U.S. Treasury Dept.

Press Releases

TREASURY DEPARTMENT
Fiscal Service
Washington, Nov. 3, 1948

STATUTORY DEBT LIMITATION

AS OF October 31, 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 October 31, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 12,607,244,000		
Certificates of indebtedness	26,007,884,000		
Treasury notes	11,647,941,800	$ 50,263,069,800	
Bonds -			
Treasury	112,011,036,100		
Savings (current redemp.value)	54,860,146,096		
Depositary	332,684,500		
Armed Forces Leave	490,402,775		
Investment series	956,215,000	168,650,484,471	
Special Funds -			
Certificates of indebtedness	16,835,150,000		
Treasury notes	14,387,916,500	31,223,066,500	
Total interest-bearing		250,136,620,771	
Matured, interest-ceased		236,052,837	
Bearing no interest:			
War savings stamps	55,192,312		
Excess profits tax refund bonds	7,740,296		
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	1,281,717,608	
Total		251,654,391,216	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	14,062,936		
Demand obligations: C.C.C.	33,982,723	48,045,659	
Matured, interest-ceased		4,314,850	
		52,360,509	
Grand total outstanding			251,706,751,725
Balance face amount of obligations issuable under above authority			23,293,248,275

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

Outstanding -	
Total gross public debt	252,460,249,326
Guaranteed obligations not owned by the Treasury	52,360,509
Total gross public debt and guaranteed obligations	252,512,609,835
Deduct - other outstanding public debt obligations not subject to debt limitation	805,858,110
	$251,706,751,725

Form 5-901

STATUTORY DEBT LIMITATION
AS OF October 31, 1948 — November 4, 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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~~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 November 12, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 12, 1948 ~~(9)~~. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For

S-902

~~Exhibit 1~~

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, November 5, 1948.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $ 900,000,000 x(2)x , or thereabouts, of 90 x(3)x -day Treasury bills, for cash and in exchange for Treasury bills maturing November 12, 1948 x(4)x , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 12, 1948 x(5)x , and will mature February 10, 1949 x(6)x , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 8, 1948 x(7)x . 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, November 5, 1948. No. S-902

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts, of 90-day Treasury bills, for cash and in exchange for Treasury bills maturing November 12, 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 November 12, 1948, and will mature February 10, 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 November 12, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 12, 1948. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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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5-903

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 9, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 90-day Treasury bills to be dated November 12, 1948, and to mature February 10, 1949, which were offered November 5, 1948, were opened at the Federal Reserve Banks on November 8.

The details of this issue are as follows:

Total applied for - $1,361,183,000
Total accepted - 901,333,000 (includes $67,751,000 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. 1.138% per annum

Range of accepted competitive bids:

High - 99.720 Equivalent rate of discount 1.120% per annum
Low - 99.714 " " " " 1.144% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 17,515,000	$ 13,015,000
New York	1,070,392,000	666,892,000
Philadelphia	20,916,000	8,416,000
Cleveland	29,817,000	24,667,000
Richmond	7,648,000	7,348,000
Atlanta	13,557,000	13,557,000
Chicago	109,878,000	93,378,000
St. Louis	14,559,000	14,559,000
Minneapolis	4,595,000	3,995,000
Kansas City	15,684,000	15,184,000
Dallas	11,059,000	10,759,000
San Francisco	45,563,000	29,563,000
TOTAL	1,361,183,000	901,333,000

TREASURY DEPARTMENT

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

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Dallas	11,059,000	10,759,000
San Francisco	45,563,000	29,563,000
TOTAL	$1,361,183,000	$901,333,000

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IMMEDIATE RELEASE
November 9, 1948

904

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 30, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 30, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,472
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,283
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	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1948	150,000,000	Pound	12,945,450
Other		60,000,000	Pound	Quota Filled
Walnuts	May 22-Dec. 31, 1948	3,333,333	Pound	467,390

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. 19,346,164 pounds of such Cuban tobacco were imported for consumption during the period January 1 to October 30, 1948, inclusive.

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, November 10, 1948.

No. S-904

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 30, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of October 30, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,472
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,283
Butter	Quota ineffective for the period April through October			
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FOR IMMEDIATE RELEASE
November 9, 1948

5-905

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 30, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of October 30, 1948
Buttons	850,000	Gross	186,318
Cigars	200,000,000	Number	856,197
Coconut Oil	448,000,000	Pound	65,906,599
Cordage	6,000,000	"	1,897,712
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	8,941,153 465,350,602
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

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The structural changes include a balcony added to the South portico at the second floor level, and the four chimneys of the present time in place of the two of 1929. Individual panes of all visible windows could be clearly discerned in the 1929 design, but in the new engraving the bottom portions of the windows are of solid color, giving the impression that they are open.

The grounds are a deeper green in the new design, due to the presence of additional trees and shrubbery and to heavier foliage. The White House flag hangs at an angle from its staff in the new engraving, whereas in the 1929 portrait it blew straight out. Lettering beneath the building has been changed from "White House" to "The White House."

The design for the front of the note remains unchanged.

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initialed by Messrs Slender, Kelby, Heffelfinger

PROPOSED PRESS RELEASE

S-906

Secretary Snyder announced today that the Bureau of Engraving and Printing has begun producing Federal Reserve notes of $20 denomination bearing a new engraving of the White House on the reverse side. The new engraving was made from a photograph of the South front and grounds of the White House as they appear today. The design heretofore in use showed the White House South front and grounds of 1929.

Federal Reserve banks will be supplied from time to time as production of the new notes permits, and as a carryover stock of notes of the 1929 design is reduced.

The Secretary of the Treasury is authorized by law to determine the "form and tenor" of Federal Reserve notes, and it was in the exercise of this discretion that Secretary Snyder approved the change in the $20 note announced today. It is believed the public will find the new note more attractive artistically, as well as more acceptably up-to-date in its White House portraiture. Various structural alterations and modifications of the grounds are evident from examination of the new engraving in comparison with the 1929 version.

TREASURY DEPARTMENT

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The design for the front of the note remains unchanged.

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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, 1948, to Oct. 30,1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Oct. 30 1948 1/
United Kingdom.....	4,323,457	-	1,441,152	
Canada.............	239,690	20,359	-	
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	21,165	1,599,886	

1/ Included in total imports, column 2.

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FOR IMMEDIATE RELEASE
November 9, 1948

5-907

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 30, 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. 30, 1948	Imports Sept. 20, 1948, to Oct. 30, 1948	Imports Sept. 20, 1948, to October 30, 1948.
Egypt and the Anglo-Egyptian Sudan...........	783,816	-		1,480
Peru............	247,952	247,952		-
British India....	2,003,483	-		1,906,707
China...........	1,370,791	-		-
Mexico..........	8,883,259	3,903,731		-
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	4,633,669	45,656,420	1,908,187

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, November 10, 1948

No. S-907

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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": Established Quota	Under 1-1/8" other than rough or harsh under 3/4": Imports Sept.20, 1948 to Oct. 30, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1948, to Oct. 30, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1948, to Oct. 30, 1948.
Egypt and the Anglo-Egyptian Sudan	783,816	-		1,480
Peru	247,952	247,952		-
British India	2,003,483	-		1,906,707
China	1,370,791	-		-
Mexico	8,883,259	3,903,731		-
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	4,633,669		1,908,187

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

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 VIAUE: 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. 30, 1948	Established 33-1/3% of Total Quota	Imports, Sept. 20, 1948, to Oct. 30, 1948 1/
United Kingdom.....	4,323,457	-	1,441,152	
Canada.............	239,690	20,359	-	
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	21,165	1,599,886	

1/ Included in total imports, column 2.

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Treas Dept
Direct.

S-908

FOR IMMEDIATE RELEASE,
November 9, 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 October 30, 1948	Established Quota	Imports May 29, 1948, to October 30, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	72,476	3,815,000	429,939
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	21	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	72,497	4,000,000	430,099

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, November 10, 1948

No. S-908

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 30, 1948	Established Quota	Imports May 29, 1948 to October 30, 1948
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China	-	-	24,000	160
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	21	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	-	-	-
Quatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	72,497	4,000,000	430,099

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

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

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 18, 1948 (8), in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 18, 1948 (9). Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes

~~Exhibit~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

909

FOR RELEASE, MORNING NEWSPAPERS,
Friday, November 12, 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 18, 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 18, 1948 (5), and will mature February 17, 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, November 15, 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, November 12, 1948. No. S-909

The Secretary of the Treasury, by this public notice, invites tenders for $800,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing November 18, 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 November 18, 1948, and will mature February 17, 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 November 18, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 18, 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.

PROPOSED PRESS RELEASE

S-910

Secretary Snyder announced today that the National Retail Farm Equipment Association has pledged its support of the U. S. Savings Bonds Division's Fall Campaign, which begins November 11 and continues through December 11.

The Secretary made public the following telegram received from C. T. Whittaker of Danvers, Mass., President of the Association:

> "Believing every American has a real responsibility today to help maintain our country's economic health in the face of world conditions, the 18,259 members of this Association pledge themselves to you to encourage the Nation's farmers to invest as much of this year's crop income in U. S. Savings Bonds as possible. Every farm family with an accumulation of Savings Bonds is a family dedicated to building a financial reserve, and also dedicated to the goal of continued peace and security for our entire nation."

In accepting the offer of cooperation by the Association, which plans an extensive publicity campaign on behalf of the Fall Bond Campaign, Secretary Snyder replied:

> "My congratulations to the more than 18,000 members of the National Retail Farm Equipment Association for their generous offer of cooperation in the Fall Bond Campaign of the Treasury Department. This volunteer pledge of support in our effort to increase bond sales among the farmers of the Nation is a fine example to all Americans."

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, November 10, 1948.

No. S-910

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The Secretary made public the following telegram received from C. T. Whittaker of Danvers, Mass., President of the Association:

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652

5-911

November 5, 1948

TO MR. BARTELT:

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

Purchases	$1,200,000
Sales	1,080,000
Net Purchases	$ 120,000

(Sgd.) E. O. Barnes

(Sgd.) E. B. [illegible]

Chief, Division of Investments

Wisecarver:11/5/48

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 16, 1948. No. S-911

During the month of October, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net purchases of $120,000, Secretary Snyder announced today.

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912

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 16, 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 18, 1948, and to mature February 17, 1949, which were offered November 12, 1948, were opened at the Federal Reserve Banks on November 15.

The details of this issue are as follows:

Total applied for - $1,390,378,000
Total accepted - $802,975,000 (includes $61,990,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.712 Equivalent rate of discount approx. 1.141% per annum

Range of accepted competitive bids:

High	- 99.720	Equivalent rate of discount approx.	1.108% per annum
Low	- 99.710	" " " " "	1.147% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 31,145,000	$ 21,795,000
New York	1,101,443,000	617,418,000
Philadelphia	23,000,000	18,072,000
Cleveland	30,707,000	20,707,000
Richmond	8,150,000	7,150,000
Atlanta	11,257,000	8,407,000
Chicago	92,717,000	49,317,000
St. Louis	7,770,000	5,870,000
Minneapolis	3,458,000	3,458,000
Kansas City	12,606,000	12,606,000
Dallas	13,385,000	13,385,000
San Francisco	54,740,000	24,790,000
TOTAL	$1,390,378,000	$802,975,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 16, 1948.

No. S-912

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 18, 1948, and to mature February 17, 1949, which were offered November 12, 1948, were opened at the Federal Reserve Banks on November 15.

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Range of accepted competitive bids:

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Low - 99.710 Equivalent rate of discount approx. 1.147% per annum

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

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Philadelphia	23,000,000	18,072,000
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Richmond	8,150,000	7,150,000
Atlanta	11,257,000	8,407,000
Chicago	92,717,000	49,317,000
St. Louis	7,770,000	5,870,000
Minneapolis	3,458,000	3,458,000
Kansas City	12,606,000	12,606,000
Dallas	13,385,000	13,385,000
San Francisco	54,740,000	24,790,000
TOTAL	$1,390,378,000	$802,975,000

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~~TREASURY DEPARTMENT~~

~~INFORMATION SERVICE~~ ~~WASHINGTON, D.C.~~

IMMEDIATE RELEASE
Tuesday, November 16, 1948

5-913

Secretary Snyder ~~of the Treasury Department~~ announced today that holders of the Treasury notes and certificates of indebtedness which will mature on January 1, 1949, will be offered a one-year 1-1/4 percent certificate of indebtedness. The maturing securities are the Series A-1949 notes and the Series A-1949 certificates of indebtedness, now outstanding in the aggregate amount of $6,126,729,000.

At the same time, the Secretary stated that holders of the 2 percent Treasury bonds of 1948-50, outstanding in the amount of $571,431,150, which have been called for redemption on December 15, 1948, will be offered a one-year 1-1/4 percent certificate of indebtedness.

Full details will be announced later.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, November 16, 1948. No. S-913

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Full details will be announced later.

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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 November 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

~~Exhibit 1~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

S-914

FOR RELEASE, MORNING NEWSPAPERS,
Friday, November 19, 1948.
(1)

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000 (2), or thereabouts, of 90-day (3) Treasury bills, for cash and in exchange for Treasury bills maturing November 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 November 26, 1948 (5), and will mature February 24, 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, November 22, 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, November 19, 1948. No. S-914

The Secretary of the Treasury, by this public notice, invites tenders for $900,000,000, or thereabouts of 90-day Treasury bills, for cash and in exchange for Treasury bills maturing November 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 November 26, 1948, and will mature February 24, 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 November 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.

oOo

Immediate
~~PRESS~~ RELEASE
Friday, November 19, 1948

S-910

The Bureau of Customs announced today that the quota on white or Irish potatoes other than certified seed for the quota year beginning September 15, 1948, was filled during the week ended October 22. Collectors of customs in those districts having importations for consumption during the period October 18 to October 22, inclusive, will be advised of the duty status of such potatoes as soon as possible.

The quota of 2,500,000 bushels of white or Irish certified seed potatoes for the period beginning September 15, 1948, was approximately 29 percent filled at the close of business on November 12.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, November 19, 1948.

No. S-915

The Bureau of Customs announced today that the quota on white or Irish potatoes other than certified seed for the quota year beginning September 15, 1948, was filled during the week ended October 22. Collectors of customs in those districts having importations for consumption during the period October 18 to October 22, inclusive, will be advised of the duty status of such potatoes as soon as possible.

The quota of 2,500,000 bushels of white or Irish certified seed potatoes for the period beginning September 15, 1948, was approximately 29 percent filled at the close of business on November 12.

oOo

~~FOR~~ IMMEDIATE RELEASE
Monday, November 22, 1948

5-916

The Bureau of Customs announced today that of the 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more, but less than 1-11/16 inches, permitted release under the quota opening September 20, 1948, 932,440 pounds were of Peruvian origin, 606,183 of Mexican, and the remainder of Egyptian origin.

The supplemental quota of 23,094,000 pounds of cotton having a staple of 1-3/8 inches or more, but less than 1-11/16 inches, prescribed in the President's Proclamation of June 9, 1947, was filled by 345,642 pounds of Peruvian cotton and 22,748,358 pounds of cotton of Egyptian origin.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, November 22, 1948 No. S-916

The Bureau of Customs announced today that of the 45,656,420 pounds of cotton having a staple of 1-1/8 inches or more, but less than 1-11/16 inches, permitted release under the quota opening September 20, 1948, 932,440 pounds were of Peruvian origin, 606,183 of Mexican, and the remainder of Egyptian origin.

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-oOo-

S-917

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 23, 1948.

The Secretary of the Treasury announced last evening that the tenders for $900,000,000, or thereabouts, of 90-day Treasury bills to be dated November 26, 1948, and to mature February 24, 1949, which were offered November 19, 1948, were opened at the Federal Reserve Banks on November 22.

The details of this issue are as follows:

Total applied for - $1,349,202,000
Total accepted - 900,244,000 (includes $54,488,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.713 Equivalent rate of discount approx. 1.147% per annum

Range of accepted competitive bids:

High	- 99.720	Equivalent rate of discount 1.120% per annum
Low	- 99.712	" " " " 1.152% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 14,943,000	$ 14,899,000
New York	1,103,008,000	686,966,000
Philadelphia	13,975,000	11,735,000
Cleveland	19,990,000	19,306,000
Richmond	4,545,000	4,545,000
Atlanta	2,833,000	2,613,000
Chicago	84,735,000	62,117,000
St. Louis	21,535,000	21,413,000
Minneapolis	3,655,000	3,479,000
Kansas City	6,020,000	5,928,000
Dallas	7,940,000	7,424,000
San Francisco	66,023,000	59,819,000
TOTAL	$1,349,202,000	$900,244,000

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TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 23, 1948.

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Kansas City	6,020,000	5,928,000
Dallas	7,940,000	7,424,000
San Francisco	66,023,000	59,819,000
TOTAL	$1,349,202,000	$900,244,000

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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.

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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 December 2, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 2, 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 1~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, November 26, 1948.

5-918

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 December 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 December 2, 1948 , and will mature March 3, 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, November 29, 1948. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face

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TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Friday, November 26, 1948. No. S-918

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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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On February 2, 1945, Mr. Baughman was transferred to the New York Office as Agent-in-Charge of District 2, where he served until January 1946, at which time he came to Washington as Acting Supervising Agent of District 5. On January 6, 1947, he was again assigned to the New York Office as Supervising Agent, and has since remained at that post.

Mr. Baughman was married to Miss Ruth Louise Yessel, of Pittsburgh, Pennsylvania, on August 5, 1936. They have a seven-year-old son, William.

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In September 1943, Mr. Maloney came to Washington as Assistant Chief of the Secret Service, and was appointed Chief on January 1, 1947, to succeed Frank J. Wilson, who had retired.

The post of Chief Coordinator of Treasury Law Enforcement Agencies has been held, on an acting basis, by Malachi L. Harney, Assistant to the Commissioner of Narcotics, since the retirement of Elmer Irey on September 1, 1946. Mr. Harney will in the future devote all of his time to his duties in the Bureau of Narcotics.

Mr. Baughman, the newly-appointed Chief of the Secret Service, a native of Camden, New Jersey, is 42 years old. He entered the service as a clerk in the Philadelphia office on December 7, 1927, and became an agent in 1934. He was attached to the Philadelphia office until 1945, where he distinguished himself in connection with the prosecutions of Nicodemus Velasquez ~~notorious coin counterfeiter,~~ and Herman Petrillo, notorious counterfeiter ~~ring-leader of the infamous "Philadelphia Arsenic Murder Ring," who later went to the gallows.~~

IMMEDIATE RELEASE
Monday, November 28, 1948

S-919

~~Proposed Press Release~~

Secretary Snyder today announced the appointment of James J. Maloney, Chief of the United States Secret Service, as Chief Coordinator of Treasury Law Enforcement Agencies, a post long held by the late Elmer L. Irey.

At the same time Secretary Snyder named U. E. Baughman, Jr., for the past two years Supervising Agent of Secret Service District No. 2, New York, to succeed Mr. Maloney as Chief.

As Chief Coordinator of Treasury Law Enforcement Agencies, Mr. Maloney will coordinate the investigative work of the United States Secret Service, the Bureau of Narcotics, the Customs Agency Service, the Enforcement Divisions of the Alcohol Tax and the Intelligence Units of the Bureau of Internal Revenue.

Mr. Maloney, a native of Binghamton, New York, and a veteran of World War I, has had a long career in the law enforcement field. During his seventeen years in the Secret Service he held posts in Detroit, Michigan, Syracuse and Buffalo, New York, Newark, New Jersey, and New York City, where he served for five years as Supervising Agent of District 2. From 1940 to 1943, he acted as Coordinator of Treasury Enforcement activities in the State of New York.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, November 29, 1948.

No. S-919

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Mr. Baughman was married to Miss Ruth Louise Yessel, of Pittsburgh, Pennsylvania, on August 5, 1936. They have a seven-year-old son, William.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, November 30, 1948.

5-920

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 December 2, 1948, and to mature March 3, 1949, which were offered November 26, 1948, were opened at the Federal Reserve Banks on November 29.

The details of this issue are as follows:

Total applied for - $1,418,870,000
Total accepted - 900,656,000 (includes $50,786,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.709 Equivalent rate of discount approx. 1.150% per annum

Range of accepted competitive bids:

High - 99.720 Equivalent rate of discount approx. 1.108% per annum
Low - 99.708 " " " " " 1.155% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 5,719,000	$ 5,219,000
New York	1,124,532,000	673,458,000
Philadelphia	22,335,000	15,735,000
Cleveland	27,362,000	27,362,000
Richmond	4,190,000	3,530,000
Atlanta	3,829,000	3,829,000
Chicago	87,967,000	54,807,000
St. Louis	24,180,000	15,880,000
Minneapolis	4,105,000	4,105,000
Kansas City	45,986,000	45,986,000
Dallas	8,773,000	8,773,000
San Francisco	59,892,000	41,972,000
	$1,418,870,000	$900,656,000

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TREASURY DEPARTMENT

Information Service

WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, November 30, 1948.

No. S-920

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Cleveland	27,362,000	27,362,000
Richmond	4,190,000	3,530,000
Atlanta	3,829,000	3,829,000
Chicago	87,967,000	54,807,000
St. Louis	24,180,000	15,880,000
Minneapolis	4,105,000	4,105,000
Kansas City	45,986,000	45,986,000
Dallas	8,773,000	8,773,000
San Francisco	59,892,000	41,972,000
Total	$1,418,870,000	$900,656,000

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Release at 3 P.M.

~~PROPOSED PRESS RELEASE~~ ~~1 December, 1948~~

S-921

The Secretary of the Treasury announced today ~~that~~ a decision has been made to reestablish the 17th Coast Guard District in Alaska, with headquarters at Juneau.

Since this district was disestablished on ~~on~~ July 1, 1947, all Coast Guard activities in Alaska have been under the jurisdiction of the Commander, 13th Coast Guard District, whose headquarters are in Seattle, Washington. The decision to reestablish a separate district in Alaska was reached after a board of Coast Guard officers inspected the area and surveyed the requirements. ~~The Secretary~~ and after ~~a visit to Alaska last summer by Secretary Snyder~~ ~~also visited Alaska last summer and gained first-hand information on the situation.~~

The Coast Guard board recommended that Juneau be selected as the headquarters for the new district provided adequate office space is available. This location was decided upon after a careful study of all factors involved, including the fact that Juneau is the seat of the territorial government and the headquarters of most government agencies in Alaska, Location at Juneau ~~an~~ important consideration since day-to-day operations of the Coast Guard require ~~a~~ close coordination with other Federal authorities.

Secy Snyder's visit to Alaska last summer.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, December 1, 1948

S-921

The Secretary of the Treasury announced today that decision has been made to reestablish the 17th Coast Guard District in Alaska, with headquarters at Juneau.

Since this district was disestablished on July 1, 1947, all Coast Guard activities in Alaska have been under the jurisdiction of the Commander, 13th Coast Guard District, whose headquarters are in Seattle, Washington. The decision to reestablish a separate district in Alaska was reached after a board of Coast Guard officers inspected the area and surveyed the requirements and after Secretary Snyder's visit to Alaska last summer.

The Coast Guard board recommended that Juneau be selected as the headquarters for the new district provided adequate office space is available. This location was decided upon after a careful study of all factors involved, including the fact that Juneau is the seat of the territorial government and the headquarters of most government agencies in Alaska. Location at Juneau is an important consideration since day-to-day operations of the Coast Guard require close coordination with other Federal authorities.

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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.

ALPHA

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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 December 9, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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

Exhibit 1

ALPHA

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, December 3, 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 December 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 December 9, 1948 ~~(5)~~, and will mature March 10, 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, December 6, 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, December 3, 1948.

No. S-922

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 December 9, 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 December 9, 1948, and will mature March 10, 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, December 6, 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 December 9, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, December 6, 1948.

No. S-923

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 H-1949, open on an exchange basis, par for par, in authorized denominations, to holders of 2 percent Treasury Bonds of 1948-50 (dated December 8, 1939), called for redemption on December 15, 1948, in the amount of $571,431,150. Cash subscriptions will not be received.

The certificates now offered will be dated December 15, 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 December 15, 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 called bonds. 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, December 8.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight December 8, 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 H-1949

Dated and bearing interest from December 15, 1948 Due December 15, 1949

1948
Department Circular No. 839

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, December 6, 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 H-1949, in exchange for 2 percent Treasury Bonds of 1948-50, dated December 8, 1939, called for redemption on December 15, 1948.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated December 15, 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 December 15, 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.

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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 December 15, 1948, or on later allotment, and may be made only in Treasury Bonds of 1948-50, called for redemption on December 15, 1948, which will be accepted at par, and should accompany the subscription. Payment of final interest due December 15 on bonds surrendered will be paid, in the case of coupon bonds, by payment of December 15, 1948, coupons, which should be detached by holders before presentation of the bonds, and in the case of registered bonds, by checks drawn in accordance with the assignments on the bonds surrendered.

V. ASSIGNMENT OF REGISTERED BONDS

1. Treasury Bonds of 1948-50 in registered form tendered in payment for certificates offered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Certificates of Indebtedness of Series H-1949 to be delivered to ____________," in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or Branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. The bonds must be delivered at the expense and risk of the holders.

VI. 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.

FOR IMMEDIATE RELEASE
Friday, December 3, 1948 S-924

The Bureau of Customs announced today that preliminary information indicates the quota of 150,000,000 pounds of white or Irish certified seed potatoes for the year beginning September 15, 1948, was approximately 85 percent filled at the close of business December 1. Collectors of customs were instructed to require the deposit of estimated duties at the full tariff rate on entries for consumption of such potatoes on December 6 and thereafter until September 15, 1949.

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TREASURY DEPARTMENT

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

IMMEDIATE RELEASE,
Tuesday, December 7, 1948 S-925

George J. Schoeneman, Commissioner of Internal Revenue, announced today that the 1948 edition of "Your Federal Income Tax," an improved and completely revised edition of the official booklet on preparation of individual income tax returns, went on sale today at the Office of the Superintendent of Documents, U. S. Government Printing Office. The price is twenty-five cents, the same as last year.

This booklet is not to be confused with the new 16-page instruction pamphlet which is being mailed to taxpayers free of charge along with the customary Form 1040 return blanks. The forms and small pamphlet are in the process of being mailed at the present time by the local offices of the collectors of internal revenue.

"Your Federal Income Tax" is a 115-page discussion of individual income tax which is designed to satisfy requests of many taxpayers for more detailed information than it is possible to provide in the instruction pamphlet. The new edition of this booklet has been brought up-to-date and includes the changes made by the Revenue Act of 1948. In addition, a considerable amount of the text has been re-written, and many useful illustrations added. Easier-to-read type and various other design improvements, a more extensive index, and other changes also have been made in the new edition.

The Superintendent of Documents has already received in excess of 10,000 advance orders for this booklet, and is prepared to fill these and other orders expeditiously. In order to avoid delays, taxpayers desiring copies of "Your Federal Income Tax" should direct inquiries to "The Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.," and not to offices of the Bureau of Internal Revenue.

The ABA will assist in the distribution of the new booklet.

Proposed Memorandum for the Press.

George J. Schoeneman, Commissioner of Internal Revenue, announced today that the 1948 edition of "Your Federal Income Tax," an improved and completely revised edition of the official booklet on preparation of individual income tax returns, went on sale today at the Office of the Superintendent of Documents, U. S. Government Printing Office. The price is twenty-five cents, the same as last year.

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Proposed ~~Memorandum for the~~ Press release

I.P. 12-2-48 CAS 12.2.48 EMM 12/2 APG 12/2/48 12/2/48 12-3 JSG 12/3/48

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TREASURY DEPARTMENT

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

IMMEDIATE RELEASE,
Tuesday, December 7, 1948 S-925

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The Superintendent of Documents has already received in excess of 10,000 advance orders for this booklet, and is prepared to fill these and other orders expeditiously. In order to avoid delays, taxpayers desiring copies of "Your Federal Income Tax" should direct inquiries to "The Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.," and not to offices of the Bureau of Internal Revenue. The American Bankers Association will assist in the distribution of the new booklet.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, December 7, 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 December 9, 1948, and to mature March 10, 1949, which were offered on December 3, were opened at the Federal Reserve Banks on December 6.

The details of this issue are as follows:

Total applied for - $1,440,433,000
Total accepted - 905,147,000 (includes $53,515,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.709 Equivalent rate of discount approx. 1.152% per annum

Range of accepted competitive bids:

High	- 99.720	Equivalent rate of discount approx. 1.108% per annum
Low	- 99.708	" " " " " 1.155% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 13,385,000	$ 12,885,000
New York		1,150,583,000	699,275,000
Philadelphia		14,554,000	5,774,000
Cleveland		39,228,000	26,628,000
Richmond		4,205,000	3,575,000
Atlanta		8,384,000	8,384,000
Chicago		99,430,000	55,980,000
St. Louis		7,116,000	6,990,000
Minneapolis		5,145,000	4,830,000
Kansas City		15,791,000	12,515,000
Dallas		9,265,000	9,139,000
San Francisco		73,347,000	59,172,000
	TOTAL	$1,440,433,000	$905,147,000

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TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, December 7, 1948. No. S-926

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 December 9, 1948, and to mature March 10, 1949, which were offered December 3, 1948, were opened at the Federal Reserve Banks on December 6.

The details of this issue are as follows:

Total applied for - $1,440,433,000
Total accepted - 905,147,000 (includes $53,515,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.709 Equivalent rate of discount approx. 1.152% per annum

Range of accepted competitive bids:

High - 99.720 Equivalent rate of discount approx. 1.108% per annum
Low - 99.708 Equivalent rate of discount approx. 1.155% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 13,385,000	$ 12,885,000
New York	1,150,583,000	699,275,000
Philadelphia	14,554,000	5,774,000
Cleveland	39,228,000	26,629,000
Richmond	4,205,000	3,575,000
Atlanta	8,384,000	8,384,000
Chicago	99,430,000	55,980,000
St. Louis	7,116,000	6,990,000
Minneapolis	5,145,000	4,830,000
Kansas City	15,791,000	12,515,000
Dallas	9,265,000	9,139,000
San Francisco	73,347,000	59,172,000
TOTAL	$1,440,433,000	$905,147,000

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TREASURY DEPARTMENT
Fiscal Service
Washington, December 3, 19

STATUTORY DEBT LIMITATION
AS OF November 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 November 30, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$12,418,262,000		
Certificates of indebtedness	26,007,884,000		
Treasury notes	11,683,098,200	$ 50,109,244,200	
Bonds -			
Treasury	112,011,033,100		
Savings (current redemp.value)	54,944,044,755		
Depositary	331,595,500		
Armed Forces Leave	477,236,225		
Investment series	955,465,000	168,719,374,580	
Special Funds -			
Certificates of indebtedness	17,001,100,000		
Treasury notes	14,398,434,500	31,399,534,500	
Total interest-bearing		250,228,153,280	
Matured, interest-ceased		209,886,236	
Bearing no interest:			
War savings stamps	55,049,697		
Excess profits tax refund bonds	7,476,671		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series	65,785,000		
Internat'l Monetary Fund series	1,138,000,000	1,266,311,368	
Total		251,704,350,884	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	14,080,486		
Demand obligations: C.C.C.	38,674,660	52,755,146	
Matured, interest-ceased		4,191,525	
		56,946,671	
Grand total outstanding			251,761,297,555
Balance face amount of obligations issuable under above authority			23,238,702,445

Reconcilement with Statement of the Public Debt - November 30, 1948
(Daily Statement of the United States Treasury, December 1, 1948)

Outstanding -	
Total gross public debt	252,506,047,428
Guaranteed obligations not owned by the Treasury	56,946,671
Total gross public debt and guaranteed obligations	252,562,994,099
Deduct - other outstanding public debt obligations not subject to debt limitation	801,696,544
	$251,761,297,555

S-927

STATUTORY DEBT LIMITATION
AS OF November 30, 1948

December 8, 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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Certificates of indebtedness	17,001,100,000		
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Total interest-bearing..................		250,228,153,280	
Matured, interest-ceased.....................		209,886,236	
Bearing no interest:			
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Grand total outstanding.......................			251,761,297,555
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Deduct - other outstanding public debt obligations not subject to debt limitation..............................	801,696,544
	$251,761,297,555

S-927

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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 December 16, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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

~~Exhibit I~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, December 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 December 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 December 16, 1948 ~~(5)~~, and will mature March 17, 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, December 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,
Friday, December 10, 1948.

No. S-928

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 December 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 December 16, 1948, and will mature March 17, 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, December 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 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 December 16, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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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relationships, free from the threat of war, may become re-established throughout the world.

This is a large order. It is a sobering prospect. In the years ahead, our major task will be to protect this American economy from the mistakes of the past -- not only to insure that a serious business depression shall not ~~never~~ happen, ~~again~~, but to be certain that we maintain our present course of national economic progress.

high living standards. ~~We must provide places to live for many of our people.~~ We must provide productive machinery to replace that worn out during the war. We must build new homes, new hospitals, new churches and schools, and new municipal facilities. We must rebuild thousands of miles of highways. In addition to all this, we must do our part in the great task of world reconstruction, and we must build a powerful defense establishment to the end that normal international

An extended prosperity can only be achieved by a policy of moderation -- by encouraging a healthy business development while restraining the excesses of over-buying, over-borrowing, and over-expansion which inevitably ~~will~~ would bring on a business depression. This policy of moderation has been and will continue to be the Administration's program.

The nation has a huge task before it. We must meet the normal demands of a growing population with continuation of the policies of recent years, should give the nation increased confidence in the stability of present high business levels. The President has made very clear in his statements to Congress and to the nation that a major objective of his administrative program has always been, and will continue to be, a well-maintained high-level economy, and, within this framework, to provide for a balanced budget and progressive debt reduction.

were realized. But unwarranted as they were, they have had the beneficial result of putting a damper on various speculative projects, which would in any case have been of questionable economic benefit. I doubt that any sound expansion plan, for which a real need existed, has been affected.

I see no reason to believe that the present business apprehension rests on any more substantial basis than the earlier ones. On the contrary, the prospect of a

It might almost seem that this business apprehension is getting to be a seasonal affair. In the fall of 1945 there was a general fear of widespread unemployment because of reconversion from the war effort. In the fall of 1946 a business scare developed over the severe stock market break in September of that year. Last fall there was fear of unfavorable effects from the credit restriction program.

None of these business fears

to contend with, rather than less inflation. The removal of confidence in the stability of the bond market, and a consequent impairment of confidence in our financial situation, might well have serious consequences in this country and cause a weakening of confidence in our financial stability throughout the world.

Despite the continued strength in our national economy, there is some feeling of apprehension in business circles.

Since this program was initiated in November 1947, Federal Reserve holdings have increased by some $950 million. Much more than this, however, is directly attributable to the $2 billion increase in reserve requirements last September.

(6) Furthermore, if the bond market were allowed to get out of control, there is a real possibility that we would have more inflation

It has been argued that support of the market is inflationary, because of the large sales of Government securities to the Federal Reserve, and ~~because~~ that we are paying too high a price in order to gain the benefits of bond market stability which I have outlined. Actually, there has been no net increase in Federal Reserve holdings of Government securities attributable to the support program.

I percent would cost the American taxpayers approximately ~~a~~ one billion, two hundred fifty million dollars a year.

The Treasury was able to finance the last war at an average ~~borrowing cost~~ interest rate of less than one-half the ~~borrowing cost~~ interest rate of World War I. If this had not been done, the present interest charge would have been more than $10 billion a year instead of $5 billion. ~~a year~~.

