 1943 to more than 32 million for 1947, while the amount of refunds paid increased from $587 million in 1943 to $1.5 billion for 1947. Yet the time required to complete refunds was cut from a year in 1943 to 2 1/2 months in 1948, and the amount of interest paid in the refunds dropped of income tax paid by individuals for 1942, and it was estimated that a total of some 18 million taxpayers would be entitled to refunds after filing their returns for 1943.

The refund problem involved checking and comparing approximately 200 million documents, such as returns, withholding receipts, and declarations of estimated tax. This task was complicated by the fact that thousands of taxpayers were moving from one part of the country to

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A provision that such overpayments should be immediately refunded was contained in the Current Tax Payment Act. In addition, the Act provided for the partial forgiveness individuals alone. Nearly half of this was collected through withholding at the source by employers. Most of the remainder was paid on the basis of "declarations" of estimated tax.

Both of these types of payments were only approximate, however, and as a result several million persons overpaid the tax liability reported in their 1943 returns, either because of excess withholdings or because of wage withholding were required to make additional payments on the basis of "declarations" of estimated tax, except that most farmers were permitted to postpone their estimates until the end of the year.

Soon after the pay-as-you-go system got under way, serious problems arose in its administration.

Of the $40 billion collected in the fiscal year 1944, more than $18 billion was collected from their current taxes paid up in full before the end of the year.

This method of collecting tax did not apply, however, to persons who were in business for themselves, to income from investments, or to certain groups that were exempt by law, such as members of the armed forces in active service, domestic servants, agricultural labor, and casual labor.// Individuals who were not substantially paid up through the

1943 resulted, providing for the withholding of 20 percent of wages and salaries in excess of certain exemptions. This Act went into effect on July 1, 1943. A year and a half later, beginning with wages paid on or after January 1, 1945, "graduated" withholding became effective with a top rate of 22.5 percent of the wages in excess of withholding exemptions. Under this system, numerous employees thus had

In March, 1942, the Treasury recommended to the Congress that the law be changed to provide for current tax collections from individuals at the source during the year in which the income was earned. The Revenue Act of 1942 provided for the withholding by employers of Victory tax from the earned income of their employees, beginning January 1, 1943. This method proved so successful that the Current Tax Payment Act of and our need for skilled technicians more intense. As a result, by 1944 the effectiveness of income tax examining force had dropped to the lowest level in years. This necessitated the use of "short-cut" procedures for selecting the returns which would be examined in the field.

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The Bureau was at the same time losing a large number of capable and experienced employees to the armed forces. These men and women were necessarily being replaced by inexperienced agents. At the same time, the law became more complex

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The information return procedure proved advantageous in several ways. It facilitated frequent cross-checking among the 64 collection districts of the United States in the many cases where wage and salary earners moved from one collection district to another. It also enabled us to coordinate the timing of our efforts to secure the filing of delinquent returns, and to distribute forms to the taxpayers for

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changed to the gross income concept, and, by 1944, we had a standard requirement that "every individual having for the taxable year a gross income of $500 or more shall make a return." It is obvious that these changes in the requirement accounted for a great increase in the number of returns being filed, and, therefore, the Bureau was faced with a greater problem of enforcement.

Fortunately, there were provisions in the law which required revenue for Government operations, in part to curb the war profits from war contracts, and in part to reduce the danger of inflation by restricting the spending power of taxpayers.

The Revenue Act of 1940 made a substantial policy change in the definition of the individuals required to file income tax returns. Prior to that time, the requirement for filing was based upon the "net income" of the individual. However, beginning with the 1940 Act, the requirement was

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In the fiscal year 1940 the Bureau collected income and profits taxes in the amount of $2.1 billion, based on 9 million tax returns. However, by the fiscal year 1948, the Bureau was collecting $31 billion in these taxes, based on 60 million tax returns. Simultaneously, excise taxes were heavily increased. This unprecedented increase in receipts and returns to be processed was also caused by major changes in the revenue laws. In the years 1942-43 Congress passed these laws in part to provide administration and management of the Bureau of Internal Revenue.

The greatest impact in recent years on tax policy and administration began in 1940 before we were actually in war. During those critical days in Western Europe, the Congress wisely began to increase the tax base and the tax rate. As is well recognized, this wise action on the part of Congress aided materially in preparing us to meet the aggression which came during the next year.

Policy and Practice in Tax Administration

As war has shaped our general tax policies in a very large measure, so has it shaped many of the policies and much of the practice of tax administration. I want to discuss tonight some of the great changes which have developed in Federal tax administration in recent years; some of the far-reaching problems which grew out of war-time and postwar taxation, and the manner in which these problems have been met by the

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TREASURY DEPARTMENT

Washington

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The Revenue Act of 1940 made a substantial policy change in the definition of the individuals required to file income tax returns. Prior to that time, the requirement for filing was based upon the "net income" of the individual. However, beginning with the 1940 Act, the requirement was changed to the gross income concept, and by 1944, we had a standard requirement that "every individual having for the taxable year a gross income of $500 or more shall make a return." It is obvious that these changes in the requirement accounted for a great increase in the number of returns being filed, and, therefore, the Bureau was faced with a greater problem of enforcement.

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The information return procedure proved advantageous in several ways. It facilitated frequent cross-checking among the 64 collection districts of the United States in the many cases where wage and salary earners moved from one collection district to another. It also enabledus to coordinate the timing of our efforts to secure the filing of delinquent returns, and to distribute forms to the taxpayers for the next year. These steps were important because of the rapidly increasing number of persons who were required for the first time to file returns.

The Bureau was at the same time losing a large number of capable and experienced employees to the armed forces. These men and women were necessarily being replaced by inexperienced agents. At the same time, the law became more complex and our need for skilled technicians more intense. As a result, by 1944 the effectiveness of income tax examining force had dropped to the lowest level in years. This necessitated the use of "short-cut" procedures for selecting the returns which would be examined in the field.

The second most important development in the administration of war-time taxes was the inauguration of the pay-as-you-go system.

In March, 1942, the Treasury recommended to the Congress that the law be changed to provide for current tax collections from individuals at the source during the year in which the income was earned. The Revenue Act of 1942 provided for the withholding by employers of Victory tax from the earned income of their employees, beginning January 1, 1943. This method proved so successful that the Current Tax Payment Act of 1943 resulted, providing for the withholding of 20 percent of wages and salaries in excess of certain exemptions. This Act went into effect on July 1, 1943. A year and a half later, beginning with wages paid on or after January 1, 1945, "graduated" withholding became effective with a top rate of 22.5 percent of the wages in excess of withholding exemptions. Under this system, numerous employees thus had their current taxes paid up in full before the end of the year.

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Of the $40 billion collected in the fiscal year 1944, more than $18 billion was collected from individuals alone. Nearly half of this was collected through withholding at the source by employers. Most of the remainder was paid on the basis of "declarations" of estimated tax.

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A provision that such overpayments should be immediately refunded was contained in the Current Tax Payment Act. In addition, the Act provided for the partial forgiveness of income tax paid by individuals for 1942, and it was estimated that a total of some 18 million taxpayers would be entitled to refunds after filing their returns for 1943.

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Other many and varied tasks were thrust upon the Bureau of Internal Revenue during this same period. The Bureau was called upon to undertake the administration of such measures as the excess profits tax law, the pension trust provisions of the income tax law, and the salary stabilization provisions.

High tax rates and increased currency circulation during the war years greatly increased the number of tax evaders. Of necessity, our enforcement efforts had to be intensified and we have found, as a result, that more and more criminal cases are being instituted. Likewise, the campaign against tax evaders yielded additional assessments which reached the unprecedented total of approximately $2.0 billion for each of the fiscal years.

While the amounts of revenue involved in the tax evasion cases and collected as a result of investigation are large, yet the actual number of violators was a very small percentage of the total number of taxpayers. The great majority of Americans fully and faithfully discharge their tax responsibility, and are entitled to be assured that the evaders will be caught.

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You may be interested in some of the specific changes in procedure. Individual technical refund allowances of under $1,000, now scheduled by the Washington office will be scheduled by the Collectors beginning January 1, 1949.

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The new instructions will be in the form of a pamphlet telling the taxpayer the things he needs to know in language he understands.

I have been discussing with you many of the technical changes and technical problems which have had the attention of the Bureau of Internal Revenue. In closing, I would like to mention briefly some of the broader aspects of the Bureau's responsibilities.

As you know, the collection of taxes is the biggest business in the world from the standpoint of receipts. To do this job requires the work of nearly 60,000 employees. This huge force had to be created within a relatively short time under very trying conditions in the early days of the war. At times it seemed that the gigantic task imposed by the changes in the revenue laws was insurmountable. Nevertheless, the Bureau did a splendid job under those adverse conditions.

During the last two years, we have been taking a new look at the Bureau organization. We have had a number of studies made by Treasury and Bureau staffs as well as outside studies conducted by an advisory group to the joint Congressional Committee of Internal Revenue Taxation. These studies have brought out new techniques and new procedures which will aid us in modernizing and simplifying existing operations. Some of these improvements I have mentioned in this discussion and further improvements can be anticipated through the recommendations of our Management Committee.

We are moving forward toward the attainment of our goal of rendering better service to the taxpayer and more efficient administration in the Bureau of Internal Revenue.

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John E. Brown (~~Vice Chairman~~)
Vice President
Planters National Bank and
Trust Company
Memphis, ~~Tennessee~~

Levi P. Smith
Burlington Savings Bank, Vt
~~Burlington, Vermont~~

A. C. Spurr
President
Monongahela Power Company
Fairmont, West Virginia

Roy L. Stone ~~(Vice Chairman)~~
First Wisconsin Bank
Milwaukee, ~~Wisconsin~~

888

Walter W. Head ~~(Vice Chairman)~~
President
General American Life Insurance Co.
Saint Louis ~~3, Missouri~~

Allen T. Hupp
Secretary-Treasurer
Associated Retailers of Omaha
~~1630-38 City National Bank~~ Bldg.
~~Omaha, Nebraska~~

Norwin S. Bean
President
Manchester National Bank, N.H
~~Manchester, New Hampshire~~

R. W. Coyne (~~Vice Chairman~~)
Executive Director
Theater Owners of America
New York, ~~N. Y.~~

James C. Wilson (~~Vice Chairman~~)
President
First Bank & Trust Co.
Perth Amboy, New Jersey

George M. Bloom (~~Vice Chairman~~)
First National Bank
Santa Fe, ~~New Mexico~~

B. R. Roberts (~~Vice Chairman)~~
Executive Vice President
Durham Bank and Trust Company, NC
~~Durham, North Carolina~~

LeRoy A. Pease
Secretary
Greater North Dakota Association
Fargo, ~~North Dakota~~

Loring L. Gelbach
President
Central National Bank of
Cleveland
~~Cleveland, Ohio~~

L. L. Humphrey ~~(Vice Chairman)~~
President
Security National Bank
Duncan, Oklahoma

E. C. Sammons
President
United States National Bank
~~Broadway and 6th at Stark~~
Portland ~~8~~, Oregon

E. A. Roberts
President
Fidelity Mutual Life Insurance
Co.
~~Parkway at Fairmount Avenue~~
Philadelphia ~~4, Pennsylvania~~

Chester R. Martin
Vice President
Industrial Trust Company
~~111 Westminster~~
Providence ~~2~~, Rhode Island

John B. Sloan
President
The County Bank
Greenwood, South Carolina

Charles A. Christopherson
Chairman
Board of Directors
Union Savings Bank
Sioux Falls, South Dakota

MEETING OF STATE ADVISORY CHAIRMEN 888

Hotel Statler, Pan American Room
Washington, D. C.

October 18-19, 1948
10:00 a.m.

Ed Leigh McMillan
President
Citizens Bank ~~of Brewton~~ Ala
~~Brewton~~, Alabama

Thomas J. Groom
President
Bank of Commerce & Savings
~~7th and E Streets, N. W.~~
Washington ~~4~~, D. C.