Another important factor for consideration is that the budgetary cost of servicing the public debt would be increased by any significant decline in bond prices. The interest cost is already $5.3 billion a year. A further rise in the budget charge for interest payments would be of nationwide importance, and it would affect every taxpayer. A rise in the average interest rate of the public debt by as little as 1/2 of decisions made early in the war was to sell as many securities as possible to nonbank purchasers. This decision had tremendous implications for the future of our debt-management policies. This was particularly significant with respect to the sale of Government securities to tens of millions of purchasers, who now hold $55 billion of nontransferable savings bonds. ~~redeemable upon demand~~.

employment and production.

These reasons in themselves should be enough. But there are further important reasons for maintaining stability in the Government bond market.

A public debt of the magnitude of $250 billion is unknown to any past period of our economy. The uncompromising wartime demands, however, forced a revision of our entire financial and fiscal thinking. One of the important institutional investors, and by increasing short-term rates. All of these operations combined to take upward pressure off the market.

5 When conditions changed, and a downward pressure on bond prices developed, we stabilized the bond market through purchases of long-term bonds. All of our actions have been taken with a view toward promoting business confidence and of attaining a high level of

have directed their efforts toward maintaining bond market stability in both directions -- toward keeping bond prices from going up too high and too fast, and toward keeping them from going down too sharply. Beginning in the spring of 1947 we took action to control an incipient boom in the bond market -- by selling long-term bonds from some of the Government investment accounts, by offering the Investment Series of bonds to

It is to be emphasized, however, that the desirability of continued stability in the Government bond market and confidence in the Government's credit has ~~far~~ great~~er~~ implications beyond the domestic business picture alone. The present international situation makes it particularly imperative that United States financial strength and integrity remain unquestioned.

The Treasury and Federal Reserve

Therefore, during my tenure of office, the Treasury, in cooperation with the Federal Reserve Board, has directed its efforts toward maintaining this confidence in the stability of the Government bond market. Such efforts ~~has~~ have contributed materially toward promoting business confidence and toward attaining the fullest economic activity in our peacetime history.

its relation to the economy of the country.

Confidence in the stability of the Government bond market had to be assured to maintain the underlying strength of the national financial system. It would ease reconversion problems for industry, business and Government. It would encourage the capital expansion so necessary for maximum production in peacetime.

market is essential to this achievement.

I came to the Treasury in June of 1946, when we were in the process of transition from war to peace. The country was faced with numerous and varied economic problems. Not the least of these at that time was the unprecedented size of our public debt -- a public debt without parallel both in terms of its dollar total and in

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Achievement and maintenance of national economic stability depend ~~on~~ upon many factors, of which one of the most elemental is confidence in the government's credit.

The Treasury's first objective is to conduct fiscal policy in such a manner as to promote full confidence in the credit of the United States Government -- and stability of the government bond standards cannot be used to measure our present ~~achievements~~ prospects.

The people of all the democratic countries of the world look on the United States as a bulwark of economic and financial strength. To justify this confidence, it is essential that we recognize our joint responsibility to maintain an ever constant watch for any influence by which our own strength might be undermined.

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The fact that our present economic levels are much higher than before the war is no reason for doubting that they can be maintained. The new record levels established in the mid-twenties, exceeding the peaks reached in World War I, unquestionably seemed excessive to many at the time. Now we have 25 million more people than we had in 1929. We are definitely in a growing economy, and previous

Our economy is at present in a basically sound condition, and shows encouraging signs of stability in the vicinity of the present high levels. There is today no strong evidence of over-buying by consumers, nor of over-expansion by industry. And consumer demand on the whole is still for these times, healthily unsatisfied, and capacity in many lines is still inadequate.

your first responsibilities is to closely examine each loan application from the viewpoint of its effect on the national economy. For obviously, loans that are not made for a sound productive purpose mortgage future income to increase present demand. Such loans are not only inflationary today -- they are distinct contributions to a boom and bust cycle.

rising trend for the 5-year period from 1923 through 1927.

In the interest of our country's future, we must not fail to heed the lesson of the 1920's. We must do all in our power to perpetuate a stable business trend, and make every effort to heed any signals of a business collapse similar to that of 1929.

To this end, you bankers play a most important role. One of economy -- no over-buying, over-borrowing, nor over-expansion. It is true that speculation in city real estate was overdone -- and there are some signs of this today -- but the impact was not of sufficient force to unsettle the economic levels. With economic conditions continuing on an even keel, the volume of industrial production became established on a generally stable but gradually high prosperity. National income had reached the ~~greatest~~ highest level in history up to that time; labor was practically fully employed; and business was highly prosperous.

3 The maintenance of that high-level prosperity over an extended period can be attributed to the fact that, until the stock market got out of hand in 1928, there was no hazardous volume of speculative excesses in the

filling up of wartime shortages. In fact, such a replacement process has already been going on for some time, and corrective adjustments have occurred in various industries without appreciably affecting the over-all business level.

In certain respects, the present business picture resembles that of the mid-1920's. Although the economic levels then were lower, that period was also one of severe shortages still exist in lines such as steel and other metals, and in their products. Labor shortages remain a problem. Many new products and new demands for service await only a more adequate supply of basic materials and labor.

The demand for these new items should serve to replace any significant ~~dangerous~~ deflationary reduction in demand that might follow the speed and efficiency. During these years, while substantially meeting our own current needs, we have also provided relief, rehabilitation, and reconstruction to a large part of the war-torn areas of the world.

We have now reached a stage where wartime accumulation of demand for many products is becoming more nearly satisfied. But let me remind you that the banking system and the Treasury Department in dealing with our most important national economic problem -- that of strengthening our economy at the present high level of prosperity.

The achievements of this country in the three years since V-J Day have been, to say the least, remarkable. The reconversion from war to peacetime production was accomplished with amazing make ready to meet inflationary pressures with self-imposed restraint, or to step in with a sound loan policy in times when the demand for bank credit is wholesome.

At this time it would be well to take stock of the nation's present economic position, and to calculate what may lie ahead. I should like particularly to discuss the cooperative role of

Your recent action through the A.B.A. anti-inflation program has shown a bold and aggressive inclination and ability to step out as leaders and to take an active part in shaping our present and future economy. This has not been an easy task. It has required a high degree of flexibility. But in the interest of the national economy, bankers must maintain this position and to a more than usually cautious loan policy in this critical inflationary period.

Your willingness to forego immediate banking profits in the interest of a stable national economy is sound and far-sighted banking practice.

I am today firmly convinced that the banking fraternity must conscientiously work toward effective leadership in an ever broadening financial field. [redacted], member banks expanded only $1.8 billion through December 1, 1948, as compared with a rise of $3.8 billion in the same period of 1947.

This satisfactory showing is attributable in very large measure, to the credit control program of the American Bankers Association. Through this voluntary program, the bankers of the country have rendered an important service by adhering

We expect the programs you are considering at this meeting to have a wholesome and salutary effect upon present and future policies.

In certain respects, 1948 has been a critical one in the credit picture. But, I am glad to say that bank loans during this year have been carefully screened, resulting in a total increase of much less than last year. Total loans of the weekly reporting

I am particularly glad to have the opportunity of speaking to you on the occasion of this National Credit Conference. Your group holds a strategic position in shaping policies of credit right at the borrower's level, where the effect on the welfare of not only the borrower but of the nation is direct and immediate. In the past, you have demonstrated many times your ability to make these policies effective.

Treasury Department
Washington

The following address by Secretary Snyder before the National Credit Conference of the American Bankers Association at the Hotel Sherman, Chicago, Ill., is scheduled for delivery at ~~2:15 P.M. Tuesday~~
2:15 P.M., C.S.T., Tuesday, December 14, 1948, and is for release at that time.

S-929

TREASURY DEPARTMENT

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At this time it would be well to take stock of the nation's present economic position, and to calculate what may lie ahead. I should like particularly to discuss the cooperative role of the banking system and the Treasury Department in dealing with our most important national economic problem -- that of strengthening our economy at the present high level of prosperity.

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The demand for these new items should serve to replace any significant deflationary reduction in demand that might follow the filling up of wartime shortages. In fact, such a replacement process has already been going on for some time, and corrective adjustments have occurred in various industries without appreciably affecting the over-all business level.

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In the interest of our country's future, we must not fail to heed the lesson of the 1920's. We must do all in our power to perpetuate a stable business trend, and make every effort to heed any signals of a business collapse similar to that of 1929.

To this end, you bankers play a most important role. One of your first responsibilities is to closely examine each loan application from the viewpoint of its effect on the national economy. For obviously, loans that are not made for a sound productive purpose mortgage future income to increase present demand. Such loans are not only inflationary today -- they are distinct contributions to a boom and bust cycle.

Our economy is at present in a basically sound condition, and shows encouraging signs of stability in the vicinity of the present high levels. There is today no strong evidence of over-buying by consumers, nor of over-expansion by industry. And consumer demand on the whole is still for these times, healthily unsatisfied, and capacity in many lines is still inadequate.

The fact that our present economic levels are much higher than before the war is no reason for doubting that they can be maintained. The new record levels established in the mid-twenties, exceeding the peaks reached in World War I, unquestionably seemed excessive to many at the time. Now we have 25 million more people than we had in 1929. We are definitely in a growing economy, and previous standards cannot be used to measure our present prospects.

The people of all the democratic countries of the world look on the United States as a bulwark of economic and financial strength. To justify this confidence, it is essential that we recognize our joint responsibility to maintain an ever constant watch for any influence by which our own strength might be undermined.

Achievement and maintenance of national economic stability depend upon many factors, of which one of the most elemental is confidence in the government's credit.

The Treasury's first objective is to conduct fiscal policy in such a manner as to promote full confidence in the credit of the United States Government -- and stability of the government bond market is essential to this achievement.

I came to the Treasury in June of 1946, when we were in the process of transition from war to peace. The country was faced with numerous and varied economic problems. Not the least of these at that time was the unprecedented size of our public debt -- a public debt without parallel both in terms of its dollar total and in its relation to the economy of the country.

Confidence in the stability of the Government bond market had to be assured to maintain the underlying strength of the national financial system. It would ease reconversion problems for industry, business and Government. It would encourage the capital expansion so necessary for maximum production in peacetime.

Therefore, during my tenure of office, the Treasury, in cooperation with the Federal Reserve Board, has directed its efforts toward maintaining this confidence in the stability of the Government bond market. Such efforts have contributed materially toward promoting business confidence and toward attaining the fullest economic activity in our peacetime history.

It is to be emphasized, however, that the desirability of continued stability in the Government bond market and confidence in the Government's credit has great implications beyond the domestic business picture alone. The present international situation makes it particularly imperative that United States financial strength and integrity remain unquestioned.

The Treasury and Federal Reserve have directed their efforts toward maintaining bond market stability in both directions -- toward keeping bond prices from going up too high and too fast, and toward keeping them from going down too sharply. Beginning in the spring of 1947 we took action to control an incipient boom in the bond market -- by selling long-term bonds from some of the Government investment accounts, by offering the Investment Series of bonds to institutional investors, and by increasing short-term rates. All of these operations combined to take upward pressure off the market.

When conditions changed, and a downward pressure on bond prices developed, we stabilized the bond market through purchases of long-term bonds. All of our actions have been taken with a view toward promoting business confidence and of attaining a high level of employment and production.

These reasons in themselves should be enough. But there are further important reasons for maintaining stability in the Government bond market.

A public debt of the magnitude of $250 billion is unknown to any past period of our economy. The uncompromising wartime demands, however, forced a revision of our entire financial and fiscal thinking. One of the important decisions made early in the war was to sell as many securities as possible to nonbank purchasers. This decision had tremendous implications for the future of our debt-management policies. This was particularly significant with respect to the sale of Government securities to tens of millions of purchasers, who now hold $55 billion of nontransferable savings bonds.

Another important factor for consideration is that the budgetary cost of servicing the public debt would be increased by any significant decline in bond prices. The interest cost is already $5.3 billion a year. A further rise in the budget charge for interest payments would be of nationwide importance, and it would affect every taxpayer. A rise in the average interest rate of the public debt by as little as 1/2 of 1 percent would cost the American taxpayers approximately one billion, two hundred fifty million dollars a year.

The Treasury was able to finance the last war at an average interest rate of less than one-half the interest rate of World War I. If this had not been done, the present interest charge would have been more than $10 billion a year instead of $5 billion.

It has been argued that support of the market is inflationary, because of the large sales of Government securities to the Federal Reserve, and that we are paying too high a price in order to gain the benefits of bond market stability which I have outlined. Actually, there has been no net increase in Federal Reserve holdings of Government securities attributable to the support program. Since this program was initiated in November 1947, Federal Reserve holdings have increased by some $950 million. Much more than this, however, is directly attributable to the $2 billion increase in reserve requirements last September.

Furthermore, if the bond market were allowed to get out of control, there is a real possibility that we would have more inflation to contend with, rather than less inflation. The removal of confidence in the stability of the bond market, and a consequent impairment of confidence in our financial situation, might well have serious consequences in this country and cause a weakening of confidence in our financial stability throughout the world.

Despite the continued strength in our national economy, there is some feeling of apprehension in business circles.

It might almost seem that this business apprehension is getting to be a seasonal affair. In the fall of 1945 there was a general fear of widespread unemployment because of reconversion from the war effort. In the fall of 1946 a business scare developed over the severe stock market break in September of that year. Last fall there was fear of unfavorable effects from the credit restriction program.

None of these business fears were realized. But unwarranted as they were, they have had the beneficial result of putting a damper on various speculative projects, which would in any case have been of questionable economic benefit. I doubt that any sound expansion plan, for which a real need existed, has been affected.

I see no reason to believe that the present business apprehension rests on any more substantial basis than the earlier ones. On the contrary, the prospect of a continuation of the policies of recent years should give the nation increased confidence in the stability of present high business levels. The President has made very clear in his statements to Congress and to the nation that a major objective of his administrative program has always been, and will continue to be, a well-maintained high-level economy, and, within this framework, to provide for a balanced budget and progressive debt reduction.

An extended prosperity can only be achieved by a policy of moderation -- by encouraging a healthy business development while restraining the excesses of over-buying, over-borrowing, and over-expansion which inevitably would bring on a business depression. This policy of moderation has been and will continue to be the Administration's program.

The nation has a huge task before it. We must meet the normal demands of a growing population with high living standards. We must provide productive machinery to replace that worn out during the war. We must build new homes, new hospitals, new churches and schools, and new municipal facilities. We must rebuild thousands of miles of highways. In addition to all this, we must do our part in the great task of world reconstruction, and we must build a powerful defense establishment, to the end that normal international relationships, free from the threat of war, may become re-established throughout the world.

This is a large order. It is a sobering prospect. In the years ahead, our major task will be to protect this American economy from the mistakes of the past -- not only to insure that a serious business depression shall not happen, but to be certain that we maintain our present course of national economic progress.

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This is democracy as I understand it. This is the kind of democracy that will preserve our national economic progress.

urban and rural life.

The President's administrative program is directed, and will continue to be directed, toward the preservation and growth of our economic vigor.

The extremists both of the right and the left should know that it is in this fashion that the Administration intends to carry out the pledged objectives of its party.

opportunity to rise by our own efforts from the bottom to the top whether in factory, finance or public service.

In protecting these and other rights and freedoms, it is fortunate that our Constitution is not so rigid as to become unadaptable to changing conditions. It can, without change in its basic structure, keep pace with the growth and spread of population and complexities of modern national life.

The mass of our people believe in the continuance of the kind of democracy we fought for in two wars. Although the term democracy is being prostituted by some peoples beyond our shores, the kind of democracy we know and intend with all our energy to preserve, involves individual freedom, initiative and enterprise. It involves the opportunity to take business risks for profit. It involves the

It is highly important for the future of our country that we heed the lessons of the past.

Today, the people of this country and the people of the democratic world look upon the United States as the bulwark of economic strength. In our own interest, we must justify this appraisal.

And to accomplish this we must have the benefit of the coordinated efforts of all segments of our between the present economic situation and that of the mid-1920's. That period was likewise one of high prosperity, although the economic levels then were lower than they are today. National income reached the highest records in history up to that time; labor was practically fully employed; and business was highly prosperous. But speculative excesses were allowed to develop, and the panic of 1929 was the consequence.

or no evidence of the characteristic unbalanced conditions which typically precede a recession.

Business recessions, of course, do not just happen. They develop from definite earlier causes. They develop from previous excessive speculation -- from over-buying, over-borrowing, or over-expansion. Each depression in the past may be traced to one or more of these influences.

There are certain similarities

forerunner of a business collapse. And last February, when farm prices dropped sharply, businessmen again shouted "This is it!" as they rushed for their storm cellars.

In one way, we can be very thankful for this apprehension. It has had the effect of keeping everyone cautious. It has put a damper on various speculative expansion projects. It is partly responsible for the fact that in our economy today we have little realize that I am perhaps a little out of order -- that it is not in fashion just now to look at the more optimistic features of the business picture. At this time last year, however, I recall that a recession was also thought to be imminent because of the credit restriction program and the decline in Government bonds. Two years ago, the drop of nearly 25 percent in stock prices was considered a certain immediately ahead, is the outlook for new developments in many kinds of consumer goods. With the development, of new manufacturing techniques and processes, the rapidly broadening use of new synthetic materials, and possibly the development of atomic power, I believe we have the essential foundation for an incomparable era of national prosperity in the years ahead.

In making this statement I

construction, have created such a need for expansion of public and private utility services, homes, schools, hospitals, highways, and other construction, that these factors alone will be a powerful business influence for several years to come.

Remaining largely in the background, but offering perhaps the greatest potential support to business activity in the years for new plant construction, together with expenditures for residential construction, have continued to rise, reaching new highs in the third quarter.

The long-deferred public construction projects of states and municipalities are now coming into the picture.

The great shifts of population during the war years, together with the nation-wide wartime lag in

Thus, the filling of business pipelines and restocking of dealers' shelves were about completed by the end of 1946, and have since been much less important as a business factor. Net exports became a very important business influence in the spring of 1947, but they have since dropped to about one-third of their peak rate. During the current year, capital expenditures for new equipment and

Consequently, our economy has had to adapt itself to the inadequate total production by stretching its postwar rehabilitation over a period of years. It has, in effect, met its various requirements in a succession of overlapping stages, as a falling off in one form of demand has released productive capacity to supply some other demand.

materials and men to maintain an effective military establishment.

We have not yet reached a point where all of these demands can be fully met, since our total production has been limited by continuing shortages of various kinds of materials, by a tight labor supply, and by insufficient production capacity in some lines.

years we have been producing large quantities of goods. We have been attempting not only to supply current consumption needs, but to rebuild depleted inventories, to overcome war-created shortages, and to expand our productive capacity. On top of this, we have given generous aid in feeding and rebuilding the war-torn areas of the world, and we have supplied

I intend to continue a firm course in maintaining confidence in the Government's credit.

Our experience since the war has been evidence, I believe, of a remarkable basic confidence throughout the nation. For three than less inflation. The removal of confidence in the stability of the bond market, and a consequent impairment of confidence in our financial situation, would well have serious consequences not only in this country, but throughout the world.

program was initiated in November 1947, Federal Reserve holdings have increased by some $950 million. Much more than this, however, is directly attributable to the $2 billion increase in reserve requirements last September.

If we should let the bond market get out of control, there would be a real possibility that we would have more inflation to contend with, rather

It has been argued that supporting the market is inflationary, because of the large sales of Government securities to the Federal Reserve, and that we are paying too high a price in order to gain the benefits of bond market stability which I have outlined.

Actually, there has been no net increase in Federal Reserve holdings of Government securities attributable to the support program. Since this institutional investors, and increased short-term rates. All of these operations combined to take upward pressure off the market.

When conditions changed, and a downward pressure on bond prices developed, we stabilized the market through purchases of long-term bonds. All of our actions have been taken with a view toward promoting business confidence and of encouraging a high level economy.

The Treasury and Federal Reserve have considered it equally important to keep bond prices from going up too fast, and to keep them from going down too sharply. Starting in the spring of 1947 we took actions to control a boom that was beginning to develop in the bond market. For this purpose we sold long-term bonds from some Government investment accounts, put out an Investment Series of bonds for easing the problems of reconversion for industry, and business, as well as for the Government.

And I believe that the steps taken toward maintaining such confidence have contributed to the maintenance of our present unparalleled prosperity.

provide the necessary additional taxes.

Another major objective of Treasury policy has been to conduct public debt management in such a way as to promote confidence in the Government's credit. When I assumed office, at a time when reconversion to peacetime economy was under way, I felt that confidence in the stability of the bond market would be of great help to the nation in

Consequently, to meet our domestic and international obligations as reflected in proposed Government expenditures for the coming fiscal year, we must give careful attention to the effect of these expenditures on the national economy. A primary objective of the Government must be to maintain a continued sound fiscal policy. If this should require additional revenue, it will be the duty of Congress to confidence have been plainly reflected in their economic progress.

My major objective as Secretary of the Treasury is to maintain the financial soundness of the United States Government. And, a sound fiscal policy must rest upon a revenue system that will meet the cost of Governmental functions, and provide funds to service and reduce the public debt.

of consumer demand, and above all upon the financial soundness of their Government.

Look at those countries whose people have lost faith in their governments' financial stability to realize the serious economic consequences of loss of confidence. It is an interesting commentary that among the nations of Europe today, even moderate differences in national

Economic development in any nation must be based upon a foundation of confidence -- confidence of the people in their future, in the security of their jobs, in the integrity of their lawmakers, in the impartiality of their courts, and in the soundness of their banking system. National prosperity must be predicated on the confidence of businessmen in the safety of their investments, in the maintenance

Mr. Saxon

ADDRESS BY SECRETARY SNYDER

BEFORE THE

TOWN HALL

WALDORF ASTORIA HOTEL

Wednesday, December 15, 1948
8 P.M.

The following address by Secretary Snyder ~~before the~~ at Town Hall, Waldorf Astoria Hoetl, New York City, is scheduled for delivery at 8 P.M., E.S.T., Wednesday December 15, 1948, and is for release at that time.

S-930

TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder at Town Hall, Waldorf Astoria Hotel, New York City, is scheduled for delivery at 8 P.M., E.S.T., Wednesday, December 15, 1948, and is for release at that time.

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Another major objective of Treasury policy has been to conduct public debt management in such a way as to promote confidence in the Government's credit. When I assumed office, at a time when reconversion to peacetime economy was under way, I felt that confidence in the stability of the bond market would be of great help to the nation in easing the problems of reconversion for industry, and business, as well as for the Government.

And I believe that the steps taken toward maintaining such confidence have contributed to the maintenance of our present unparalleled prosperity.

The Treasury and Federal Reserve have considered it equally important to keep bond prices from going up too fast, and to keep them from going down too sharply. Starting in the spring of 1947 we took actions to control a boom that was beginning to develop in the bond market. For this purpose we sold long-term bonds from some Government investment accounts, put out an Investment Series of bonds for institutional investors, and increased short-term rates. All of these operations combined to take upward pressure off the market.

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If we should let the bond market get out of control, there would be a real possibility that we would have more inflation to contend with, rather than less inflation. The removal of confidence in the stability of the bond market, and a consequent impairment of confidence in our financial situation, would well have serious consequences not only in this country, but throughout the world.

I intend to continue a firm course in maintaining confidence in the Government's credit.

Our experience since the war has been evidence, I believe, of a remarkable basic confidence throughout the nation. For three years we have been producing large quantities of goods. We have been attempting not only to supply current consumption needs, but to rebuild depleted inventories, to overcome war-created shortages, and to expand our productive capacity. On top of this, we have given generous aid in feeding and rebuilding the war-torn areas of the world, and we have supplied materials and men to maintain an effective military establishment.

We have not yet reached a point where all of these demands can be fully met, since our total production has been limited by continuing shortages of various kinds of materials, by a tight labor supply, and by insufficient production capacity in some lines.

Consequently, our economy has had to adapt itself to the inadequate total production by stretching its postwar rehabilitation over a period of years. It has, in effect, met its various requirements in a succession of overlapping stages, as a falling off in one form of demand has released productive capacity to supply some other demand.

Thus, the filling of business pipelines and restocking of dealers' shelves were about completed by the end of 1946, and have since been much less important as a business factor. Net exports became a very important business influence in the spring of 1947, but they have since dropped to about one-third of their peak rate. During the current year, capital expenditures for new equipment and for new plant construction, together with expenditures for residential construction, have continued to rise, reaching new highs in the third quarter.

The long-deferred public construction projects of states and municipalities are now coming into the picture.

The great shifts of population during the war years, together with the nation-wide wartime lag in construction, have created such a need for expansion of public and private utility services, homes, schools, hospitals, highways, and other construction, that these factors alone will be a powerful business influence for several years to come.

Remaining largely in the background, but offering perhaps the greatest potential support to business activity in the years immediately ahead, is the outlook for new developments in many kinds of consumer goods. With the development of new manufacturing techniques and processes, the rapidly broadening use of new synthetic materials, and possibly the development of atomic power, I believe we have the essential foundation for an incomparable era of national prosperity in the years ahead.

In making this statement I realize that I am perhaps a little out of order -- that it is not in fashion just now to look at the more optimistic features of the business picture. At this time last year, however, I recall that a recession was also thought to be imminent because of the credit restriction program and the decline in Government bonds. Two years ago, the drop of nearly 25 percent in stock prices was considered a certain forerunner of a business collapse. And last February, when farm prices dropped sharply, businessmen again shouted "This is it!" as they rushed for their storm cellars.

In one way, we can be very thankful for this apprehension. It has had the effect of keeping everyone cautious. It has put a damper on various speculative expansion projects. It is partly responsible for the fact that in our economy today we have little or no evidence of the characteristic unbalanced conditions which typically precede a recession.

Business recessions, of course, do not just happen. They develop from definite earlier causes. They develop from previous excessive speculation -- from over-buying, over-borrowing, or over-expansion. Each depression in the past may be traced to one or more of these influences.

There are certain similarities between the present economic situation and that of the mid-1920's. That period was likewise one of high prosperity, although the economic levels then were lower than they are today. National income reached the highest records in history up to that time; labor was practically fully employed; and business was highly prosperous. But speculative excesses were allowed to develop, and the panic of 1929 was the consequence.

It is highly important for the future of our country that we heed the lessons of the past.

Today, the people of this country and the people of the democratic world look upon the United States as the bulwark of economic strength. In our own interest, we must justify this appraisal.

And to accomplish this we must have the benefit of the coordinated efforts of all segments of our national life.

The mass of our people believe in the continuance of the kind of democracy we fought for in two wars. Although the term democracy is being prostituted by some peoples beyond our shores, the kind of democracy we know and intend with all our energy to preserve, involves individual freedom, initiative and enterprise. It involves the opportunity to take business risks for profit. It involves the opportunity to rise by our own efforts from the bottom to the top whether in factory, finance or public service.

In protecting these and other rights and freedoms, it is fortunate that our Constitution is not so rigid as to become unadaptable to changing conditions. It can, without change in its basic structure, keep pace with the growth and spread of population and complexities of modern urban and rural life.

The President's administrative program is directed, and will continue to be directed, toward the preservation and growth of our economic vigor.

The extremists both of the right and the left should know that it is in this fashion that the Administration intends to carry out the pledged objectives of its party.

This is democracy as I understand it. This is the kind of democracy that will preserve our national economic progress.

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

S-931

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 December 16, 1948, and to mature March 17, 1949, which were offered December 10, 1948, were opened at the Federal Reserve Banks on December 13.

The details of this issue are as follows:

Total applied for - $1,701,116,000
Total accepted - 1,103,335,000 (includes $55,964,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.709 Equivalent rate of discount approx. 1.153% per annum

Range of accepted competitive bids:

High - 99.724 Equivalent rate of discount approx. 1.092% per annum
Low - 99.708 " " " " " 1.155% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 22,699,000	$ 22,385,000
New York	1,387,407,000	880,407,000
Philadelphia	20,535,000	8,166,000
Cleveland	21,375,000	21,375,000
Richmond	4,988,000	4,608,000
Atlanta	6,993,000	6,233,000
Chicago	92,895,000	46,815,000
St. Louis	18,063,000	7,487,000
Minneapolis	6,406,000	6,216,000
Kansas City	42,023,000	34,347,000
Dallas	7,450,000	7,174,000
San Francisco	70,282,000	58,122,000
TOTAL	$1,701,116,000	$1,103,335,000

TREASURY DEPARTMENT

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

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TOTAL	$1,701,116,000	$1,103,335,000

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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 January 3, 1949, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series A-1949 or Treasury Notes of Series A-1949, both maturing January 1, 1949, 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.

UNITED STATES OF AMERICA

1-1/4 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES A-1950

Dated and bearing interest from January 1, 1949 Due January 1, 1950

1948
Department Circular No. 841

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, December 15, 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 A-1950, in exchange for Treasury Certificates of Indebtedness of Series A-1949 or Treasury Notes of Series A-1949, both maturing January 1, 1949.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated January 1, 1949, and will bear interest from that date at the rate of 1-1/4 percent per annum, payable with the principal at maturity on January 1, 1950. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Wednesday, December 15, 1948.

S-932

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 A-1950, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series A-1949, in the amount of $2,591,911,000, or Treasury Notes of Series A-1949, in the amount of $3,534,818,000, both maturing January 1, 1949. Cash subscriptions will not be received.

The certificates now offered will be dated January 1, 1949, 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 January 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 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 Friday, December 17.

Subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department, and placed in the mail before midnight December 17, will be considered as having been entered before the close of the subscription books.

The text of the official circular follows:

S-933

FOR IMMEDIATE RELEASE,
Tuesday, December 14, 1948.

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 H-1949, to be dated December 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	$ 11,960,000
New York	330,297,000
Philadelphia	6,983,000
Cleveland	26,662,000
Richmond	1,596,000
Atlanta	2,613,000
Chicago	81,551,000
St. Louis	9,322,000
Minneapolis	7,110,000
Kansas City	5,354,000
Dallas	7,661,000
San Francisco	27,140,000
Treasury	1,128,000
TOTAL	$519,377,000

TREASURY DEPARTMENT

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

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Treasury	1,128,000
TOTAL	$519,377,000

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IMMEDIATE RELEASE
Thursday
December ~~14~~, 1948
15

5935

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 December 4, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of December 4, 1948
Buttons	850,000	Gross	202,979
Cigars	200,000,000	Number	921,697
Coconut oil	448,000,000	Pound	77,731,511
Cordage	6,000,000	"	1,999,151
Rice	1,040,000	"	----
Sugars, refined) unrefined)	1,904,000,000	"	8,941,153 478,321,564
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, December ~~15,~~ 1948

S-935

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unrefined)			478,321,564
Tobacco	6,500,000	"	203,278

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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, 1948, to Dec. 4, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Dec. 4, 1948 1/
United Kingdom.....	4,323,457	43,181	1,441,152	
Canada.............	239,690	39,162	-	
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	83,149	1,599,886	

1/ Included in total imports, column 2.

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~~FOR~~ IMMEDIATE RELEASE
Thursday, December ~~14~~, 1948
15

5-936

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 December 4, 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 Dec. 4, 1948	Imports Sept. 20, 1948, to Dec. 4, 1948	Imports Sept. 20, 1948, to Dec. 4, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	44,117,797	-
Peru	247,952	247,952	932,440	-
British India	2,003,483	-		3,291,695
China	1,370,791	-	-	-
Mexico	8,883,259	3,530,592	606,183	-
Brazil	618,723	201,549	-	-
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	4,261,167	45,656,420	3,291,695

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, December 15, 1948

S-936

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 December 4, 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 Dec. 4, 1948	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1948, to Dec. 4, 1948	Less than 3/4" harsh or rough 5/: Imports Sept. 20, 1948, to Dec. 4, 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	44,117,797	-
Peru	247,952	247,952	932,440	-
British India	2,003,483	-		3,291,695
China	1,370,791	-	-	-
Mexico	8,883,259	3,530,592	606,183	-
Brazil	618,723	201,549	-	-
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	4,261,167	45,656,420	3,291,695

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

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 Dec. 4, 1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948 to Dec. 4, 1948 1/
United Kingdom	4,323,457	43,181	1,441,152	
Canada	239,690	39,162	-	
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	83,149	1,599,886	

1/ Included in total imports, column 2.

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IMMEDIATE RELEASE
Thursday December ~~14~~, 1948
15

5-937

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 December 4, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of December 4, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,659
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,359
Butter	Nov. 1, 1948- Mar. 31, 1949	50,000,000	Pound	175,923
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	24,930,188	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1948	150,000,000	Pound	146,352,254
Other		60,000,000	Pound	Quota Filled
Walnuts	May 22-Dec. 31, 1948	3,333,333	Pound	680,619

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. 21,968,783 pounds of such Cuban tobacco were imported for consumption during the period January 1 to December 4, 1948, inclusive.

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, December 15, 1948

S-937

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Butter	Nov. 1, 1948-Mar. 31, 1949	50,000,000	Pound	175,923
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	24,930,188	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	146,352,254
Other	Sept. 15, 1948	60,000,000	Pound	Quota Filled
Walnuts	May 22-Dec. 31, 1948	3,333,333	Pound	680,619

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Thursday

FOR IMMEDIATE RELEASE,
December ~~14~~, 1948
13

5-938

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 Dec. 4, 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 Dec. 4, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	72,492	3,815,000	817,898
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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	72,513	4,000,000	818,719

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PARAGUAY

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE,
Wednesday, December 15, 1948

S-938

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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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Paraguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	72,513	4,000,000	818,719

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to enjoy the advantages of full-employment and a high income level in the promising period ahead.

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initiating new projects only where their economic and social benefits would be substantial. Nearly all of our estimated net expenditures for civil public works in the current fiscal year is to pay for, or to continue, work started in prior years.

With a clear recognition of the economic problems involved in safeguarding our national prosperity, and with the cooperation of all groups in helping to maintain a stabilized economy, we shall continue by reducing inflationary pressures in times like the present, while providing support to the economy at times when the support can be most helpful.

Federal expenditures for civil public construction in recent years have followed such a program. In the 1947 fiscal year, the President took action to minimize Federal competition for labor and materials by deferring the starting date on many contemplated projects, and by state and municipal governments, can contribute toward stabilizing the economy by distributing new public construction programs to offer minimum competition with other demands for labor and materials. I recognize that the pressure of immediate needs will often make such a policy only partially feasible. A far-sighted flexible program with this objective, however, will contribute to national stability previous business recessions. The maintenance of our high-level economy will continue to be a principal objective of Government policy.

Many groups in the nation are so organized that they can, in some degree, direct the attention of their members toward carrying out policies that will contribute to economic stability.

The Federal Government, and the

synthetic materials, and possibly the development of atomic power, we undoubtedly have the essential foundation for an incomparable era of national prosperity in the years ahead.

Our most important economic problem is to insure a continued high level of national prosperity by preventing over-buying, over-borrowing, and over-expansion which have been the direct causes of activity in 1949, and will become especially important if men and materials are released from other types of construction.

Perhaps the greatest potential support offered to business activity in the years immediately ahead, is the outlook for new developments in consumer goods. Together with the development of new manufacturing techniques and processes, the rapidly broadening use of new alone will prove a powerful business influence for several years to come.

According to Department of Commerce estimates, public construction will rise by 24 percent next year, and will be mainly responsible for an expected further expansion in construction totals. New schools, hospitals, water and sewer projects, highways and bridges, which are urgently needed throughout the country, will feature construction must eventually come down. We are in a growing economy, which cannot be measured by previous standards. The continued industrialization of our economy has demanded an extensive expansion program. We now have 25 million more people than in 1929.