V. H. Northcutt
Executive Vice President
The First National Bank of Tampa
Tampa, ~~Florida~~

Jackson P. Dick
Georgia Power Company
~~75 Marietta Street, N. W.~~
Atlanta ~~1~~, Georgia

Charles C. Adams
Adams Auto Sales
Lewiston, Idaho

Norman B. Collins ~~(Vice Chairman)~~
President
National Security Bank of Chicago
~~Chicago 22, Illinois~~

Charles H. Buesching ~~(Vice Chairman)~~
President
Lincoln National Bank & Trust Co.
Fort Wayne, Indiana

Dr. John S. Nollen ~~(Co-Chair.)~~
~~916 Seventh Avenue~~
Grinnell, Iowa

Evan Griffith
Chairman
Board of Directors
Union National Bank
Manhattan, Kansas

Arthur F. Maxwell
President
First National Bank
Biddeford, Maine

Corodon S. Fuller ~~(Vice Chair.)~~
Vice President
Foxboro Company
Foxboro, Massachusetts

Frank N. Isbey
President
Detroit Fruit Auction
~~Detroit, Michigan~~

Von E. Luscher
Vice President
Northwest Bancorporation
~~1215 Northwestern Bank Bldg.~~
Minneapolis ~~2, Minnesota~~

Rex I. Brown
President
Mississippi Power & Light Co.
Jackson, ~~Mississippi~~

Proposed Press Release

No. S-888

Imme Rel Mon, Oct 18

Advisory chairmen of the Treasury Department's Savings Bonds Division, representing thirty-three states, met in Washington today to consider plans for a stepped-up bond selling drive to begin on Armistice Day and continue through December 11.

Secretary Snyder, who called the meeting, welcomed the volunteer bond group, which is composed of representatives of leading banking, industrial, business and publishing institutions. In his brief remarks, Mr. Snyder reviewed the important role of savings bonds in Treasury fiscal policy, and reemphasized the need for spreading the public debt among as many individual Americans as possible.

Talks were made by Alfred Williams, president of the Philadelphia Federal Reserve Bank; Arno Johnson, vice-president of the J. Walter Thompson Company, New York, and Milford J. Baker, vice-president of Young and Rubicam, Inc., also of New York.

Vernon L. Clark, volunteer National Director of the Savings Bonds Division, reported on progress being made in reactivating local volunteer organizations.

~~"Last year Americans invested nearly seven billion dollars in savings bonds," Mr. Clark said, "and in the first nine months of 1948 we are slightly ahead of last year's figure for the corresponding period. We have only begun to scratch the surface, however. More volunteers are needed, and volunteer sales organizations should be established in every community."~~

Leon J. Markham, sales director of the Savings Bonds Division, outlined plans for the thirty-day promotional campaign, which begins on Armistice Day. He said that efforts will be intensified through advertising and other promotional avenues to reach the farmers who already own more than six billion dollars in savings bonds, and who "will have the greatest amount of crop income for investment in the Nation's history."

The fall campaign will also endeavor to establish person-to-person canvasses in industries which did not conduct solicitations during the Security Loan Drive last spring.

"In recent months we have added in excess of 2,500,000 new customers in the systematic savings program, Mr. Markham stated, "and participants in the payroll savings plan are currently buying bonds at the rate of $150,000,000 a month."

Attending the two-day conference, which is being held at the Statler Hotel in Washington, are the following volunteer bond sales advisors:

"Sales results for the first nine months of 1948," Mr. Clark said, "are slightly better than the fine results achieved during the corresponding period of last year. We have only begun to scratch the surface, however. More volunteers are needed, and volunteer sales organizations should be established in every community."

888

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE, No. S-888
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Walter W. Head, President, General American Life Insurance Company, St. Louis; Allen T. Hupp, Secretary-Treasurer, Associated Retailers of Omaha; Norwin S. Bean, President, Manchester National Bank, New Hampshire; R. W. Coyne, Executive Director, Theater Owners of America , New York; James C. Wilson, President, First Bank and Trust Company, Perth Amboy, New Jersey; George M. Bloom, First National Bank, Santa Fe; B. R. Roberts, Executive Vice President, Durham Bank and Trust Company, North Carolina; LeRoy A. Pease, Secretary, Greater North Dakota Association, Fargo; Loring L. Gelbach, President, Central National Bank of Cleveland; L. L. Humphrey, President, Security National Bank, Duncan, Oklahoma; E. C. Sammons, President, United States National Bank, Portland, Oregon; E. A. Roberts, President, Fidelity Mutual Life Insurance Company, Philadelphia; Chester R. Martin, Vice President, Industrial Trust Company, Providence, Rhode Island; John B. Sloan, President, The County Bank, Greenwood, South Carolina; Charles A. Christopherson, Chairman, Board of Directors, Union Savings Bank, Sioux Falls, South Dakota; John E. Brown, Vice President, Planters National Bank and Trust Company, Memphis; Levi P. Smith, Burlington Savings Bank, Vermont; A. C. Spurr, President, Monongahela Power Company, Fairmont, West Virginia; Roy L. Stone, First Wisconsin Bank, Milwaukee.

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RELEASE MORNING NEWSPAPERS,
Tuesday, October 19, 1948.

5-889

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 October 21, 1948, and to mature January 20, 1949, which were offered October 15, 1948, were opened at the Federal Reserve Banks on October 18.

The details of this issue are as follows:

Total applied for - $1,601,346,000
Total accepted - 900,834,000 (includes $62,974,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.717/ Equivalent rate of discount approx. 1.118% per annum

Range of accepted competitive bids:

High	-	99.722	Equivalent rate of discount approx. 1.100% per annum
Low	-	99.716	" " " " " 1.124% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 28,092,000	$ 28,092,000
New York		1,277,503,000	625,112,000
Philadelphia		36,004,000	27,354,000
Cleveland		19,210,000	19,210,000
Richmond		8,940,000	8,940,000
Atlanta		3,483,000	3,483,000
Chicago		114,915,000	76,155,000
St. Louis		6,299,000	6,299,000
Minneapolis		6,155,000	5,790,000
Kansas City		19,802,000	19,629,000
Dallas		10,933,000	10,760,000
San Francisco		70,010,000	70,010,000
	TOTAL	$1,601,346,000	$900,834,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Kansas City	19,802,000	19,629,000
Dallas	10,933,000	10,760,000
San Francisco	70,010,000	70,010,000
TOTAL	$1,601,346,000	$900,834,000

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unparalleled prospect before us. Through the cooperation of all groups in moderation and self-restraint we can make this prospect a reality.

expansion in these facilities will be called for in coming years. Television, plastics, and other new inventions are attracting an increasing public demand.

With this reserve power in our national economy, we have an unusually favorable basis for continued prosperity. If we can avoid the mistakes of the past -- if we can guard against excesses that might throw our economy out of balance -- I feel that we have an

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depressions that have plagued our nation since its earliest days -- a brilliant future is in prospect.

Our factories have not yet been able to meet the demand for new automobiles, farm machinery, freight cars, electric power equipment, steel, pipelines, and many other things. New houses, new schools and highways, new electric capacity, and other capital equipment are urgently needed. Our population is growing, and a still greater maintaining our present prosperity. the need for continued restraints on speculation, excessive credit expansion, price inflation, and other developments that threaten an eventual depressing effect on business, must be recognized and widely supported.

With our people on the alert to protect their heritage -- to defend themselves against the recurring cycles of booms and

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expenditures in every possible way, and to achieve a balanced budget, or better. It was a great satisfaction, therefore, to announce at the end of the fiscal year just passed, that we had achieved by far the largest surplus in our history -- $8,419,000,000. But, unfortunately, due to the tax-cut, we shall have no budget surplus available as an anti-inflation weapon in the current fiscal year.

If we are to be successful in

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every weapon available is being used.

6 Budget surpluses during the past two years have been our most effective fiscal weapon, enabling us to reduce inflationary pressures through paying off part of the Federal debt. This has been reflected in a reduction in the money supply.

I stated, when I took over the duties of Secretary of the Treasury, that it was the responsibility of the Government to reduce its growing community.

If we wish our present level of prosperity to continue we must be constantly on the alert to protect it. We must resist any tendency to make the same serious mistakes as were made in 1928 and 1929, and in earlier business booms. Of greatest importance now is the need for combatting inflationary pressures. The Government has only limited weapons for this battle, but I assure you that

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Some people are apprehensive about the permanence of our present business levels solely because they are so high. But we are in a growing economy. The levels of 1929 are much too low for us today. We have 25 million more people than in 1929. Our demands have been increased by new products and services, by higher production efficiency, by more rapid transportation. You in Los Angeles well know that old standards quickly become obsolete in a undermined the business structure. But we have had no such experience.

In the commodity markets, no speculative boom has developed, despite the huge demand for goods and materials during the war, and the persistent shortages which have lasted up to the present. Thus the possibility of a cumulative liquidation of speculative holdings and inventories, such as occurred in 1920, is greatly minimized.

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the commodity markets is no greater than normal. Business men have been cautious in expanding inventories.

Had it not been for the active measures taken by this government to prevent an unbalanced economy, conditions might well have been different. With record-breaking corporate profits, more than double those of 1929, a speculative boom in the stock market might again have

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Today we see very little evidence of weakness in the economic structure, apart from the price situation. It is true that business dropped off this summer in textiles and some other soft goods. However, this type of industry adjustment, with no appreciable effect on the general trend, represents a normal corrective adjustment.

In the stock market, trading has remained rational. Activity in stabilized for about a year around the present full employment level.

As we look over our cities and farms, we see a high-level economy in action, with record employment, with business highly prosperous, with living standards unequalled in the history of this country or in the world.

From time to time since the end of the war there have been general expectations of a coming depression. Many have predicted that "it can't last." But the high level of prosperity has lasted.

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many crops.

These measures, and various others with similar objectives, have been effective in two ways: They have greatly restricted any tendency for our economy to get out of balance, and they have contributed to a general feeling of underlying security such as we have seldom before experienced.

As we stand on our present high economic plateau, let us examine our surroundings. Apart from the effect of rising prices, our economy has been

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Minimum wage laws, and legislation for protecting the rights of labor, which has have broadened the use of collective bargaining in wage negotiations, have served to strengthen and stabilize the entire wage structure. They have materially reduced the danger of a decline in wage earners' incomes and purchasing power.

The position of agriculture has been protected by safeguards against excessive declines in prices of

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which will retard a recession in its early stages and minimize its effects. Under the provisions of Social Security legislation, we now have Federally-sponsored unemployment insurance administered by the states. This should aid materially in maintaining purchasing power during any business setback.

The Federal Deposit Insurance legislation protects the savings of depositors, and greatly improves the stability of the banking structure.

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in the commodity markets is provided by the Commodity Exchange Authority.

In order to aid in the control of inflation, regulations to restrict the expansion of credit in the sale of durable consumer goods have recently been reinstated.

Government fiscal policy has been directed against price inflation by restricting credit, and by directing budget surpluses toward reducing the money supply.

Strong measures have been passed

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involves both types of protection.

Under the Securities Exchange Act of 1934, the Federal Reserve Board is authorized to limit the use of credit in the security markets. This provides a means for discouraging excessive stock speculation. Under the protective operations of the Securities and Exchange Commission, the public is safeguarded to a large extent, against manipulative practices and misleading information in security markets. Somewhat similar protection

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two ways to fortify the nation against a depression -- to cushion its effect should the blow come. One is to prevent speculative excesses -- over-buying, over-borrowing and over-building. The other is to mitigate the potential damaging effects by maintaining purchasing power, and by providing security to people, particularly during the early stages of a business recession.

The national program of this government for economic security nation. In part they are responsible for the fact that now, at the beginning of the fourth postwar year, business activity continues sound and substantial.

Contrast this with the situation after the first World War. Shortly thereafter, business became unbalanced by widespread commodity speculation. The postwar peak was reached within a year and a half after the war ended.