The great shifts of population during the war years have created such a need for expansion of public and private utility services, and other construction, that these factors activity in the stock or commodity markets. Businessmen this year have been cautious in their inventory policies. There is little or no evidence of over-buying, over-borrowing or over-expansion -- the three factors which, separately or in combination, have been responsible for business recessions in the past.

The fact that our present levels of production are much higher than before the war does not necessarily mean they speculative projects, and thus have aided in keeping the economy healthy. Through this process, corrective adjustments have been made in various industries over the past several years, with no material effect on the over-all production level.

I see no evidence of the unbalanced conditions which, in the past, have typically preceded a recession. There have been no indications of undue speculative business as soon as an adequate supply of basic materials and labor becomes available.

Yet, despite this strong business foundation, we again hear voices of apprehension over the business outlook, similar to those which have been heard about this time each year since V-J Day. In each case these fears have not been realized. The short periods of business concern, nevertheless, have helped materially to put a damper on various part of the war-torn areas of the world.

However, severe shortages still exist in lines such as steel and other metals, and their various products. Labor shortages remain a problem. A large backlog of demand for consumer goods, capital equipment, and particularly for public construction, is still unsatisfied. Many new products and new demands will provide strong support to

The strongly maintained business trend bears evidence to the general confidence in our financial structure which has prevailed throughout the post-war period. We are now well started on our fourth post-war year, and we may be fully encouraged with achievements thus far. For while substantially meeting our own current needs, we have still provided food and other vital reconstruction materials for a large

If the bond market gets out of control, there is a strong possibility that it would result in an increase of inflationary pressures. The removal of confidence in the stability of bond prices, and a consequent impairment of confidence in our financial situation, would, especially at this time, have serious consequences both in this country, and throughout the world.

The support purchases of bonds by the Federal Reserve, however, have for the most part been offset by sales of short-term issues. Since the support program was initiated in November 1947, Federal Reserve holdings of Government securities have increased by some $950 million. Much more than this, however, is directly attributable to the $2 billion increase in reserve requirements last September.

one-half of one percent would add approximately a billion dollars a year to the present interest cost of $5.3 billion.

In some quarters it has been argued that support of the bond market is inflationary, because of the large sales of Government bonds to the Federal Reserve, and that the consequent benefits of bond market stability are obtained at too high a cost.

moderately exceeding the rates on the longest Treasury bonds. Their issuance to the tens of millions of purchasers, who now hold $55 billion, has an important bearing on the desirability of a stabilized Government bond market.

The cost to the taxpayer of servicing the public debt is also a consideration of obvious importance. A rise in the average interest rate on the public debt by as little as

Government.

In line with sound war-financing policy, as many securities as possible were sold to nonbank purchasers, adjusting the types of securities to the needs of the various classes of investors. Treasury policy determined upon the sale to individuals of non-transferabl medium-term savings bonds, redeemable on demand, which bore interest rates to maturity equalling or only

These reasons are amply sufficient to demonstrate the need for maintaining stability in Government bond prices. But there are, of course, additional reasons.

We have today a Federal debt of $250 billion. This is an unprecedented factor in our national economy. The effective management of this debt in the interest of the common good has become one of the foremost responsibilities of the today makes financial developments in this country of direct concern to a great part of the civilized world. In fact, the financial, economic, and political planning of most of the democratic world is now to a great extent, dependent upon the financial stability of the United States.

our high levels of employment and production.

Market prices of Federal securities are looked upon as a measure of confidence in this nation's financial situation.

And it must be clearly recognized that confidence in the Government's credit has far greater implications now than it had in former years. The world situation

We sold long-term bonds from some of the Government investment accounts, offered the Investment Series of bonds to institutional investors, and increased short-term rates. These actions were effective in taking upward pressure off the market.

When conditions changed, and a downward pressure on bond prices developed, we stabilized the market through purchases of long-term bonds. Both actions were designed to promote business confidence and to protect is in excellent condition. And there is no doubt that the efforts made to maintain firmness in the Government bond market have contributed materially to this situation.

The actions taken by the Treasury in cooperation with the Federal Reserve, to stabilize Government bond prices, have been operative on both sides of the market. Beginning in the spring of 1947, our efforts were directed toward controlling an incipient boom in the bond market.

assured/not only to encourage business, but to maintain the strength of our national financial system. A stable bond market was necessary to the new business financing that would be needed in the postwar years. In particular, it would encourage the capital expansion necessary for continued maximum production and employment.

The United States today is enjoying the greatest prosperity in its history. Its financial structure influences, prices of municipal bonds have rested on a generally stable foundation since the early part of this year, reflecting the firm market support policy adopted by the Treasury and the Federal Reserve for maintaining stability in the Treasury bond market.

When I came to the Treasury in June of 1946, we were in the midst of our reconversion problems. Confidence in the stability of the Government bond market had to be issues coming into the market has been a depressing price influence. New state and municipal flotations last year were far above any previous record, and in the first 10 months of this year they have already exceeded last year's total. A huge volume of corporate bond issues for new capital, which likewise far exceeds any previous record, has offered strong competition for available investment funds.

Despite these depressing

wide effect in setting the pattern for interest rates generally. Many of our policy decisions over the past few years have been specifically reflected in the municipal bond market.

Prices and yields of municipal bonds, of course, are strongly affected by income tax rates and by anticipated changes in such rates, as well as by the usual bond market factors. During the past two years, the great supply of new municipal public buildings, bridges, roads, and other types of local improvements. These funds were accumulated, in general, during the war, when expenditures for public purposes and improvements had to be deferred because of the shortage of manpower and materials.

The effect of Federal debt management on your financing costs is of great importance to you. Because the debt is so large, our debt management policies have a of Federal securities. Before the war, you owned only about $\$\frac{1}{2}$ billion -- and 15 years ago, no more than \$100 million. The increase of pension and trust funds has been an important factor in this expansion. A substantial amount of Federal securities is also used for sinking funds.

The largest amount, however, is accounted for by those investments which will eventually be used for capital outlays, such as schools, At present you own nearly $8 billion of such securities -- some 3 percent of the total Federal debt. Nearly $6 billion of this amount is owned by State governments, and the remainder by city, county, and other local government units.

It is a new development in our economy for State and local governments to hold $8 billion

In view of your large holdings of Federal Government securities, you have a most important common interest with the Federal Government in the problems involved in the management of the public debt.

State and local governments are one of the most important groups of investors in the purchase of Federal securities.

difficulties have developed, nevertheless, the work has been accomplished in a spirit of wholehearted coöperation and endeavor.

We still have many joint problems. You are of course familiar with the work that has been done on the matter of overlapping taxation, and are well aware of what still remains to be achieved in this field.

the result of our coordinated action and a continuous interchange of information, better tax administration at all levels of government has resulted.

You have cooperated to a distinctive degree with respect to your own employees, in administering the withholding-tax provisions of the Federal income tax. While, in some cases, intricate legal and technical

Department meet and work with officials of State, municipal and local governments throughout the country. Most of you, no doubt, have had, during the course of your own duties, official dealings with one branch or another of the Treasury Department. For example, we have found it not only necessary but beneficial to work together in the tremendous task of tax collection and, as

I am glad to have the opportunity to speak to you representatives of the municipal governments of our nation -- particularly because our objective is a common objective -- and that is proper and efficient administration. We have in common, therefore, mutual problems and grave responsibilities.

In the discharge of many-sided duties, employees of the Treasury

D-939

AMERICAN MUNICIPAL ASSOCIATION

Statler Hotel, December 15, 1948

1 pm

The following address by Secretary Snyder before the American Municipal Association, at the Statler Hotel, Washington, D.C., is scheduled for delivery at 1 P.M., E.S.T., Wednesday, December 15, 1948, and is for release at that time.

TREASURY DEPARTMENT

Washington

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In the discharge of many-sided duties, employees of the Treasury Department meet and work with officials of State, municipal and local governments throughout the country. Most of you, no doubt, have had, during the course of your own duties, official dealings with one branch or another of the Treasury Department. For example, we have found it not only necessary but beneficial to work together in the tremendous task of tax collection and, as the result of our coordinated action and a continuous interchange of information, better tax administration at all levels of government has resulted.

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We still have many joint problems. You are of course familiar with the work that has been done on the matter of overlapping taxation, and are well aware of what still remains to be achieved in this field.

In view of your large holdings of Federal Government securities, you have a most important common interest with the Federal Government in the problems involved in the management of the public debt.

State and local governments are one of the most important groups of investors in the purchase of Federal securities. At present you own nearly $8 billion of such securities -- some 3 percent of the total Federal debt. Nearly $6 billion of this amount is owned by State governments, and the remainder by city, county, and other local government units.

It is a new development in our economy for State and local governments to hold $8 billion of Federal securities. Before the war, you owned only about $\$\frac{1}{2}$ billion -- and 15 years ago, no more than $100 million. The increase of pension and trust funds has been an important factor in this expansion. A substantial amount of Federal securities is also used for sinking funds.

The largest amount, however, is accounted for by those investments which will eventually be used for capital outlays, such as schools, public buildings, bridges, roads, and other types of local improvements. These funds were accumulated, in general, during the war, when expenditures for public purposes and improvements had to be deferred because of the shortage of manpower and materials.

The effect of Federal debt management on your financing costs is of great importance to you. Because the debt is so large, our debt management policies have a wide effect in setting the pattern for interest rates generally. Many of our policy decisions over the past few years have been specifically reflected in the municipal bond market.

Prices and yields of municipal bonds, of course, are strongly affected by income tax rates and by anticipated changes in such rates, as well as by the usual bond market factors. During the past two years, the great supply of new municipal issues coming into the market has been a depressing price influence. New state and municipal flotations last year were far above any previous record, and in the first 10 months of this year they have already exceeded last year's total. A huge volume of corporate bond issues for new capital, which likewise far exceeds any previous record, has offered strong competition for available investment funds.

Despite these depressing influences, prices of municipal bonds have rested on a generally stable foundation since the early part of this year, reflecting the firm market support policy adopted by the Treasury and the Federal Reserve for maintaining stability in the Treasury bond market.

When I came to the Treasury in June of 1946, we were in the midst of our reconversion problems. Confidence in the stability of the Government bond market had to be assured not only to encourage business, but to maintain the strength of our national financial system. A stable bond market was necessary to the new business financing that would be needed in the postwar years. In particular, it would encourage the capital expansion necessary for continued maximum production and employment.

The United States today is enjoying the greatest prosperity in its history. Its financial structure is in excellent condition. And there is no doubt that the efforts made to maintain firmness in the Government bond market have contributed materially to this situation.

The actions taken by the Treasury, in cooperation with the Federal Reserve, to stabilize Government bond prices, have been operative on both sides of the market. Beginning in the spring of 1947, our efforts were directed toward controlling an incipient boom in the bond market. We sold long-term bonds from some of the Government investment accounts, offered the Investment Series of bonds to institutional investors, and increased short-term rates. These actions were effective in taking upward pressure off the market.

When conditions changed, and a downward pressure on bond prices developed, we stabilized the market through purchases of long-term bonds. Both actions were designed to promote business confidence and to protect our high levels of employment and production.

Market prices of Federal securities are looked upon as a measure of confidence in this nation's financial situation.

And it must be clearly recognized that confidence in the Government's credit has far greater implications now than it had in former years. The world situation today makes financial developments in this country of direct concern to a great part of the civilized world. In fact, the financial, economic, and political planning of most of the democratic world is now to a great extent, dependent upon the financial stability of the United States.

These reasons are amply sufficient to demonstrate the need for maintaining stability in Government bond prices. But there are, of course, additional reasons.

We have today a Federal debt of $250 billion. This is an unprecedented factor in our national economy. The effective management of this debt in the interest of the common good has become one of the foremost responsibilities of the Government.

In line with sound war-financing policy, as many securities as possible were sold to nonbank purchasers, adjusting the types of securities to the needs of the various classes of investors. Treasury policy determined upon the sale to individuals of non-transferable medium-term savings bonds, redeemable on demand, which bore interest rates to maturity equalling or only moderately exceeding the rates on the longest Treasury bonds. Their issuance to the tens of millions of purchasers, who now hold $55 billion, has an important bearing on the desirability of a stabilized Government bond market.

The cost to the taxpayer of servicing the public debt is also a consideration of obvious importance. A rise in the average interest rate on the public debt by as little as one-half of one percent would add approximately a billion dollars a year to the present interest cost of $5.3 billion.

In some quarters it has been argued that support of the bond market is inflationary, because of the large sales of Government bonds to the Federal Reserve, and that the consequent benefits of bond market stability are obtained at too high a cost.

The support purchases of bonds by the Federal Reserve, however, have for the most part been offset by sales of short-term issues. Since the support program was initiated in November 1947, Federal Reserve holdings of Government securities have increased by some $950 million. Much more than this, however, is directly attributable to the $2 billion increase in reserve requirements last September.

If the bond market gets out of control, there is a strong possibility that it would result in an increase of inflationary pressures. The removal of confidence in the stability of bond prices, and a consequent impairment of confidence in our financial situation, would, especially at this time, have serious consequences both in this country, and throughout the world.

The strongly maintained business trend bears evidence to the general confidence in our financial structure which has prevailed throughout the post-war period. We are now well started on our fourth post-war year, and we may be fully encouraged with achievements thus far. For while substantially meeting our own current needs, we have still provided food and other vital reconstruction materials for a large part of the war-torn areas of the world.

However, severe shortages still exist in lines such as steel and other metals, and their various products. Labor shortages remain a problem. A large backlog of demand for consumer goods, capital equipment, and particularly for public construction, is still unsatisfied. Many new products and new demands will provide strong support to business as soon as an adequate supply of basic materials and labor becomes available.

Yet, despite this strong business foundation, we again hear voices of apprehension over the business outlook, similar to those which have been heard about this time each year since V-J Day. In each case these fears have not been realized. The short periods of business concern, nevertheless, have helped materially to put a damper on various speculative projects, and thus have aided in keeping the economy healthy. Through this process, corrective adjustments have been made in various industries over the past several years, with no material effect on the over-all production level.

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The fact that our present levels of production are much higher than before the war does not necessarily mean they must eventually come down. We are in a growing economy, which cannot be measured by previous standards. The continued industrialization of our economy has demanded an extensive expansion program. We now have 25 million more people than in 1929.

The great shifts of population during the war years have created such a need for expansion of public and private utility services, and other construction, that these factors alone will prove a powerful business influence for several years to come.

According to Department of Commerce estimates, public construction will rise by 24 percent next year, and will be mainly responsible for an expected further expansion in construction totals. New schools, hospitals, water and sewer projects, highways and bridges, which are urgently needed throughout the country, will feature construction activity in 1949, and will become especially important if men and materials are released from other types of construction.

Perhaps the greatest potential support offered to business activity in the years immediately ahead, is the outlook for new developments in consumer goods. Together with the development of new manufacturing techniques and processes, the rapidly broadening use of new synthetic materials, and possibly the development of atomic power, we undoubtedly have the essential foundation for an incomparable era of national prosperity in the years ahead.

Our most important economic problem is to insure a continued high level of national prosperity by preventing over-buying, over-borrowing, and over-expansion which have been the direct causes of previous business recessions. The maintenance of our high-level economy will continue to be a principal objective of Government policy.

Many groups in the nation are so organized that they can, in some degree, direct the attention of their members toward carrying out policies that will contribute to economic stability.

The Federal Government, and the state and municipal governments, can contribute toward stabilizing the economy by distributing new public construction programs to offer minimum competition with other demands for labor and materials. I recognize that the pressure of immediate needs will often make such a policy only partially feasible. A far-sighted flexible program with this objective, however, will contribute to national stability by reducing inflationary pressures in times like the present, while providing support to the economy at times when the support can be most helpful.

Federal expenditures for civil public construction in recent years have followed such a program. In the 1947 fiscal year, the President took action to minimize Federal competition for labor and materials by deferring the starting date on many contemplated projects, and by initiating new projects only where their economic and social benefits would be substantial. Nearly all of our estimated net expenditures for civil public works in the current fiscal year is to pay for, or to continue, work started in prior years.

With a clear recognition of the economic problems involved in safeguarding our national prosperity, and with the cooperation of all groups in helping to maintain a stabilized economy, we shall continue to enjoy the advantages of full-employment and a high income level in the promising period ahead.

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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 December 23, 1948 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 23, 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~~

ALPHA

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, December 17, 1948.
(1)

5-940

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 December 23, 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 December 23, 1948 (5), and will mature March 24, 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, December 20, 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, December 17, 1948.

No. S-940

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 December 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 December 23, 1948, and will mature March 24, 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 or Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 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 December 23, 1948, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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.

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December 7, 1948

TO MR. BARTELT:

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

net Sales $800,000

according to Gerardi via telephone

(Sgd.) S. P. Gerardi

Chief, Division of Investments

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, December 16, 1948. No. S-941

During the month of November, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $800,000, Secretary Snyder announced today.

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TREASURY DEPARTMENT

Washington

FOR IMMEDIATE RELEASE
Monday, December 20, 1948

Press Service
No. S-942

Secretary of the Treasury Snyder today reminded bond holders and bond buyers generally of the fact that the Treasury is urging individuals to buy more Savings Bonds as a means of combating inflation.

The campaign to increase the sale of Savings Bonds is being stimulated in various ways. In furtherance of this campaign, the Secretary has decided to permit individual holders of the Series D-1939 Savings Bonds, which start maturing January 1, 1949, to reinvest the proceeds, as they mature, in the Series E Savings Bonds which are currently on sale, without regard to the annual limitation. This can be accomplished through the established payment and issue procedure, and the Series E bonds so acquired will be exempt from the $10,000 (maturity value) annual limitation on holdingsof Series E bonds. Holders will be permitted to reinvest any part of the proceeds of their maturing bonds up to such denominational amount as the proceeds will fully cover. Since Series E bonds may be purchased only in the names of individuals, only those Series D-1939 Savings Bonds held by individuals will be eligible for this privilege.

Any agent qualified to pay Savings Bonds, which is also an issuing agent, can accomplish this exchange through the simple procedure of redeeming matured bonds registered in the name of an individual owner or coowner, and applying the proceeds to the purchase of new Series E bonds. The bonds may also be exchanged, of course, at any Federal Reserve Bank or Branch, or at the Treasury Department.

The new bonds will be dated as of the first day of the month in which the matured Series D-1939 Savings Bonds are presented for payment. In order to preserve the continuity of the investment, individual holders of the maturing bonds should present them for exchange during the month in which they mature.

The Secretary took occasion to express appreciation for the splendid response of the people of the country to the Treasury's Savings Bond program. He also expressed his confidence that people will divert their spending dollars to Savings Bonds to the fullest extent, in recognition of the check which this action has against inflationary pressures.

TREASURY DEPARTMENT

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S-943

RELEASE, MORNING NEWSPAPERS,
Tuesday, December 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 December 23, 1948, and to mature March 24, 1949, which were offered on December 17, were opened at the Federal Reserve Banks on December 20.

The details of this issue are as follows:

Total applied for - $1,426,825,000
Total accepted - 1,001,008,000 (includes $52,516,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.708 Equivalent rate of discount approx. 1.154% per annum

Range of accepted competitive bids:

High - 99.712 Equivalent rate of discount approx. 1.139% per annum
Low - 99.707 " " " " " 1.159% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 14,302,000	$ 14,154,000
New York		1,192,550,000	805,381,000
Philadelphia		21,010,000	8,610,000
Cleveland		37,088,000	37,088,000
Richmond		5,290,000	5,290,000
Atlanta		5,455,000	5,455,000
Chicago		79,603,000	53,503,000
St. Louis		4,295,000	4,295,000
Minneapolis		3,905,000	3,905,000
Kansas City		9,262,000	9,262,000
Dallas		6,065,000	6,065,000
San Francisco		48,000,000	48,000,000
	TOTAL	$1,426,825,000	$1,001,008,000

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TREASURY DEPARTMENT

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

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Philadelphia	21,010,000	8,610,000
Cleveland	37,088,000	37,088,000
Richmond	5,290,000	5,290,000
Atlanta	5,455,000	5,455,000
Chicago	79,603,000	53,503,000
St. Louis	4,295,000	4,295,000
Minneapolis	3,905,000	3,905,000
Kansas City	9,262,000	9,262,000
Dallas	6,065,000	6,065,000
San Francisco	48,000,000	48,000,000
TOTAL	$1,426,825,000	$1,001,008,000

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ALPHA

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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

~~EXHIBIT I~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, December 24, 1948. ~~(1)~~

5-944

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 December 30, 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 December 30, 1948 ~~(5)~~, and will mature March 31, 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, December 27, 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, December 24, 1948.

No. S-944

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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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Fiscal Year	Old basis		New basis		Surplus (+) or deficit (-) (unchanged)
	Budget receipts	Budget expenditures	Budget receipts	Budget expenditures	
1941	$7,607	$13,767	$7,227	$13,387	-$6,159
1942	12,799	34,290	12,696	34,187	-21,490
1943	22,282	79,702	22,201	79,622	-57,420
1944	44,149	95,573	43,892	95,315	-51,423
1945	46,457	100,398	44,762	98,703	-53,941
1946	43,038	63,714	40,027	60,703	-20,676
1947	43,259	42,505	40,043	39,289	+754
1948 1/	44,746	36,326	42,211	33,791	+8,419
1949 1/ (Aug. estimate)	40,658	42,203	37,929	39,474	-1,545

1/ Does not reflect the $3 billion adjustment pursuant to Section 114(f) of the Economic Cooperation Act of 1948.

It was emphasized that under the joint program of the General Accounting Office, Treasury Department and Budget Bureau to improve accounting and reporting, other changes will be considered whenever necessary to make the Government's financial statements more realistic and more informative.

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repaid $225 million to the Treasury, as required by law, to retire part of its capital stock. This transaction, under the previous method of reporting intra-governmental transfers, would have been shown as an expenditure of the Reconstruction Finance Corporation and a receipt by the Treasury, thereby inflating Budget receipts and expenditures by equal amounts.

The amounts of such capital transfers, now excluded from Budget totals, for recent years are as follows:

Fiscal Year	Capital transfers (in millions)
1941	$300
1942	18
1943	10
1944	-
1945	16
1946	38
1947	210
1948	263

The amount of capital transfers excluded from the 1949 estimates as shown in the August Budget review was $632 million.

On the basis of these changes relating to refunds of receipts and capital transfers, revised figures of Budget receipts and expenditures for recent years are as follows (in millions):

The amounts of refunds of receipts for the past eight fiscal years are shown in the following table ~~below~~. These figures do not include interest, which is required to be paid on some types of refunds. Such interest will continue to be reported as Budget expenditures.

Fiscal Year	Refunds of receipts (in millions)
1941	$80
1942	85
1943	70
1944	257
1945	1,679
1946	2,973
1947	3,006
1948	2,272

Refunds for the fiscal year 1949 (excluding interest) were estimated at $2,729 million in the President's statement reviewing the 1949 Budget, issued August 15, 1948.

The change in the method of reporting refunds of receipts is the second action in the past six months designed to improve Federal financial reporting by eliminating certain transactions which inflate receipts and expenditures in equal amounts but do not represent true income or operating costs of the Government.

Effective July 1, 1948, payments to the Treasury, principally by wholly-owned Government corporations, for retirement of capital stock and for disposition of earnings, were excluded in reporting both Budget receipts and expenditures without affecting the size of the Budget surplus or deficit. For example, last July the Reconstruction Finance Corporation, whose net receipts or expenditures are included as a part of the Budget, Changes made personally by Secy Snyder

~~DRAFT OF PRESS RELEASE ON~~ REFUNDS AND CAPITAL TRANSFERS

that

Amounts refunded by the Government, principally for the overpayment of taxes, will be reported beginning in January as deductions from total receipts rather than as expenditures. ~~This action was announced today by~~ The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States announced as part of a continuing effort to improve Federal accounting and financial reporting.

The change does not affect the size of the budget surplus or deficit since it reduces receipts and expenditures by equal amounts. The new method of reporting will become effective in the Daily Statement of the United States Treasury beginning the first of January and will be reflected in the 1950 Budget to be transmitted to the Congress early in January.

It was pointed out that refunds of receipts are not true operating costs but merely represent the return of money which the Government is not entitled to keep. The new method will result in a clearer presentation of receipts retained by the Government and will cause reported Budget expenditures to reflect more accurately the actual costs of carrying out Government programs.

In recent years refunds have amounted to more than $2 billion annually. Refunds are made chiefly on account of the overpayment of income taxes, both individual and corporate, although a small portion of the total ~~is due to~~ is for the overpayment of customs duties and the return of other receipts.

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1948	263

The amount of capital transfers excluded from the 1949 estimates as shown in the August Budget Review was $632 million.

On the basis of these changes relating to refunds of receipts and capital transfers, revised figures of Budget receipts and expenditures for recent years are as follows (in millions):

Fiscal year	Old basis		New basis		Surplus (+) or Deficit (-) (unchanged)
	Budget receipts	Budget expenditures	Budget receipts	Budget expenditures	
1941	$7,607	$13,767	$7,227	$13,387	-$6,159
1942	12,799	34,290	12,696	34,187	-21,490
1943	22,282	79,702	22,201	79,622	-57,420
1944	44,149	95,573	43,892	95,315	-51,423
1945	46,457	100,398	44,762	98,703	-53,941
1946	43,038	63,714	40,027	60,703	-20,676
1947	43,259	42,505	40,043	39,289	+754
1948 1/	44,746	36,326	42,211	33,791	+8,419
1949 (Aug. est.) 1/	40,658	42,203	37,929	39,474	-1,545

1/ Does not reflect the $3 billion adjustment pursuant to Section 114(f) of the Economic Cooperation Act of 1948.

It was emphasized that under the joint program of the General Accounting Office, Treasury Department and Budget Bureau to improve accounting and reporting, other changes will be considered whenever necessary to make the Government's financial statements more realistic and more informative.

Fiscal year	Refunds of receipts (in millions)
1941	$80
1942	85
1943	70
1944	257
1945	1,679
1946	2,973
1947	3,006
1948	2,272

Refunds for the fiscal year 1949 (excluding interest) were estimated at $2,729 million in the President's statement reviewing the 1949 Budget, issued August 15, 1948.

The change in the method of reporting refunds of receipts is the second action in the past six months designed to improve Federal financial reporting by eliminating certain transactions which inflate receipts and expenditures in equal amounts, but do not represent true income or operating costs of the Government.

Effective July 1, 1948, payments to the Treasury, principally by wholly-owned Government corporations, for retirement of capital stock and for disposition of earnings, were excluded in reporting both Budget receipts and expenditures without affecting the size of the Budget surplus or deficit. For example, last July the Reconstruction Finance Corporation, whose net receipts or expenditures are included as a part of the Budget, repaid $225 million to the Treasury, as required by law, to retire part of its capital stock. This transaction, under the previous method of reporting intra-governmental transfers, would have been shown as an expenditure of the Reconstruction Finance Corporation and a receipt by the Treasury, thereby inflating Budget receipts and expenditures by equal amounts.

~~JOINT RELEASE~~

Treasury Department
Bureau of the Budget
General Accounting Office
Washington, D.C.

For Release:
6 P.M. (EST)
Thursday, December 23, 1948.

~~New Method~~ of ~~Reporting~~ Refunds ~~of Receipts~~

The Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General announced today that, as part of a continuing effort to improve Federal accounting and financial reporting, amounts refunded by the Government, principally for the overpayment of taxes, will be reported and shown beginning in January as deductions from total receipts rather than as expenditures.

The new method of reporting will become effective in the Daily Statement of the United States Treasury beginning the first of January, and will be reflected in the 1950 Budget to be transmitted to the Congress by the President early in January.

The change does not affect the size of the Budget surplus or deficit, since it reduces receipts and expenditures by equal amounts.

It was pointed out that refunds of receipts are not true operating costs but merely represent the return of money which the Government is not entitled to keep. The new method will result in a clearer presentation of receipts retained by the Government and will cause reported Budget expenditures to reflect more accurately the actual costs of carrying out Government programs.

In recent years refunds have amounted to more than $2 billion annually. Refunds are made chiefly on account of the overpayment of income taxes, both individual and corporate, although a small portion of the total is for the overpayment of customs duties and the return of other receipts.

The amounts of refunds of receipts for the past eight fiscal years are shown in the following table. (The figures do not include interest, which is required to be paid on some types of refunds. Such interest will continue to be reported as Budget expenditures.)

S-945

TREASURY DEPARTMENT
BUREAU OF THE BUDGET
GENERAL ACCOUNTING OFFICE
Washington, D. C.

FOR RELEASE, 6 p.m. (EST)
Thursday, December 23, 1948

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The amounts of such capital transfers, now excluded from Budget totals, for recent years are as follows:

Fiscal year	Capital transfers (in millions)
1941	$300
1942	18
1943	10
1944	-
1945	16
1946	38
1947	210
1948	263

The amount of capital transfers excluded from the 1949 estimates as shown in the August Budget Review was $632 million.

On the basis of these changes relating to refunds of receipts and capital transfers, revised figures of Budget receipts and expenditures for recent years are as follows (in millions):

Fiscal year	Old basis: Budget receipts	Old basis: Budget expenditures	New basis: Budget receipts	New basis: Budget expenditures	Surplus (+) or Deficit (-) (unchanged)
1941	$ 7,607	$ 13,767	$ 7,227	$13,387	-$6,159
1942	12,799	34,290	12,696	34,187	-21,490
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1/ Does not reflect the $3 billion adjustment pursuant to Section 114(f) of the Economic Cooperation Act of 1948.

It was emphasized that under the joint program of the General Accounting Office, Treasury Department and Budget Bureau to improve accounting and reporting, other changes will be considered whenever necessary to make the Government's financial statements more realistic and more informative.

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S-945

RELEASE, MORNING NEWSPAPERS,
Tuesday, December 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 December 30, 1948, and to mature March 31, 1949, which were offered on December 24, were opened at the Federal Reserve Banks on December 27.

The details of this issue are as follows:

Total applied for - $1,435,690,000
Total accepted - 1,101,660,000 (includes $39,546,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.708 Equivalent rate of discount approx. 1.157% per annum

Range of accepted competitive bids:

High - 99.710 Equivalent rate of discount approx. 1.147% per annum
Low - 99.706 " " " " " 1.163% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 17,218,000	$ 16,808,000
New York	1,199,428,000	896,308,000
Philadelphia	27,800,000	19,600,000
Cleveland	36,803,000	36,803,000
Richmond	2,242,000	2,242,000
Atlanta	3,983,000	3,983,000
Chicago	96,221,000	73,921,000
St. Louis	7,249,000	7,249,000
Minneapolis	2,255,000	2,255,000
Kansas City	10,960,000	10,960,000
Dallas	3,823,000	3,823,000
San Francisco	27,708,000	27,708,000
TOTAL	$1,435,690,000	$1,101,660,000

TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, December 28, 1948.

No. S-946

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 December 30, 1948, and to mature March 31, 1949, which were offered on December 24, were opened at the Federal Reserve Banks on December 27.

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Cleveland	36,803,000	36,803,000
Richmond	2,242,000	2,242,000
Atlanta	3,983,000	3,983,000
Chicago	96,221,000	73,921,000
St. Louis	7,249,000	7,249,000
Minneapolis	2,255,000	2,255,000
Kansas City	10,960,000	10,960,000
Dallas	3,823,000	3,823,000
San Francisco	27,708,000	27,708,000
TOTAL	$1,435,690,000	$1,101,660,000

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~~TREASURY DEPARTMENT~~

~~BUREAU OF FEDERAL SUPPLY~~

~~WASHINGTON 25~~

~~OFFICE OF THE DIRECTOR~~

~~For Further Information: Mr. Harry Kurth, DIstrict 5700, Extension 601~~

~~FOR IMMEDIATE RELEASE~~

Wednesday, December 29, 1948

5-947

Oil in the engines of Government passenger cars, trucks and buses will be changed only in the Spring and Fall, or every 4,000 miles, whichever period comes first, under the terms of a recommendation ~~the Bureau of Federal Supply~~ made today to all Federal agencies by the Bureau of Federal Supply

The Bureau, which is the Government's central purchasing agency, announced that a Technical Committee on Lubricants and Liquid Fuels has made ~~completed exhaustive~~ studies which indicate that, under normal driving conditions and controlled preventive maintenance, oil changes at periods of less than 4,000 miles are unnecessary. The Committee is composed of representatives of Government agencies which are major consumers of lubricants.

The Committee also said that conservation of petroleum products requires consideration of the most economical use of such materials. The recommended conservation measures will save annually an estimated 1,500,000 gallons of lubricating oil valued at $500,000.

The Committee~~'s Information Bulletin, which was released with the Bureau's Circular Letter to all agencies,~~ states that in many cases "oil is wasted by changing too frequently," and that, generally speaking, the 4,000 mile interval of change is safe, provided well supervised maintenance is in effect.

However, it cautioned that where operating conditions include "stop and go" service, especially in cold weather, or when sand and dust are regularly encountered, a shorter interval between oil changes is desirable. The Committee also stated that efficient oil filters ~~of the cartridge type~~ are highly desirable, and that engines should be maintained under a schedule of corrective and preventive maintenance.

Where heavy construction equipment and diesel powered machines are involved, the Committee recommended adherence to manufacturer's instructions or to "a procedure that has been developed for that particular type of equipment."

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TREASURY DEPARTMENT

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

FOR IMMEDIATE RELEASE
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Where heavy construction equipment and diesel powered machines are involved, the committee recommended adherence to manufacturer's instructions or to "a procedure that has been developed for that particular type of equipment."

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A native of Roxbury, Mass., McGrath spent three years in the Railway Mail Service of the Post Office Department before joining the Secret Service. He retires with a total of 34 years of Government service.

S-948

The Treasury Department today announced the retirement December 31 of John J. McGrath as Assistant Chief of the U.S. Secret Service and the appointment of Carl Dickson, heretofore Supervising Agent of the Kansas City District, as his successor. The appointment of the new Assistant Chief was made by the Chief of the Secret Service, U.E. Baughman, Jr.

Dickson, a native of Albertville, Ala., is a veteran of World War I, in which he served overseas in the 324th Infantry, 81st Division. He entered the Secret Service in 1921 at Birmingham, Ala., and subsequently served in Richmond,Va., St. Louis, Mo., and Washington, D.C. While he was on duty in Washington in 1944, Dickson's services were requested by the Office of Price Administration to help combat the counterfeiting of OPA ration coupons.

Dickson's successor in Kansas City will be Howard S. Anderson, now Assistant Supervising Agent of the Secret Service White House Detail. He is a native of Baltimore and has been in the Secret Service since 1938. Except for a year as Agent in Charge of the Baltimore, Md., office, he ~~xxxx~~ has served at the White House in the protection of the President.

The retirement of Assistant Chief McGrath is for physical disability, and ends 31 years of activity in the Secret Service, in which he won a reputation for shrewd investigative ability and "under cover" work.

One of his most important assignments came in 1938 when he was chosen to head a special detail of hand-picked agents to combat extensive counterfeiting in New York City.

In 1942 he was cited for outstanding meritorious service when he and his agents captured a complete printing plant and $50,000 in counterfeit War Savings stamps, none of which were circulated.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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~~FOR~~ IMMEDIATE RELEASE,
Thursday, December 30, 1948.

S-949

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 A-1950, to be dated January 1, 1949, open to the holders of Treasury Certificates of Indebtedness of Series A-1949 and Treasury Notes of Series A-1949, both maturing January 1, 1949.