It is believed that there are

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45 percent, which, compared with 11 percent for the nation as a whole, shows an increase of 34 percent over the rest of the United States.

In view of the increased responsibilities imposed by this growth in population, the people of California have a particular stake in measures which have been taken to safeguard the national economy against another depression. These measures today protect you in Los Angeles, as they protect people throughout the

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contracts, ranking second among war production centers. Because of the many advantages offered by your great State, it is not surprising that many of the war workers, plus vast numbers of servicemen who learned to know this area during the war, have decided to make Southern California their home.

Population estimates show that California leads the nation in growth since the last census. From 1940 to 1948, California has gained 3 million people. This was an expansion of

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for the nation as a whole. From 1939 to 1947, aided by your phenomenal growth in population, the increase for California was 219 percent, against 169 percent for the United States.

The pronounced shift of industry to the Los Angeles area in recent years has been impressive. This is a visible part of the great development of an industrial empire on the Pacific Coast.

During the war, Los Angeles county handled $11 billion of war end of 1939 the annual rate of income had risen to $76 billion. And when we entered the war in December 1941 it stood at $106 billion. This was substantially higher than even the 1929 level. Today, at $215 billion, the rate is more than double what it was on Pearl Harbor Day.

Los Angeles, in fact the whole state of California, fully shared in this recovery. Incomes of individuals in California rose 62 percent from 1933 to 1939, as against 53 percent

890

series of Government actions taken to start the wheels of business moving. Some were drastic. However, they accomplished what the nation needed -- they turned the tide of the depression.

Within months the national income was rising. Incomes received by individuals, which had dropped to an annual rate of only $43 billion in March 1933, had recovered to $50 billion by the end of that year.

As the recovery gained momentum, further improvement occurred. At the

890

reduced to less than half of the 1929 volume.

In this critical situation, it was imperative that affirmative action be taken. The need to halt the continuing depression was urgent. By the same token, it was of prime importance that business trends be turned upward. As important as these objectives were, the more fundamental problem was to insure that such a tragedy as this depression should never happen again.

You are all familiar with the

throughout the world.

Most of you remember only too well the personal impact of that depression on your business, your family, and yourself. The bottom was reached in early 1933, when the national income had dropped more than 50 percent below the 1929 level. In March of that year we were in the midst of a financial crisis. Many of our leading industries were operating at a small fraction of their capacity. Industrial production as a whole was speculation.

When the top-heavy market structure began to fall in 1929, it swept the nation's economy down a steep, barren and rocky road. Severe speculative losses had repercussions in all lines of business. Manufacturers' orders were cancelled, workers were thrown out of employment, factories were closed, retail sales fell off, and successive waves of deflation and depression were set in motion. Their effects were felt

892

wealth was in the stock market. In effect, the legitimate and necessary business of dealing in stocks was allowed to develop into a huge gambling enterprise. Broker's loans in New York City reached the huge total of $8.5 billion, the bulk of which was supplied by corporations and other non-bank sources. An essential part of the nation's strength -- essential in maintaining the nation's prosperity -- was thus diverted into unproductive stock

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one -- for this prosperity to continue. There was no evidence of unbalanced conditions in the business field. Commodity prices had been stable for several years, and commodity speculation was at a low level. There was no excess accumulation of inventories, and no undue expansion of credit for business purposes.

Unfortunately, however, a belief had been gaining ground for several years that the quick and easy way to figure, even though it had been running substantially above the peak of the first World War. National income reached the highest level in history up to that time. New industrial processes and new inventions were helping to maintain a strong volume of consumer demand. Labor was practically fully employed, and corporate profits were higher than ever before.

In 1928 there was every reason -- or, at least, every reason but

890

true not only in measures expressed in terms of dollars. It is true also in terms of the actual production of goods -- in the volume of things that people can buy.

Let me remind and warn you, however, that twenty years ago we could have made this same statement, practically word for word. Although the economic levels then were lower, they were record highs up to that time. In that year, 1928, industrial production rose to a then record high plateau of economic well-being, and looking to horizons of business opportunities yet untapped, we are prone to forget the depth of the valley of depression from which we have so recently ascended.

It is essential in good times to remember the bad times, lest we wander aimlessly into economic depression again. There is no question that the United States is today experiencing the greatest prosperity in its history. This is

There could not be a more appropriate time to survey the economic scene than now, when our national income and national prosperity are at the highest levels in history. Nor is there a more appropriate place for a discussion of this subject than here in one of the fastest-growing areas in the United States.

I have chosen deliberately to call this a talk on "The Economic Scene." Standing on the present

The following address by Secretary Snyder before the Los Angeles Town Hall, Biltmore Bowl, Biltmore Hotel, Los Angeles, California, is scheduled for delivery at 1 P. M. Los Angeles time, Monday, October 25, 1948, and is for release at that time.

THE ECONOMIC SCENE

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TREASURY DEPARTMENT

Washington

(The following address by Secretary Snyder before the Los Angeles Town Hall, Biltmore Bowl, Biltmore Hotel, Los Angeles, California, is scheduled for delivery at 1 p.m., Los Angeles time, Monday, October 25, 1948, and is for release at that time.)

THE ECONOMIC SCENE

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In 1928 there was every reason -- or, at least, every reason but one -- for this prosperity to continue. There was no evidence of unbalanced conditions in the business field. Commodity prices had been stable for several years, and commodity speculation was at a low level. There was no excess accumulation of inventories, and no undue expansion of credit for business purposes.

Unfortunately, however, a belief had been gaining ground for several years that the quick and easy way to wealth was in the stock market. In effect, the legitimate and necessary business of dealing in stocks was allowed to develop into a huge gambling enterprise. Brokers' loans in New York City reached the huge total of $8.5 billion, the bulk of which was supplied by corporations and other non-bank sources. An essential part of the nation's strength -- essential in maintaining the nation's prosperity -- was thus diverted into unproductive stock speculation.

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Most of you remember only too well the personal impact of that depression on your business, your family, and yourself. The bottom was reached in early 1933, when the national income had dropped more than 50 percent below the 1929 level. In March of that year we were in the midst of a financial crisis. Many of our leading industries were operating at a small fraction of their capacity. Industrial production as a whole was reduced to less than half of the 1929 volume.

In this critical situation, it was imperative that affirmative action be taken. The need to halt the continuing depression was urgent. By the same token, it was of prime importance that business trends be turned upward. As important as these objectives were, the more fundamental problem was to insure that such a tragedy as this depression should never happen again.

You are all familiar with the series of Government actions taken to start the wheels of business moving. Some were drastic. However, they accomplished what the nation needed -- they turned the tide of the depression.

Within months the national income was rising. Incomes received by individuals, which had dropped to an annual rate of only $43 billion in March 1933, had recovered to $50 billion by the end of that year.

As the recovery gained momentum, further improvement occurred. At the end of 1939 the annual rate of income had risen to $76 billion. And when we entered the war in December 1941 it stood at $106 billion. This was substantially higher than even the 1929 level. Today, at $215 billion, the rate is more than double what it was on Pearl Harbor Day.

Los Angeles, in fact the whole state of California, fully shared in this recovery. Incomes of individuals in California rose 62 percent from 1933 to 1939, as against 53 percent for the nation as a whole. From 1939 to 1947, aided by your phenomenal growth in population, the increase for California was 219 percent, against 169 percent for the United States.

The pronounced shift of industry to the Los Angeles area in recent years has been impressive. This is a visible part of the great development of an industrial empire on the Pacific Coast.

During the war, Los Angeles County handled $11 billion of war contracts, ranking second among war production centers. Because of the many advantages offered by your great State, it is not surprising that many of the war workers, plus vast numbers of servicemen who learned to know this area during the war, have decided to make Southern California their home.

Population estimates show that California leads the nation in growth since the last census. From 1940 to 1948, California has gained 3 million people. This was an expansion of 45 percent, which, compared with 11 percent for the nation as a whole shows an increase of 34 percent over the rest of the United States.

In view of the increased responsibilities imposed by this growth in population, the people of California have a particular stake in measures which have been taken to safeguard the national economy against another depression. These measures today protect you in Los Angeles, as they protect people throughout the nation. In part they are responsible for the fact that now, at the beginning of the fourth postwar year, business activity continues sound and substantial.

Contrast this with the situation after the first World War. Shortly thereafter, business became unbalanced by widespread commodity speculation. The postwar peak was reached within a year and a half after the war ended.

It is believed that there are two ways to fortify the nation against a depression -- to cushion its effect should the blow come. One is to prevent speculative excesses -- over-buying, over-borrowing and over-building. The other is to mitigate the potential damaging effects by maintaining purchasing power, and by providing security to people, particularly during the early stages of a business recession.

The national program of this government for economic security involves both types of protection.

Under the Securities Exchange Act of 1934, the Federal Reserve Board is authorized to limit the use of credit in the security markets. This provides a means for discouraging excessive stock speculation. Under the protective operations of the Securities and Exchange Commission, the public is safeguarded to a large extent, against manipulative practices and misleading information in security markets. Somewhat similar protection in the commodity markets is provided by the Commodity Exchange Authority.

In order to aid in the control of inflation, regulations to restrict the expansion of credit in the sale of durable consumer goods have recently been reinstated.

Government fiscal policy has been directed against price inflation by restricting credit, and by directing budget surpluses toward reducing the money supply.

Strong measures have been passed which will retard a recession in its early stages and minimize its effect. Under the provisions of Social Security legislation, we now have Federally-sponsored unemployment insurance administered by the states. This should aid materially in maintaining purchasing power during any business setback.

The Federal Deposit Insurance legislation protects the savings of depositors, and greatly improves the stability of the banking structure.

Minimum wage laws, and legislation for protecting the rights of labor, which have broadened the use of collective bargaining in wage negotiations, have served to strengthen and stabilize the entire wage structure. They have materially reduced the danger of a decline in wage earners' incomes and purchasing power.

The position of agriculture has been protected by safeguards against excessive declines in prices of many crops.

These measures, and various others with similar objectives, have been effective in two ways: They have greatly restricted any tendency for our economy to get out of balance, and they have contributed to a general feeling of underlying security such as we have seldom before experienced.

As we stand on our present high economic plateau, let us examine our surroundings. Apart from the effect of rising prices, our economy has been stabilized for about a year around the present full employment level.

As we look over our cities and farms, we see a high-level economy in action, with record employment, with business highly prosperous, with living standards unequalled in the history of this country or in the world.

From time to time since the end of the war there have been general expectations of a coming depression. Many have predicted that "it can't last." But the high level of prosperity has lasted.

Today we see very little evidence of weakness in the economic structure, apart from the price situation. It is true that business dropped off this summer in textiles and some other soft goods. However, this type of industry adjustment, with no appreciable effect on the general trend, represents a normal corrective adjustment.

In the stock market, trading has remained rational. Activity in the commodity markets is no greater than normal. Business men have been cautious in expanding inventories.

Had it not been for the active measures taken by this government to prevent an unbalanced economy, conditions might well have been different. With record-breaking corporate profits, more than double those of 1929, a speculative boom in the stock market might again have undermined the business structure. But we have had no such experience.

In the commodity markets, no speculative boom has developed, despite the huge demand for goods and materials during the war, and the persistent shortages which have lasted up to the present. Thus the possibility of a cumulative liquidation of speculative holdings and inventories, such as occurred in 1920, is greatly minimized.

Some people are apprehensive about the permanence of our present business levels solely because they are so high. But we are in a growing economy. The levels of 1929 are much too low for us today. We have 25 million more people than in 1929. Our demands have been increased by new products and services, by higher production efficiency, by more rapid transportation. You in Los Angeles well know that old standards quickly become obsolete in a growing community.

If we wish our present level of prosperity to continue we must be constantly on the alert to protect it. We must resist any tendency to make the same serious mistakes as were made in 1928 and 1929, and in earlier business booms. Of greatest importance now is the need for combatting inflationary pressures. The Government has only limited weapons for this battle, but I assure you that every weapon available is being used.