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

Federal Reserve District	Certificates Exchanged	Notes Exchanged	Total Exchanges
Boston	$ 83,255,000	$ 104,085,000	$ 187,340,000
New York	1,140,136,000	1,622,327,000	2,762,463,000
Philadelphia	63,966,000	116,238,000	180,204,000
Cleveland	97,904,000	159,140,000	257,044,000
Richmond	43,017,000	48,709,000	91,726,000
Atlanta	72,113,000	70,804,000	142,917,000
Chicago	337,483,000	566,952,000	904,435,000
St. Louis	112,338,000	78,463,000	190,801,000
Minneapolis	64,965,000	104,714,000	169,679,000
Kansas City	104,904,000	99,658,000	204,562,000
Dallas	75,983,000	77,591,000	153,574,000
San Francisco	199,999,000	241,712,000	441,711,000
Treasury	2,292,000	6,133,000	8,425,000
TOTAL	$2,398,355,000	$3,296,526,000	$5,694,881,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, December 30, 1948. S - 949

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 A-1950, to be dated January 1, 1949, open to the holders of Treasury Certificates of Indebtedness of Series A-1949 and Treasury Notes of Series A-1949, both maturing January 1, 1949.

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San Francisco	199,999,000	241,712,000	441,711,000
Treasury	2,292,000	6,133,000	8,425,000
TOTAL	$2,398,355,000	$3,296,526,000	$5,694,881,000

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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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Info. Service

TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Friday, December 31, 1948.

S-950

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 January 6, 1949, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated January 6, 1949, and will mature April 7, 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, January 3, 1949. 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 January 6, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 6, 1949. 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

~~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~~

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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

~~EXHIBIT I~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, December 31, 1948.
(1)

5-950

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 January 6, 1949 (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 January 6, 1949 (5), and will mature April 7, 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, January 3, 1949 (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, December 31, 1948.

S-950

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 January 6, 1949, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated January 6, 1949, and will mature April 7, 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, January 3, 1949. 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 January 6, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 6, 1949. 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
COMPTROLLER OF THE CURRENCY
WASHINGTON 25

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

December 31, 1948

FOR RELEASE TO PRESS MONDAY MORNING, JANUARY 3, 1949

Announcement is made that Deputy Comptroller of the Currency J. L. Robertson is appointed to the position of First Deputy Comptroller of the Currency, and Assistant Chief National Bank Examiner J. W. Hudspeth is appointed to the position of Third Deputy Comptroller of the Currency.

Mr. C. B. Upham becomes District Chief National Bank Examiner of the Ninth Federal Reserve District, and Mr. R. S. Beatty, the present Chief of the Ninth District, is transferred to Washington and will report to the Chief National Bank Examiner for assignment.

All appointments are effective as of January 1, 1949.

Preston Delano
PRESTON DELANO
Comptroller of the Currency

Proposed Release for Monday Morning newspapers, January 3, 1949 J-95-1

Secretary Snyder today announced the appointments of J. L. Robertson as First Deputy Comptroller of the Currency and J. W. Hudspeth as Third Deputy Comptroller. ~~The appointments are effective January 1, 1949.~~

Since September, 1944, Mr. Robertson has served as Third Deputy Comptroller and Mr. Hudspeth has been Assistant Chief National Bank Examiner since April, 1946.

Mr. Robertson, a native of Nebraska, entered the Government service in June, 1927, as a clerk in the Senate Post Office, and later transferred to the Federal Bureau of Investigation. He joined the Legal Division of the Office of the Comptroller of the Currency in May, 1933, where he remained until November, 1943, when he became an officer in the U. S. Naval Reserve.

Mr. Hudspeth was born in Texas and from 1920 to 1926 was employed in national banks in that state. In November, 1926, he was appointed an Assistant Examiner in the Office of the Comptroller of the Currency and later transferred to the New York Office. In September, 1933, he was commissioned a National Bank Examiner and from 1941 to 1946 was engaged primarily in examining the large banks in New York.

At the same time, Comptroller of the Currency Preston Delano announced the designation of C. B. Upham as District Chief National Bank Examiner of the Ninth Federal Reserve District in Minneapolis, Minnesota, and the transfer to Washington for assignment of R. S. Beatty, present Chief of the Ninth District.

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TREASURY D

Information Service

RELEASE, MORNING N
Monday, January 3,

Secretary Sny
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and J. W. Hudspeth as Third Deputy Comptroller.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, January 3, 1949. S-951

Secretary Snyder today announced the appointments of J. L. Robertson as First Deputy Comptroller of the Currency and J. W. Hudspeth as Third Deputy Comptroller.

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5-952

Immediate
Jan 3

For ~~Immediate~~ Release: Monday

In response to numerous inquiries as to the tax treatment of sales by radio artists and others where personal services are involved, George J. Schoeneman, Commissioner of Internal Revenue, today issued the following statement:

"The tax effect of any business transaction is determined by its realities.

"Accordingly, proposals of radio artists and others to obtain compensation for personal services under the guise of sales of property cannot be regarded as coming within the capital gains provisions of the Internal Revenue Code. Such compensation is taxable at ordinary income tax rates."

JSG
12/29

OK'd by Secy — MS

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

FOR IMMEDIATE RELEASE,
Monday, January 3, 1949.

S-952

In response to numerous inquiries as to the tax treatment of sales by radio artists and others where personal services are involved, George J. Schoeneman, Commissioner of Internal Revenue, today issued the following statement:

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"Accordingly, proposals of radio artists and others to obtain compensation for personal services under the guise of sales of property cannot be regarded as coming within the capital gains provisions of the Internal Revenue Code. Such compensation is taxable at ordinary income tax rates."

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RELEASE, MORNING NEWSPAPERS,
Tuesday, January 4, 1949.

The Secretary of the Treasury announced last evening that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated January 6 and to mature April 7, 1949, which were offered on December 31, 1948, were opened at the Federal Reserve Banks on January 3.

The details of this issue are as follows:

Total applied for - $1,964,271,000
Total accepted - 1,000,901,000 (includes $55,134,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.708 Equivalent rate of discount approx. 1.155% per annum

Range of accepted competitive bids:

High - 99.717 Equivalent rate of discount approx. 1.120% per annum
Low - 99.707 " " " " " 1.159% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,955,000	$ 33,455,000
New York	1,381,003,000	510,433,000
Philadelphia	27,419,000	4,237,000
Cleveland	35,110,000	21,976,000
Richmond	4,390,000	4,390,000
Atlanta	7,395,000	6,575,000
Chicago	351,073,000	336,889,000
St. Louis	15,493,000	15,129,000
Minneapolis	4,680,000	4,434,000
Kansas City	14,195,000	13,139,000
Dallas	6,567,000	6,203,000
San Francisco	82,991,000	44,041,000
TOTAL	$1,964,271,000	$1,000,901,000

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TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, January 4, 1949.

S-953

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Kansas City	14,195,000	13,139,000
Dallas	6,567,000	6,203,000
San Francisco	82,991,000	44,041,000
TOTAL	$1,964,271,000	$1,000,901,000

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5-95-4

FOR IMMEDIATE RELEASE
Jan 5, 1948

The Bureau of Customs announced today that preliminary information indicates the quota of 150,000,000 pounds of white or Irish certified seed potatoes for the year beginning September 15, 1948, was filled during the week ended December 11.

Collectors of customs had required the deposit of estimated duties at the rate of 75 cents per hundredweight on all entries for consumption of such potatoes on and after December 6. As soon as all pertinent data are before the Bureau the quota status of those entries filed during the week ended December 11 will be determined and the collectors will be advised thereof.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, January 5, 1949. S-954

The Bureau of Customs announced today that preliminary information indicates the quota of 150,000,000 pounds of white or Irish certified seed potatoes for the year beginning September 15, 1948, was filled during the week ended December 11.

Collectors of customs had required the deposit of estimated duties at the rate of 75 cents per hundredweight on all entries for consumption of such potatoes on and after December 6. As soon as all pertinent data are before the Bureau the quota status of those entries filed during the week ended December 11, will be determined and the collectors will be advised thereof.

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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.

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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 January 13, 1949 x(8)x, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 13, 1949 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~~

~~ALPHA~~

TREASURY DEPARTMENT
Washington

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Friday, January 7, 1949.
(1)

5-955

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 January 13, 1949 (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 January 13, 1949 (5), and will mature April 14, 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, January 10, 1949 (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, January 7, 1949. S-955

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 January 13, 1949, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated January 13, 1949, and will mature April 14, 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 Bank on January 13, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 13, 1949. 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
Fiscal Service
Washington, Jan. ~~5~~, 1949
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STATUTORY DEBT LIMITATION

AS OF December 31, 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 December 31, 1948			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 12,223,835,000		
Certificates of indebtedness	26,524,809,000		
Treasury notes	11,703,109,900	$ 50,451,753,900	
Bonds -			
Treasury	111,439,582,450		
Savings (current redemp. value)	55,051,054,592		
Depositary	340,350,000		
Armed Forces Leave	463,826,800		
Investment series	955,125,000	168,249,938,842	
Special Funds -			
Certificates of indebtedness	17,316,070,000		
Treasury notes	14,398,420,500	31,714,490,500	
Total interest-bearing		250,416,183,242	
Matured, interest-ceased		348,045,567	
Bearing no interest:			
War savings stamps	55,022,633		
Excess profits tax refund bonds	7,271,950		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series	65,785,000		
Internat'l Monetary Fund series	1,110,000,000	1,238,079,583	
Total		252,002,308,392	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	14,095,536		
Demand obligations: C.C.C.	36,618,221	50,713,757	
Matured, interest-ceased		4,106,575	
		54,820,332	
Grand total outstanding			252,057,128,724
Balance face amount of obligations issuable under above authority			22,942,871,276

Reconcilement with Statement of the Public Debt - December 31, 1948
(Daily Statement of the United States Treasury, January 3, 1949)

Outstanding -	
Total gross public debt	252,799,581,129
Guaranteed obligations not owned by the Treasury	54,820,332
Total gross public debt and guaranteed obligations	252,854,401,461
Deduct - other outstanding public debt obligations not subject to debt limitation	797,272,737
	$252,057,128,724

Ex 5-95-6

STATUTORY DEBT LIMITATION
AS OF December 31, 1948

January 10, 1949

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Deduct – other outstanding public debt obligations not subject to debt limitation..................................	797,272,737
	$252,057,128,724

S-956

vision, and a keen sense of personal responsibility.

I know, Governor, that all of us wish you well, and look to you for an administration which, in Arkansas annals, will be recorded as one of outstanding accomplishment.

strength to other nations sharing our common aspirations. We seek to assure mankind a happy destiny rather than a brutal and savage one.

To guard our future we depend upon our leaders. So today, the future of Arkansas becomes the principal concern of Governor McMath. You citizens of this State have in him an American, blessed with youthful energy as well as competence, who brings to public service a broadening economic health here at home as an essential basis for maintaining our leadership in the endeavor for world peace.

Our nation remains strong. The American economy remains strong. We are strong in natural resources. We are strong in our scientific and technical knowledge. And we are strong in the determination to preserve our ideals of freedom and human dignity.

We have willingly given of our

Arkansans share the confidence of the great majority of Americans, that under the leadership of President Truman, and such men as your own Governor, this nation will take every honorable step to maintain peace.

Every action of the Federal Administration in the field of foreign policy has had as its ultimate goal the establishment of permanent peace and economic stability in the world. We have zealously guarded our people far more adequately.

The science of administering public affairs has not been perfected. Probably it never will be perfected. But the methods and resources of government today are sufficiently improved, I think, to warrant assurance that they will not fall short of tomorrow's demands.

We need only an era of world peace to enable us to retain our levels of social and economic progress in America. And we including government, were simpler than today. But in those days, we did not have to contend with the multiple problems brought on by today's accelerated progress. And if the difficulties of government have increased, so have our means of confronting them.

In looking back over approximatel half a century of social and political history, I believe that every thinking citizen will conclude that government, whether local, State or Federal, now serves the success in this task requires. I have noted with pleasure his intention to encourage visits to Washington by his department heads, in order that they may become more thoroughly acquainted with the personnel of Federal government with whom they must deal. In such manner, the public business will be greatly expedited.

We still hear people now and then longing for the "good old days" when all of life's activities, with great administrative and legislative complexities. There are few functions of government indeed which are not involved in these complexities.

The successful application of the provisions of law which cover State and Federal governmental relationships require human understanding, diplomacy, and real practical ability. I am confident that Arkansas will find in Governor McMath the talents that

When capable leadership by those in positions of great trust has the vigorous support of the rank and file of citizens, nothing can prevent us from reaching the goals of greater well-being for all. It is that sort of cooperative effort that will make democracy work to its very best effect.

A very important field for cooperation in government exists in the relations between State and Federal agencies. It is a wide area, public officials. That cooperation is the key which will unlock untold achievements in days to come in making this a better land in which to live, and in making our living more fruitful and satisfying. ~~for all.~~

The responsibilities which are assumed today by the new Governor of Arkansas are not his alone. On the contrary, every citizen of Arkansas must share with him these responsibilities.

attained for this commonwealth.

Many States, Arkansas among them, are faced with such vital problems as those of providing flood control, soil restoration, conservation of wild life, institutions of learning and of public welfare, and transportation facilities of all kinds. Under the pressure of our growing economy, these tasks must be dealt with promptly.

I spoke a moment ago of cooperation between citizens and country. Arkansas is endowed with a great variety of resources of the soil, and with natural attractions in which the people of many states take annual enjoyment. The business and industry of Arkansas are ever progressive, and the State's program of social betterment has been most commendable.

This is indeed the "Wonder State". Through the cooperative endeavor of its citizens and its public officials, even greater achievement can be will be found to have earned the gratitude of his people for sound, progressive, and effective leadership.

I know, too, Governor, that you will find your task an inspiring one, for you are to conduct the affairs of a State that is rich in human and material values. It is rich in spiritual faith, and in all the qualities of mind and heart that make for the sturdy character and dependable citizenship of this

State. The pleasure I find in this reunion with the people of Arkansas is tempered only by regret that our Chief Executive is unable to be here in person.

It is to a splendid young American that I am delegated to pay our respects. In bringing to you the personal greetings of the President, may I say, Governor, that I add my own sincere tribute as well. I know that Arkansas has chosen a Governor who in the years to come, the enlightened leadership of the man who now assumes office under such happy auspices.

I send all citizens best wishes for happiness and continued prosperity.

Very sincerely yours,

(s) Harry S. Truman"

It is a very great privilege to represent the President at these inaugural ceremonies in my native

Arkansas, the Secretary of the Treasury, to represent me at the inaugural exercises and to extend my hearty greetings and good wishes to you and to all who will be associated with you in the great task of government.

Our country is blessed by a bounty and abundance unequaled in economic history. Arkansas stands at the threshold of a great opportunity. It can go forward with progress under

Governor McMath and my fellow Arkansans. I have the honor of bringing to you the following message from the President of the United States:

"My dear Governor McMath:

I cannot resist the impulse to wish you a successful administration as you assume the duties of Governor of one of the most progressive states in the Union.

I have asked a sterling native of

Governor

(The following address by Secretary Snyder at the inauguration of Sidney McMath [redacted] of Arkansas at Little Rock, Ark., January 11, 1949, is for release upon delivery, expected about noon.)

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The following address by Secretary Snyder at the inauguration of Sidney McMath as Governor of Arkansas is for release upon delivery (expected about noon) at Little Rock, Ark., January 11, 1949.

5-957

TREASURY DEPARTMENT

Washington

The following address by Secretary Snyder at the inauguration of Sidney McMath as Governor of Arkansas is for release upon delivery (expected about noon) at Little Rock, Arkansas, January 11, 1949.

Governor McMath and my fellow Arkansans, I have the honor of bringing to you the following message from the President of the United States:

"My dear Governor McMath:

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I have asked a sterling native of Arkansas, the Secretary of the Treasury, to represent me at the inaugural exercises and to extend my hearty greetings and good wishes to you and to all who will be associated with you in the great task of government.

Our country is blessed by a bounty and abundance unequaled in economic history. Arkansas stands at the threshold of a great opportunity. It can go forward with progress under the enlightened leadership of the man who now assumes office under such happy auspices.

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I know, too, Governor, that you will find your task an inspiring one, for you are to conduct the affairs of a State that is rich in human and material values. It is rich in spiritual faith, and in all the qualities of mind and heart that make for the sturdy character and dependable citizenship of this country. Arkansas is endowed with a great variety of resources of the soil, and with natural attractions in which the people of many states take annual enjoyment. The business and industry of Arkansas are ever progressive, and the State's program of social betterment has been most commendable.

This is indeed the "Wonder State". Through the cooperative endeavor of its citizens and its public officials, even greater achievement can be attained for this commonwealth.

Many States, Arkansas among them, are faced with such vital problems as those of providing flood control, soil restoration, conservation of wild life, institutions of learning and of public welfare, and transportation facilities of all kinds. Under the pressure of our growing economy, these tasks must be dealt with promptly.

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The successful application of the provisions of law which cover State and Federal governmental relationships require human understanding, diplomacy, and real practical ability. I am confident that Arkansas will find in Governor McMath the talents that success in this task requires. I have noted with pleasure his intention to encourage visits to Washington by his department heads, in order that they may become more thoroughly acquainted with the personnel of Federal government with whom they must deal. In such manner, the public business will be greatly expedited.

We still hear people now and then longing for the "good old days" when all of life's activities, including government, were simpler than today. But in those days, we did not have to contend with the multiple problems brought on by today's accelerated progress. And if the difficulties of government have increased, so have our means of confronting them.

In looking back over approximately half a century of social and political history, I believe that every thinking citizen will conclude that government, whether local, State or Federal, now serves the people far more adequately.

The science of administering public affairs has not been perfected. Probably it never will be perfected. But the methods and resources of government today are sufficiently improved, I think, to warrant assurance that they will not fall short of tomorrow's demands.

We need only an era of world peace to enable us to retain our levels of social and economic progress in America. And we Arkansans share the confidence of the great majority of Americans, that under the leadership of President Truman, and such men as your own Governor, this nation will take every honorable step to maintain peace.

Every action of the Federal Administration in the field of foreign policy has had as its ultimate goal the establishment of permanent peace and economic stability in the world. We have zealously guarded our economic health here at home as an essential basis for maintaining our leadership in the endeavor for world peace.

Our nation remains strong. The American economy remains strong. We are strong in natural resources. We are strong in our scientific and technical knowledge. And we are strong in the determination to preserve our ideals of freedom and human dignity.

We have willingly given of our strength to other nations sharing our common aspirations. We seek to assure mankind a happy destiny rather than a brutal and savage one.

To guard our future we depend upon our leaders. So today, the future of Arkansas becomes the principal concern of Governor McMath. You citizens of this State have in him an American, blessed with youthful energy as well as competence, who brings to public service a broadening vision, and a keen sense of personal responsibility.

I know, Governor, that all of us wish you well, and look to you for an administration which, in Arkansas annals, will be recorded as one of outstanding accomplishment.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, January 11, 1949.

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 January 13, and to mature April 14, 1949, which were offered on January 7, were opened at the Federal Reserve Banks on January 10.

The details of this issue are as follows:

Total applied for - $1,478,730,000
Total accepted - 906,631,000 (includes $78,397,000 entered on a non-competiti basis and accepted in full at the average price shown belo
Average price - 99.707 Equivalent rate of discount approx. 1.160% per annum

Range of accepted competitive bids:

High	- 99.720	Equivalent rate of discount approx. 1.108% per annum
Low	- 99.706	" " " " " 1.163% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,175,000	$ 25,069,000
New York	1,156,663,000	638,289,000
Philadelphia	28,213,000	17,613,000
Cleveland	24,958,000	19,605,000
Richmond	12,070,000	11,010,000
Atlanta	4,954,000	4,954,000
Chicago	101,727,000	82,187,000
St. Louis	8,161,000	8,055,000
Minneapolis	5,180,000	5,180,000
Kansas City	32,873,000	30,223,000
Dallas	12,188,000	12,188,000
San Francisco	66,568,000	52,258,000
TOTAL	$1,478,730,000	$906,631,000

94 47B

TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, January 11, 1949.

S-958

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San Francisco	66,568,000	52,258,000
TOTAL	$1,478,730,000	$906,631,000

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IMMEDIATE RELEASE
Wednesday January ~~11~~ 12, 1949

S-959

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 December 31, 1948, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of December 31, 1948
Buttons	850,000	Gross	271,276
Cigars	200,000,000	Number	973,127
Coconut Oil	448,000,000	Pound	93,607,713
Cordage	6,000,000	"	2,044,201
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	8,929,310 482,774,349
Tobacco	6,500,000	"	203,278

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 12, 1949.

S-959

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unrefined)			482,774,349
Tobacco	6,500,000	"	203,278

~~FOR~~ IMMEDIATE RELEASE,
Wednesday January ~~11~~ 12, 1949

S-960

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 Dec. 31, 1948	Established Quota	Imports May 29, 1948, to Dec. 31, 1948
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	73,184	3,815,000	859,777
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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	--	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	73,205	4,000,000	860,598

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 12, 1949.

No. S-960

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	(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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Paraguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	73,205	4,000,000	860,598

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5-961

IMMEDIATE RELEASE
Wednesday January ~~11,~~ 12 1949

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 December 31, 1948, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of December 31, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,802
Cream, fresh or sour	Calendar year	1,500,000	Gallon	1,440
Butter	Nov. 1, 1948-Mar.31, 1949	50,000,000	Pound	188,043
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	24,930,188	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	Quota filled
Other	Sept. 15, 1948	60,000,000	Pound	Quota filled
Walnuts	May 22-Dec. 31, 1948	3,333,333	Pound	1,127,076

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. 23,276,568 pounds of such Cuban tobacco were imported for consumption during the period January 1 to December 31, 1948, inclusive.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 12, 1949.

No. S-961

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Commodity	Period and Quantity		Unit of Quantity	Imports as of December 31, 1948
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	6,802
Crean, fresh or sour	Calendar year	1,500,000	Gallon	1,440
Butter	Nov. 1,1948-Mar. 31. 1949	50,000,000	Pound	188,043
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	24,930,188	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	Quota Filled
Other	Sept. 15, 1948	60,000,000	Pound	Quota Filled
Walnuts	May 22-Dec. 31, 1948	3,333,333	Pound	1,127,076

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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, 1948, to Dec. 31,1948	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Dec. 31 1948 1/
United Kingdom.....	4,323,457	75,390	1,441,152	
Canada.............	239,690	82,805	-	
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	159,001	1,599,886	

1/ Included in total imports, column 2.

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~~FOR~~ IMMEDIATE RELEASE
Wednesday JANUARY ~~11~~, 1949
12

S-962

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 December 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, 1948, to Dec. 31, 1948	Imports Sept. 20, 1948, to Dec. 31, 1948	Imports Sept. 20, 1948, to Dec. 31 1948
Egypt and the Anglo-Egyptian Sudan	783,816	-	44,117,797	-
Peru	247,952	247,952	932,440	-
British India	2,003,483	291,873	-	4,262,933
China	1,370,791	-	-	-
Mexico	8,883,259	3,574,238	606,183	-
Brazil	618,723	201,549	-	-
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	4,596,686	45,656,420	4,262,933

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, January 12, 1949

S-962

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China..............	17,322		-	
Egypt..............	8,135		-	
Cuba...............	6,544		-	
Germany............	76,329		25,443	
Italy..............	21,263		7,088	
Totals	5,482,509	159,001	1,599,886	

1/ Included in total imports, column 2.

-oOo-

The Secretary of the Treasury, Comptroller General, and ~~the~~ the Director of the Budget emphasized that the joint program embodies their complete agreement that:

(1) The maintenance of accounting systems and the producing of financial reports are and must continue to be functions of the executive branch.

(2) There must be an audit independent of the executive branch which will give appropriate recognition to necessary features of internal audit and control. ~~Properly designed accounting systems are a vital factor to the effectiveness of such independent audit.~~

(3) Full opportunity is to be afforded to the executive branch for participation in the development of accounting systems as an essential to meeting the needs and responsibilities of both the legislative and executive branches in the establishment of accounting and reporting requirements.

Summing up, they said: "The successful prosecution of this joint program will give the President better management in the executive branch, the Congress better information and bases for acting upon appropriations and other legislation, and the public a clearer picture of the financial condition and operations of the Federal Government."

X

including application of the accrual principle

3. Improvements in central accounting and reporting, by which accounting of the Treasury Department and other agencies will be properly integrated. Under the plan the Treasury Department will be the operating center for the production of financial statements relating to the Government as a whole.

4. Improvements in agency accounting and reporting. Within this category the principal areas are improvements in regulations governing agency accounting and reporting, elimination of unnecessary accounting and reporting ~~reporting, analysis~~ ~~of~~ budgetary and proprietary accounting, property accounting, study and development of uniform accounting procedures for similar government programs such as lending or construction, and use ~~possibilities~~ of cost accounting for appraising common administrative functions such as procurement, fiscal, budget and personnel.

5. Special accounting problems, including the installation of complete or partial accounting systems in individual agencies and the systematic and periodic inspection of existing systems in all agencies.

It was also pointed out that the Government's accounting problem is complicated by the fact that not only individual administrative agencies but also the President and his staff agencies, the Treasury Department, General Accounting Office and the Congress each have interests and needs to be served by accounting results. In addition, the general public is entitled to adequate and understandable presentation of the Government's financial condition and operations. An accounting policy for the Government must, therefore, take into consideration and reconcile as far as possible, all these viewpoints.

Work to improve accounting and reporting practices is either already underway or scheduled in a number of areas. Some of the objectives and projects are long-range in nature; others, however, include short-range improvements and modifications from which immediate economies and more effective procedures and utilization of personnel may be expected.

The joint program is aimed at five large areas of Federal accounting and financial reporting. These are:

1. Development of a sound foundation for accounting, in terms of principles and standards of accounting and financial reporting, uniform terminology, reporting specifications, improvements in relationships between budgetary processes and accounting, and better audit and control procedures.

2. Simplification in disbursement and collection procedures. Areas to be covered include voucher payment, examination and audit, warrant control of disbursements, check reconciliation and collection processes.

Joint Release

GENERAL ACCOUNTING OFFICE
TREASURY DEPARTMENT
BUREAU OF THE BUDGET

The broad outlines of a continuing, Government-wide program to improve Federal accounting and financial reporting were announced jointly today by John W. Snyder, Secretary of the Treasury, Lindsay C. Warren, Comptroller General, and James E. Webb, Director of the Bureau of the Budget.

The General Accounting Office, the Treasury Department and the Bureau of the Budget, as the three central fiscal agencies of the Federal Government, are taking the lead in the joint program, with participation by representatives of all departments and agencies.

Work on the project has been ~~under way for~~ the past year, (much of which necessarily concerned the accounting problems of the individual organizations) The general policies and objectives which will govern future work on the project were set forth in a joint statement today by Secretary Snyder, Mr. Warren and Mr. Webb. The statement points out:

"Better accounting and financial reporting is an integral part of a broad program to improve efficiency and attain economies in the management of the Government's operations.

"The growth in size and diversity of the activities of the Federal Government and the need for better management have intensified the need for development of more timely, meaningful and useful financial information. Accounting, as the most important method of providing financial information, has not kept pace with the many and varied demands thrown upon it. On the other hand, management has not always given the necessary recognition to the importance of the accounting function.

"Improvement in accounting and financial reporting is needed to guide management in all areas of administration, to give the Congress and the citizen a clear picture of what happens to the tax dollars invested in Government, and to reflect the effect of Government operations on the economy of the Nati

TREASURY DEPARTMENT
BUREAU OF THE BUDGET
GENERAL ACCOUNTING OFFICE
Washington, D. C.

IMMEDIATE RELEASE,
Thursday, January 13, 1949.

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"Better accounting and financial reporting is an integral part of a broad program to improve efficiency and attain economies in the management of the Government's operations.

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"Improvement in accounting and financial reporting is needed to guide management in all areas of administration, to give the Congress and the citizen a clear picture of what happens to the tax dollars invested in Government, and to reflect the effect of Government operations on the economy of the Nation."

It was also pointed out that the Government's accounting problem is complicated by the fact that not only individual administrative agencies but also the President and his staff agencies, the Treasury Department, General Accounting Office and the Congress each have interests and needs to be served by accounting results. In addition, the general public is entitled to adequate and understandable presentation of the Government's financial condition and operations. An accounting policy for the Government must, therefore, take into consideration and reconcile as far as possible, all these viewpoints.

Work to improve accounting and reporting practices is either already underway or scheduled in a number of areas. Some of the objectives and projects are long-range in nature; others, however, include short-range improvements and modifications from which immediate economies and more effective procedures and utilization of personnel may be expected.

The joint program is aimed at five large areas of Federal accounting and financial reporting. These are:

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3. Improvements in central accounting and reporting, by which accounting of the Treasury Department and other agencies will be properly integrated. Under the plan the Treasury Department will be the operating center for the production of financial statements relating to the Government as a whole.

4. Improvements in agency accounting and reporting. Within this category the principal areas are improvements in regulations governing agency accounting and reporting, elimination of unnecessary accounting and reporting, budgetary and proprietary accounting, including application of the accrual principle, property accounting, study and development of uniform accounting procedures for similar government programs such as lending or constructions, and use of cost accounting for appraising common administrative functions such as procurement, fiscal, budget and personnel.

5. Special accounting problems, including the installation of complete or partial accounting systems in individual agencies and the systematic and periodic inspection of existing systems in all agencies.

The Secretary of the Treasury, Comptroller General, and Director of the Budget emphasized that the joint program embodies their complete agreement that:

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2. There must be an audit independent of the executive branch which will give appropriate recognition to necessary features of internal audit and control.

3. Full opportunity is to be afforded to the executive branch for participation in the development of accounting systems as an essential to meeting the needs and responsibilities of both the legislative and executive branches in the establishment of accounting and reporting requirements.

Summing up, they said:

"The successful prosecution of this joint program will give the President better management in the executive branch, the Congress better information and bases for acting upon appropriations and other legislation, and the public a clearer picture of the financial condition and operations of the Federal Government."

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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 January 20, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 20, 1949. 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~~

S-964

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, January 14, 1949.
(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 January 20, 1949 (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 January 20, 1949 (5), and will mature April 21, 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, January 17, 1949 (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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Info. Service

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Friday, January 14, 1949.

S-964

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 January 20, 1949, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated January 20, 1949, and will mature April 21, 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 Bank on January 20, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 20, 1949. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

oOo

January 6, 1949

TO MR. BARTELT:

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

Sales	$18,861,000
Purchases	18,661,000
Net Sales	$ 200,000

(Sgd.) S. P. Gerardi

Chief, Division of Investments

Wisecarver:1/6/49

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Saturday, January 15, 1949.

S-965

During the month of December, 1948, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $200,000, Secretary Snyder announced today.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, January 18, 1949.

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 January 20, and to mature April 21, 1949, which were offered on January 14, 1949, were opened at the Federal Reserve Banks on January 17.

The details of this issue are as follows:

Total applied for - $1,511,627,000
Total accepted - 904,690,000 (includes $73,264,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.707 Equivalent rate of discount approx. 1.160% per annum

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

High	-99.715	Equivalent rate of discount approx. 1.127% per annum
Low	-99.706	" " " " " 1.163% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 22,190,000	$ 22,190,000
New York	1,181,749,000	658,016,000
Philadelphia	27,055,000	17,605,000
Cleveland	18,539,000	18,376,000
Richmond	5,772,000	5,772,000
Atlanta	7,281,000	7,281,000
Chicago	108,194,000	57,341,000
St. Louis	19,978,000	19,852,000
Minneapolis	8,740,000	8,614,000
Kansas City	18,198,000	18,092,000
Dallas	11,487,000	11,172,000
San Francisco	82,444,000	60,379,000
TOTAL	$1,511,627,000	$904,690,000

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Info Service

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, January 18, 1949.

S-966

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Richmond	5,772,000	5,772,000
Atlanta	7,281,000	7,281,000
Chicago	108,194,000	57,341,000
St. Louis	19,978,000	19,852,000
Minneapolis	8,740,000	8,614,000
Kansas City	18,198,000	18,092,000
Dallas	11,487,000	11,172,000
San Francisco	82,444,000	60,379,000
TOTAL	$1,511,627,000	$904,690,000

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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.

XXXXX

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 January 27, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 27, 1949. 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~~

ALPHA

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, January 21, 1949.
~~(1)~~

5-968

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 January 27, 1949 ~~(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 January 27, 1949 ~~(5)~~, and will mature April 28, 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, January 24, 1949 ~~(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.

RELEASE, MORNING NEWSPAPERS,
Friday, January 21, 1949.

S-968

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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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Employees in almost all classification services and grades submitted award-winning suggestions, Secretary Snyder stated. Five hundred and forty of the 722 winners, however, were in the clerical grades, with Grade CAF-4 clerks submitting 127 meritorious suggestions.

A Coast Guard employee stationed on an island in Maine sent the following suggestion to his headquarters at Boston: "I have noticed that these hemlocks and hackmatacks are growing so tall around the watch tower that they're cutting off the view of the inshore area where the lobstermen operate. The tower will have to be made higher and it needs repairing, too. I believe it could be torn down, the material salvaged, and a new tower built for the same money on a nearby point that's too high and rocky for the trees to get a hold." Coast Guard paid an award to this employee who looked beyond the trees to see the ocean and a safer and more efficient way of performing an essential operation.

The raised edges on all United States coins are produced by "up-setting" machines. At the Philadelphia Mint an employee designed new parts and a gravity feed system for these machines, and received an award for his ingenuity.

In the operation of the Division of Disbursement's addressograph machines, the problem of statis electricity, which kept multipart forms from separating and falling into neat piles, was solved by two addresso-graph operators in Richmond who rigged up a "spanking device" to remove the annoying static. These employees did not realize that they were attacking a problem which had baffled the experts and received an award when the idea was adopted, and installed in Disbursing offices.

A woman employee of the Bureau of Engraving and Printing proved that it's not only men who are mechanically-minded. Her idea for an attachment to a perforating machine made it possible to complete two operations at one time.

PROPOSED PRESS RELEASE

A-969

Secretary Snyder today announced that during 1948 cash awards totaling $13,940 were paid to 564 Treasury employees who submitted meritorious suggestions for effecting economies and otherwise improving the operations and services of the Department. Over nine thousand departmental and field employees submitted ideas through the Cash Awards for Suggestions Program during the first full year of its operation, 5,260 of which were finally acted upon by awards committees. The remaining suggestions, the Secretary said, are now in various stages of processing and evaluation.

In summarizing the results of the twelve-month period, Secretary Snyder revealed that fifty-seven cities scattered over thirty-nine States, the District of Columbia, Puerto Rico and Alaska were represented by cash award winners. In addition to the 564 cash winners, 158 Treasury employees received letters of commendation for helpful ideas submitted during the year.

Washington, D. C., led the list with 168 award winners, followed by New York City with 63; Philadelphia, 47; Milwaukee, 46, and Chicago, 38. Sixteen of the other cities had ten or more award winners each.

A large variety of subjects were covered by the suggestions submitted, which ranged from the limited use of one rubber stamp to detailed plans for the construction of an ocean liner drydock; from the revision of a form used by one person to changes in tax forms used annually by over fifty million potential taxpayers in the United States.