Budget surpluses during the past two years have been our most effective fiscal weapon, enabling us to reduce inflationary pressures through paying off part of the Federal debt. This has been reflected in a reduction in the money supply.

I stated, when I took over the duties of Secretary of the Treasury, that it was the responsibility of the Government to reduce its expenditures in every possible way, and to achieve a balanced budget, or better. It was a great satisfaction, therefore, to announce at the end of the fiscal year just passed, that we had achieved by far the largest surplus in our history -- $8,419,000,000. But, unfortunately, due to the tax-cut, we shall have no budget surplus available as an anti-inflation weapon in the current fiscal year.

If we are to be successful in maintaining our present prosperity, the need for continued restraints on speculation, excessive credit expansion, price inflation, and other developments that threaten an eventual depressing effect on business, must be recognized and widely supported.

With our people on the alert to protect their heritage -- to defend themselves against the recurring cycles of booms and depressions that have plagued our nation since its earliest days -- a brilliant future is in prospect.

Our factories have not yet been able to meet the demand for new automobiles, farm machinery, freight cars, electric power equipment, steel, pipelines, and many other things. New houses, new schools and highways, new electric capacity, and other capital equipment are urgently needed. Our population is growing, and a still greater expansion in these facilities will be called for in coming years. Television, plastics, and other new inventions are attracting an increasing public demand.

With this reserve power in our national economy, we have an unusually favorable basis for continued prosperity. If we can avoid the mistakes of the past -- if we can guard against excesses that might throw our economy out of balance -- I feel that we have an unparalleled prospect before us. Through the cooperation of all groups in moderation and self-restraint we can make this prospect a reality.

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recovery of the world, we can entrench ourselves firmly in the conditions under which we here may continue to grow and prosper.

degree on the development of international trade. Our industries and consumers need foreign materials and products while other countries have as great a need for what we produce. Our program of economic assistance to foreign countries, therefore, is an integral factor in the long-range economic and political interest of the United States. To the extent to which we can properly aid the economic an accelerated pace. We can under such circumstances look forward to the resumption of international economic life on a normal plane.

The United States foreign assistance program is directed toward the realization of a stable world. The United States cannot return to a position of either economic or political isolation. Our own levels of production and employment depend to a considerable

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would not want to minimize the importance of the present economic and political disturbances in the world. But preoccupation with the present should not obscure the fact that in our postwar programs we are building not for five years, or 10 years, but for our permanent future. The nations of the world are endeavoring with our assistance to accomplish economic recovery. If peace is maintained, we can expect that their recovery will continue at of which I have tried to assess, the U. S. has taken the lead in the establishment of institutions which have enormous potentialities for promoting world peace and economic recovery. These include the United Nations, the International Monetary Fund and the International Bank for Reconstruction and Development and the proposed International Trade Organization.

It is natural to be disturbed over the immediate situation. I countries which lie across the ocean from San Francisco and other Pacific Coast ports. The future of our relations with the countries of the Far East is of the greatest importance to this section of the United States. I see even greater prosperity and development here as a result of the future strengthening of these relations.

Apart from the financial considerations which I have attempted to describe and the results and economic stability to other strife-torn parts of the Far East. The value of our trade with the Philippines is many times pre-war, and despite the slow recovery in some lines, notably sugar, Philippine exports to the United States, unlike those of other far eastern countries, exceeded pre-war levels in 1947.

I am happy to see the reestablishment and gradual expansion of American commercial, banking and cultural ties with the in a sound condition, and a substantial partial repayment of the advance has already been made. The recovery of the Philippines, under stable and democratic conditions, has been most gratifying. It is a tribute to the Philippine people and their leaders. And, I might add, the progress made in the Philippines is indicative of the kind of progress which we can hope for with the restoration of political in an economic as well as in a political sense. Substantial aid is being given to repair the damages of war. Last year, under special Congressional authorization, the Reconstruction Finance Corporation made emergency loans of $70 million to the Philippine Government to meet the crisis arising out of the wartime disruption of its finances. I am happy to say that the immediate problem was met by this action. The finances of that Government are now

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which American aid would have otherwise made possible. Our present China aid program is designed to give China a respite from rapid economic deterioration, and to provide it with an opportunity to move to the establishment of more stable economic conditions. And further south, political and social unrest and tensions are retarding economic recovery in various areas.

In the Philippines, America has striven to make independence a reality achieved in full measure as long as present restrictions on normal communication, travel, and trade between the north and south continue.

Our objective in China, as President Truman has stated, is to see a strong progressive China making a full contribution to the strength of the family of nations. Conditions in China have not developed as we had hoped, and she has not been able therefore to make the progress toward reconstruction and rehabilitation

Korea and China are divided countries today. In each case the main industrial areas are separated by political or military barriers from the main centers of agriculture and population.

Our efforts in Korea have been directed toward meeting the basic necessities of the population of South Korea, and in preparing the way for independence after a half-century of Japanese rule. Korea's economic recovery will be slow, and cannot be have in order to live. Until that time arrives, the United States is assuming that obligation -- an investment, if you will, in creating the conditions under which a peaceful, democratic state may grow and ultimately assume its place in the family of nations. The progress which has been achieved to date is encouraging though there have been disheartening set-backs from time to time.

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Under American occupation, the Japanese people have been endeavoring to lay a foundation for a political and economic democracy. Material aid to Japan has consisted of supplies and raw materials essential to prevent disease and unrest among the Japanese people. The object of the latter program has been to enable Japan to ultimately reach a position where it will be able to pay its own way with exports for the food and other commodities it must

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Notwithstanding these difficult conditions, America has worked toward economic objectives in the Far East which would alleviate the conditions of poverty and economic stagnation which furnish so fertile a breeding ground for Communism.

Japan, a defeated power, is finding it difficult to increase its industrial output, and to find markets abroad for its export products.

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The main recipients of relief and rehabilitation aid in the Far East have been China, the Philippines, Japan, and Korea. This aid has included credits, grants, and transfers of surplus property. Many special problems arising out of the war and postwar developments have made it exceptionally difficult for these countries to make very rapid progress on recovery and rehabilitation programs.

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general at low levels, and the unfavorable balance of trade of the Far East has put limits on the ability of this area to pay for American exports. The potential trade of the Far East with America, in both directions, is many times today's volume.

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eastern Asia was at an all time high in 1947, but imports from these countries fell far below the levels reached in the 1930's. The high level of America's exports was made possible in large measure by the aid extended, in the form of loans or grants to these countries. Wartime dislocations, and social and political unrest since the war have kept exports in

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This area, so important in America's foreign trade before the war, remains today a great potential source of strategic commodities, and a market of tremendous potentialities for our export trade. These potentialities can only be realized if peace and steady progress toward the development of the latent resources of these countries can be achieved.

The value of American exports to the countries of southern and in the development of our southern neighbors, through financial as well as technical assistance. Latin America may be confident that we are sincerely determined to take whatever reasonable and practical measures are within our power in order to promote economic development and rising standards of living in that area.

The Far East suffered from the war no less than Europe. Economic destruction and stagnation were linked with social unrest and political instability.

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Since the inception of the European Recovery Program Canada's dollar position has been strengthened through the receipt of dollars for goods supplied to Europe under the Recovery Program. It is hoped that her improved position will enable Canada to continue and possibly to increase her assistance to Europe.

Although Latin America escaped the ravages of war, we have continued our traditional policy of cooperating own. Canada normally has a deficit with the United States which is financed from dollars earned from exports to other areas. In order to meet this problem, Canada over the last year found it necessary to maintain restrictions on imports from the United States and also to borrow some $150 million in this country. Likewise it has been necessary for Canada to reappraise her position with respect to extending foreign credits.

exports were 130 percent of 1938 as compared with 46 percent in 1946. With Recovery Program assistance, Britain is redoubling its efforts to achieve its production and export goals.

Our neighbor to the North, Canada, has been most generous in extending post war assistance to the war disrupted economies of Europe. This assistance has been extended in spite of the fact that Canada has a United States dollar problem of her

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Boldly facing this task, Britain is giving exports the first priority in national production, regardless of the austerity which this requires at home. At the present time, British rations in many essentials are below wartime levels. The results of the export drive are clearly shown in the fact that for the first half of 1948 contributed greatly to the working out of economic and financial relationships between Germany and other European countries.

As for the British, they face a great task in reorienting their economy. Britain must export to live. The magnitude of the task with which she was confronted at the end of the war in rebuilding her international trade position was unprecedented. It is estimated that Britain must increase the physical volume of her the second quarter of 1948. In recent months, there has been a sharp upturn in the production curve. Output in such critical items for European recovery as coal, metals and lumber is even higher. To enable these advances to be utilized to the best advantage in furthering the progress of the countries which we have sought to aid under the European Recovery Program, Western Germany has recently been brought into this group. This step has already

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Western Germany is a vital part of the European economy. Germany has always been an important source of raw materials and manufactured goods for other European nations, as well as a leading outlet for their products. Under the careful guidance of our Military Authorities in cooperation with those of the French and British, industrial production in Western Germany has risen from the extremely low level of one-quarter of prewar to about 40 percent of that amount in

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such further ones as may be required will be adopted.

In Italy, when the war ended, industrial production was at a virtual standstill, food supplies were seriously deficient, unemployment was rife, and inflation rampant. The interim aid granted by the United States to Italy has helped to avert starvation, and arrest inflation. Industry has speeded up although the unemployment problem still remains to be solved.

has been particularly striking. Much of this development was made possible only through the U. S. interim aid which the French received prior to the adoption of the European Recovery Program. A major obstacle to further French recovery has been the failure to solve the problem of inflation. Inflation has also contributed to her political instability. The present French Government has adopted some drastic measures to cope with this difficulty. It is hoped that other parts of Europe. At the other end of the scale are such countries as Austria, to which ECA assistance has had to be wholly by grant. Even in such countries, notable improvement has occurred.

French industrial production, which by the end of the war had fallen to 35 percent of the prewar level, has recovered completely and risen to about 10 percent above that level. Improvement in coal production and other basic industries in recent months but they are still sufficient to meet only a small part of import requirements. European countries are developing an intra-European payments plan designed to increase trade among themselves and reduce their dependence on the United States.

The progress of recovery varies considerably from country to country. Belgium is now in a relatively strong industrial position and has a considerable export surplus to

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countries has grown about 10 percent, assets formerly available for financing imports have been lost, and much of the industrial output which would normally flow into the stream of consumption is needed to repair the war-time legacy of physical damage and destruction. Agricultural production in 1948, though certain to exceed substantially that of the drought year 1947, is, however, expected to fall below the prewar level. Exports have expanded

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since been achieved, recovery has continued steadily.

By the middle of this year industrial production in Western Europe, excluding Germany, had expanded about 15 percent above prewar. With Germany included, the figure is slightly below prewar. Production must rise much more before Europe can regain its prewar standard of living. The population of Western Germany and the participating

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The prospective adoption of the European Recovery Plan had psychological effects which gave an immediate stimulus to European production. With the adoption of the plan and the progressive increase in the flow of supplies that has

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The severe winter of '46-47 was followed by a drought which intensified the food shortage and recovered to substantially the prewar level -- a remarkable achievement in view of the destruction of property, depletion of supplies, and breakdown of transportation, that existed at the end of the war. Agricultural production, though retarded by lack of fertilizer, had risen substantially. Several countries had taken important measures to control inflation and to curtail the black market operations that had developed as a result of shortages.

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I believe you would be interested in a brief survey of the progress of European Recovery. While we have made a substantial and essential contribution, it must be recognized that the accomplishments reflect also the resilience, the determination, and the sheer hard work of the European people themselves. By the end of 1946 industrial output in Western Europe, except Germany, had

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ECA Mission in each recipient country to see that the aid is effectively carried out. The program is designed mainly to provide European countries with goods essential to their recovery. It is our hope that by 1952 they will be in a position to finance their major import requirements through their exports of goods and services. We also hope that their economic situation will have improved sufficiently to enable them to obtain supplemental description of the machinery established to administer the Recovery Program. Congress has provided a vehicle in the Economic Cooperation Administration. As you know, the essential elements are (1) a central ECA administration in Washington, (2) an Organization for European Economic Cooperation in Paris, made up of representatives of the European countries participating in the program, (3) a U. S. Special Representative in Europe and (4) an

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Following detailed studies by the Administration in 1947 of European needs and of our ability to furnish aid without serious impact upon our own economy, Congress passed the Foreign Assistance Act. This launched the Economic Recovery Program.

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In such a world the United States stands out in strong relief. Facing the challenge, we have launched substantial programs of foreign aid. Our motives are, of course, not wholly unselfish. We are well aware that we cannot live in isolation from the rest of the world. We know that developments abroad may profoundly

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My discussion concerns American leadership in the world of today, with particular reference to our leadership in the rebuilding of those great areas which were laid waste by the war. That rebuilding effort, the greatest cooperative peacetime undertaking in history, holds tremendous possibilities for the future welfare of this nation. I

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I always enjoy visiting San Francisco. My present journey to the Pacific Coast is made doubly enjoyable by the opportunity you have given me to address the Commonwealth Club and to meet with the business and industrial leaders of the Bay Area who constitute its membership.

This Club serves California and America as a major forum for the discussion of public issues. The numbers of such forums are all too

Treasury Department
Washington

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OUR FOREIGN AID PROGRAM

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TREASURY DEPARTMENT

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We are making a psychological as well as a material contribution to our foreign aid effort. This is true because the whole undertaking is one to implement both our faith in democracy, and the democratic way of working out a worthy destiny for ourselves and our fellow men. Out of the whole endeavor may come a satisfying answer to those who have complained that spiritual progress by mankind seemed to be retarded.

The recent war left many parts of the world in economic prostration. Many of the countries of the world suffered great physical destruction, and were impoverished by the long drain on their resources.

In such a world the United States stands out in strong relief. Facing the challenge, we have launched substantial programs of foreign aid. Our motives are, of course, not wholly unselfish. We are well aware that we cannot live in isolation from the rest of the world. We know that developments abroad may profoundly disturb our own economic life and even drag us into war. We know that a healthy trade with other nations is essential for the maintenance of our own standard of living. We are convinced that communism breeds in countries where hunger and disease predominate and where industry is paralyzed through lack of supplies. Tyranny is unlikely to take root and flourish where people are well fed, healthy and prosperous.

Our foreign assistance has provided for the most immediate and pressing needs of the recipient countries and has started many of them well on the road to economic rehabilitation.

Following detailed studies by the Administration in 1947 of European needs and of our ability to furnish aid without serious impact upon our own economy, Congress passed the Foreign Assistance Act. This launched the Economic Recovery Program.

I need not enter into a lengthy description of the machinery established to administer the Recovery Program. Congress has provided a vehicle in the Economic Cooperation Administration. As you know, the essential elements are (1) a central ECA administration in Washington, (2) an Organization for European Economic Cooperation in Paris, made up of representatives of the European countries participating in the program (3) a U. S. Special Representative in Europe and (4) an ECA Mission in each recipient country to see that the aid is effectively carried out. The program is designed mainly to provide European countries with goods essential to their recovery. It is our hope that by 1952 they will be in a position to finance their major import requirements through their exports of goods and services. We also hope that their economic situation will have improved sufficiently to enable them to obtain supplemental loans through regular investment channels.

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The severe winter of '46-47 was followed by a drought which intensified the food shortage and gave a new impetus to inflation. During 1947 European countries maintained their earlier gains in production and trade only by depleting further their already small financial reserves.

The prospective adoption of the European Recovery Plan had psychological effects which gave an immediate stimulus to European production. With the adoption of the plan and the progressive increase in the flow of supplies that has since been achieved, recovery has continued steadily.

By the middle of this year industrial production in Western Europe, excluding Germany, had expanded about 15 percent above prewar. With Germany included, the figure is slightly below prewar. Production must rise much more before Europe can regain its prewar standard of living. The population of Western Germany and the participating countries has grown about 10 percent, assets formerly available for financing imports have been lost, and much of the industrial output which would normally flow into the stream of consumption is needed to repair the war-time legacy of physical damage and destruction. Agricultural production in 1948, though certain to exceed substantially that of the drought year 1947, is, however, expected to fall below the prewar level. Exports have expanded in recent months but they are still sufficient to meet only a small part of import requirements. European countries are developing an intra-European payments plan designed to increase trade among themselves and reduce their dependence on the United States.

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Western Germany is a vital part of the European economy. Germany has always been an important source of raw materials and manufactured goods for other European nations, as well as a leading outlet for their products. Under the careful guidance of our Military Authorities in cooperation with those of the French and British, industrial production in Western Germany has risen from the extremely low level of one-quarter of prewar to about 40 percent of that amount in the second quarter of 1948. In recent months, there has been a sharp upturn in the production curve. Output in such critical items for European recovery as coal, metals and lumber is even higher. To enable these advances to be utilized to the best advantage in furthering the progress of the countries which we have sought to aid under the European Recovery Program, Western Germany has recently been brought into this group. This step has already contributed greatly to the working out of economic and financial relationships between Germany and other European countries.

As for the British, they face a great task in reorienting their economy. Britain must export to live. The magnitude of the task with which she was confronted at the end of the war in rebuilding her international trade position was unprecedented. It is estimated that Britain must increase the physical volume of her exports to 175 percent of prewar levels in order to achieve prewar standard of living.

Boldly facing this task, Britain is giving exports the first priority in national production, regardless of the austerity which this requires at home. At the present time, British rations in many essentials are below wartime levels. The results of the export drive are clearly shown in the fact that for the first half of 1948 exports were 130 percent of 1938 as compared with 46 percent in 1946. With Recovery Program assistance, Britain is redoubling its efforts to achieve its production and export goals.

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Since the inception of the European Recovery Program Canada's dollar position has been strengthened through the receipt of dollars for goods supplied to Europe under the Recovery Program. It is hoped that her improved position will enable Canada to continue and possibly to increase her assistance to Europe.

Although Latin America escaped the ravages of war, we have continued our traditional policy of cooperating in the development of our southern neighbors, through financial as well as technical assistance. Latin America may be confident that we are sincerely determined to take whatever reasonable and practical measures are within our power in order to promote economic development and rising standards of living in that area.

The Far East suffered from the war no less than Europe. Economic destruction and stagnation were linked with social unrest and political instability.

This area, so important in America's foreign trade before the war, remains today a great potential source of strategic commodities, and a market of tremendous potentialities for our export trade. These potentialities can only be realized if peace and steady progress toward the development of the latent resources of these countries can be achieved.

The value of American exports to the countries of southern and eastern Asia was at an all time high in 1947, but imports from these countries fell far below the levels reached in the

1930's. The high level of America's exports was made possible in large measure by the aid extended, in the form of loans or grants to these countries. Wartime dislocations, and social and political unrest since the war have kept exports in general at low levels, and the unfavorable balance of trade of the Far East has put limits on the ability of this area to pay for American exports. The potential trade of the Far East with America, in both directions, is many times today's volume.

The main recipients of relief and rehabilitation aid in the Far East have been China, the Philippines, Japan, and Korea. This aid has included credits, grants, and transfers of surplus property. Many special problems arising out of the war and postwar developments have made it exceptionally difficult for these countries to make very rapid progress on recovery and rehabilitation programs.

Notwithstanding these difficult conditions, America has worked toward economic objectives in the Far East which would alleviate the conditions of poverty and economic stagnation which furnish so fertile a breeding ground for Communism.

Japan, a defeated power, is finding it difficult to increase its industrial output, and to find markets abroad for its export products.

Under American occupation, the Japanese people have been endeavoring to lay a foundation for a political and economic democracy. Material aid to Japan has consisted of supplies and raw materials essential to prevent disease and unrest among the Japanese people. The object of the latter program has been to enable Japan to reach ultimately a position where it will be able to pay its own way with exports for the food and other commodities it must have in order to live. Until that time arrives, the United States is assuming that obligation -- an investment, if you will, in creating the conditions under which a peaceful, democratic state may grow and ultimately assume its place in the family of nations. The progress which has been achieved to date is encouraging though there have been disheartening set-backs from time to time.

Korea and China are divided countries today. In each case the main industrial areas are separated by political or military barriers from the main centers of agriculture and population.

Our efforts in Korea have been directed toward meeting the basic necessities of the population of South Korea, and in preparing the way for independence after a half-century of

Japanese rule. Korea's economic recovery will be slow, and cannot be achieved in full measure as long as present restrictions on normal communication, travel, and trade between the north and south continue.

Our objective in China, as President Truman has stated, is to see a strong progressive China making a full contribution to the strength of the family of nations. Conditions in China have not developed as we had hoped, and she has not been able therefore to make the progress toward reconstruction and rehabilitation which American aid would have otherwise made possible. Our present China aid program is designed to give China a respite from rapid economic deterioration, and to provide it with an opportunity to move to the establishment of more stable economic conditions. And further south, political and social unrest and tensions are retarding economic recovery in various areas.

In the Philippines, America has striven to make independence a reality in an economic as well as in a political sense. Substantial aid is being given to repair the damages of war. Last year, under special Congressional authorization, the Reconstruction Finance Corporation made emergency loans of $70 million to the Philippine Government to meet the crisis arising out of the wartime disruption of its finances. I am happy to say that the immediate problem was met by this action. The finances of that Government are now in a sound condition, and a substantial partial repayment of the advance has already been made. The recovery of the Philippines, under stable and democratic conditions, has been most gratifying. It is a tribute to the Philippine people and their leaders. And, I might add, the progress made in the Philippines is indicative of the kind of progress which we can hope for with the restoration of political and economic stability to other strife-torn parts of the Far East. The value of our trade with the Philippines is many times pre-war, and despite the slow recovery in some lines, notably sugar, Philippine exports to the United States, unlike those of other far eastern countries, exceeded pre-war levels in 1947.

I am happy to see the reestablishment and gradual expansion of American commercial, banking and cultural ties with the countries which lie across the ocean from San Francisco and other Pacific Coast ports. The future of our relations with the countries of the Far East is of the greatest importance to this section of the United States. I see even greater prosperity and development here as a result of the future strengthening of these relations.

Apart from the financial considerations which I have attempted to describe and the results of which I have tried to assess, the U. S. has taken the lead in the establishment of institutions which have enormous potentialities for promoting world peace and economic recovery. These include the United Nations, the International Monetary Fund and the International Bank for Reconstruction and Development and the proposed International Trade Organization.

It is natural to be disturbed over the immediate situation. I would not want to minimize the importance of the present economic and political disturbances in the world. But preoccupation with the present should not obscure the fact that in our postwar programs we are building not for five years, or 10 years, but for our permanent future. The nations of the world are endeavoring with our assistance to accomplish economic recovery. If peace is maintained, we can expect that their recovery will continue at an accelerated pace. We can under such circumstances look forward to the resumption of international economic life on a normal plane.

The United States foreign assistance program is directed toward the realization of a stable world. The United States cannot return to a position of either economic or political isolation. Our own levels of production and employment depend to a considerable degree on the development of international trade. Our industries and consumers need foreign materials and products while other countries have as great a need for what we produce. Our program of economic assistance to foreign countries, therefore, is an integral factor in the long-range economic and political interest of the United States. To the extent to which we can properly aid the economic recovery of the world, we can entrench ourselves firmly in the conditions under which we here may continue to grow and prosper.

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892

October 18, 1948

The Secretary of the Treasury held one of his periodic conferences to-day with the Joint Committee on Monetary Affairs of the American Life Convention and the Life Insurance Association of America. At the conference, Treasury officials brought the insurance group up to date on debt management studies and programs, and in turn discussed with the insurance executives the general credit field the conditions and prospects of the insurance business.