Treasury's Storekeeper-Gaugers, the "revenue men" in the Nation's distilleries, proved themselves to be a versatile group. One Philadelphia gauger received seven separate awards for improvements to forms used by the Alcohol Tax Unit, and the simplification of numerous operations.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

AFTERNOON NEWSPAPERS,
Tuesday, January 25, 1949. S-969

Secretary Snyder today announced that during 1948 cash awards totaling $13,940 were paid to 564 Treasury employees who submitted meritorious suggestions for effecting economies and otherwise improving the operations and services of the Department. Over nine thousand departmental and field employees submitted ideas through the Cash Awards for Suggestions Program during the first full year of its operation, 5,260 of which were finally acted upon by awards committees. The remaining suggestions, the Secretary said, are now in various stages of processing and evaluation.

In summarizing the results of the twelve-month period, Secretary Snyder revealed that fifty-seven cities scattered over thirty-nine States, the District of Columbia, Puerto Rico and Alaska were represented by cash award winners. In addition to the 564 cash winners, 158 Treasury employees received letters of commendation for helpful ideas submitted during the year.

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A Coast Guard employee stationed on an island in Maine sent the following suggestion to his headquarters at Boston: "I have noticed that these hemlocks and hackmatacks are growing so tall around the watch tower that they're cutting off the view of the inshore area where the lobstermen operate. The tower will have to be made higher and it needs repairing, too. I believe it could be torn down, the material salvaged, and a new tower built for the same money on a nearby point that's too high and rocky for the trees to get a hold." Coast Guard paid an award to this employee who looked beyond the trees to see the ocean and a safer and more efficient way of performing an essential operation.

The raised edges on all United States coins are produced by "upsetting" machines. At the Philadelphia Mint an employee designed new parts and a gravity feed system for these machines, and received an award for his ingenuity.

In the operation of the Division of Disbursement's addressograph machines, the problem of static electricity, which kept multipart forms from separating and falling into neat piles, was solved by two addressograph operators in Richmond who rigged up a "spanking device" to remove the annoying static. These employees did not realize that they were attacking a problem which had baffled the experts and received an award when the idea was adopted, and installed in Disbursing offices.

A woman employee of the Bureau of Engraving and Printing proved that it's not only men who are mechanically-minded. Her idea for an attachment to a perforating machine made it possible to complete two operations at one time.

Employees in almost all classification services and grades submitted award-winning suggestions, Secretary Snyder stated. Five hundred and forty of the 722 winners, however, were in the clerical grades, with Grade CAF-4 clerks submitting 127 meritorious suggestions.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, January 25, 1949.

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 January 27, and to mature April 28, 1949, which were offered on January 21, were opened at the Federal Reserve Banks on January 24.

The details of this issue are as follows:

Total applied for - $1,514,449,000
Total accepted - 902,428,000 (includes $63,172,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.707 Equivalent rate of discount approx. 1.160% per annum

Range of accepted competitive bids:

High - 99.712 Equivalent rate of discount approx. 1.139% per annum
Low - 99.706 " " " " " 1.163% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 14,850,000	$ 13,338,000
New York	1,242,184,000	703,311,000
Philadelphia	21,525,000	12,800,000
Cleveland	23,795,000	19,428,000
Richmond	5,042,000	5,042,000
Atlanta	6,024,000	6,024,000
Chicago	93,209,000	56,432,000
St. Louis	6,010,000	5,783,000
Minneapolis	8,475,000	7,854,000
Kansas City	15,280,000	15,226,000
Dallas	16,520,000	16,331,000
San Francisco	61,535,000	40,859,000
TOTAL	$1,514,449,000	$902,428,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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A Congressional Act approved August 2, 1946, and a subsequent Executive Order provided authority for honorary recognition of exceptional or meritorious service of civilian officers and employees of the Federal Government. Under this authority, the Treasury Medal was approved and designed as the highest award to employees who have made outstanding contributions in their work. The five medals presented today are the first to be conferred.

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Peter J. Valaer, Jr., a scientist in the Alcohol Tax Unit in Washington and an employee of the Bureau of Internal Revenue since 1907, ~~and~~ was given the medal for the preparation of a series of definitive articles for professional journals dealing with new and improved methods of standardization, sampling, manufacture and testing of various types of distilled and fermented beverages. These articles, Secretary Snyder said, contain information that has been highly useful to Federal and State agencies having control over the manufacture and sale of distilled spirits and fermented beverages. Mr. Valaer's development and improvement of methods and procedures has accomplished fine results in the Bureau of Internal Revenue.

Charles M. Milos, associate chemist in the New York office of the Alcohol Tax Unit, Bureau of Internal Revenue, received the medal for the development of a method for the detection and estimation of heroin in the presence of other alkaloids, which has effected a great saving of time in his laboratory. Mr. Milos, an employee of Alcohol Tax and its predecessor agencies since 1929, has been outstanding for many years in the development of analytical procedures for the determination of narcotic drugs, Secretary Snyder said.

The medals presented today are of gold, and bear on their obverse the Treasury Building in Washington with the words "for exceptional civilian service." The reverse of the medal shows the Great Seal of the Treasury, and the name of the recipient. A certificate of merit, signed by Secretary Snyder, and a gold lapel button also were presented to each member of the group at today's ceremony.

5-971

Secretary Snyder today presented to five Treasury employees the Department's gold medal for exceptional civilian service. Two of the recipients of the medals are employees of the Bureau of the Mint, two of the Bureau of Internal Revenue, and one of the Bureau of Accounts. The medal is the highest award of the Department for civilian ~~service~~ accomplishment.

Arthur E. Mills, head of the Washington Technical Staff of the Division of Disbursement, Bureau of Accounts, was awarded the Treasury medal for the invention, design or development of numerous machine improvements, including a device which consolidates into one operation the several steps previously followed in producing a Government check. In presenting the medal, Secretary Snyder said that Mr. Mills' accomplishments "have been so varied, and his contributions to the work of his division so far-reaching that they represent a very large sum in terms of savings to the Government."

Joseph W. Steel and William P. Kruse, of the San Francisco Mint, received medals for the development of a dual coin-stamping machine. This machine is considered to be the U. S. Mint's most revolutionary improvement from an operating standpoint during the past fifty years.

Mr. Steel, who is superintendent of the Coining Department of the San Francisco Mint, and Mr. Kruse, foreman of mechanics in the same institution, collaborated in the development of the machinery, which has been in operation for the past four years. Without this device, Secretary Snyder stated, the Mints would have required new buildings and equipment costing hundreds of thousands of dollars, in order to keep abreast of increased coinage demands.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE
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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.

~~ALPHAX~~

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 February 3, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 3, 1949. 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

ALPHA

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, January 28, 1949.
(1)

S-972

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 February 3, 1949 (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 February 3, 1949 (5), and will mature May 5, 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, January 31, 1949 (7). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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James R. Turner, Bureau of Internal Revenue career employee who today received the Arthur S. Flemming Government Award of the Washington Junior Board of Commerce, has been appointed a member of the Commissioner's Management Staff of the Bureau. The appointment, which became effective earlier this month, was announced today by George J. Schoeneman, Commissioner of Internal Revenue.

Mr. Turner received the Arthur S. Flemming Government Award as an outstanding young Government employee of the Washington area. The presentation was made at a Junior Board of Commerce luncheon today.

The Management Staff to which Mr. Turner has been advanced conducts studies of Bureau of Internal Revenue management problems and recommends action to deal with them.

Mr. Turner has been head of the Bureau's Statistical Division since May 1, 1946. He will continue to give much attention to statistical matters of the Revenue Service.

(Attachment gives further information about Mr. Turner's career.)

TREASURY DEPARTMENT
Washington

INFORMATION CONCERNING JAMES R. TURNER

James R. Turner, 33-year-old Head of the Statistical Division of the Bureau of Internal Revenue, is in great measure responsible for simplification of tax returns and tax computations which has benefited millions of taxpayers and at the same time has saved the Bureau millions of dollars in administrative costs.

The official nomination of Mr. Turner for the Arthur S. Flemming Award stated: "The remarkable ease and skill with which he has discharged onerous responsibilities of every kind within the Bureau of Internal Revenue are proof of administrative and executive ability which would be amazing in a man of twice his years and experience."

Mr. Turner's achievements may be summarized in capsule form as follows:

(1) Originator of the "standard deduction", which is used by 40 million of 55 million taxpayers in making returns.

(2) Originator of the idea of the "per capita" exemption now a fixture in the Federal Income tax law.

(3) Originator of the idea of the new Form 1040A, a simplified form now being used for individual income tax returns.

(4) Originator of flat rate withholding, which in 1948 replaced the complicated system used previously, and which lessened the tremendous amount of work required of employers in the collection of the tax.

(5) Developed streamlined split-income tax table for 1948.

(6) Author and successful sponsor of the idea of the 1948 Control Audit Program, a management tool which will make the Bureau much more effective in the enforcement field.

~~1/27/49~~

(7) Directed complete and fundamental reorganization during 1948 of the Statistical Division, which he heads.

(8) Simplified income tax return blanks in both the individual income and corporate income fields.

The "standard deduction" devised by Mr. Turner simplifies the determination of tax liability by permitting a taxpayer to deduct at least 10 percent of his income without presenting detailed deduction records. This device not only assists the taxpayer but also greatly facilitates the work of the Internal Revenue Service. The idea is now being adopted by certain of the States.

Adoption of the per capita exemption, as suggested by Mr. Turner, worked a revolutionary change in the Federal income tax system. Under the per capita plan, the exemption is uniform for each man, woman and child, or other dependent. This idea was fundamental to the conversion of the prewar income tax, which affected only a small number of individuals, to the wartime and postwar income tax which affects more than one-third of the entire population.

Mr. Turner prepared the first drafts of the new Form 1040A, a short form of tax return which retains all the essential simplifications of the old Form W-2, used as a return, and at the same time eliminated the administrative weaknesses of this older form.

Mr. Turner's plan for a flat rate withholding method, which in 1948 replaced the complicated dual and triple rates of withholding, greatly simplifies the collection problem of the employer and relieves him of complicated record keeping. The plan for a one-rate withholding system was adopted in the Revenue Act of 1948.

Adoption of the standard deduction and per capita exemption, as proposed by Mr. Turner, led to the development of the tax table now in general use. The tax table enables the taxpayer to determine his tax at a glance, and results in a major saving in administrative costs to the Government. When in 1948 Congress provided for the split-income method of computing income tax, Mr. Turner revised the tax table plan accordingly.

The basic objective~~s~~ of the Control-Audit Program devised by Mr. Turner is to ensure that every citizen pays his correct tax, no more, no less. Through a random sample audit, returns of taxpayers in every walk of life will be examined. Overpayment of tax as well as underpayment will be detected.

Reorganization of the Statistical Division under Mr.Turner's direction has resulted in many statistical and administrative simplifications. He basically redesigned operating techniques, so as to adapt his division ~~device~~ to changes in the individual income tax laws.

In addition to the tax return simplification devices previously described, Mr. Turner has made many lesser suggestions for improvement, the cumulative effect of which is large. These changes facilitate both the reporting and computation of the tax. One example is found in the 1948 corporation income tax return, Form 1120, which contains an entirely new method for setting up the schedule for computing the tax. This new method stems directly from initial work by Mr. Turner.

Appointment of Mr. Turner as Head of the Statistical Division came May 1, 1946. He was born in Sturgeon, Missouri, and attended school there. Following his graduation from high school, he worked in a country store for two years at a salary of $30 a month, and it was during this period that he began an intensive self-education in mathematics. In 1935 he came to Washington to take a job as messenger in the Department of Agriculture, and eighteen months later he transferred to the position of Junior Clerk in the Statistical Division of the Bureau of Internal Revenue -- the Division of which he is now Chief.

TREASURY DEPARTMENT

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

IMMEDIATE RELEASE,
Thursday, January 27, 1949. S-973

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TREASURY DEPARTMENT

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Appointment of Mr. Turner as Head of the Statistical Division came May 1, 1946. He was born in Sturgeon, Missouri, and attended school there. Following his graduation from high school, he worked in a country store for two years at a salary of $30 a month, and it was during this period that he began an intensive self-education in mathematics. In 1935 he came to Washington to take a job as messenger in the Department of Agriculture, and eighteen months later he transferred to the position of Junior Clerk in the Statistical Division of the Bureau of Internal Revenue -- the Division of which he is now Chief.

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~~FOR~~ IMMEDIATE RELEASE,
Monday, January 31, 1949.

S-974

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 B-1950, to be dated February 1, 1949.

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	$ 92,702,000
New York	860,502,000
Philadelphia	87,635,000
Cleveland	93,520,000
Richmond	23,730,000
Atlanta	59,919,000
Chicago	230,067,000
St. Louis	78,901,000
Minneapolis	55,607,000
Kansas City	96,886,000
Dallas	56,213,000
San Francisco	253,235,000
Treasury	4,252,000
TOTAL	$1,993,169,000

TREASURY DEPARTMENT

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

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~~standards~~, your industry ~~has~~ plays a vital role in our American ~~gained a position of importance~~ economic life. ~~in our economic life.~~

 ~~Mr Riter~~ ~~32~~17

cleanest conduct of our sports; to help see that American youth gets from his games the maximum mental and spiritual as well as physical benefit.

In this close identification with character building, ~~and~~ ~~in the position of~~ importance ~~in our economic life~~ to which ~~you have~~ brought your ~~functions~~ as ~~producers~~ and merchandisers, ~~and in your unfailingly~~ high business

In our sports we learn to play fair, no matter how intense the competition. We learn to abide by the rules. We learn to pull together. We learn singleness of purpose. And what we learn serves us well, individually and collectively, when we reach maturity and assume the responsibilities of American citizenship and our governmental responsibilities.

Your industry loses no opportunity to encourage the that many of the qualities which make up the American character are qualities which are evident in your industry and in the goods you produce.

No one can rightly estimate the extent to which American sports and recreational activities have influenced the American character. Surely there is no more productive source of training for young Americans in the teamwork of which I spoke earlier.

rebuild thousands of miles of highways. In addition to all this, we must do our part in the great task of world reconstruction, and we must build a powerful defense establishment, to the end that normal international relationships, free from the threat of war, may become re-established throughout the world.

An important cornerstone of our hopes for the future is the American character. May I say factors alone will be a powerful business influence for several years to come.

The nation has a huge task before it. We must meet the normal demands of a growing population with high living standards. We must provide additional plants and machinery to replace those worn out during the war. We must build new homes, new hospitals, new churches, and new municipal facilities. We must long-deferred construction programs of States and municipalities, which to date, in large part had been held up by material shortages.

The great shifts of population during the war years, together with the nation-wide wartime lag in construction, have created such a need for expansion of public and private utility services, homes, schools, hospitals, highways, and other construction, that these protect the economy against a declining consumer demand. The farm price support program offers a similar protection to agriculture. The effectiveness of these measures lies not alone in their actual support to incomes, but in the sense of economic security which they give to consumers, thus encouraging a continued high volume of consumer demand.

Currently, a business factor of growing importance is the is, and will continue to be, the Administration's program.

Our economic situation is strengthened by strong elements of protection that were not available in former years. Unemployment insurance will help to maintain the purchasing power of wage earners during any period of unemployment. The minimum wage laws, and other safeguards for labor, will also serve to maintain incomes and to policies. Bank loans in the past year showed only a moderate rise. Neither business nor residential construction has yet expanded enough to meet present needs.

High-level prosperity in the years ahead can be promoted by encouraging a healthy business development, while continuing to restrain the excesses which in the past have been responsible for business recessions. Such a policy that might lead to a business recession, as has been the experience on many occasions in the past. I do not recall any recession that has not been preceded by a period of excessive speculation, or by over-buying, over-borrowing, or over-expansion.

At present, there is no evidence of undue speculation. Inventories have been kept at moderate levels by cautious buying efficient production methods and to new and more attractive products, which will lead to a broadening of consumer demand.

The promising business outlook is supported by an Administration program which has been, and will continue to be, directed toward maintaining a high level economy.

An important Administrative objective has been to prevent the development of unbalanced conditions maintaining an industrial frontier of the greatest promise.

The demand for these new products, and for improved types of many kinds of consumer goods, should replace any reduction in other demand that may follow the filling up of wartime shortages. Such a replacement process, in fact, is already conspicuously under way.

The return of normal buyers' markets should give impetus to more

The fact is that the nation continues highly prosperous. We are on the alert against the hazard of a "boom and bust". There are great opportunities for business in the years immediately ahead. Our population is increasing steadily. American creative genius is continuing to develop new materials and new techniques and to produce new consumer goods, thereby returned in various lines, but this is something which must be regarded as part of the process of "getting back to normal." It means that salesmanship, which has been pretty much neglected since 1941, must again be brought into play.

rapidly, and the general business level was little affected.

There is every reason to believe that the economic situation remains basically strong. It is true that some prices which had been out of line with their normal relationship to the general price level have recently come back more nearly into balance. It is true also that more nearly normal buyers' markets and competitive conditions have after World War I, has been a most important stabilizing factor in our economy. It has led to cautious inventory programs in nearly all industries.

Every year end since the war has been marked by a wave of apprehension over the business outlook for the following year. The end of 1948 was no exception. But those industries which were temporarily over-extended completed their adjustments refusing to be stampeded into over-buying and excessive speculation; to various credit restrictions which have been placed in effect to reduce inflationary borrowing; and to the sensibly cautious attitude which has prevailed among businessmen in the postwar period.

This cautious business attitude, which is derived in large part from a desire to avoid the business losses experienced throughout the nation. And I believe it can be reasonably said that the management of the public debt since the war, and the maintenance of a continued period of stability in the bond market, have contributed materially to this situation.

A primary credit for the continued stability of business levels must be given to the good sense of the American people in

I believe that the measures which have been taken to maintain a sound fiscal policy and to promote confidence in the Government's credit have made a marked contribution to the prosperity which we now enjoy. We are well into our fourth postwar year, and we have maintained continued high levels of production, employment and incomes. This condition is evidence of a remarkable basic confidence

United States Government. This involves two separate lines of action: to develop a sound fiscal policy; and to maintain confidence in the Government's credit.

A sound fiscal policy at this time must be based upon a revenue system that will meet the cost of prescribed Governmental functions, and at the same time provide adequate funds to reduce the public debt.

And, I do not need to call your attention to the different degree in the development of nations -- those whose governments are financially sound as contrasted with those which lack financial confidence. The evidence has been particularly striking in recent years./

My major objective and responsibility as Secretary of the Treasury is to maintain the financial soundness of the in such a way as to become a source of stability and confidence in our economic environment.

The economic development of any people is based upon a foundation of confidence -- a confidence in national institutions, in certainty of their jobs, in safety of ~~our~~ their investments, and in economic security. Above all, the economic development of a nation must be based on the financial soundness of its Government.

a far greater influence than ever before on the financial interests of all of us.

These figures and comparisons point to the compelling necessity for careful management of the public debt in the interest of the economic well-being of the country. Only through careful operation, with the help and cooperation of many groups, could the Federal debt be managed all public and private debt. Today, it constitutes some 55 percent of the total debt of the nation. ~~Before the war, the rate of interest on Government bonds and other Government securities was largely influenced by current financial and business conditions. Today,~~ the proportionate size of the Federal debt makes it a dominant factor in determining interest rates on private debt and the return on private investments. Thus, the prices of Federal securities have

In spite of its appreciable reduction in the postwar years, our debt still exceeds $250 billion.

The visible evidence of this debt, of course, is in the Government bonds, notes, and other securities held by individuals, banks, insurance companies and other institutions. The servicing of this debt requires an annual Federal expenditure of some $5-1/2 billion in interest.

Before the war, the public debt was less than 25 percent of

I should like to talk with you a little about certain of those financial problems of the Federal Government with which all of us are directly concerned. And, one of the most vital of these problems, and a principal responsibility of the Treasury Department, is the management of the public debt -- a debt which was expanded by the requirements of war financing to a peak of $280 billion in early 1946.

views and ideas of such groups as agriculture, industry, education --- newspapers, advertising groups, and other organizations.

The management of a Government agency is not merely the responsibility of its chief officers. It is the responsibility and deep concern of the entire nation. The Government we have in this country is the kind of Government that you and 148 million other Americans have made it.

have organized advisory committees to work with the Treasury Department on matters of common interest. In addition to these regular committees, various groups are consulted from time to time with regard to details of the Government's fiscal program.

Other formally organized committees have been set up for various specific purposes. In connection with the savings bond program, for instance, 19 committees have been established to present the and liberties. Government and enterprise are guided infallibly in that common direction by mutual understanding of aims, of resources, and of handicaps and difficulties.

In carrying out the duties of my office, I have found it essential to enlist the cooperation of many groups.

In helping to work out problems relating to Government financing, for example, the representatives of banking, insurance, and industry common goal -- these are our mutual objectives.

We need teamwork because without it, neither government nor enterprise is likely to fulfill our hopes and expectations. They will find themselves heading in different directions, whereas it is vital that they head in a common direction -- that of betterment of the whole environment in which we live, and work, and try to keep secure our basic rights

It gives me pleasure to meet with representatives of the sporting goods industry. Any Government official, regardless of whether he has a personal familiarity with golf clubs or football helmets, feels a kinship with such an industry, for in its very name are suggested the qualities of sportsmanship which we have come to recognize as being of compelling importance in governmental affairs. Team work; cooperation; pulling together for a

Mr Saylor

Speech by Secretary Snyder

to be delivered before the

National Sporting Goods Association

(18th Annual Convention)

Atlantic City, New Jersey

February 1, 1949

Ambassador Hotel
To be delivered at 10:30 am at a general meeting
which begins at 9:30 am.

S-975

TREASURY DEPARTMENT

Washington

(The following address by Secretary Snyder before the National Sporting Goods Association, at the Ambassador Hotel, Atlantic City, New Jersey, is scheduled for delivery at 10:30 A.M., E.S.T., Tuesday, February 1, 1949, and is for release at that time.)

It gives me pleasure to meet with representatives of the sporting goods industry. Any Government official, regardless of whether he has a personal familiarity with golf clubs or football helmets, feels a kinship with such an industry, for in its very name are suggested the qualities of sportsmanship which we have come to recognize as being of compelling importance in governmental affairs. Team work; cooperation; pulling together for a common goal -- these are our mutual objectives.

We need team work because without it, neither government nor enterprise is likely to fulfill our hopes and expectations. They will find themselves heading in different directions, whereas it is vital that they head in a common direction -- that of betterment of the whole environment in which we live, and work, and try to keep secure our basic rights and liberties. Government and enterprise are guided infallibly in that common direction by mutual understanding of aims, of resources, and of handicaps and difficulties.

In carrying out the duties of my office, I have found it essential to enlist the cooperation of many groups. In helping to work out problems relating to Government financing, for example, the representatives of banking, insurance, and industry have organized advisory committees to work with the Treasury Department on matters of common interest. In addition to these regular committees, various groups are consulted from time to time with regard to details of the Government's fiscal program.

Other formally organized committees have been set up for various specific purposes. In connection with the savings bond program, for instance, 19 committees have been established to present the views and ideas of such groups as agriculture, industry, education -- newspapers, advertising groups, and other organizations.

The management of a Government agency is not merely the responsibility of its chief officers. It is the responsibility and deep concern of the entire nation. The Government we have in this country is the kind of Government that you and 148 million other Americans have made it.

I should like to talk with you a little about certain of those financial problems of the Federal Government with which all of us are directly concerned. And, one of the most vital of these problems, and a principal responsibility of the Treasury Department, is the management of the public debt -- a debt which was expanded by the requirements of war financing to a peak of $280 billion in early 1946. In spite of its appreciable reduction in the postwar years, our debt still exceeds $250 billion.

The visible evidence of this debt, of course, is in the Government bonds, notes, and other securities held by individuals, banks, insurance companies and other institutions. The servicing of this debt requires an annual Federal expenditure of some $5-1/2 billion in interest.

Before the war, the public debt was less than 25 percent of all public and private debt. Today, it constitutes some 55 percent of the total debt of the nation. The proportionate size of the Federal debt makes it a dominant factor in determining interest rates on private debt and the return on private investments. Thus, the prices of Federal securities have a far greater influence than ever before on the financial interests of all of us.

These figures and comparisons point to the compelling necessity for careful management of the public debt in the interest of the economic well-being of the country. Only through careful operation, with the help and cooperation of many groups, could the Federal debt be managed in such a way as to become a source of stability and confidence in our economic environment.

The economic development of any people is based upon a foundation of confidence -- a confidence in national institutions, in certainty of their jobs, in safety of their investments, and in economic security. Above all, the economic development of a nation must be based on the financial soundness of its Government.

And, I do not need to call your attention to the different degree in the development of nations -- those whose governments are financially sound as contrasted with those which lack financial confidence. The evidence has been particularly striking in recent years.

My major objective and responsibility as Secretary of the Treasury is to maintain the financial soundness of the United States Government. This involves two separate lines of action: to develop a sound fiscal policy; and to maintain confidence in the Government's credit.

A sound fiscal policy at this time must be based upon a revenue system that will meet the cost of prescribed Governmental functions, and at the same time provide adequate funds to reduce the public debt.

I believe that the measures which have been taken to maintain a sound fiscal policy and to promote confidence in the Government's credit have made a marked contribution to the prosperity which we now enjoy. We are well into our fourth postwar year, and we have maintained continued high levels of production, employment and incomes. This condition is evidence of a remarkable basic confidence throughout the nation. And I believe it can be reasonably said that the management of the public debt since the war, and the maintenance of a continued period of stability in the bond market, have contributed materially to this situation.

A primary credit for the continued stability of business levels must be given to the good sense of the American people in refusing to be stampeded into over-buying and excessive speculation; to various credit restrictions which have been placed in effect to reduce inflationary borrowing; and to the sensibly cautious attitude which has prevailed among businessmen in the postwar period.

This cautious business attitude, which is derived in large part from a desire to avoid the business losses experienced after World War I, has been a most important stabilizing factor in our economy. It has led to cautious inventory programs in nearly all industries.

Every year end since the war has been marked by a wave of apprehension over the business outlook for the following year. The end of 1949 was no exception. But those industries which were temporarily over-extended completed their adjustments rapidly, and the general business level was little affected.

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The nation has a huge task before it. We must meet the normal demands of a growing population with high living standards. We must provide additional plants and machinery to replace those worn out during the war. We must build new homes, new hospitals, new churches, and new municipal facilities. We must rebuild thousands of miles of highways. In addition to all this, we must do our part in the great task of world reconstruction, and we must build a powerful defense establishment, to the end that normal international relationships, free from the threat of war, may become re-established throughout the world.

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In this close identification with character building, your industry plays a vital role in our American economic life.

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RELEASE, MORNING NEWSPAPERS,
Tuesday, February 1, 1949.

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 February 3, and to mature May 5, 1949, which were offered on January 28, were opened at the Federal Reserve Banks on January 31.

The details of this issue are as follows:

Total applied for - $1,417,262,000
Total accepted - 801,106,000 (includes $53,210,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.706 Equivalent rate of discount approx. 1.161% per annum

Range of accepted competitive bids:

High - 99.712 Equivalent rate of discount approx. 1.139% per annum
Low - 99.706 " " " " " 1.163% " "

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

Federal Reserve District	Total Applied for	Total Accepted
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Chicago	88,518,000	46,878,000
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Minneapolis	8,415,000	8,415,000
Kansas City	17,093,000	17,093,000
Dallas	8,140,000	8,128,000
San Francisco	66,673,000	65,053,000
TOTAL	$1,417,262,000	$801,106,000

Info. Service

TREASURY DEPARTMENT

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

RELEASE, MORNING NEWSPAPERS,
Tuesday, February 1, 1949.

No. S-976

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San Francisco	66,673,000	65,053,000
TOTAL	$1,417,262,000	$801,106,000

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In making public the results of Customs investigations during 1948, Secretary Snyder stated that the year witnessed the completion of a program of reorganization of the Bureau's law enforcement activities along lines calculated to operate with greatest efficiency in this age of high-speed motor and air transportation. The organization as now constituted consists of an augmented Customs Agency Service employing the most modern investigative techniques, and a mobile port patrol force. The motorized patrol partially replaces the system of fixed port guarding of shipping in port, and combats both the theft of goods from Customs custody, and potential smuggling from ships in port. Both units employ two-way radio equipped cars.

The reorganization of this Treasury law enforcement agency brings with it the disappearance from the American scene of one of the most colorful of its branches, the Customs Patrol Service, popularly known as the Border Patrol. This service dated back to 1886 when its officers were known as "mounted inspectors." Throughout the years these patrolmen, working on foot, on horseback, by boat, and in more recent years in automobiles when possible, were the nemesis of smugglers along the sparsely-inhabited Canadian and Mexican borders. More than a score lost their lives in the dangerous service, but their effective marksmanship also accounted for numerous border badmen. Permanent employees of the patrol, Secretary Snyder said, have been reassigned as Customs agents, or to other branches of the Customs Service.

Customs Agents in New York City and Laredo collaborated to break up what appears to have been an international gold smuggling operation of far-flung proportions. The smugglers added something of a new touch to a game old to Customs, by hiding the contraband under the springs of the front seat of an automobile which was being shipped by freight. The seizure, consisting of more than 2,500 Mexican gold coins, worth $135,000, was made when the car arrived in New York from Laredo. Officers had information that the car and the gold were intended for exportation to Europe.

Seizure of two airplanes at Philadelphia, which were allegedly about to be exported illegally, touched off an investigation by Customs Agents that resulted in indictments being returned against a number of persons in Miami, Florida, and elsewhere.

Another intensive investigation involving illegal exportation of surplus airplanes to Czechoslovakia resulted in the indictment, also at Miami, of nine persons. Nine others were indicted in the same district for conspiracy to export illegally munitions to Cuba, which allegedly were to be used in fomenting a revolution in the Dominican Republic.

Federal court at Biloxi, Mississippi, concluded a two-year investigation of a similar plot to illegally export war materials, believed intended for a military expedition against the Government of Cuba, when William I. Marsalis and two others were given sentences of a year and a day in prison. During the investigation, seizures were made at Gulfport, Mississippi, New Orleans, and in Florida, of vessels, planes, tanks and half-tracks, radios, and other materials.

a Presidential Proclamation. Half a dozen important seizures and criminal cases developed from plane, ship, and gun export attempts associated with actual or potential military operations in several countries.

Two of the largest commercial diamond seizures in years were made at La Guardia Field, New York City. One consisted of 1,025 carats of cut and polished diamonds valued at $190,000, concealed under metal strips of a piece of luggage. In what is believed to be a related case, 343 carats of gems, worth $73,000, were found under wooden strips of a suitcase. In each case the airplane passenger in whose luggage the gems were found was a woman. Both face charges of attempted smuggling.

Another diamond case involved a single stone valued at $100,000, and weighing 23 carats. This gem, allegedly stolen in Brazil, and smuggled into the United States through Puerto Rico, for sale in this country, was seized at Los Angeles. Two Brazilians subsequently were arrested and convicted.

Customs Agents working out of the New York office in a lengthy investigation effected seizure of 600 carats of unset diamonds which had been buried in a tin can near Lakewood, New Jersey. Two automobiles used in transporting the gems were also seized, and two men were arrested.

Customs officers from Laredo, Texas, made one of the largest seizures of prohibited lottery tickets on record. After trailing two suspected cars from the border to near San Antonio, Texas, they closed in, to capture sweepstake tickets with a face value of $1,200,000. The lottery was based on Mexico City races. Two men were arrested. One of them had had a brush with Customs in connection with smuggling of Cuban lottery tickets some ten years ago. He was on the losing end that time, too.

Good seized for Customs laws violations that provide for forfeiure become the property of the United States, and are disposed of according to law. In many cases the owner, if he desires, is permitted to redeem the seized goods upon payment of the full value; or where extentuating circumstances are shown, for less than full value.

PROPOSED PRESS RELEASE

1-977

Diamonds, gold and other high-value merchandise were seized in large quantities by United States Customs officers during 1948, in combating commercial smuggling attempts on the largest scale encountered by the Treasury since before World War I.

A report submitted today to Secretary Snyder by Acting Commissioner of Customs Frank Dow reveals that the forfeiture value of merchandise seized or liable to seizure during the calendar year totaled nearly $15,000,000. In addition to commercial smuggling investigated, Customs agents and inspectors foiled thousands of "amateur" smuggling attempts by travelers crossing the borders or arriving from overseas by ship and air. Substantial money penalties, and in many cases criminal charges, were lodged against such violators.

(Insert)

Seizures of prohibited merchandise ranged from two crates of live parrots (banned under health laws) to more than a million dollars, face value, of lottery tickets. The so-called "luxury drugs" of heroin and cocaine appeared with increasing frequency in illicit narcotics seizures, which in several instances were valued, at underworld prices, at many hundreds of thousands of dollars.

Customs law enforcement was a two-way operation in 1948, with numerous investigations being made in carrying out regulations of the Office of International Trade covering exportations of critical materials, and in cooperation with the Department of State in connection with attempts at exportation of implements of war to foreign countries in violation of

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS, S-977
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In addition to commercial smuggling investigated, Customs agents and inspectors foiled thousands of "amateur" smuggling attempts by travelers crossing the borders or arriving from overseas by ship and air. Substantial money penalties, and in many cases criminal charges, were lodged against such violators.

Seizures of prohibited merchandise ranged from two crates of live parrots (banned under health laws) to more than a million dollars, face value, of lottery tickets. The so-called "luxury drugs" of heroin and cocaine appeared with increasing frequency in illicit narcotics seizures, which in several instances were valued, at underworld prices, at many hundreds of thousands of dollars.

Customs law enforcement was a two-way operation in 1948, with numerous investigations being made in carrying out regulations of the Office of International Trade covering exportations of critical materials, and in cooperation with the Department of State in connection with attempts at exportation of implements of war to foreign countries in violation of a Presidential Proclamation. Half a dozen important seizures and criminal cases developed from plane, ship, and gun export attempts associated with actual or potential military operations in several countries.

Two of the largest commercial diamond seizures in years were made at La Guardia Field, New York City. One consisted of 1,025 carats of cut and polished diamonds valued at $190,000, concealed under metal strips of a piece of luggage. In what is believed to be a related case, 343 carats of gems, worth $73,000, were found under wooden strips of a suitcase. In each case the airplane passenger in whose luggage the gems were found was a woman. Both face charges of attempted smuggling.

Another diamond case involved a single stone valued at $100,000, and weighing 23 carats. This gem, allegedly stolen in Brazil, and smuggled into the United States through Puerto Rico, for sale in this country, was seized at Los Angeles. Two Brazilians subsequently were arrested and convicted.

Customs Agents working out of the New York office in a lengthy investigation effected seizure of 600 carats of unset diamonds which had been buried in a tin can near Lakewood, New Jersey. Two automobiles used in transporting the gems were also seized, and two men were arrested.

Customs officers from Laredo, Texas, made one of the largest seizures of prohibited lottery tickets on record. After trailing two suspected cars from the border to near San Antonio, Texas, they closed in, to capture sweepstakestickets with a face value of $1,200,000. The lottery was based on Mexico City races. Two men were arrested. One of them had had a brush with Customs in connection with smuggling of Cuban lottery tickets some ten years ago. He was on the losing end that time, too.

Customs Agents in New York City and Laredo collaborated to break up what appears to have been an international gold smuggling operation of far-flung proportions. The smugglers added something of a new touch to a game old to Customs, by hiding the contraband under the springs of the front seat of an automobile which was being shipped by freight. The seizure, consisting of more than 2,500 Mexican gold coins, worth $135,000, was made when the car arrived in New York from Laredo. Officers had information that the car and the gold were intended for exportation to Europe.