The insurance group again assured the Treasury Department of their continued cooperation in fiscal matters.

IMMEDIATE RELEASE
Wednesday, October 20, 1948

– 5 – 892

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TREASURY DEPARTMENT

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

IMMEDIATE RELEASE,
Wednesday, October 20, 1948. No. S-892

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years. All of these facts testify to the powerful reserve strength in our national economy.

For with our eyes toward the future -- with alertness to detect and forestall threats to our economic stability -- we may count upon continued prosperity in the years to come.

The Nation is faced with a heavy unfilled demand for houses, for automobiles, farm machinery, freight cars, steel, electrical capacity, new schools and highways. Our population is growing, and a still greater expansion in these facilities may well be called for in the future. Electronic devices, plastics, and other new inventions are attracting an increasing public demand. We have only begun to tap the billions of savings built up during the war estate speculation and another is the rapid rise in consumer credit, now at record levels. This type of credit expansion not only contributes to inflationary pressure now, but will be strongly deflationary later.

All types of loans should be kept on a sound basis. Speculative buying should be held to a proper minimum. And consumer credit should not be allowed to become over-extended. A greater and even more prosperous future faces this nation if we are wise.

We must concentrate on those features of our present situation that have enabled us to maintain a basically sound high-level economy, and we must be alert for any developing evidence of unbalance that might cause an unnecessary breakdown.

The present picture is a reassuring one; but there are a few unhealthy symptoms in addition to the inflationary pressures which I have mentioned. One is the extent of real administered by the Federal Reserve Board, have done much to prevent excessive speculation in that field.

The Federal Deposit insurance legislation protects the savings of depositors, and the stability of the banking structure is thereby immensely improved.

When all of these factors are summarized, they indicate without question that the national economy today is much healthier and stronger than it was in the twenties.

which has broadened the use of collective bargaining in wage negotiations, has served to strengthen and stabilize the entire wage structure.

Under the protective operations of the Securities and Exchange Commission, investors in securities are enabled to obtain full and accurate information concerning the registered issues.

Restrictions on the use of credit in stock market trading, we have Federally-sponsored State unemployment insurance which would aid materially in maintaining purchasing power should there ever develop a serious business setback.

Today, the position of agriculture is bolstered not only by the strong financial condition of farmers, but also by measures to insure proper returns to the farmers for their farm products./

The Administration's program for protecting the rights of labor, than it did in the twenties.

In any appraisal of the strength of our economy now as contrasted with the situation in the twenties, full regard must be given to the safeguards and supports which have been provided since the early 1930's by a government acting with vision and dispatch in response to a nation's awakened sense of social responsibility.

Today, under the provisions of Social Security legislation, borrowing. On the contrary, it has been accompanied by a decrease of about 30 percent in farm mortgage debt, in contrast to an increase of 160 percent during the speculative land boom of World War I. The total farm mortgage debt of $4-3/4 billion at the end of 1947 was less than 8 percent of the value of all farm lands and buildings. In this, and in other respects, agriculture stands today on a much firmer foundation recent total of $62 billion. Corporate holdings of cash and Government securities have increased $22 billion since 1939.

And, the strong financial position in agriculture is well illustrated by the situation in farm real estate. While prices of farms have advanced even more rapidly in recent years than during the comparable period of World War I, the rise has not been financed by that both individuals and corporations have built up assets of sufficient volume to maintain a highly liquid financial position.

The liquid assets of individuals are now estimated at approximately $200 billion, of which more than $140 billion has been accumulated since 1939.

Net working capital of corporations has increased by $38 billion since 1939, reaching a long-term issues.

Indicating the effectiveness of these actions, it is encouraging to note that the money supply has lately declined.

But, perhaps the most significant factor in the business structure of the nation is the fact campaigns for savings bonds conducted during the period.

As part of the Treasury program to reduce inflationary pressures, credit has been tightened by a gradual increase in interest rates on short-term Treasury securities, and by a sharp reduction in premiums on

In carrying out the Treasury's debt management policy, the debt held by the commercial banking system has been reduced by $30 billion since February 1946, or $3 billion more than the reduction in the total debt. There has been an actual increase during this period of $3 billion in Federal debt held by nonbank investors. This increase reflects principally the increased amount of securities held by Government trust funds and the vigorous sales

It was most gratifying to be able to announce at the end of the fiscal year just passed that we had completed two years of budget surpluses. In the 1948 fiscal year, we achieved by far the largest surplus in our history - $8,419,000,000. But, unfortunately, the record of these two years of surpluses will not be repeated during the present fiscal year. And that is due to the ill-timed and ill-conceived tax bill passed in the last Congress.

I stated when I assumed office as Secretary of the Treasury in June, 1946, that it was the responsibility of the Government to reduce its expenditures in every possible way, and to achieve a balanced budget, or better. Both President Truman and I have continued to emphasize the imperative necessity of reducing our debt burden during this period of great prosperity.

for this purpose, but the government is vigorous in using those that it has. Let no one have any doubt about this. One of these weapons has been the policy of directing debt management to a rapid reduction of the Federal debt, particularly that held by banks.

Budget surpluses, enabling debt reduction during the past two years, have been aimed at reducing inflationary pressures.

well-balanced situation, in large part, to the good sense of the American people aided by various actions and timely warning signals from the Government.

We must be constantly alert, however, to the potential dangers that have threatened through growing inflationary pressures. The outstanding need of our economy is to counteract these pressures. The Government has only limited weapons

Today, it seems quite clear that neither production nor prices are being supported by a rising tide of speculation, such as characterized the 1920 booms. The speculative interest in the commodity markets is proportionately normal. Speculation in the stock market has remained rational. Businessmen generally have been cautious about expanding their inventories.

We owe this continued

cycle can only be temporary, because it is built on an unbalanced foundation, generally characterized by excessive speculation. The booms of the twenties, for example, were fed by widespread speculation in commodities and in rural or urban real estate, much of which was financed with borrowed money. The boom which ended in 1929 was unbalanced by nation-wide stock market speculation which was also largely financed with borrowed money.

sound conditions which could be prolonged indefinitely, provided an unbalanced situation were not allowed to develop. Let me repeat this -- for I think it touches the heart of the whole situation. Our prosperity can be continued and spread to more and more of our people -- as it should -- provided we do not allow an unbalanced condition to develop.

Let me point out some of the factors which could be dangerous. A typical boom stage in the business

It is important however that we distinguish between a high-level economy and the boom stage in the so-called "business cycle". For herein, as I see it, lies the essential difference between the present economic situation and those periods of the twenties.

A high-level economy with widespread prosperity, such as we have today, does not necessarily imply that the foundation must be unsound. It may well be based on has reached new high records, with more than 60 million persons now in civilian jobs. This does not include the Armed Forces.

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The events of the past two years have borne out this belief. Far from suffering the recession that many had predicted, our national production and consumption have pushed forward to new records.

The industrial production index is now at 190, as compared with 180 in the fall of 1946. Employment goods, and with certain safeguards that had been installed by the Government during recent years to protect our economy, many of us did not believe that a postwar recession was inevitable just because one occurred after World War I.

In my talk to the Economic Club, I pointed out some of the important differences between the postwar situation of 1920 and that of 1946, and stated, that in view of these differences, I could not see how a

"How long can it last?" was the big question at that time. A survey of the opinions of economists, bankers, and other business observers showed a widely held belief that business would reach a top within a few months, and that by the following summer it would start a substantial decline.

But I saw no reason to accept that opinion. For with all the enormous resources of our country, with our huge unfilled demand for in business inventories, which had increased more than $6 billion in four months.

In the fall of 1946, the production of both manufactured goods and farm products was far above any previous peacetime level. Industrial production was 80 percent above the 5-year prewar average, and farm production exceeded the prewar level by fully one-third. Civilian employment was at an all-time record.

situation as it looks today, recalls a talk that I gave before the Economic Club of New York nearly two years ago, in November, 1946.

At that time, there was great uncertainty over the business prospect. The stock market had broken badly in September, which led many to believe that a business decline would shortly follow. Business observers feared a repetition of the 1920 crash. This fear was reinforced by a great rise

For in America today there is not only the greatest material prosperity a nation ever has known; there is definitely a spiritual reawakening in response to the requirements of world leadership.

I would like to talk briefly about our present prosperity. I would like to reemphasize its strength and to restate those factors which give promise of continued national well-being.

Discussion of the economic

the easy and informal procedures of the town meeting sufficed to dispose of practically all of man's problems. Advancement has not come to us without its price in greatly complicated patterns of human relationships. In California, in Washington, and everywhere, we shall always have those who ask whether the advancement has been worth the price. For most of us the answer is an unqualified and unhesitating yes.

of its problems, and concern themselves with their proper solution. This is true, of course, not only of the problems with which we deal at the Treasury, but of the problems of all Government departments and agencies.

And clearly, the pressures and complexities of public affairs never before called for such earnest study and understanding as they now do. We are far removed from the days when issues.

As Secretary of the Treasury, I am required to deal with matters that have an over-all effect upon our economy and which concern each one of you directly. Every citizen of this country has, or should have, a vital interest in these matters. Our Government is a democratic form of government. If the people are to exercise their proper authority in government, they must be fully aware across the length and breadth of this land, and among all classes of our people. I believe that fundamentally it is an excellent representation of the basic strength of our democratic philosophy.

We have become more closely united as a country and as a people. We are no longer concerned solely or primarily with our local or regional problems. We are as deeply concerned with national problems and course than listening to a discussion of national affairs. Yet you are here for that precise purpose. It is particularly encouraging because it so well illustrates the progressively inquiring attitude and the intense concern in national affairs which is being demonstrated today by the average American citizen.

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Mr Saxon
Pencil

ADDRESS BY SECRETARY SNYDER
BEFORE THE
CHANNEL CITY CLUB
SANTA BARBARA, CALIFORNIA

- - - -

OCTOBER 23, 1948
1 P.M.

"A VIEW OF OUR PRESENT
DAY ECONOMY"

~~S-889~~

TREASURY DEPARTMENT

Washington

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Discussion of the economic situation as it looks today, recalls a talk that I gave before the Economic Club of New York nearly two years ago, in November, 1946.

At that time, there was great uncertainty over the business prospect. The stock market had broken badly in September, which led many to believe that a business decline would shortly follow. Business observers feared a repetition of the 1920 crash. This fear was reinforced by a great rise in business inventories, which had increased more than $6 billion in four months.

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It is important however that we distinguish between a high-level economy and the boom stage in the so-called "business cycle". For herein, as I see it, lies the essential difference between the present economic situation and those periods of the twenties.

A high-level economy with widespread prosperity, such as we have today, does not necessarily imply that the foundation must be unsound. It may well be based on sound conditions which could be prolonged indefinitely, provided an unbalanced situation were not allowed to develop. Let me repeat this -- for I think it touches the heart of the whole situation. Our prosperity can be continued and spread to more and more of our people -- as it should -- provided we do not allow an unbalanced condition to develop.

Let me point out some of the factors which could be dangerous. A typical boom stage in the business cycle can only be temporary, because it is built on an unbalanced foundation, generally characterized by excessive speculation. The booms of the twenties, for example, were fed by widespread speculation in commodities and in rural or urban real estate, much of which was financed with borrowed money. The boom which ended in 1929 was unbalanced by nation-wide stock market speculation which was also largely financed with borrowed money.

Today, it seems quite clear that neither production nor prices are being supported by a rising tide of speculation, such as characterized the 1920 booms. The speculative interest in the commodity markets is proportionately normal. Speculation in the stock market has remained rational. Businessmen generally have been cautious about expanding their inventories.

We owe this continued well-balanced situation, in large part, to the good sense of the American people aided by various actions and timely warning signals from the Government.

We must be constantly alert, however, to the potential dangers that have threatened through growing inflationary pressures. The outstanding need of our economy is to counteract these pressures. The Government has only limited weapons for this purpose, but the government is vigorous in using those that it has. Let no one have any doubt about this. One of these weapons has been the policy of directing debt management to a rapid reduction of the Federal debt, particularly that held by banks.

Budget surpluses, enabling debt reduction during the past two years, have been aimed at reducing inflationary pressures.

I stated when I assumed office as Secretary of the Treasury in June, 1946, that it was the responsibility of the Government to reduce its expenditures in every possible way, and to achieve a balanced budget, or better. Both President Truman and I have continued to emphasize the imperative necessity of reducing our debt burden during this period of great prosperity.

It was most gratifying to be able to announce at the end of the fiscal year just passed that we had completed two years of budget surpluses. In the 1948 fiscal year, we achieved by far the largest surplus in our history - $8,419,000,000. But, unfortunately, the record of these two years of surpluses will not be repeated during the present fiscal year. And that is due to the ill-timed and ill-conceived tax bill passed in the last Congress.

In carrying out the Treasury's debt management policy, the debt held by the commercial banking system has been reduced by $30 billion since February 1946, or $3 billion more than the reduction in the total debt. There has been an actual increase during this period of $3 billion in Federal debt held by nonbank investors. This increase reflects principally the increased amount of securities held by Government trust funds and the vigorous sales campaigns for savings bonds conducted during the period.

As part of the Treasury program to reduce inflationary pressures, credit has been tightened by a gradual increase in interest rates on short-term Treasury securities, and by a sharp reduction in premiums on long-term issues.

Indicating the effectiveness of these actions, it is encouraging to note that the money supply has lately declined.

But, perhaps the most significant factor in the business structure of the nation is the fact that both individuals and corporations have built up assets of sufficient volume to maintain a highly liquid financial position.

The liquid assets of individuals are now estimated at approximately $200 billion, of which more than $140 billion has been accumulated since 1939.

Net working capital of corporations has increased by $38 billion since 1939, reaching a recent total of $62 billion. Corporate holdings of cash and Government securities have increased $22 billion since 1939.

And, the strong financial position in agriculture is well illustrated by the situation in farm real estate. While prices of farms have advanced even more rapidly in recent years than during the comparable period of World War I, the rise has not been financed by borrowing. On the contrary, it has been accompanied by a decrease of about 30 percent in farm mortgage debt, in contrast to an increase of 160 percent during the speculative land boom of World War I. The total farm mortgage debt of $4-3/4 billion at the end of 1947 was less than 8 percent of the value of all farm lands and buildings. In this, and in other respects, agriculture stands today on a much firmer foundation than it did in the twenties.

In any appraisal of the strength of our economy now as contrasted with the situation in the twenties, full regard must be given to the safeguards and supports which have been provided since the early 1930's by a government acting with vision and dispatch in response to a nation's awakened sense of social responsibility.

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The present picture is a reassuring one; but there are a few unhealthy symptoms in addition to the inflationary pressures which I have mentioned. One is the extent of real estate speculation and another is the rapid rise in consumer credit, now at record levels. This type of credit expansion not only contributes to inflationary pressure now, but will be strongly deflationary later.

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For with our eyes toward the future -- with alertness to detect and forestall threats to our economic stability -- we may count upon continued prosperity in the years to come.

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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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amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 28, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 28, 1948 x(9)x. 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

~~Exhibit~~ 1

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, October 22, 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 October 28, 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 October 28, 1948 (5), and will mature January 27, 1949 (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 time, Monday, October 25, 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, October 22, 1948.

NO. S-893

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 October 28, 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 October 28, 1948, and will mature January 27, 1949, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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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 Banks on October 28, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 28, 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 taxations 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 ammeded 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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Leon J. Markham, National Sales Director of the United States Savings Bonds Division, told the meeting that volunteer bond organizations are being reactivated in every community in the country.

"There is no phase of the Savings Bond program more important than the work that is being done in the school room," Mr. Markham said. "The child who buys a ten-cent savings stamp is just as important to the welfare of this Nation as the adult American who is in position to invest $10,000 in Savings Bonds, and no local bond organization is complete unless it includes in its membership enthusiastic representatives of the local school system."

Dr. Jarvis M. Morse, head of the Educational Section of the Savings Bond Division, outlined the progress of the school savings program, and particularly congratulated the school childern of Massachusetts, Rhode Island, New York, Pennsylvania, Maryland, Illinois, Michigan, Kansas, California, Missouri and the State of Washington for outstanding work.

The conference concluded with the adoption of a recommendation offered by Louis Thiele of the Detroit school system, that a permanent National Education Advisory Committee be designated by Secretary Snyder to help in the continuous promotion of the school savings program in the Nation's schools. This group would meet periodically with the Secretary of the Treasury for the review and development of the Savings Bond program.

894

Proposed Press Release

"to assist the Treasury in its anti-inflation efforts to reduce the amount of bank-held debt."

Under Secretary Edward H. Foley Jr. today told representatives of the Nation's educational system assembled in Washington that maximum effort must be devoted to the sale of Savings Bonds to non-bank investors, ~~"so as to provide the greatest possible amount of funds to be used in maintaing reasonable pressure on the bank credit situation."~~

The meeting of the ~~educational~~ group, called by Secretary Snyder to map out plans for enlisting the continued aid of teachers and pupils in the United States Savings Bond program, was attended by the following: ~~educational leaders:~~

Arthur Bowie, Assistant Superintendent of Schools, New York, N. Y.; Edward Alvey, Dean, Mary Washington College, Fredericksburg, Virginia; James E. Bauserman, Supervisor of Elementary Schools, Fairfax County, Virginia; Cyrus L. Burnett, Assistant Superintendent of Postal Savings, Post Office Department, Washington, D. C.; John Callahan, State Superintendent of Public Instruction, Madison, Wisconsin; Mrs. E. L. Church, President, Michigan Congress of Parents and Teachers, Lansing, Michigan.

Howard Cummings, Assistant for Government and Economics, Division of Secondary Education, U. S. Office of Education; James Cummings, Assistant Director, Department of Education, National Catholic Welfare Conference, Washington; A. C. Flora, Superintendent of Schools, Columbia, South Carolina; Carl F. Hansen, Associate Superintendent of Schools, Washington, D. C.; Merrill F. Harshorn, Executive Secretary, National Council for the Social Studies, National Education Association; Floyd W. Larson, National Secretary, American Institute of Banking, New York, N. Y; J. L. McCaskill, Associate Secretary, Department of Higher Education, National Education Association; Miss Winifred Newman, Assistant Superintendent of Schools, Charleston, West Virginia; W. L. Nicholas, President, Peru Teachers College, Peru, Nebraska; Miss Eva G. Pinkston, Executive Secretary, Department of Elementary School Principals, National Education Association; Robert G. Smith, State Department of Education, Springfield, Illinois; Louis Thiele, Divisional Director, Exact Sciences, Detroit Public Schools, Detroit, Michigan.

In addressing the group, Under Secretary Foley briefly reviewed debt management problems. "These problems", he stated, "are the concern of 146 million Americans. They will be met through the pooling of the best thought and efforts of people like you, who sit around the table to advise their Government, and then go out to carry the suggestions developed into action."

TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Friday, October 22, 1948. No. S-894

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FOR IMMEDIATE RELEASE

George J. Schoeneman, Commissioner of Internal Revenue, announced today a reorganization and expansion of the Excess Profits Tax Council, designed to expedite the processing of refund claims resulting from the wartime excess profits tax.

Henry J. Merry will continue as chairman of the council, but will be assisted by a vice chairman and an executive committee of five members, including the chairman and vice chairman. The executive committee is empowered to exercise, on behalf of the commissioner, final authority on all policy, procedure, and other decisions arising from excess profits tax claims ~~arising~~ under Section 722 of the Internal Revenue Code.

This procedure will free other members of the council to devote full time to the hearing and deciding of actual cases. Furthermore, to enable the processing of larger numbers of cases, the number of council positions will be increased from the present authorization of 15 members to 25 members. As soon as new members with the necessary qualifications can be selected, this expansion will provide 20 members devoting full time to processing actual cases and five members devoting themselves primarily to the deciding of policy matters.

Council Member Clarence A. McLaughlin has been designated vice chairman. The executive committee will consist of Chairman Merry, Vice Chairman McLaughlin, and Members Henry J. Donnelly, Jr., John N. Bready, and Henry C. Lowenhaupt.

J.P. 10-22-48 HJM 10-22-48 T.C.C. 10/22/48 DWB 10/22/48 . FM 10/22/48 JSG 10/22/48

TREASURY DEPARTMENT

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

896

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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 November 4, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 4, 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

~~Exhibit~~

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TREASURY DEPARTMENT
Washington

5-896

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, October 26, 1948.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $ 800,000,000 (2), or thereabouts, of 91 (3) -day Treasury bills, for cash and in exchange for Treasury bills maturing November 4, 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 November 4, 1948 (5), and will mature February 3, 1949 (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 time, Friday, October 29, 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.

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TREASURY DEPARTMENT

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

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

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RELEASE, MORNING NEWSPAPERS,
TUESDAY, OCTOBER 26, 1948.

5-897

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 October 28, 1948, and to mature January 27, 1949, which were offered October 22, 1948, were opened at the Federal Reserve Banks on October 25.

The details of this issue are as follows:

Total applied for - $1,740,640,000
Total accepted - 901,204,000 (includes $56,871,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.717 Equivalent rate of discount approx. 1.120% per annum

Range of accepted competitive bids:

High - 99.722 Equivalent rate of discount approx. 1.100% per annum
Low - 99.715 " " " " " 1.127% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,810,000	$ 23,010,000
New York	1,433,762,000	667,666,000
Philadelphia	26,740,000	19,740,000
Cleveland	15,080,000	13,680,000
Richmond	4,315,000	4,315,000
Atlanta	3,627,000	3,627,000
Chicago	105,722,000	65,152,000
St. Louis	4,165,000	4,165,000
Minneapolis	8,295,000	8,295,000
Kansas City	15,465,000	15,465,000
Dallas	16,175,000	16,105,000
San Francisco	77,484,000	59,984,000
TOTAL	$1,740,640,000	$901,204,000

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TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, October 26, 1948

No. S-897

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Richmond	4,315,000	4,315,000
Atlanta	3,627,000	3,627,000
Chicago	105,722,000	65,152,000
St. Louis	4,165,000	4,165,000
Minneapolis	8,295,000	8,295,000
Kansas City	15,465,000	15,465,000
Dallas	16,175,000	16,105,000
San Francisco	77,484,000	59,984,000
TOTAL	$1,740,640,000	$901,204,000

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"The American Legion has volunteered to help the Treasury Department in its battle against inflation by spearheading a special Savings Bonds promotion campaign to begin on November 11, Armistice Day, and run for a month. I expect to go on the air, coast-to-coast on the Kraft Music Hall Program, 9:00 to 9:30 P.M., EST, November 11 to announce this appeal to all Legion Posts to get behind it, not only during that month but indefinitely.

"Our National Headquarters has accepted a three-point program for specific action and is recommending it for adoption by all Posts and Auxiliaries. Here it is:

"(1) To get our members to buy Savings Bonds regularly on the Payroll Savings Plan where they work, on the Bond-A-Month Plan where they bank, or if neither of these automatic plans is available to a member, to buy Bonds as often as he or she can at any bank or post office.

"(2) To get the firms represented in our membership that are not now offering the Payroll Savings Plan to install the Plan and promote it actively among their employees. The Payroll Savings Plan is the only way to buy Bonds on partial payments - and $7\frac{1}{2}$ million Americans are now taking advantage of it.

"(3) To get the firms represented in the membership that carry newspaper or radio advertising to run Savings Bonds ads or programs as part of their regular advertising schedules. Your newspapers have ad mats; your radio stations have Savings Bond commercials available for sponsoring.