Seizure of two airplanes at Philadelphia, which were allegedly about to be exported illegally, touched off an investigation by Customs Agents that resulted in indictments being returned against a number of persons in Miami, Florida, and elsewhere.

Another intensive investigation involving illegal exportation of surplus airplanes to Czechoslovakia resulted in the indictment, also at Miami, of nine persons. Nine others were indicted in the same district for conspiracy to export illegally munitions to Cuba, which allegedly were to be used in fomenting a revolution in the Dominican Republic.

Federal court at Biloxi, Mississippi, concluded a two-year investigation of a similar plot to illegally export war materials, believed intended for a military expedition against the Government of Cuba, when William I. Marsalis and two others were given sentences of a year and a day in prison. During the investigation, seizures were made at Gulfport, Mississippi, New Orleans, and in Florida, of vessels, planes, tanks and half-tracks, radios, and other materials.

In making public the results of Customs investigations during 1948, Secretary Snyder stated that the year witnessed the completion of a program of reorganization of the Bureau's law enforcement activities along lines calculated to operate with greatest efficiency in this age of high-speed motor and air transportation. The organization as now constituted consists of an augmented Customs Agency Service employing the most modern investigative techniques, and a mobile port patrol force. The motorized patrol partially replaces the system of fixed port guarding of shipping in port, and combats both the theft of goods from Customs custody, and potential smuggling from ships in port. Both units employ two-way radio equipped cars.

The reorganization of this Treasury law enforcement agency brings with it the disappearance from the American scene of one of the most colorful of its branches, the Customs Patrol Service, popularly known as the Border Patrol. This service dated back to 1886 when its officers were known as "mounted inspectors." Throughout the years these patrolmen, working on foot, on horseback, by boat, and in more recent years in automobiles when possible, were the nemesis of smugglers along the sparsely-inhabited Canadian and Mexican borders. More than a score lost their lives in the dangerous service, but their effective marksmanship also accounted for numerous border badmen. Permanent employees of the patrol, Secretary Snyder said, have been reassigned as Customs agents, or to other branches of the Customs Service.

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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.

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 February 10, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 10, 1949. 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, February 4, 1949.
(1)

S-978

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 February 10, 1949 (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 February 10, 1949 (5), and will mature May 12, 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, February 7, 1949 (7). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Friday, February 4, 1949. S-978

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on February 10, 1949, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 10, 1949. 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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Members of the Circulation Managers Association present in addition to Mr. Stodghill were its president, W.G. Andrews, of the Oklahoma City Oklahoman; Ray F. Marx, Los Angeles Times; J.B. Casaday, San Francisco Examiner; J.B. Lee, Jacksonville Times-Union; Don R. Davis, Birmingham News; James F. Jae, St. Louis Globe-Democrat; Jack Kenny, Hearst Newspapers; Clem D. O'Rourke, Cleveland Press; W. Aronoff, Detroit Times; Matthew Sullivan, Gannett Newspapers; Thomas F. Farrelly, Providence Journal; Roy Haan, Detroit News; William N. Hardy, Pennsylvania Newspaper Publishers Association; Elmer J. DeVore, Washington Evening Star; [redacted] C.A. Corcoran, Washington Times-Herald; C.K. Jefferson, Des Moines Register and Tribune.

Howard W. Stodghill of the Philadelphia Evening Bulletin responded on behalf of the circulation managers, and assured the Secretary that the aid of the carriers to the Treasury in the Opportunity Drive would be vigorous and whole-hearted, ~~just as it was in wartime~~.

Mr. Stodghill, who is chairman of the Treasury Newspaperboy Committee, presided over one of the sessions of the conference.

Vernon L. Clark, National Director of the Savings Bonds Division of the Treasury, and members of his staff gave highlights of the program for the spring drive.

IMMEDIATE RELEASE
Monday, February 7, 1949 S-979

Secretary Snyder was told today that carrier boys of the nation's newspapers will help remind millions of persons this spring ~~that it's a good idea to buy~~ of the importance of buying United States Savings Bonds. Representatives of the International Circulation Managers Association met at the Treasury and gave the Secretary this promise of cooperation.

The circulation managers agreed on a plan for the carriers to deliver ten million Savings Bond leaflets and folders to their customers during the Savings Bond "Opportunity Drive", which is to start May 16 and run through June 30. Two hundred thousand carriers will participate in the drive in this way.

The carriers gave invaluable aid to the Treasury by distributing literature and actually selling bonds during the bond campaigns of the war years.

Secretary Snyder personally welcomed the circulation managers at today's conference. In a brief talk he pointed out that the Opportunity Drive emphasizes the ~~important~~ vital role of savings in enabling people to take advantage of opportunity when it comes their way. He asked the circulation managers to give each carrier boy his personal thanks for

TREASURY DEPARTMENT

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

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RELEASE, MORNING NEWSPAPERS,
Tuesday, February 8, 1949.

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 February 10 and to mature May 12, 1949, which were offered on February 4, were opened at the Federal Reserve Banks on February 7.

The details of this issue are as follows:

Total applied for - $1,473,740,000
Total accepted - 902,941,000 (includes $60,230,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.706+ Equivalent rate of discount approx. 1.163% per annum

Range of accepted competitive bids:

High	- 99.712	Equivalent rate of discount approx. 1.139% per annum
Low	- 99.705	" " " " " 1.167% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 16,796,000	$ 16,796,000
New York	1,198,998,000	686,374,000
Philadelphia	25,934,000	14,309,000
Cleveland	17,243,000	17,168,000
Richmond	6,202,000	6,127,000
Atlanta	13,693,000	13,693,000
Chicago	110,267,000	71,517,000
St. Louis	18,729,000	11,079,000
Minneapolis	3,427,000	3,427,000
Kansas City	12,013,000	12,013,000
Dallas	7,919,000	7,919,000
San Francisco	42,519,000	42,519,000
TOTAL	$1,473,740,000	$902,941,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Tuesday, February 8, 1949.

S-980

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Atlanta	13,693,000	13,693,000
Chicago	110,267,000	71,517,000
St. Louis	18,729,000	11,079,000
Minneapolis	3,427,000	3,427,000
Kansas City	12,013,000	12,013,000
Dallas	7,919,000	7,919,000
San Francisco	42,519,000	42,519,000
TOTAL	$1,473,740,000	$ 902,941,000

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TREASURY DEPARTMENT
Fiscal Service
Washington, Feb. 3, 1949
February , 1949

STATUTORY DEBT LIMITATION

AS OF January 31, 1949

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 January 31, 1949			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 12,133,159,000		
Certificates of indebtedness	29,629,592,000		
Treasury notes	8,213,521,700	$ 49,976,272,700	
Bonds -			
Treasury	111,439,576,450		
Savings (current redemp. value)	55,351,907,068		
Depositary	340,804,000		
Armed Forces Leave	449,153,675		
Investment series	954,900,000	168,536,341,193	
Special Funds -			
Certificates of indebtedness	17,226,200,000		
Treasury notes	14,533,878,500	31,760,078,500	
Total interest-bearing		250,272,692,393	
Matured, interest-ceased		319,692,205	
Bearing no interest:			
War savings stamps	54,720,877		
Excess profits tax refund bonds	6,838,746		
Special notes of the United States:			
Internat'l Bank for Reconst. and Development series	65,785,000		
Internat'l Monetary Fund series	1,110,000,000	1,237,344,623	
Total		251,829,729,221	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	11,583,786		
Demand obligations: C.C.C.	20,204,808	31,788,594	
Matured, interest-ceased		3,970,000	
		35,758,594	
Grand total outstanding			251,865,487,815
Balance face amount of obligations issuable under above authority			23,134,512,185

Reconcilement with Statement of the Public Debt - January 31, 1949
(Daily Statement of the United States Treasury, February 1, 1949)

Outstanding -	
Total gross public debt	252,620,408,712
Guaranteed obligations not owned by the Treasury	35,758,594
Total gross public debt and guaranteed obligations	252,656,167,306
Deduct - other outstanding public debt obligations not subject to debt limitation	790,679,491
	251,865,487,815

S-981

STATUTORY DEBT LIMITATION
AS OF January 31, 1949

February 10, 1949

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S-981

Fines in criminal cases totaled $73,416.72 and jail sentences aggregated about 2,102 years. The Secret Service completed 44,389 criminal and 2,164 non-criminal investigations for a yearly total of 46,553 cases closed.

account, together with $1,250 in savings bonds, $500 worth of postal savings certificates and $80 in cash from Mrs. Johnson's safe deposit box.

The Secret Service discovered that Mrs. Herrmann, posing as owner of the savings bonds, had telephoned an official of the Corona bank saying she had suffered a stroke which made it impossible for her to leave her home and that her husband was ill and in an institution. She had to withdraw cash from her account, she said, and redeem the bonds held in her safe deposit box.

The bank official agreed to furnish a designated representative of Mrs. Johnson with the necessary forms to make possible the withdrawals. The forger told him she had a niece named Mrs. Margie Herrmann who would go to the bank. Two days later Mrs. Herrmann appeared with a written note on which she had forged Mrs. Johnson's name, designating Mrs. Herrmann as her representative. Mrs. Herrmann executed necessary forms, withdrew the money from the account and in five subsequent visits practically emptied the safe deposit box.

Mrs. Herrmann pleaded guilty to a grand larceny charge and was sentenced to serve from 12 to 30 months in a State prison. Federal prosecution for bond forgery is pending.

There were 1,734 persons arrested for check forgery and 186 for bond forgery in 1948. There were 1,634 check forgers and 189 bond forgers convicted in 1948, including convictions in cases pending from prior years.

Agents learned that the husband, whose education consisted of two months in elementary school, could write only by having words dictated, letter by letter, but that he was an expert copyist and could imitate signatures without difficulty. The other members of the group were ambidextrous and wrote forged endorsements with either hand, but in some cases the payee's name was given to the husband on a slip of paper and he in turn would copy it as an endorsement on the check. This scheme made it difficult to establish which of the three actually forged the checks. The trio, now awaiting prosecution, admitted profits of more than $10,000 in proceeds from forged Treasury checks over a three-year period.

In New York City a youthful housewife posing as a good Samaritan used forged letters, decoy telephone calls and other deceptions to fleece an elderly couple of their life savings, which included $1,250 worth of savings bonds. Mrs. Margie Herrmann, mother of three small children, was a friend and neighbor of Mr. and Mrs. Robert Johnson, the bond owners. When Mrs. Johnson suffered a stroke, Mrs. Herrmann in neighborly fashion assisted with the Johnson housework and prepared meals for the couple. In March, Mr. Johnson went to a bank where he and his wife had a joint account, and discovered that $1,000 had been fraudulently withdrawn. Mrs. Herrmann was questioned, admitted her guilt, but begged for leniency because of her children. The Johnsons agreed not to prosecute, but Mrs. Johnson became concerned about another account in a bank at Corona, Long Island. Inquiry there revealed that Mrs. Herrmann had fraudulently withdrawn $3,406 from the at banks in the United States and promptly surrendered to the Secret Service, although $50,089.00 in foreign-made notes was passed on victims in this country.

Forgeries of Government checks and bonds comprised the major enforcement problem of the Secret Service, with 33,172 checks and 8,476 bonds received for investigation during the year. Agents completed investigations in 40,924 cases of both types, and on December 31 there were 15,047 investigations still pending, many representing a backlog from 1947.

In one check forgery case in Massena, New York, agents arrested the year's "meanest thief." Frederick Earl Montroy, an ex-convict, stole a pension check from a totally disabled war veteran, went to a saloon in Ogdensburg, New York, and used the check to buy drinks for the house. He pleaded guilty October 26 and was sent to Atlanta Penitentiary for two years.

A newspaper description of a woman arrested for passing worthless checks culminated a [redacted] three-year Secret Service search for a forger of Treasury checks and uncovered a set of story-book circumstances. The woman was apprehended in a Southwest department store November 9 after attempting to cash a worthless commercial check.

When the story appeared in local newspapers, an agent of the Secret Service coupled the woman's description with that of a person who had passed forged Government checks in the area for the past three years. A confession was obtained, which implicated the woman's husband and another man, who were placed under arrest.

One enterprising culprit tried to join the ranks of ticket scalpers with counterfeit capital and was soon jailed. Morris Bromberg was arrested June 26 by Chicago Secret Service agents for possession of counterfeit bills. He was re-arrested August 20 at Soldier's Field, Chicago, where the all-star Chicago-Cardinal football game was in progress, after he used two fake $20 notes to buy tickets for the game which he intended to sell at scalper's prices. Hidden in a tailor shop owned by Bromberg's father the agents found $30,600 in counterfeit $5, $20, $50 and $100 bills which Bromberg maintained he procured from Harry Krotish. Krotish was slain in ambush in Chicago in December, 1947.

Chicago agents also captured a complete plant for the manufacture of $20 and $50 bills on December 29 in Chicago and arrested four persons who planned to turn out a fortune in counterfeits. The counterfeiters, who had set up their plant in the Windsor Hotel, Chicago, were arrested before they could get any of the bills into circulation. All four are awaiting prosecution.

Another plant for the manufacture of counterfeit $5 notes was seized by the Secret Service September 21 at Charleston, West Virginia, where agents arrested the operators, Charles Lewis Hall and Jerome Echols, and confiscated $2,730 in counterfeit $5 bills. Both men received sentences on January 12.

Counterfeit American money still continues to flow from European countries. Of the total seized for the year, $199,062.00 represented counterfeit bills manufactured abroad. Most of the bills were detected

Sunday papers
February 13, 1948

S-982

In a report to Secretary Snyder summarizing the 1948 activities of the Secret Service in enforcing counterfeiting and forgery statutes, Chief U. E. Baughman suggested that the appearance of fake currency in increased volume during the year might be laid primarily to a decline in the "get-rich-quick" schemes of the war period, which has forced racketeers into other fields, including counterfeiting.

Secret Service agents, Chief Baughman reported, captured a total of $513,961.10 in counterfeit bills during the period, of which $190,133.00 represents losses to merchants, banks and other victims of passers. Counterfeiting losses in 1947 totaled $84,712. Agents captured an additional $323,828.10 in fake bills before they could be circulated, and arrested 135 persons for counterfeiting offenses.

Following a flurry of new and deceptive counterfeit $10 and $20 bills in Chicago, New York and other eastern cities, agents arrested Joseph J. Perrello, believed to be a major distributor, in Chicago on November 27 and seized $10,000 in $10 bills of this issue.

In Baltimore, Maryland, John Acunzo of South Norwalk, Connecticut, was arrested December 7 with nearly $1,600 in $10 and $20 bills of the same issue, some of which he passed in Baltimore night clubs.

Two men boldly attempted to persuade the chief of racetrack police at Charles Town, West Virginia, to substitute counterfeits for genuine bills in betting receipts at the Charles Town track. The chief waited until the passers ~~Joseph Genna and Angelo Gaudio~~ gave him 13 fake tens,
(Stet) then arrested them. They refused to say where they obtained the counterfeits.

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Secretary Snyder

FROM : James J. Saxon JJS

SUBJECT:

DATE: February 4, 1949

OK

Attached is a draft of the annual story on Secret Service activities during 1948. If you approve, we suggest release for Sunday, February 13. We expect to have this mimeographed and sent to all Secret Service field offices for release at the same time it is made available here.

Attachment

Saxon's office anxious for this

TREASURY DEPARTMENT

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

RELEASE, SUNDAY NEWSPAPERS,
February 13, 1949.

S-982

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The Secret Service discovered that Mrs. Herrmann, posing as owner of the savings bonds, had telephoned an official of the Corona bank saying she had suffered a stroke which made it impossible for her to leave her home and that her husband was ill and in an institution. She had to withdraw cash from her account, she said, and redeem the bonds held in her safe deposit box.

The bank official agreed to furnish a designated representative of Mrs. Johnson with the necessary forms to make possible the withdrawals. The forger told him she had a niece named Mrs. Margie Herrmann who would go to the bank. Two days later Mrs. Herrmann appeared with a written note on which she had forged Mrs. Johnson's name, designating Mrs. Herrman as her representative. Mrs. Herrmann executed necessary forms, withdrew the money from the account and in five subsequent visits practically emptied the safe deposit box.

Mrs. Herrmann pleaded guilty to a grand larceny charge and was sentenced to serve from 12 to 30 months in a State prison. Federal prosecution for bond forgery is pending.

There were 1,734 persons arrested for check forgery and 186 for bond forgery in 1948. There were 1,634 check forgers and 189 bond forgers convicted in 1948, including convictions in cases pending from prior years.

Fines in criminal cases totaled $73,416.72 and jail sentences aggregated about 2,102 years. The Secret Service completed 44,389 criminal and 2,164 non-criminal investigations for a yearly total of 46,553 cases closed.

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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, 1948, to Jan. 29,1949	Established 33-1/3% of Total Quota	Imports Sept. 20, 1948, to Jan. 29, 1949 1/
United Kingdom.....	4,323,457	75,390	1,441,152	75,390
Canada............	239,690	124,997	-	-
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	201,193	1,599,886	75,390

1/ Included in total imports, column 2.

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IMMEDIATE RELEASE
Wednesday February 8, 1949
9

5-983

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 January 29, 1949, 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 Jan. 29, 1949	Imports Sept. 20, 1948, to Jan. 29, 1949	Imports Sept. 20, 1948, to Jan. 29, 1949.
Egypt and the Anglo-Egyptian Sudan	783,816	-	44,117,797	-
Peru	247,952	247,952	932,440	-
British India	2,003,483	291,873	-	7,316,938
China	1,370,791	-	-	-
Mexico	8,883,259	6,189,422	606,183	-
Brazil	618,723	201,549	-	-
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	7,211,870	45,656,420	7,316,938

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.
4/ Established Quota - 45,656,420.
5/ Established Quota - 70,000,000.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, February 10, 1949

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COTTON (other than linters)
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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 Jan. 29, 1949	1-1/8" or more but less than 1-11/16" 4/: Imports Sept. 20, 1948, to Jan. 29, 1949	Less than 3/4" harsh or rough 5/: Imports Sept 20, 1948, to Jan. 29, 1949
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	5,482,509	201,193	1,599,886	75,390

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5-984

IMMEDIATE RELEASE
February ~~5~~ 9, 1949

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 January 29, 1949, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of January 29, 1949
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	114
Cream, fresh or sour	Calendar year	1,500,000	Gallon	61
Butter	Nov. 1, 1948-Mar.31, 1949	50,000,000	Pound	387,115
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	(1) 26,881,369	Pound	4,088,950
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	Quota Filled
other	Sept. 15, 1948	60,000,000	Pound	Quota Filled
Walnuts	Calendar year	5,000,000	Pound	514,524

(1) The proviso to Item 717(b) limits the imports for consumption at the quota rate to 6,720,342 pounds during the first three 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. 2,162,333 pounds of such Cuban tobacco were imported for consumption during the period January 1 to January 29, 1949, inclusive.

Information Service

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, February 10, 1949

S-984

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Butter	Nov. 1, 1948-Mar.31, 1949	50,000,000	Pound	387,115
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FOR IMMEDIATE RELEASE, 5-985

Wednesday February ~~8~~ 9, 1949

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 Jan. 29, 1949	Established Quota	Imports May 29, 1948, to Jan. 29, 1949
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	73,184	3,815,000	898,735
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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	73,205	4,000,000	899,556

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Information Service

TREASURY DEPARTMENT
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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	21	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	661
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	73,205	4,000,000	899,556

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IMMEDIATE RELEASE
Wednesday, February ~~8~~ 9, 1949

S-986

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, 1949, to January 29, 1949, inclusive, as follows:

Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of January 29, 1949
Buttons	850,000	Gross	49,819
Cigars	200,000,000	Number	12,195
Coconut Oil	448,000,000	Pound	11,794,773
Cordage	6,000,000	"	71,473
Rice	1,040,000	"	-
Sugars, refined) unrefined)	1,904,000,000	"	36,072,212
Tobacco	6,500,000	"	-

TREASURY DEPARTMENT
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Products of Philippine Islands	Established Quota Quantity	Unit of Quantity	Imports as of January 29, 1949.
Buttons..............	850,000	Gross	49,819
Cigars...............	200,000,000	Number	12,195
Coconut Oil..........	448,000,000	Pound	11,794,773
Cordage..............	6,000,000	"	71,473
Rice.................	1,040,000	"	
Sugars, refined).... unrefined)....	1,904,000,000	"	36,072,212
Tobacco..............	6,500,000	"	

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surplus of receipts over expenditures during this calendar year. The President has stated that new taxes will be needed, and must be enacted if the surplus is to be achieved. I strongly urge this course of action.

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my estimate of where the public debt will stand at the end of the calendar year 1949. The level is the same as it was on December 31, 1948, and is arrived at on the basis of the budget, which forecasts a deficit for the fiscal year 1949 and another deficit for the fiscal year 1950. The main thing wrong with that bar, as shown in the chart, is that it is too high. It should be lower, and the only way that it could be lowered is for the Government to achieve a individuals increased. This was also true of fire, casualty and marine insurance companies, and of the trust and investment funds of State and local governments. Another important reason why nonbank ownership has increased has been the continued investment of the savings of individuals accumulating in Federal Government social insurance funds.

The bar at the right-hand side of the chart on page 17 sets forth resulted in an expansion of Federal Reserve holdings of Government securities. All purchases of long-term bonds have been more than offset by the liquidation of short-term issues.

As bank-held debt declined in the period since the end of the war, nonbank holdings expanded in the aggregate, notwithstanding the sale of some Government securities by some of the investor classes. Government security holdings by holdings of Government securities by the commercial banks of the country. Holdings by the Federal Reserve Banks were, on net balance, practically unchanged between February 1946, the peak of the debt, and December 31, 1948. Since December 31, 1948, Federal Reserve holdings of Government securities have declined.

The Government's debt management policy since the end of the war, it is obvious, has not

The debt has declined from a peak of $280 billion, on February 28, 1946, to a current level of $253 billion. This is a decline of $27 billion. At the same time, there has been a decline of $31 billion in holdings of Federal securities by the banking system -- a decline greater than the reduction in the total debt.

The reduction in the bank-held debt for the period up through December 31, 1948, is attributable entirely to a reduction in the directed toward the objective of increasing nonbank holdings of the public debt. We were able to pay off part of the debt, as you know; partly from cash balances available at the end of the war and partly from the budget surplus during the past two fiscal years. In managing these debt pay-offs, we have been successful in concentrating them entirely on the bank-held portion of the debt, as shown in the chart on page 17.

is most encouraging. More than $32 billion of E bonds alone are outstanding -- an amount you will be interested to know is more than $1 billion higher than at the end of our last wartime drive.

Savings accounts have also increased during the last three years. Currency and checking accounts, after early postwar increases, have recently shown some slight decline.

Our debt management activities since the end of the war have been increase.

Holdings of Federal securities by individuals are now at an all-time high of $68 billion. The fact that individuals' holdings have actually increased since the end of the war, as shown in the chart on page 16, represents a trend that most of us would have guessed incorrectly three years ago. Savings bonds alone account for ~~three-fourths~~ two-thirds of individual holdings of Federal securities. The savings bond picture facilitate their early postwar expansion, as is shown in the chart on page 15. Since the end of 1946 there has been ~~very~~ little change in the holdings of Government securities by these corporations. Corporate holdings of currency and bank deposits show an unusually stable level throughout the last three years. At the same time other current assets of corporations, principally inventories and receivables, have shown a significant the decline took place in 1946 and 1947, rather than in 1948. A large part of these holdings are in long-term bank-restricted bonds. It is interesting to note that the holdings of these associations are still in excess of $1 billion, as compared to holdings of only about $50 million before the war.

During 1946, corporations other than banks and insurance companies liquidated about $6 billion of Federal securities in order to mutual savings banks have 50 percent more of their funds invested in Federal securities than in all other types of loans and securities combined.

Holdings of Government securities by insured savings and loan associations have shown some decline since the end of the war as residential mortgages expanded, as shown in the chart on page 14. As contrasted with insurance companies and savings banks, however, most of mortgage loans, ~~as shown in the chart on page 12.~~ Expansion along these lines was to be expected as insurance companies entered actively in providing funds for postwar development of private industry.

Mutual savings banks also sold some Government securities in 1948 in the process of meeting private demands for capital, as shown in the chart on page 13, but they still hold more Federal securities now than they did at the end of the war. In fact, small proportion of their Government security holdings since the end of the war as new investment opportunities unfolded as shown on the chart on page 12. Present holdings of 49 leading companies, which hold 90 percent of life insurance assets in the country, have declined from $19 billion to $15 billion since the end of 1945. During this period, these same companies were, on the other hand, expanding their holdings of corporate securities and their holdings of various investor classes is rather intimately connected with the management of the public debt, too. We, of necessity, must keep close watch on the various developments in the financial world, and I should like to discuss some of them as they affect the position of the important investor classes.

One important class of investors in Government securities is insurance companies. Life insurance companies have been liquidating a

Federal debt was less than a quarter of the total debt of the country. As the result of the tremendous growth in the Federal debt during the war the Federal debt has taken a new place of importance in our economy. Accordingly, anything that happens to the Federal debt is an important factor with respect to the whole credit picture of the country. On the other hand, whatever happens with respect to the nation's private debt and the position of the

$37½ billion of the debt. State and local governments own $8 billion and nonprofit institutions and miscellaneous investors another $7½ billion. The remaining $86 billion is held in the banking system -- that is, commercial banks and Federal Reserve Banks.

The Federal debt at $253 billion represents more than one-half of the total debt of the country at the present time, as shown in the chart on page 11. Before the war the outside of the banking system. Over a quarter of the public debt, some $68 billion, is held by individuals alone. Insurance companies hold $21½ billion of Federal securities, mutual savings banks have $11½ billion, and corporations other than banks and insurance companies hold $13 billion. Government investment accounts -- largely individuals' savings which are reinvested in the form of social security and military insurance funds -- accounts for the objective of providing the various investor classes with the types of securities and the maturities which best suit their particular needs. This helps us in our objective of spreading the ownership of the debt as broadly as possible.

Some reflection of the extent to which this goal has been accomplished is indicated in the table on page 10. Two-thirds of the Federal debt, that is some $167 billion, is now held separately; but this projection gives you a general outline of our position.

The maturities that I have been discussing are at the short end of the Federal debt structure. Most of the issues involved are owned by banks for the investment of their deposits and by industrial, commercial and mercantile corporations for the investment of their short-term balances. Our financing activities and debt management operations are conducted with

The Treasury will thus have, as is evident, a substantial refunding problem this year, next year, and for many years to come. It will be expanded in the early 1950's by the maturity of the wartime issues of savings bonds. A positive refunding program on that account will have to be undertaken in 1951 and thereafter.

The decision on each issue as it matures is, as you know, a specialized problem, and will have to be handled

Because it is unlikely that there will be any significant volume of debt reduction during the year 1949 on these maturities -- except for the tail-ends of maturing securities not turned in for refunding -- the entire $49 billion on net balance is likely to be refunded into securities maturing in the future; and the maturities which are already scheduled for 1950 and subsequent years, as shown in the chart on page 9, will thereby be increased by the amount ~~about $4 billion~~ carried over from 1949.

In addition to taking care of our cash requirements, the Treasury will have a large amount of refunding to do as issues mature. I should now like to spend a moment on the important Treasury maturities during the next few years. The chart on page 8 covers the bond, note, and certificate maturities in 1949. They total $37 billion. In addition, there are $12 billion of Treasury bills outstanding which mature at the rate of approximately $900 million a week.

The cash balance will probably reach a peak in March; but the level will drop rapidly.

A cash balance figure of $3.2 billion on December 31, 1949, would be about as low as we should prudently drop the Treasury cash balance at the end of a year when the annual expenditure budget was running in the neighborhood of $40 billion. Please note that we have been discussing cash balances and not surplus balances.

With all these factors in mind, however, and on the basis of the necessary assumptions, this is about as realistic a projection as we can make for operating purposes at this time of the Treasury's cash outlook.

The movement of the cash balance from \$4.2 billion on December 31, 1948, to \$3.2 billion on December 31, 1949, will involve some sharp rises and falls, as shown in the chart on page 7. This will be in a manner similar to that experienced in previous years.

Another factor affecting our cash position is the possibility that the dividend to be paid by the National Service Life Insurance Fund in the fall may be delayed in part by the many mechanical difficulties connected with the operation. There are some 16 million policies involved; and it may be that payments may run behind schedule and not be completed by the end of 1949. If this should happen, the cash balance would be higher temporarily by a commensurate amount.

levels

hand, the business ~~indices~~ should ~~go~~ advance

~~up~~, revenues would be higher.

4/ New tax legislation may also affect the cash balance during the last part of the calendar year 1949. The effect would depend upon the type of tax legislation enacted, however. Many types of taxes applicable to 1949 would not be paid into the Treasury unti[l] the first part of the calendar year 1950. They would have no substantial effect on the cash balance picture during the calendar year.

figure of $3.2 billion by a commensurate amount.

There is also, as you know, the possibility that revenues might vary from the amount shown in the President's Budget. Revenues have been estimated on the assumption of high business activity and full employment. If unemployment should develop during the year and business should drop to a lower level than we now enjoy, revenues would be smaller. If, on the other higher than the Budget. For example, there is the possibility of expenditures for the security of the North Atlantic area. The President mentioned this possibility in his Budget Message, but he did not include any amount in his Budget because he wasn't sure what the amount is likely to be. If Congress should permit such expenditures during the calendar year 1949, they would have the effect of reducing the December 31 cash balance consider the various policy decisions which have to be made in connection with the management of the public debt. If everything works out exactly as we now estimate, the balance would run down to $3.2 billion by next December 31. There are, however, a number of factors which could have an important influence on the picture, which have not been taken account of.

There is, first, the possibility that expenditures might turn out to be maturing issue which are turned in for cash redemption instead of exchange when a maturing issue is refunded into a new series of Treasury obligations. Our experience is that only a small percentage of a maturing issue is held out for cash redemption; and our estimates assume a continuation of the present trend.

This picture of how the various operations affect the cash balance during the calendar year 1949 is one that I have before me daily as I

1948. To this will be added the $4.0 billion cash inflow, which will occur during the current quarter. During the remainder of this calendar year, there will be a cash outflow. Also, the tail-ends of maturing securities will have to be paid off during the calendar year. These transactions will reduce the balance to $3.2 billion by December 31, 1949.

The tail-ends of maturing securities to which I refer represent the relatively small amounts of each

We have classified the cash inflow by periods shorter than the fiscal year, so that I could describe for you the fiscal situation in the calendar year 1949, a period which overlaps the two fiscal years for which estimates are in the Budget.

The chart on page 6 may be helpful in this connection. It shows the effect of the Treasury operations on our cash balance during the calendar year 1949. The Treasury's cash balance was $4.2 billion on December 31, outflow of $1/2 billion.

In the January-March quarter of this fiscal year -- that is, the quarter in which we are now operating -- the Treasury will have a cash inflow of approximately $4 billion.

In the April-June quarter, there will be a cash outflow of $900 million; and in the six months July-December, which is the first part of the fiscal year 1950, there will be a cash outflow of $1.4 billion.

during the next fiscal year.

In order to summarize the cash position for the calendar year 1949, I should like to direct attention for a moment to the table on page 5, which segregates the cash inflow into the Treasury for the fiscal years 1949 and 1950 by shorter time periods.

In the July-September quarter of the fiscal year 1949, the Treasury had a cash inflow of $2.7 billion.

In the October-December quarter of the fiscal year, there was a cash difference represents the amount received from the special offering of F and G bonds to institutional investors which was made during the first part of July 1948 and which is a part of the figures for the fiscal year 1949.

Special offerings are made to facilitate the investment of funds by some of the large institutional purchasers of Government securities when conditions warrant; and it is too early to determine whether there will be a need for an offering of this type these amounts, when added to the cash operating surplus, represent the aggregate amount of cash inflow which the Treasury will have available, ~~for conducting its other public debt and financing activities.~~

I should like to mention at this point that the reduction in the amounts likely to be received from the cash sales of savings bonds and notes in 1949 and 1950 does not represent any change in the promotion aspects of the program during these two years. The

Besides the cash operating surplus, the Government receives money from the sale of savings bonds and notes. In the next chart -- on page 4 -- the amount estimated to be received is added for 1949 and 1950.

You are all familiar with the savings bond program. It has been a program of tremendous importance and significance for many years. Receipts from cash sales from savings bonds and notes will amount to $2.5 billion in 1949 and $1.5 billion in 1950; and to our trust funds when money is paid into them; and our liability on the savings bonds outstanding grows as their value increases through interest accruals.

The cash operating surplus comes about, therefore, primarily because the Government's liability is increasing through a series of public debt programs already in operation.

during those years.

This net addition to cash will not permit us, however, actually to reduce the public debt -- which, as I mentioned a few minutes ago, is of most importance at this time. This cash will represent increases in the Government's liabilities, on one account or another. That is, we issue public debt obligations

They affect the cash balance only on occasion of their redemption. There were large redemptions in 1948. Redemptions in 1949 and 1950 are expected to be relatively small.

There are some other minor items in reconciling the two concepts; but I have discussed the principal ones. The net of the situation is that there will be a cash surplus ~~inflow~~ during the fiscal years 1949 and 1950, notwithstanding the fact that there is a budget deficit accruals, which are a budget expenditure but which require cash from the Treasury only when savings bonds are redeemed for cash, or mature.

Also in the reconciliation are items referring to the notes issued to the Monetary Fund and International Bank, and the bonds issued in connection with the Armed Forces Leave Act. In both cases, the items were budget charges when the notes and bonds were issued.

1948, and 1949.

For 1950, the figure is $2 billion. It would have been higher except for the fact that there is likely to be a large outflow during the fiscal year 1950 from one of the trust funds, the National Service Life Insurance Fund. This is a result of a cash dividend of about $2 billion to be paid to veterans.

Among the other reconciliation items, are the savings bond interest right-hand side of the preceding chart. In the center of the table, we have set forth the major items which have to be considered in reconciling the two concepts.

The most important item on this chart for 1949 and 1950 is "trust fund investments". This represents the money flowing into the trust funds. The Treasury invests this money in Government securities. The amount involved is approximately $3 billion for the fiscal years 1947, billion in 1950. There are a number of items in the reconciliation between the budget surplus and the cash operating surplus for the fiscal years 1947 to 1950; and these are shown in the table on page 3.

The top line of this table, which shows the budget surplus, corresponds to the bars on the left-hand side of the preceding chart. The bottom line of this table, showing the cash operating surplus, corresponds to the deficit, but also by additional items which bring cash into the Treasury. The cash operating surplus is typically higher than the budget surplus, as shown in the chart on page 2. This is primarily because of the money flowing into trust accounts which is then invested in Government securities.

The cash operating surplus stood at \$6.7 billion in 1947 and \$8.9 billion in 1948. It will drop to \$2.8 billion in 1949, and to \$1.5

is imperative. We must have a surplus during times of prosperity with which to reduce the debt; for if we do not, we shall never be able to reduce the debt in the manner which I feel is necessary and desirable.

In considering the Treasury's financing outlook, it is necessary to examine the budget figures with a view toward determining their effect on the Treasury's cash balance. The Treasury cash balance is not only affected by the budget surplus or a tax program, as suggested by the President, be enacted by the Congress as soon as possible.

The development of tax legislation, as you know, is within the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee. The Treasury has been working with these committees. The objective of the Administration is to increase revenues by $4 billion; and the need for these additional revenues for the Federal Government

The President said in his Budget Message that it was not sound public policy for the Government to operate at a deficit in times of high prosperity. I have, as you know, always taken this view; and I feel that I cannot emphasize its importance too strongly. It is vitally important that the Federal Government have a substantial surplus in periods of prosperity to permit a reduction in the public debt. I feel it to be essential that a budget deficit was incurred during each year from 1931 up through 1946. In 1947, there was a surplus of three-quarters of a billion dollars. In 1948, there was a surplus of over $8 billion. The President's budget indicates that, because of tax reduction and in the absence of new tax legislation, deficits will occur in both 1949 and 1950 -- in the amounts of approximately $600 million and $900 million, respectively.

at $39.6 billion for 1949 and $41 billion for 1950. Both the receipt and expenditure figures are on the new basis of Federal financial ~~financing~~ reporting, whereby tax refunds are deducted from the total revenues during the year, instead of being included in the expenditure totals.

The budget surplus or deficit of the Federal Government is represented by the difference between the receipt and the expenditure figures on the chart. As you know, with previous years. As you know, the budget forecasts a deficit for 1949 and 1950, despite the fact that economic activity is high and is likely to continue so for some time.

Expenditures reached a peak of $99 billion for 1945, dropped to a low of $34 billion in 1948, and are estimated in the President's budget at $40.2 billion for 1949 and $41.9 billion for 1950.

Receipts rose to a peak of $45 billion in 1945, and are estimated the Treasury, and the effect of our policy actions on the various classes of investors. To facilitate the presentation, there is a booklet of charts to which I will refer from time to time to make some of the points clearer.

The basic factor influencing the Treasury's financing outlook is the budget picture. The chart which appears on page 1 of the booklet covers the budget situation for 1949 and 1950, and makes a comparison an important role in promoting international economic cooperation and reconstruction.

The law vests responsibility for the management of the public debt in the Secretary of the Treasury, who must, with the approval of the President, make the decisions of policy involved. Therefore, I wish to discuss the Treasury's debt policy -- particularly the budget position of the Government as it affects the cash position of

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finance and role of Government debt in the monetary system, they are important for the whole level of the security markets, since the prices of other bonds are, to a large degree, influenced by the prices of United States securities.

Our aim has been to use fiscal policy as a stabilizer to the economy of the nation. While this is important at all times it is imperative at the present time when the United States is undertaking such going up too rapidly or going down too sharply. In the Spring of 1947, we took steps to arrest a boom in Government bonds. When conditions were reversed and selling pressure on the Government bond market developed, we changed our practice and purchased bonds. In recent months, there has again been upward pressure on the bond market and we are again selling to stabilize prices. Such actions are important not merely from the standpoint of Government

When I came to the Treasury in June, 1946, I felt that stability in the markets for Government securities would encourage business confidence and would aid materially in promoting our industrial development.

Therefore, in cooperation with the Federal Reserve System, the Treasury has sought to maintain the stability of the bond market in both directions. It has been our objective to keep bond prices from the economy of this country expanded during the war period so that this huge public debt did not constitute too great a burden on the national income of the people. Nevertheless it represents a serious annual cost, and the existence of a large debt requires careful management so that it can contribute to economic stability rather than stimulate speculation on the one hand, or precipitate financial stringency on the other.

retirement of the public debt.

The second line of action has been to manage our public debt in such a way as not only to assure confidence in the Government's credit, but to promote economic stability.

The accumulation of a large public debt is inevitable in war time and the cost of the last war was so great that the public debt of the United States reached unprecedented levels. Fortunately, credit confidence are plainly reflected in differences in the rate of economic progress.

The objective of sustaining the sound financial position of the United States Government has involved two separate lines of action. The first has been to develop a sound fiscal policy, which must be based on a revenue system that will not only meet the cost of prescribed Government functions, but which will yield a surplus for a gradual continuing shortages of many types of goods.

Economic stability at the present high levels of employment and production depends to a great degree on continued confidence in the Government's credit.

The importance of confidence in the financial soundness of national governments, as a powerful economic factor, is clearly evident among the countries of the world today, when even moderate differences in national in the stability of our economy.

This time, we have been able to avoid these disasters. Our nation today, is in a far stronger financial position. There is no evidence of more than normal speculative holdings of commodities. In fact, speculation recently, both in commodities and in the stock market, has not been cause for concern. Inventories in most lines have been kept low by cautious inventory policies, and by labor, management, and the consuming public.

The contrast with the experiences after World War I is sharp. That war was followed by a period of rapid inflation, speculation in commodities and inventories, followed by a sharp crisis and depression. The collapse of the speculative boom after World War I also broke the market for Government bonds, and in this way helped to undermine confidence has been a particularly critical one in our economic life. It has covered in major part the reconversion to a peacetime economy, the restocking of war-depleted inventories, the easing of accumulated shortages, and, to a considerable extent, the transition back to an economy of buyers' markets and normal competition. The speed of reconversion is a tribute to American management, technical skill and good will on the part of preceding fiscal year. I submitted such a report for the fiscal year 1948 a few weeks ago. I should like at this time to present what might be termed an interim report, and to discuss in some detail the outlook for the Federal fiscal position for the calendar year 1949.

In the 2½ years that I have been in the Treasury, my first objective has been the sound financial position of the United States Government. This period

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As you know, the Secretary of the Treasury since the creation of the Department, has been submitting to the Congress at its opening session each year an annual report on the state of the finances of the Federal Government for the

STATEMENT BY SECRETARY SNYDER BEFORE THE

JOINT COMMITTEE ON THE ECONOMIC REPORT

February 10, 1949

5-987

TREASURY DEPARTMENT

Washington

Statement by Secretary Snyder
before the Joint Committee
on the Economic Report

February 10, 1949

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In the 2½ years that I have been in the Treasury, my first objective has been the sound financial position of the United States Government. This period has been a particularly critical one in our economic life. It has covered in major part the reconversion to a peacetime economy, the restocking of war-depleted inventories, the easing of accumulated shortages, and, to a considerable extent, the transition back to an economy of buyers' markets and normal competition. The speed of reconversion is a tribute to American management, technical skill and good will on the part of labor, management, and the consuming public.

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The objective of sustaining the sound financial position of the United States Government has involved two separate lines of action. The first has been to develop a sound fiscal policy, which must be based on a revenue system that will not only meet the cost of prescribed Government functions, but which will yield a surplus for a gradual retirement of the public debt.

The second line of action has been to manage our public debt in such a way as not only to assure confidence in the Government's credit, but to promote economic stability.

The accumulation of a large public debt is inevitable in war time and the cost of the last war was so great that the public debt of the United States reached unprecedented levels. Fortunately,the economy of this country expanded during the war period so that this huge public debt did not constitute too great a burden on the national income of the people. Nevertheless it represents a serious annual cost, and the existence of a large debt requires careful management so that it can contribute to economic stability rather than stimulate speculation on the one hand, or precipitate financial stringency on the other.

When I came to the Treasury in June, 1946, I felt that stability in the markets for Government securities would encourage business confidence and would aid materially in promoting our industrial development.

Therefore, in cooperation with the Federal Reserve System, the Treasury has sought to maintain the stability of the bond market in both directions. It has been our objective to keep bond prices from going up too rapidly or going down too sharply.

In the Spring of 1947, we took steps to arrest a boom in Government bonds. When conditions were reversed and selling pressure on the Government bond market developed, we changed our practice and purchased bonds. In recent months, there has again been upward pressure on the bond market and we are again selling to stabilize prices. Such actions are important not merely from the standpoint of Government finance and role of Government debt in the monetary system, they are important for the whole level of the security markets, since the prices of other bonds are, to a large degree, influenced by the prices of United States securities.

Our aim has been to use fiscal policy as a stabilizer to the economy of the Nation. While this is important at all times it is imperative at the present time when the United States is undertaking such an important role in promoting international economic cooperation and reconstruction.

The law vests responsibility for the management of the public debt in the Secretary of the Treasury, who must, with the approval of the President, make the decisions of policy involved. Therefore, I wish to discuss the Treasury's debt policy -- particularly the budget position of the Government as it affects the cash position of the Treasury, and the effect of our policy actions on the various classes of investors. To facilitate the presentation, there is a booklet of charts to which I will refer from time to time to make some of the points clearer.

The basic factor influencing the Treasury's financing outlook is the budget picture. The chart which appears on page 1 of the booklet covers the budget situation for 1949 and 1950, and makes a comparison with previous years. As you know, the budget forecasts a deficit for 1949 and 1950, despite the fact that economic activity is high and is likely to continue so for some time.

Expenditures reached a peak of $99 billion for 1945, dropped to a low of $34 billion in 1948, and are estimated in the President's budget at $40.2 billion for 1949 and $41.9 billion for 1950.

Receipts rose to a peak of $45 billion in 1945, and are estimated at $39.6 billion for 1949 and $41 billion for 1950. Both the receipt and expenditure figures are on the new basis of Federal financial reporting, whereby tax refunds are deducted from the total revenues during the year, instead of being included in the expenditure totals.

The budget surplus or deficit of the Federal Government is represented by the difference between the receipt and the expenditure figures on the chart. As you know, a budget deficit was incurred during each year from 1931 up through 1946. In 1947, there was a surplus of three-quarters of a billion dollars. In 1948, there was a surplus of over $8 billion. The President's budget indicates that, because of tax reduction and in the absence of new tax legislation, deficits will occur in both 1949 and 1950 -- in the amounts of approximately $600 million and $900 million, respectively.

The President said in his Budget Message that it was not sound public policy for the Government to operate at a deficit in times of high prosperity. I have, as you know, always taken this view; and I feel that I cannot emphasize its importance too strongly. It is vitally important that the Federal Government have a substantial surplus in periods of prosperity to permit a reduction in the public debt. I feel it to be essential that a tax program, as suggested by the President, be enacted by the Congress as soon as possible.

The development of tax legislation, as you know, is within the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee. The Treasury has been working with these committees. The objective of the Administration is to increase revenues by $4 billion; and the need for these additional revenues for the Federal Government is imperative. We must have a surplus during times of prosperity with which to reduce the debt; for if we do not, we shall never be able to reduce the debt in the manner which I feel is necessary and desirable.

In considering the Treasury's financing outlook, it is necessary to examine the budget figures with a view toward determining their effect on the Treasury's cash balance. The Treasury cash balance is not only affected by the budget surplus or deficit, but also by additional items which bring cash into the Treasury. The cash operating surplus is typically higher than the budget surplus, as shown in the chart on page 2. This is primarily because of the money flowing into trust accounts which is then invested in Government securities.

The cash operating surplus stood at $6.7 billion in 1947 and $8.9 billion in 1948. It will drop to $2.8 billion in 1949, and to $1.5 billion in 1950. There are a number of items in the reconciliation between the budget surplus and the cash operating surplus for the fiscal years 1947 to 1950; and these are shown in the table on page 3.

The top line of this table, which shows the budget surplus, corresponds to the bars on the left-hand side of the preceding chart. The bottom line of this table, showing the cash operating surplus, corresponds to the right-hand side of the preceding chart. In the center of the table, we have set forth the major items which have to be considered in reconciling the two concepts.

The most important item on this chart for 1949 and 1950 is "trust fund investments". This represents the money flowing into the trust funds. The Treasury invests this money in Government securities. The amount involved is approximately $3 billion for the fiscal years 1947, 1948, and 1949.

For 1950, the figure is $2 billion. It would have been higher except for the fact that there is likely to be a large outflow during the fiscal year 1950 from one of the trust funds, the National Service Life Insurance Fund. This is a result of a cash dividend of about $2 billion to be paid to veterans.

Among the other reconciliation items, are the savings bond interest accruals, which are a budget expenditure but which require cash from the Treasury only when savings bonds are redeemed for cash, or mature.

Also in the reconciliation are items referring to the notes issued to the Monetary Fund and International Bank, and the bonds issued in connection with the Armed Forces Leave Act. In both cases, the items were budget charges when the notes and bonds were issued. They affect the cash balance only on occasion of their redemption. There were large redemptions in 1948. Redemptions in 1949 and 1950 are expected to be relatively small.

There are some other minor items in reconciling the two concepts; but I have discussed the principal ones. The net of the situation is that there will be a cash surplus during the fiscal years 1949 and 1950, notwithstanding the fact that there is a budget deficit during those years.

This net addition to cash will not permit us, however, actually to reduce the public debt -- which, as I mentioned a few minutes ago, is of most importance at this time. This cash will represent increases in the Government's liabilities, on one account or another. That is, we issue public debt obligations to our trust funds when money is paid into them; and our liability on the savings bonds outstanding grows as their value increases through interest accruals.

The cash operating surplus comes about, therefore, primarily because the Government's liability is increasing through a series of public debt programs already in operation.

Besides the cash operating surplus, the Government receives money from the sale of savings bonds and notes. In the next chart -- on page 4 -- the amount estimated to be received is added for 1949 and 1950.

You are all familiar with the savings bond program. It has been a program of tremendous importance and significance for many years. Receipts from cash sales from savings bonds and notes will amount to $2.5 billion in 1949 and $1.5 billion in 1950; and these amounts, when added to the cash operating surplus, represent the aggregate amount of cash inflow which the Treasury will have available.

I should like to mention at this point that the reduction in the amounts likely to be received from the cash sales of savings bonds and notes in 1949 and 1950 does not represent any change in the promotion aspects of the program during these two years. The difference represents the amount received from the special offering of F and G bonds to institutional investors, which was made during the first part of July 1948 and which is a part of the figures for the fiscal year 1949.

Special offerings are made to facilitate the investment of funds by some of the large institutional purchasers of Government securities when conditions warrant; and it is too early to determine whether there will be a need for an offering of this type during the next fiscal year.

In order to summarize the cash position for the calendar year 1949, I should like to direct attention for a moment to the table on page 5, which segregates the cash inflow into the Treasury for the fiscal years 1949 and 1950 by shorter time periods.

In the July-September quarter of the fiscal year 1949, the Treasury had a cash inflow of $2.7 billion.

In the October-December quarter of the fiscal year, there was a cash outflow of $1/2 billion.

In the January-March quarter of this fiscal year -- that is, the quarter in which we are now operating -- the Treasury will have a cash inflow of approximately $4 billion.

In the April-June quarter, there will be a cash outflow of $900 million; and in the six months July-December, which is the first part of the fiscal year 1950, there will be a cash outflow of $1.4 billion.

We have classified the cash inflow by periods shorter than the fiscal year, so that I could describe for you the fiscal situation in the calendar year 1949, a period which overlaps the two fiscal years for which estimates are in the Budget.

The chart on page 6 may be helpful in this connection. It shows the effect of the Treasury operations on our cash balance during the calendar year 1949. The Treasury's cash balance was $4.2 billion on December 31, 1948. To this will be added the $4.0 billion cash inflow, which will occur during the current quarter. During the remainder of this calendar year, there will be a cash outflow. Also, the tail-ends of maturing securities will have to be paid off during the calendar year. These transactions will reduce the balance to $3.2 billion by December 31, 1949.

The tail-ends of maturing securities to which I refer represent the relatively small amounts of each maturing issue which are turned in for cash redemption instead of exchange when a maturing issue is refunded into a new series of Treasury obligations. Our experience is that only a small percentage of a maturing issue is held out for cash redemption; and our estimates assume a continuation of the present trend.

This picture of how the various operations affect the cash balance during the calendar year 1949 is one that I have before me daily as I consider the various policy decisions which have to be made in connection with the management of the public debt. If everything works out exactly as we now estimate, the balance would run down to $3.2 billion by next December 31. There are, however, a number of factors which could have an important influence on the picture, which have not been taken account of.

There is, first, the possibility that expenditures might turn out to be higher than the Budget. For example, there is the possibility of expenditures for the security of the North Atlantic area. The President mentioned this possibility in his Budget Message, but he did not include any amount in his Budget because he wasn't sure what the amount is likely to be. If Congress should permit such expenditures during the calendar year 1949, they would have the effect of reducing the December 31 cash balance figure of $3.2 billion by a commensurate amount.

There is also, as you know, the possibility that revenues might vary from the amount shown in the President's Budget. Revenues have been estimated on the assumption of high business activity and full employment. If unemployment should develop during the year and business should drop to a lower level than we now enjoy, revenues would be smaller. If, on the other hand, the business levels should advance, revenues would be higher.

New tax legislation may also affect the cash balance during the last part of the calendar year 1949. The effect would depend upon the type of tax legislation enacted, however. Many types of taxes applicable to 1949 would not be paid into the Treasury until the first part of the calendar year 1950. They would have no substantial effect on the cash balance picture during the calendar year.

Another factor affecting our cash position is the possibility that the dividend to be paid by the National Service Life Insurance Fund in the fall may be delayed in part by the many mechanical difficulties connected with the operation. There are some 16 million policies involved; and it may be that payments may run behind schedule and not be completed by the end of 1949. If this should happen, the cash balance would be higher temporarily by a commensurate amount.

With all these factors in mind, however, and on the basis of the necessary assumptions, this is about as realistic a projection as we can make for operating purposes at this time of the Treasury's cash outlook.

The movement of the cash balance from $4.2 billion on December 31, 1948, to $3.2 billion on December 31, 1949, will involve some sharp rises and falls, as shown in the chart on page 7. This will be in a manner similar to that experienced in previous years. The cash balance will probably reach a peak in March; but the level will drop rapidly.

A cash balance figure of $3.2 billion on December 31, 1949, would be about as low as we should prudently drop the Treasury cash balance at the end of a year when the annual expenditure budget was running in the neighborhood of $40 billion. Please note that we have been discussing cash balances and not surplus balances.

In addition to taking care of our cash requirements, the Treasury will have a large amount of refunding to do as issues mature. I should now like to spend a moment on the important Treasury maturities during the next few years. The chart on page 8 covers the bond, note, and certificate maturities in 1949. They total $37 billion. In addition, there are $12 billion of Treasury bills outstanding which mature at the rate of approximately $900 million a week. Because it is unlikely that there will be any significant volume of debt reduction during the year 1949 on these maturities -- except for the tail-ends of maturing securities not turned in for refunding -- the entire $49 billion on net balance is likely to be refunded into securities maturing in the future; and the maturities which are already scheduled for 1950 and subsequent years, as shown in the chart on page 9, will thereby be increased by the amount carried over from 1949.

The Treasury will thus have, as is evident, a substantial refunding problem this year, next year, and for many years to come. It will be expanded in the early 1950's by the maturity of the wartime issues of savings bonds. A positive refunding program on that account will have to be undertaken in 1951 and thereafter.

The decision on each issue as it matures is, as you know, a specialized problem, and will have to be handled separately; but this projection gives you a general outline of our position.

The maturities that I have been discussing are at the short end of the Federal debt structure. Most of the issues involved are owned by banks for the investment of their deposits and by industrial, commercial and mercantile corporations for the investment of their short-term balances. Our financing activities and debt management operations are conducted with the objective of providing the various investor classes with the types of securities and the maturities which best suit their particular needs. This helps us in our objective of spreading the ownership of the debt as broadly as possible.

Some reflection of the extent to which this goal has been accomplished is indicated in the table on page 10. Two-thirds of the Federal debt, that is some \$167 billion, is now held outside of the banking system. Over a quarter of the public debt, some \$68 billion, is held by individuals alone. Insurance companies hold \$21½ billion of Federal securities, mutual savings banks have \$11½ billion, and corporations other than banks and insurance companies hold \$13 billion. Government investment accounts --largely individuals' savings which are reinvested in the form of social security and military insurance funds -- account for \$37½ billion of the debt. State and local governments own \$8 billion and nonprofit institutions and miscellaneous investors another \$7½ billion. The remaining \$86 billion is held in the banking system -- that is, commercial banks and Federal Reserve Banks.

The Federal debt at \$253 billion represents more than one-half of the total debt of the country at the present time, as shown in the chart on page II. Before the war the Federal debt was less than a quarter of the total debt of the country. As the result of the tremendous growth in the Federal debt during the war the Federal debt has taken a new place of importance in our economy. Accordingly, anything that happens to the Federal debt is an important factor with respect to the whole credit picture of the country. On the other hand, whatever happens with respect to the Nation's private debt and the position of the various investor classes is rather intimately connected with the management of the public debt, too.

We, of necessity, must keep close watch on the various developments in the financial world, and I should like to discuss some of them as they affect the position of the important investor classes.

One important class of investors in Government securities is insurance companies. Life insurance companies have been liquidating a small proportion of their Government security holdings since the end of the war as new investment opportunities unfolded, as shown on the chart on page 12. Present holdings of 49 leading companies, which hold 90 percent of life insurance assets in the country, have declined from $19 billion to $15 billion since the end of 1945. During this period, these same companies were, on the other hand, expanding their holdings of corporate securities and their holdings of mortgage loans. Expansion along these lines was to be expected as insurance companies entered actively in providing funds for postwar development of private industry.

Mutual savings banks also sold some Government securities in 1948 in the process of meeting private demands for capital, as shown in the chart on page 13, but they still hold more Federal securities now than they did at the end of the war. In fact, mutual savings banks have 50 percent more of their funds invested in Federal securities than in all other types of loans and securities combined.

Holdings of Government securities by insured savings and loan associations have shown some decline since the end of the war as residential mortgages expanded, as shown in the chart on page 14. As contrasted with insurance companies and savings banks, however, most of the decline took place in 1946 and 1947, rather than in 1948. A large part of these holdings are in long-term bank-restricted bonds. It is interesting to note that the holdings of these associations are still in excess of $1 billion, as compared to holdings of only about $50 million before the war.

During 1946, corporations other than banks and insurance companies liquidated about $6 billion of Federal securities in order to facilitate their early postwar expansion, as is shown in the chart on page 15. Since the end of 1946 there has been little change in the holdings of Government securities by these corporations. Corporate holdings of currency and bank deposits show an unusually stable level throughout the last three years. At the same time other current assets of corporations, principally inventories and receivables, have shown a significant increase.

Holdings of Federal securities by individuals are now at an all-time high of $68 billion. The fact that individuals' holdings have actually increased since the end of the war, as shown in the chart on page 16, represents a trend that most of us would have guessed incorrectly three years ago. Savings bonds alone account for two-thirds of individual holdings of Federal securities. The savings bond picture is most encouraging. More than $32 billion of E bonds alone are outstanding -- an amount you will be interested to know is more than $1 billion higher than at the end of our last wartime drive.

Savings accounts have also increased during the last three years. Currency and checking accounts, after early postwar increases, have recently shown some slight decline.

Our debt management activities since the end of the war have been directed toward the objective of increasing nonbank holdings of the public debt. We were able to pay off part of the debt, as you know; partly from cash balances available at the end of the war and partly from the budget surplus during the past two fiscal years. In managing these debt pay-offs, we have been successful in concentrating them entirely on the bank-held portion of the debt, as shown in the chart on page 17.

The debt has declined from a peak of $280 billion, on February 28, 1946, to a current level of $253 billion. This is a decline of $27 billion. At the same time, there has been a decline of $31 billion in holdings of Federal securities by the banking system -- a decline greater than the reduction in the total debt.

The reduction in the bank-held debt for the period up through December 31, 1948, is attributable entirely to a reduction in the holdings of Government securities by the commercial banks of the country. Holdings by the Federal Reserve Banks were, on net balance, practically unchanged between February 1946, the peak of the debt, and December 31, 1948. Since December 31, 1948, Federal Reserve holdings of Government securities have declined.

The Government's debt management policy since the end of the war, it is obvious, has not resulted in an expansion of Federal Reserve holdings of Government securities. All purchases of long-term bonds have been more than offset by the liquidation of short-term issues.

As bank-held debt declined in the period since the end of the war, nonbank holdings expanded in the aggregate, notwithstanding the sale of some Government securities by some of the investor classes. Government security holdings by individuals increased. This was also true of fire, casualty and marine insurance companies, and of the trust and investment funds of

State and local governments. Another important reason why nonbank ownership has increased has been the continued investment of the savings of individuals accumulating in Federal Government social insurance funds.

The bar at the right-hand side of the chart on page 17 sets forth my estimate of where the public debt will stand at the end of the calendar year 1949. The level is the same as it was on December 31, 1948, and is arrived at on the basis of the budget, which forecasts a deficit for the fiscal year 1949 and another deficit for the fiscal year 1950. The main thing wrong with that bar, as shown in the chart, is that it is too high. It should be lower, and the only way that it could be lowered is for the Government to achieve a surplus of receipts over expenditures during this calendar year. The President has stated that new taxes will be needed, and must be enacted if the surplus is to be achieved. I strongly urge this course of action.

oOo

CHARTS ACCOMPANYING THE STATEMENT BY SECRETARY SNYDER BEFORE THE JOINT COMMITTEE ON THE ECONOMIC REPORT

February 10, 1949

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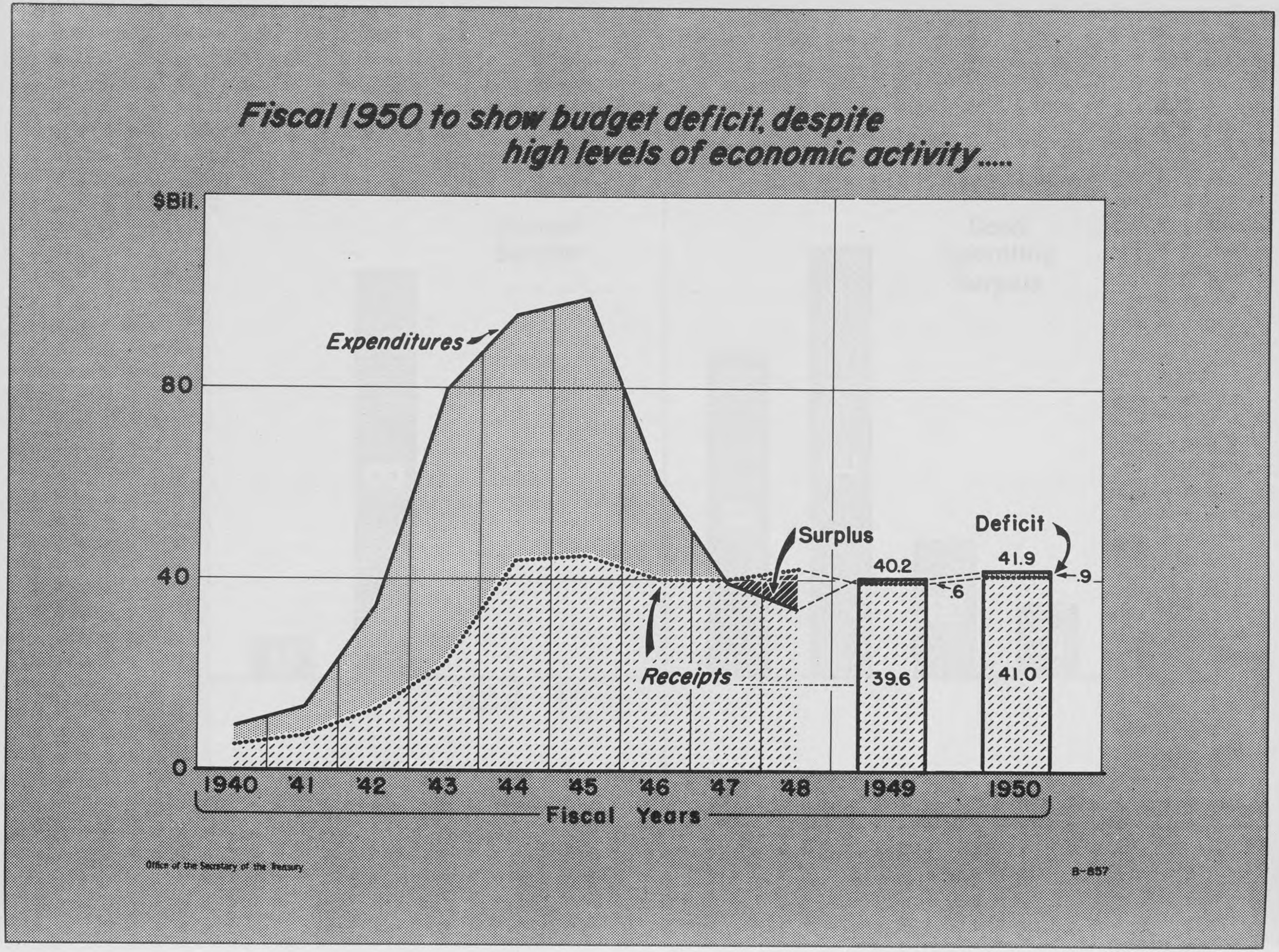
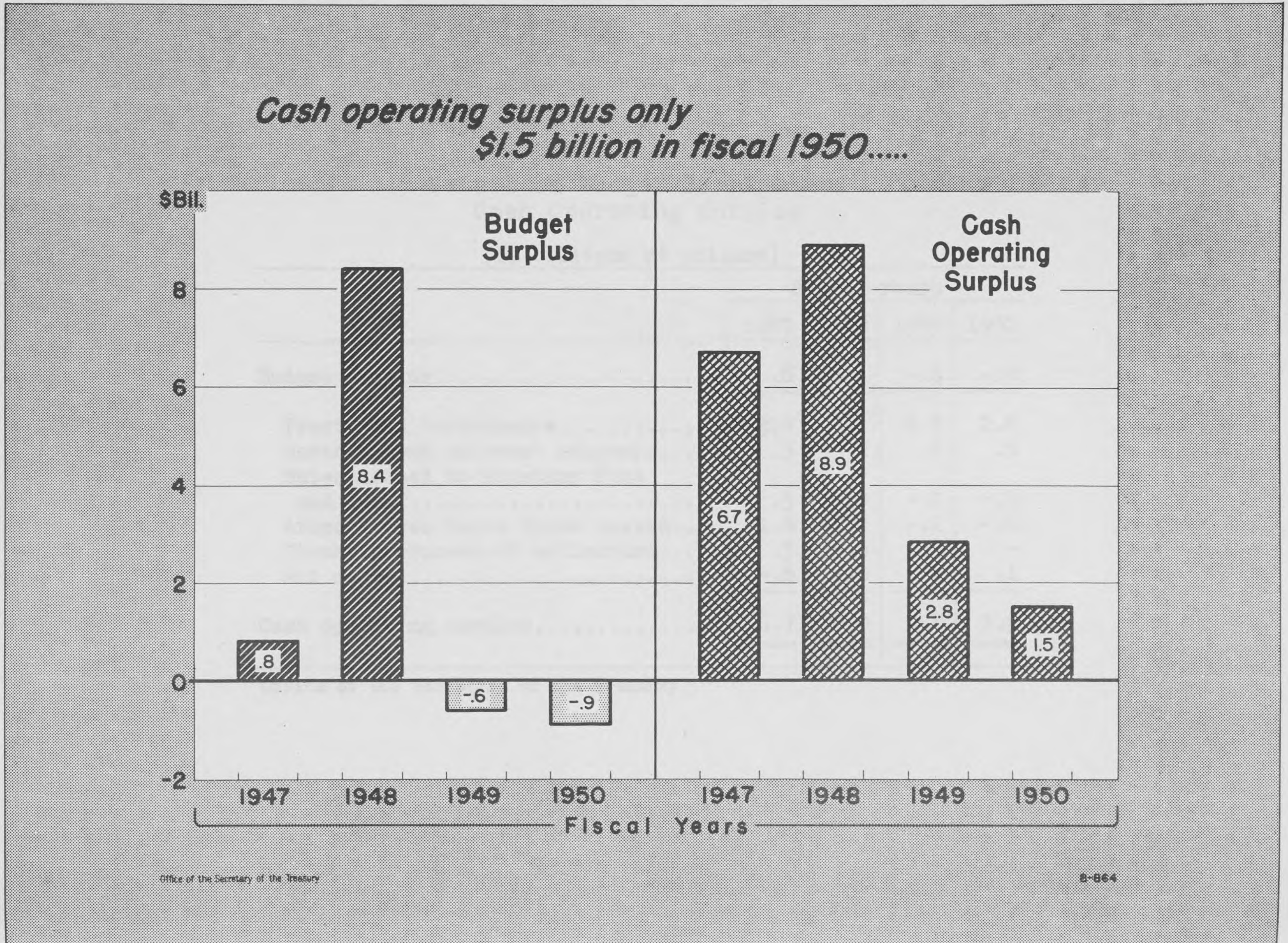
OFFICE OF THE SECRETARY OF THE TREASURY


Fiscal 1950 to show budget deficit, despite high levels of economic activity.....
$Bil.
80
40
0
Expenditures
Surplus
Deficit
40.2
41.9
.6
.9
Receipts
39.6
41.0
1940
'41
'42
'43
'44
'45
'46
'47
'48
1949
1950
Fiscal Years
Office of the Secretary of the Treasury
B-857

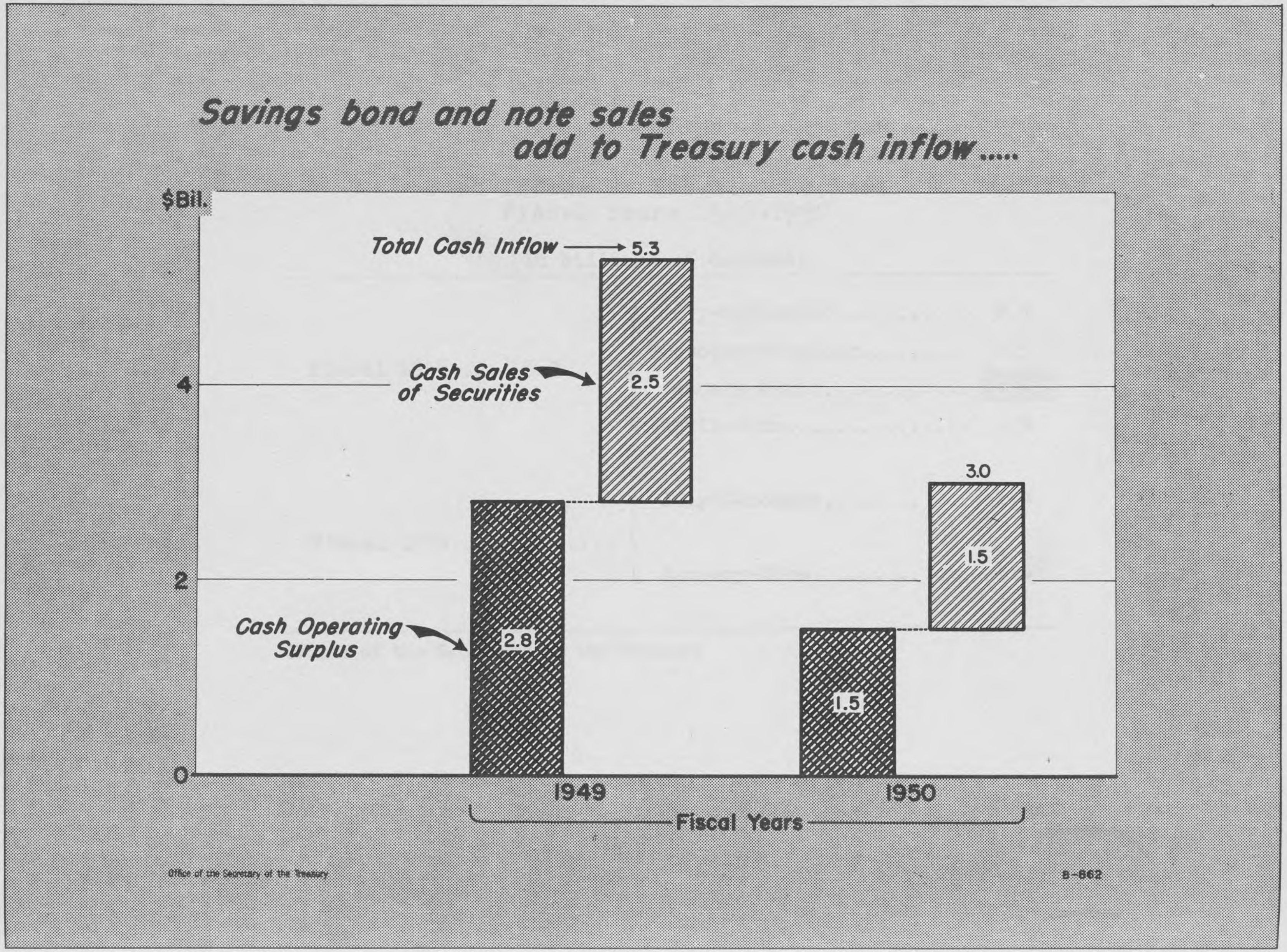

Cash operating surplus only
$1.5 billion in fiscal 1950.....
$Bil.
Budget Surplus
Cash Operating Surplus
8
6
4
2
0
-2
.8
8.4
-.6
-.9
6.7
8.9
2.8
1.5
1947
1948
1949
1950
1947
1948
1949
1950
Fiscal Years
Office of the Secretary of the Treasury
B-864