"As soon as a Post can certify to the local Savings Bonds Committee, city or county, that a majority - over 50% - of its membership is taking part actively in buying and promoting Bonds under this three-point program (whichever points may apply in the individual case) a special TREASURY CITATION will be awarded to the Post.

"Certainly that is a simple and practical way for Legionnaires to help solve the chief domestic problem that confronts all Americans in this critical time: to keep America strong and make America stronger by getting our economy into balance, stopping price inflation and avoiding a depression that would inevitably follow a runaway inflation. A nation can be no stronger than its economy - and building a sound economy begins at home, literally, with the income earner and the family. If enough of our people manage their money thriftily, spend wisely and save all they can, they not only build financial security for themselves; they build economic security and stability for the nation."

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TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE
~~RELEASE AFTERNOON NEWSPAPERS~~
Friday, October 29, 1948

No. S-898

The United States Savings Bonds Division will launch a 30-day special promotion campaign starting November 11, Armistice Day, Secretary Snyder announced today.

The chief objectives of this new Savings Bonds sales effort, as outlined by National Director Vernon L. Clark, and Director of Sales Leon J. Markham of the Savings Bonds Division are as follows:

To add 1,500 large firms and 1,250,000 workers to Payroll Savings.

To add 150,000 participants in the Bond-A-Month Plan in cooperation with local banks.

To carry the Buy-Bonds message to every farm family in America.

To develop the best possible thrift program for young Americans in the Nation's schools.

To continue to bring to the attention of all Americans the merits of Savings Bonds investment for the security of the individual and the Nation.

The spearhead of the 30-day promotion will be the American Legion, which, Secretary Snyder said, has volunteered to enlist the help of its 17,000 local posts throughout the country.

Secretary Snyder said the Legionnaires in every local community will set a fine example for all citizens in helping to maintain a sound economy, which is the basis for our continued efforts for world peace and security.

The Secretary extended to Legion National Commander S. Perry Brown the Treasury's earnest hopes for a successful Savings Bonds campaign in every community, and called attention to the following message which the National Commander has sent to each of the 17,000 local Legion Posts throughout the Nation, setting forth the Legion's 3-point program for specific local action.

TREASURY DEPARTMENT

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

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"The American Legion has volunteered to help the Treasury Department in its battle against inflation by spearheading a special Savings Bonds promotion campaign to begin on November 11, Armistice Day, and run for a month. I expect to go on the air, coast-to-coast on the Kraft Music Hall Program, 9:00 to 9:30 P.M., EST, November 11 to announce this appeal to all Legion Posts to get behind it, not only during that month but indefinitely.

"Our National Headquarters has accepted a three-point program for specific action and is recommending it for adoption by all Posts and Auxiliaries. Here it is:

"(1) To get our members to buy Savings Bonds regularly on the Payroll Savings Plan where they work, on the Bond-A-Month Plan where they bank, or if neither of these automatic plans is available to a member, to buy Bonds as often as he or she can at any bank or post office.

"(2) To get the firms represented in our membership that are not now offering the Payroll Savings Plan to install the Plan and promote it actively among their employees. The Payroll Savings Plan is the only way to buy Bonds on partial payments — and 7½ million Americans are now taking advantage of it.

"(3) To get the firms represented in the membership that carry newspaper or radio advertising to run Savings Bonds ads or programs as part of their regular advertising schedules. Your newspapers have ad mats; your radio stations have Savings Bond commercials available for sponsoring.

"As soon as a Post can certify to the local Savings Bonds Committee, city or county, that a majority — over 50% -- of its membership is taking part actively in buying and promoting Bonds under this three-point program (whichever points may apply in the individual case) a special TREASURY CITATION will be awarded to the Post.

"Certainly that is a simple and practical way for Legionnaires to help solve the chief domestic problem that confronts all Americans in this critical time: to keep America strong and make America stronger by getting our economy into balance, stopping price inflation and avoiding a depression that would inevitably follow a runaway inflation. A nation can be no stronger than its economy -- and building a sound economy begins at home, literally, with the income earner and the family. If enough of our people manage their money thriftily, spend wisely and save all they can, they not only build financial security for themselves; they build economic security and stability for the Nation."

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S-899

RELEASE, MORNING NEWSPAPERS,
Saturday, October 30, 1948.

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 November 4, 1948, and to mature February 3, 1949, which were offered October 26, 1948, were opened at the Federal Reserve Banks on October 29.

The details of this issue are as follows:

Total applied for - $1,312,532,000
Total accepted - 801,197,000 (includes $47,178,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.715 Equivalent rate of discount approx. 1.129% per annum

Range of accepted competitive bids: (excepting one tender totaling $100,000)

High - 99.719 Equivalent rate of discount approx. 1.112% per annum
Low - 99.713 " " " " " 1.135% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 15,348,000	$ 15,348,000
New York	996,799,000	520,144,000
Philadelphia	27,380,000	20,430,000
Cleveland	42,685,000	42,685,000
Richmond	5,720,000	5,720,000
Atlanta	7,547,000	7,547,000
Chicago	85,888,000	59,158,000
St. Louis	7,200,000	7,200,000
Minneapolis	9,255,000	9,255,000
Kansas City	21,884,000	20,884,000
Dallas	8,197,000	8,197,000
San Francisco	84,629,000	84,629,000
TOTAL	$1,312,532,000	$801,197,000

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TREASURY DEPARTMENT

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

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EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX MONTH PERIODS ENDED JUNE 30, 1948 AND JUNE 30, 1947, AND THE YEAR ENDED DECEMBER 31, 1947 - Continued

(Amounts in thousands of dollars)

	6 months ended		Year ended
	June 30, 1948	June 30, 1947	Dec. 31, 1947
Recoveries, transfers from reserve accounts, and profits:			
On securities:			
Recoveries	$11,541	$13,001	$25,571
Transfers from reserve accounts 1/	3,105	---	---
Profits on securities sold or redeemed	22,041	35,907	61,421
On loans:			
Recoveries	16,586	14,548	43,629
Transfers from reserve accounts 1/	3,190	---	---
All other	25,427	11,779	29,991
TOTAL RECOVERIES, TRANSFERS FROM RESERVE ACCOUNTS AND PROFITS	81,890	75,235	160,612
Losses, charge-offs, and transfers to reserve accounts:			
On securities:			
Losses and charge-offs	25,845	26,146	69,785
Transfers to reserve accounts 2/	13,665	---	---
On loans:			
Losses and charge-offs	15,820	15,797	73,542
Transfers to reserve accounts 2/	85,644	---	---
All other	11,104	11,493	25,639
TOTAL LOSSES, CHARGE-OFFS AND TRANSFERS TO RESERVE ACCOUNTS	152,078	53,436	168,966
PROFITS BEFORE INCOME TAXES	285,119	340,981	635,740
Taxes on net income:			
Federal	83,179	93,772	172,614
State	5,074	5,511	10,143
TOTAL TAXES ON NET INCOME	88,253	99,283	182,757
NET PROFITS BEFORE DIVIDENDS	196,866	241,698	452,983
Dividends declared:			
On preferred stock	592	734	1,372
On common stock:			
Cash dividends	91,801	85,906	182,147
Stock dividends	14,416	18,821	23,450
TOTAL DIVIDENDS DECLARED	106,809	105,461	206,969
Number of banks 3/	5,004	5,018	5,011
Annual rate of net profits:	Percent	Percent	Percent
To capital funds 3/	7.10	9.11	8.36
Annual rate of cash dividends:			
To capital funds 3/	3.33	3.26	3.39

1/ Not reported separately in 1947. Included with recoveries.

2/ Includes reserves established by 1,877 banks under the provisions of Item 23 (k)1 of the Internal Revenue Code - not heretofore reported separately.

3/ At end of period.

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EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX MONTH PERIODS ENDED JUNE 30, 1948 AND JUNE 30, 1947, AND THE YEAR ENDED DECEMBER 31, 1947

(Amounts in thousands of dollars)

	6 months ended		Year ended
	June 30, 1948	June 30, 1947	Dec. 31, 1947
Capital stock, par value: 1/			
Preferred	$23,898	$28,359	$27,840
Common	1,780,964	1,742,637	1,755,564
TOTAL CAPITAL STOCK	1,804,862	1,770,996	1,783,404
Capital funds 1/	5,545,768	5,308,680	5,431,959
Earnings from current operations:			
Interest and dividends:			
On U.S. Government obligations	294,780	312,727	620,531
On other securities	54,604	51,848	105,120
Interest and discount on loans	423,091	328,829	706,319
Service charges on deposit accounts	47,561	40,203	83,342
Other service charges, commissions, fees, and collection and exchange charges	26,824	26,092	53,266
Trust department	26,843	25,552	55,063
Other current earnings	52,487	50,877	101,193
TOTAL EARNINGS FROM CURRENT OPERATIONS	926,190	836,128	1,724,834
Current operating expenses:			
Salaries and wages:			
Officers	93,432	83,983	178,354
Employees other than officers	174,414	157,117	333,143
Fees paid to directors and members of executive, discount, and advisory committees	4,699	4,317	9,182
Interest on time deposits (including savings deposits)	87,194	80,583	163,286
Taxes other than on net income	30,190	28,861	59,071
Recurring depreciation on banking house, furniture and fixtures	11,935	10,871	24,146
Other current operating expenses	169,019	151,214	313,558
TOTAL CURRENT OPERATING EXPENSES	570,883	516,946	1,080,740
NET EARNINGS FROM CURRENT OPERATIONS	355,307	319,182	644,094

1/ At end of period.

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amounts to 7.10 percent of capital funds. This is an apparent reduction in net profits before dividends of $44,832,000 from the first half of 1947 but a comparison of the results of the current period with the similar period in 1947 and previous years is not practical owing to reserve accounts amounting to $99,309,000 charged out of current earnings, largely the reserve for bad debts utilized by 1,877 national banks under the provisions of Mimeograph 6209 issued by the Bureau of Internal Revenue in December 1947.

Cash dividends declared on common and preferred stock totaled $92,393,000 in comparison with $86,640,000 in the first half of 1947. The annual rate of cash dividends was 3.33 percent of capital funds and was 46.93 percent of the net profits available. The remaining 53.07 percent of net profits, or $104,473,000, was retained by the banks in their capital accounts.

On June 30, 1948, there were 5,004 national banks in operation, which was a decrease of 14 banks since June 30, 1947.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, November 5, 1948

Press Service
No. 5-900

Comptroller of the Currency Preston Delano announced today that the national banks in the United States and possessions reported net operating earnings of $355,307,000 for the six months ended June 30, 1948, an increase of $36,125,000 over the first half of 1947.

Gross earnings were $926,190,000. This was an increase of $90,062,000 over the gross earnings for the first six months of 1947. The principal item of operating earnings in the first half of 1948 was $423,091,000 from interest and discount on loans, which was an increase of $94,262,000 compared with the corresponding period in 1947. Other principal items of operating earnings were $294,780,000 from interest on United States Government obligations and $54,604,000 interest and dividends on other securities, a total of $349,384,000, which was a reduction of $15,191,000 compared to the first half of the previous year, and $47,561,000 from service charges on deposit accounts, an increase of $7,358,000. Operating expenses, excluding taxes on net income, were $570,883,000 as against $516,946,000 for the first half of 1947. The principal operating expenses were $272,545,000 for salaries and wages of officers and employees and fees paid to directors, an increase of $27,128,000 over the first half of 1947, and $87,194,000 expended for interest on time and savings deposits, an increase of $6,611,000.

Adding to the net operating earnings the profits on securities sold or redeemed of $22,041,000, and recoveries on loans and investments (including recovery of reserves previously charged out) of $59,849,000, and deducting therefrom losses and charge-offs (including current charge-outs for reserve purposes) of $152,078,000, and taxes on net income of $88,253,000, the net profits before dividends for the six months ended June 30, 1948 amounted to $196,866,000 which, at an annual rate,

TREASURY DEPARTMENT
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