Detail on Budget Surplus and
Cash Operating Surplus

(In billions of dollars)

	Fiscal years			
	1947	1948	1949	1950
Budget surplus......................	.8	8.4	-.6	-.9
Trust fund investments............	3.4	3.1	2.7	2.0
Savings bond interest accruals....	.5	.5	.6	.5
Notes issued to Monetary Fund and Bank........................	.3	-.9	-.1	-.1
Armed forces leave bonds issued...	1.8	-1.2	-.2	-.1
Items in process of collection....	.5	-.5	.4	-
All other........................	-.6	-.5	-	.1
Cash operating surplus.............	6.7	8.9	2.8	1.5

Office of the Secretary of the Treasury



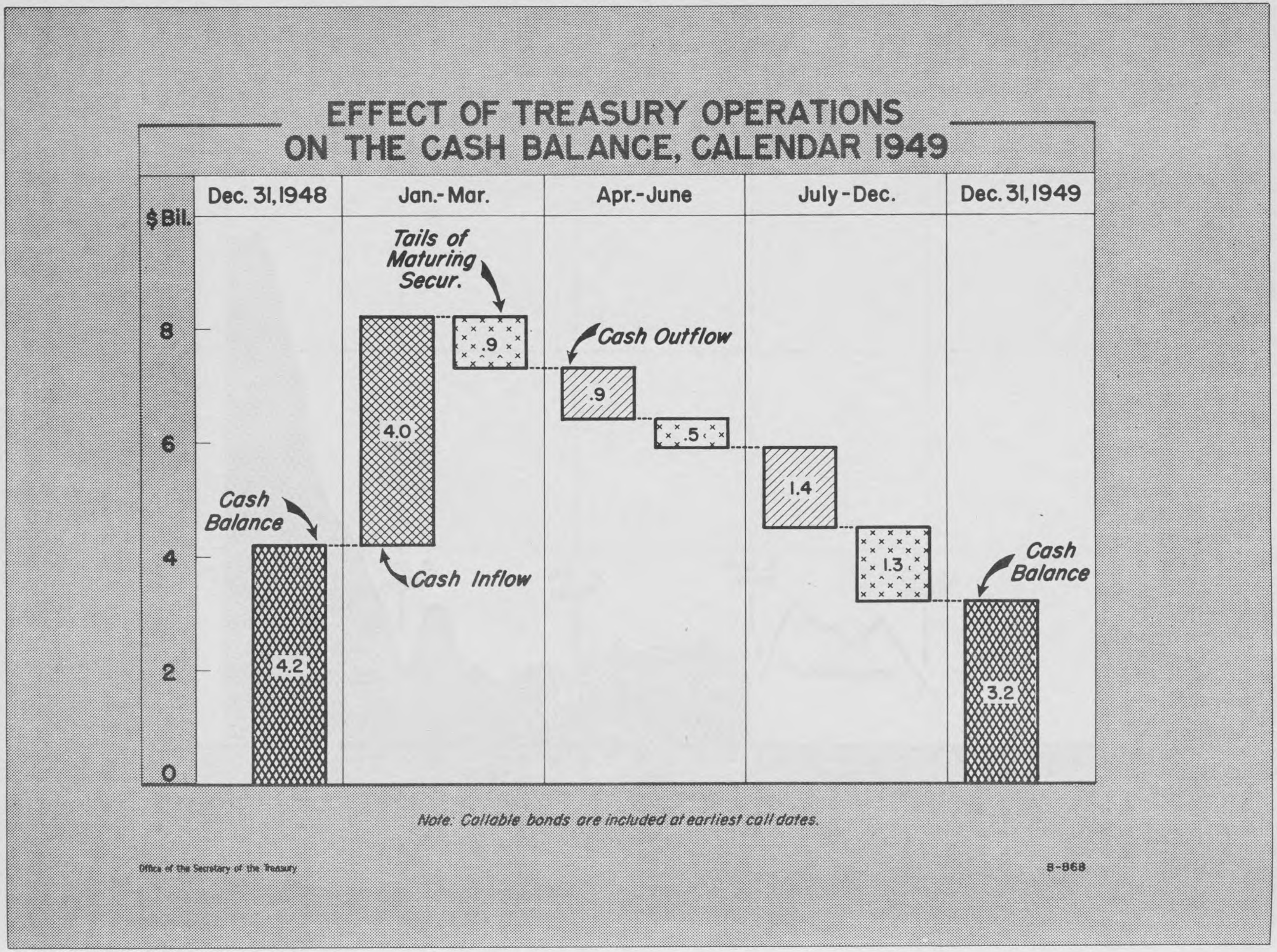
Savings bond and note sales add to Treasury cash inflow.....
$Bil.
Total Cash Inflow
5.3
Cash Sales of Securities
2.5
Cash Operating Surplus
2.8
3.0
1.5
1.5
4
2
0
1949
1950
Fiscal Years
Office of the Secretary of the Treasury
S-862

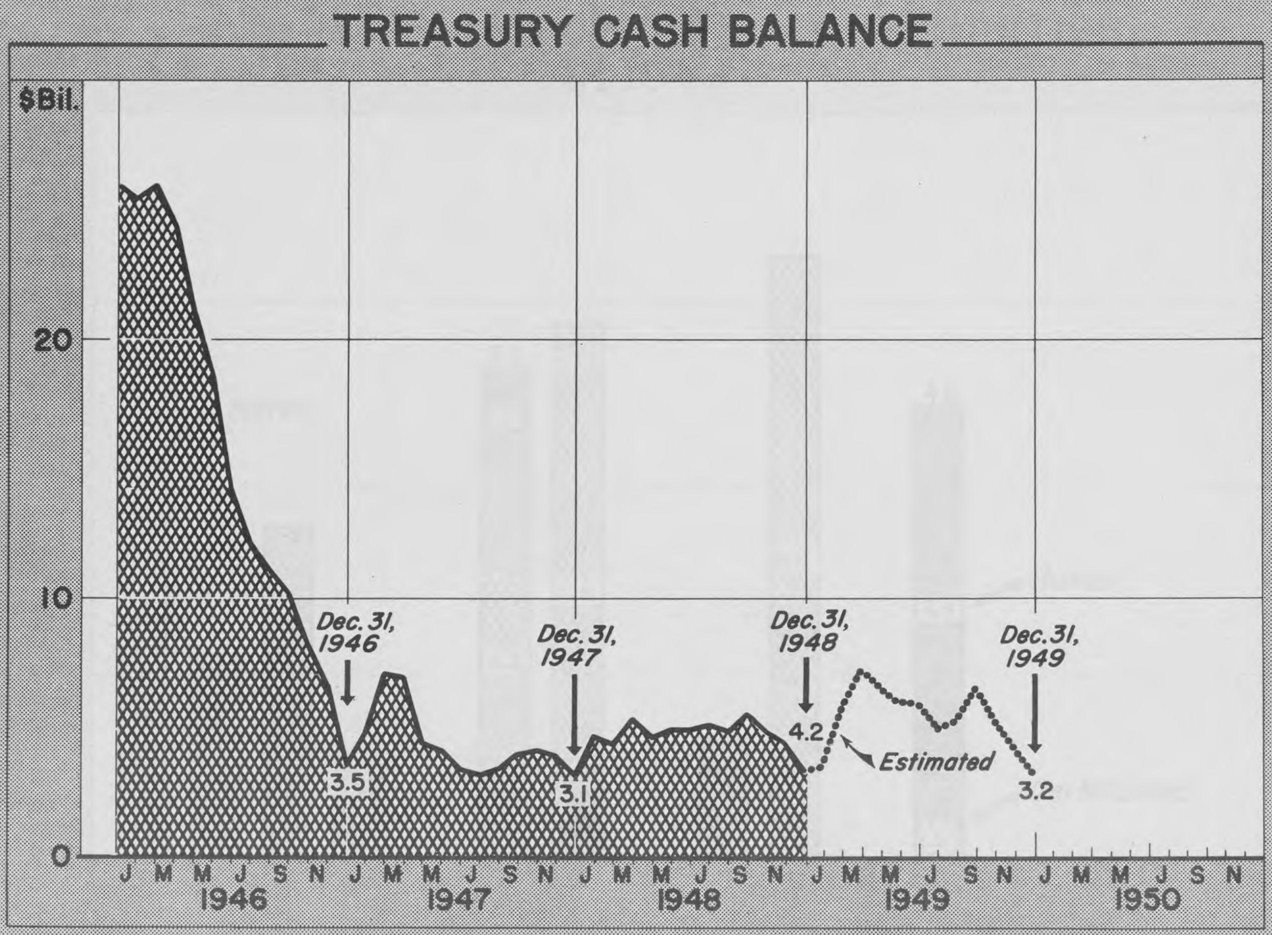
Cash Inflow by Selected Periods
Fiscal Years 1949-1950

(In billions of dollars)

Fiscal 1949....	5.3....	July-September...........	2.7
		October-December.........	-.5
		January-March............	4.0
		April-June...............	-.9
Fiscal 1950....	3.0	July-December............	-1.4
		January-June.............	4.4

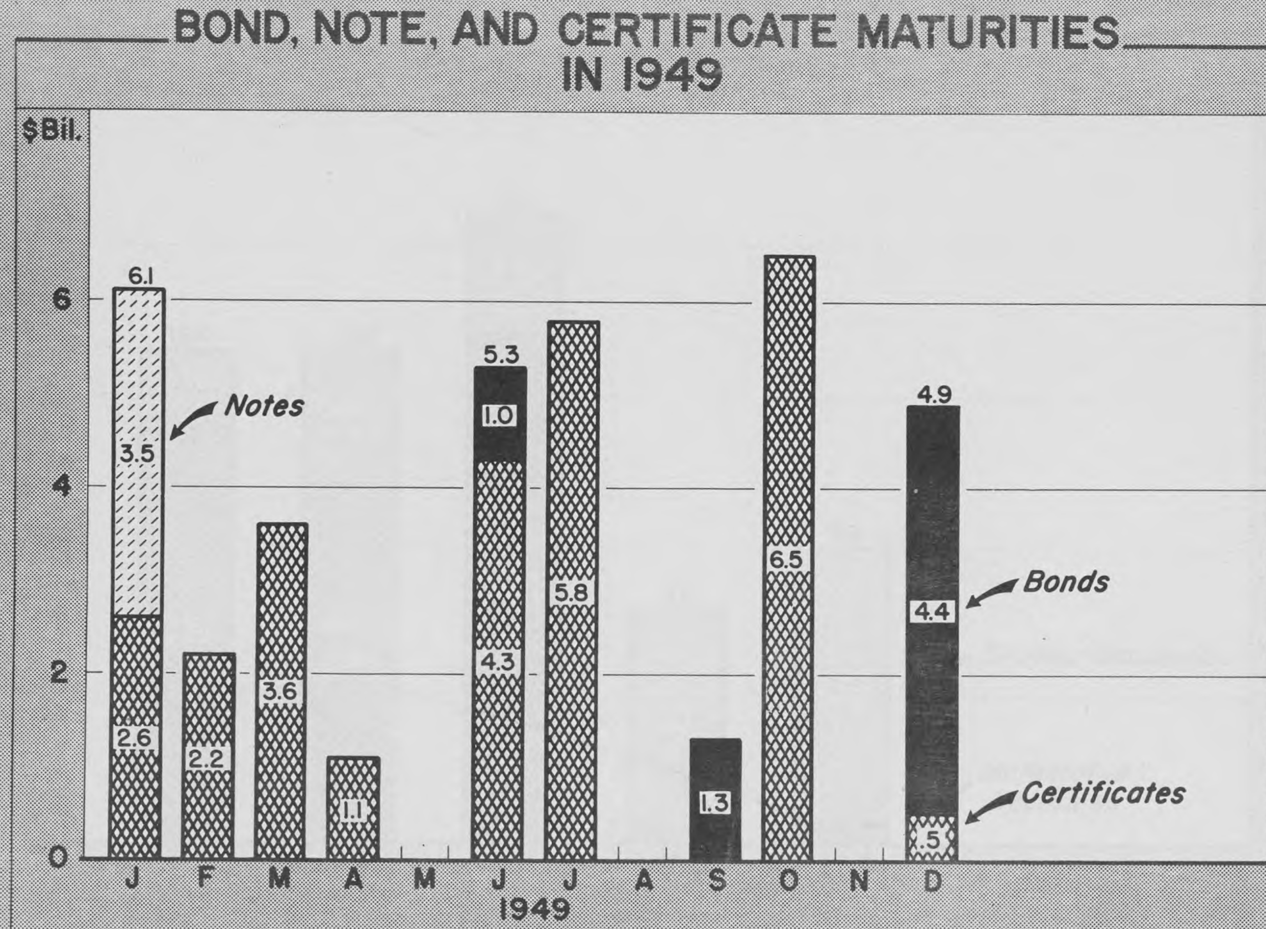
Office of the Secretary of the Treasury


EFFECT OF TREASURY OPERATIONS
ON THE CASH BALANCE, CALENDAR 1949
Dec. 31, 1948
Jan.-Mar.
Apr.-June
July-Dec.
Dec. 31, 1949
$ Bil.
8
6
4
2
0
Tails of Maturing Secur.
Cash Outflow
Cash Balance
Cash Inflow
Cash Balance
4.2
4.0
.9
.9
.5
1.4
1.3
3.2
Note: Callable bonds are included at earliest call dates.
Office of the Secretary of the Treasury
B-868



Office of the Secretary of the Treasury

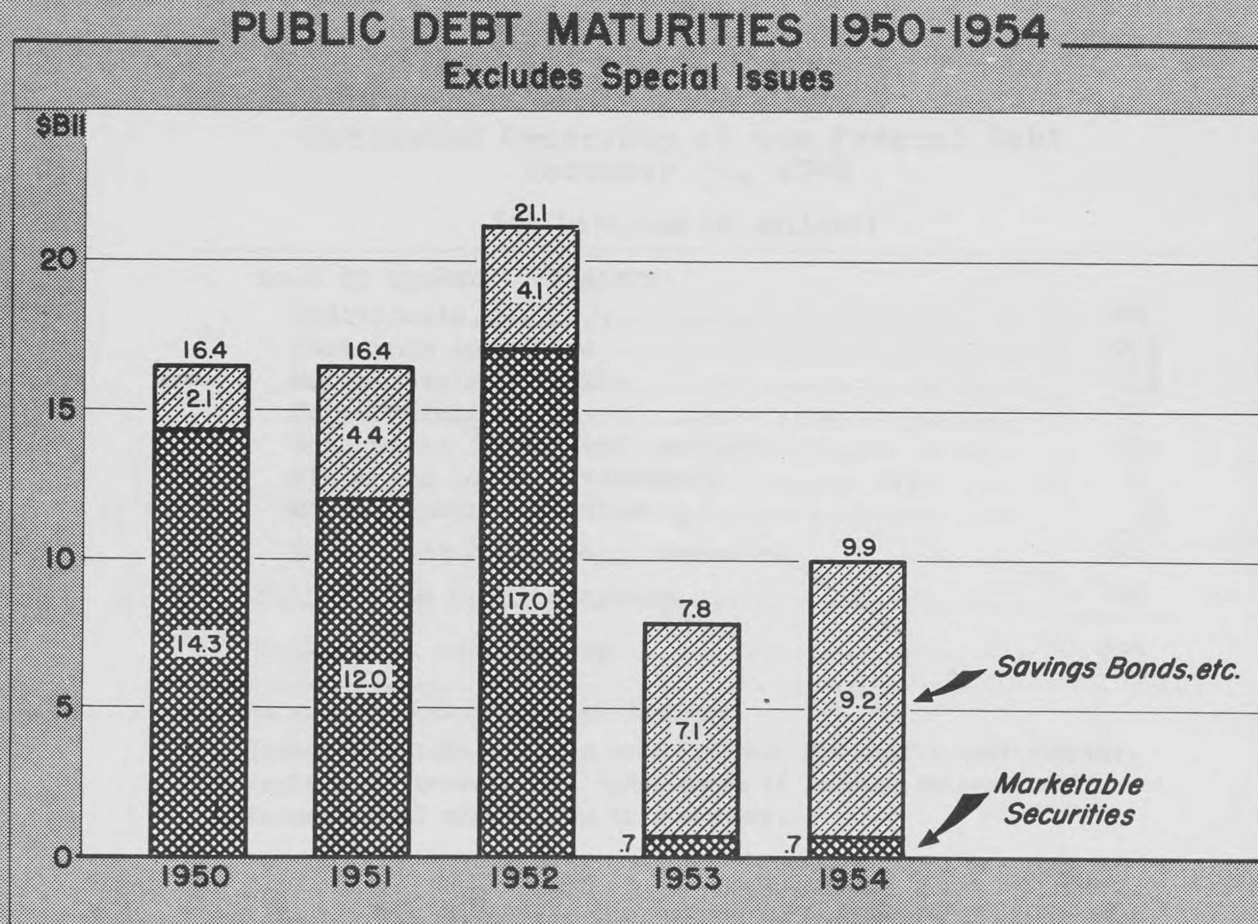
B-767-B



Note: Callable bonds plotted to first call date

Office of the Secretary of the Treasury

B-866



Note: Callable bonds plotted to first call date.

Office of the Secretary of the Treasury

B-867

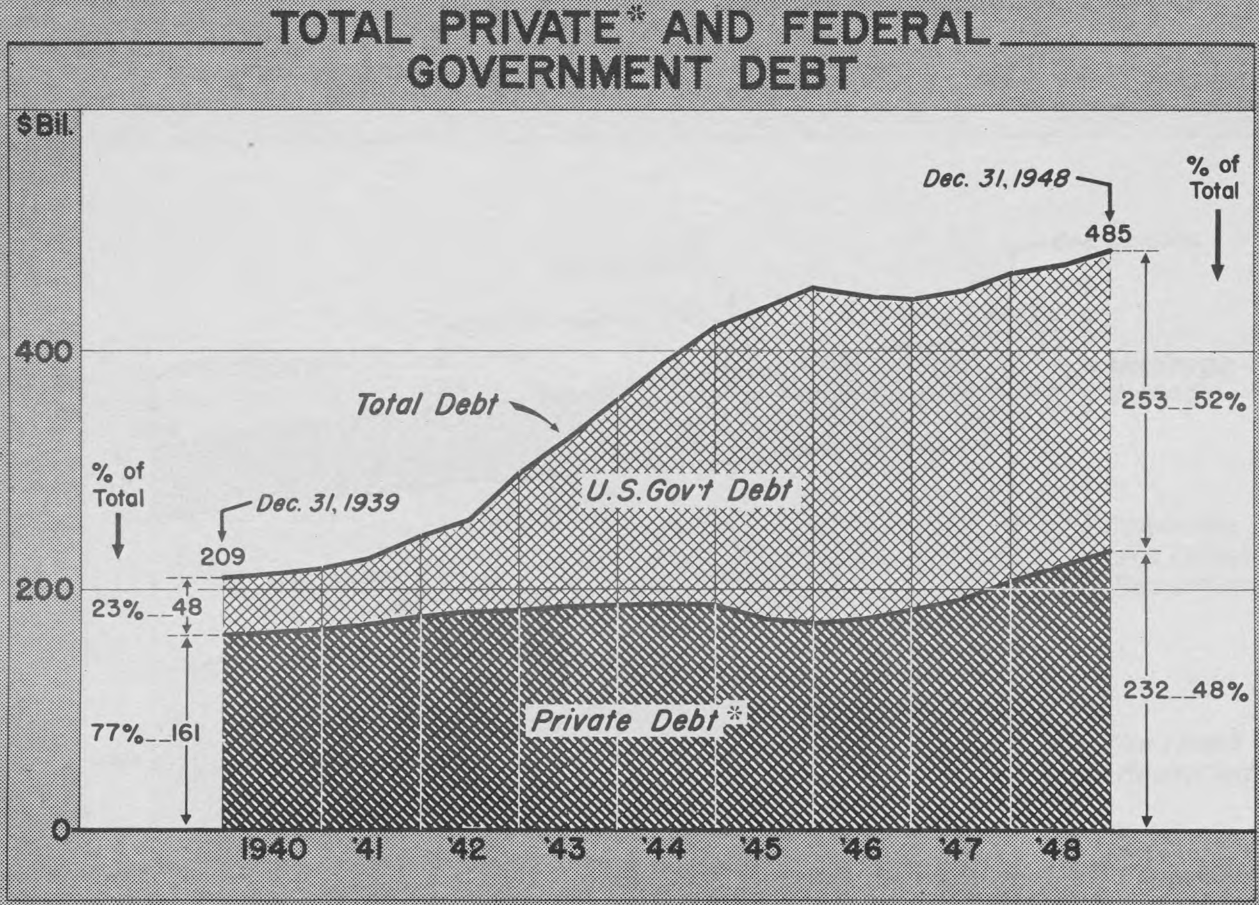
Estimated Ownership of the Federal Debt
December 31, 1948

(In billions of dollars)

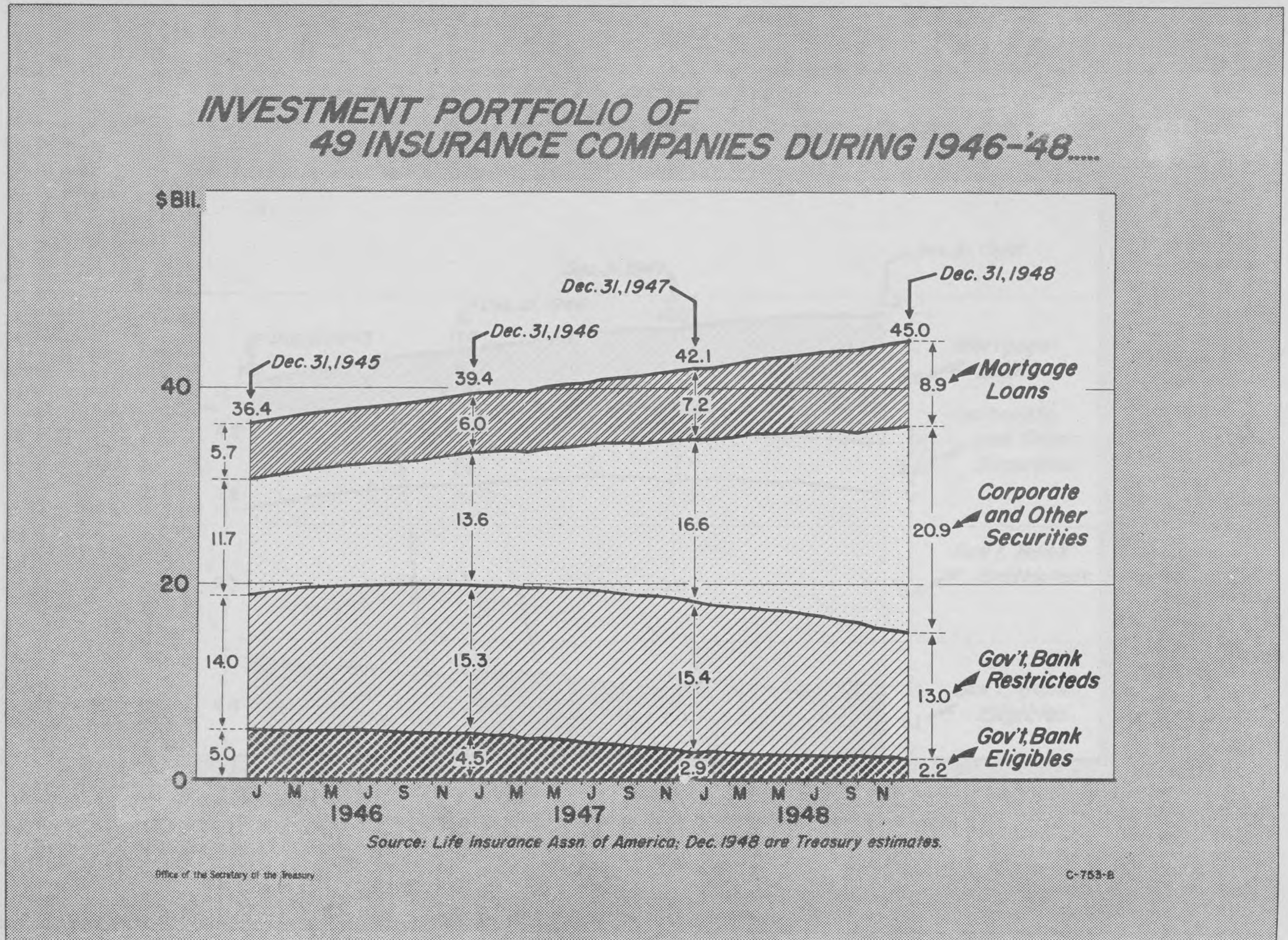
1. Held by nonbank investors:	
Individuals..................................	68
Insurance companies..........................	21½
Mutual savings banks.........................	11½
Corporations.................................	13
Government investment accounts...............	37½
State and local governments..................	8
Miscellaneous investors 1/...................	7½
Total held by nonbank investors..............	167
2. Held by the banking system....................	86
3. Total debt outstanding........................	253

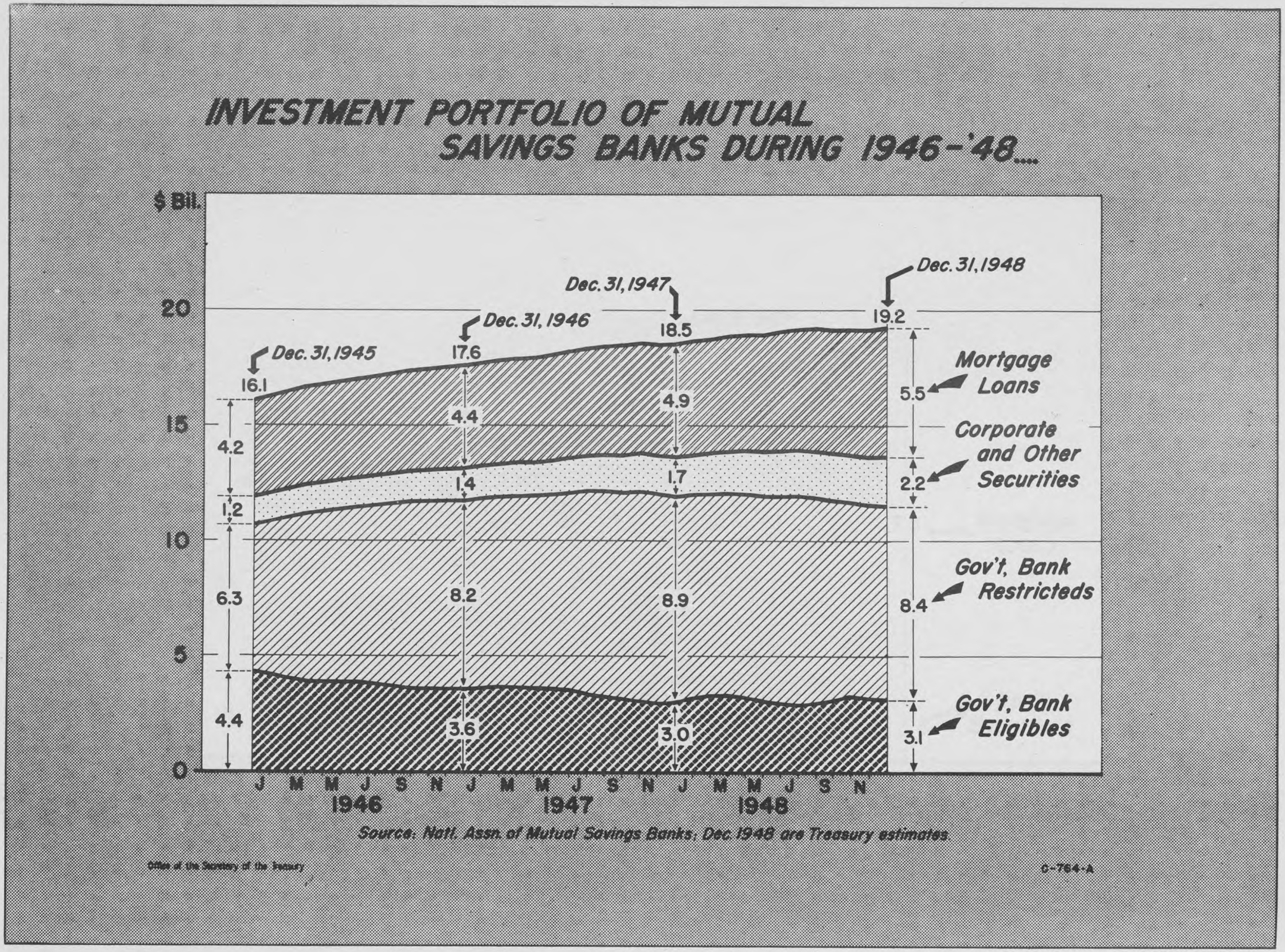
Office of the Secretary of the Treasury.

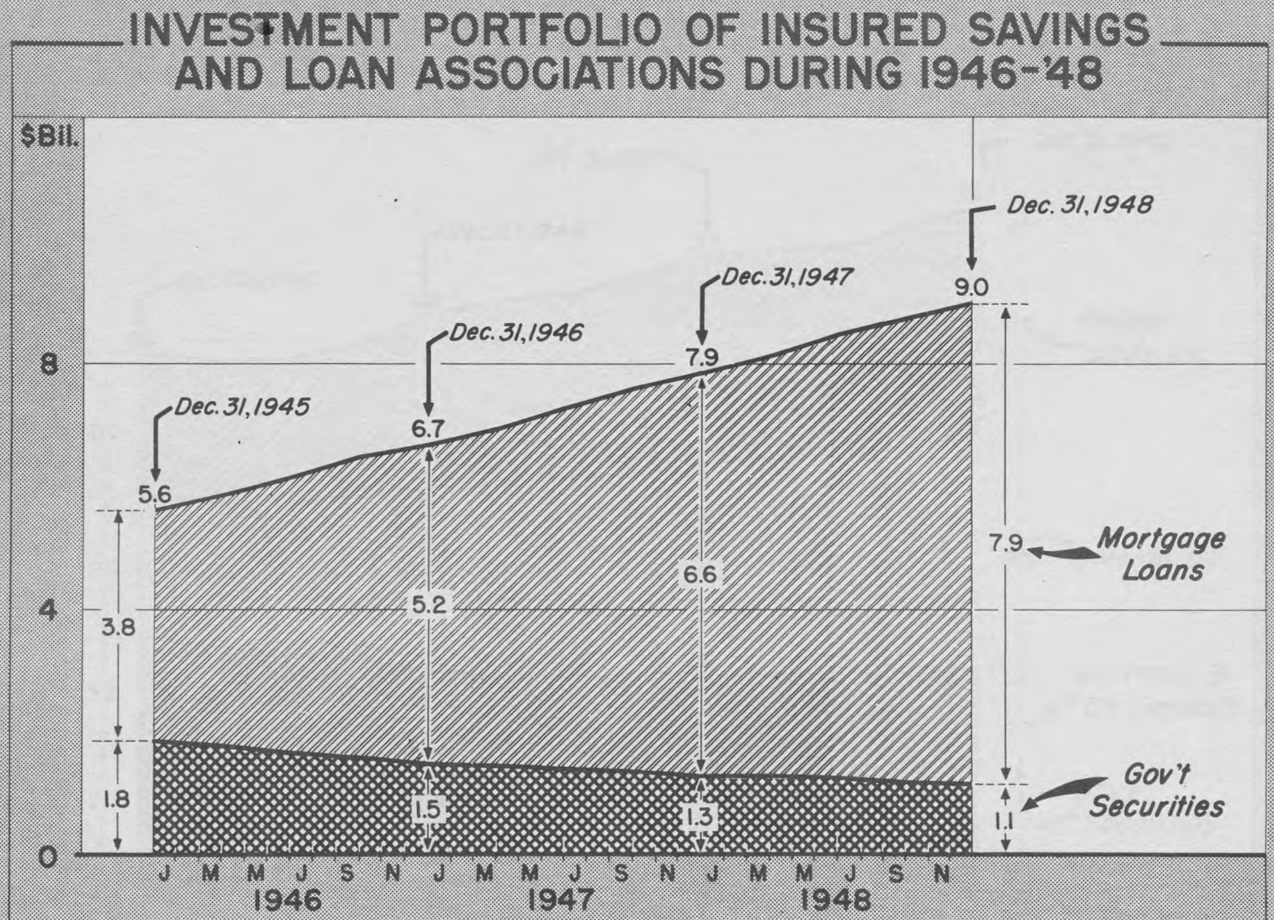
1/ Includes savings and loan associations, non-profit institutions, dealers and brokers, and investments of foreign balances and international accounts in this country.



*Includes state and local and nonguaranteed Federal agency debt. Figures based on Department of Commerce estimates, Dec. 1948 is Treasury estimate.


INVESTMENT PORTFOLIO OF
49 INSURANCE COMPANIES DURING 1946-'48.....
$ BIL.
40
20
0
Dec. 31, 1945
Dec. 31, 1946
Dec. 31, 1947
Dec. 31, 1948
36.4
39.4
42.1
45.0
5.7
6.0
7.2
8.9
Mortgage Loans
11.7
13.6
16.6
20.9
Corporate and Other Securities
14.0
15.3
15.4
13.0
Gov't, Bank Restricteds
5.0
4.5
2.9
2.2
Gov't, Bank Eligibles
J M M J S N J M M J S N J M M J S N
1946
1947
1948
Source: Life Insurance Assn. of America; Dec. 1948 are Treasury estimates.
Office of the Secretary of the Treasury
C-753-B


INVESTMENT PORTFOLIO OF MUTUAL SAVINGS BANKS DURING 1946-'48....
$ Bil.
20
15
10
5
0
Dec. 31, 1945
16.1
Dec. 31, 1946
17.6
Dec. 31, 1947
18.5
Dec. 31, 1948
19.2
4.2
1.2
6.3
4.4
4.4
1.4
8.2
3.6
4.9
1.7
8.9
3.0
5.5
2.2
8.4
3.1
Mortgage Loans
Corporate and Other Securities
Gov't, Bank Restricteds
Gov't, Bank Eligibles
J M M J S N J M M J S N J M M J S N
1946
1947
1948
Source: Natl. Assn. of Mutual Savings Banks; Dec. 1948 are Treasury estimates.
Office of the Secretary of the Treasury
C-764-A

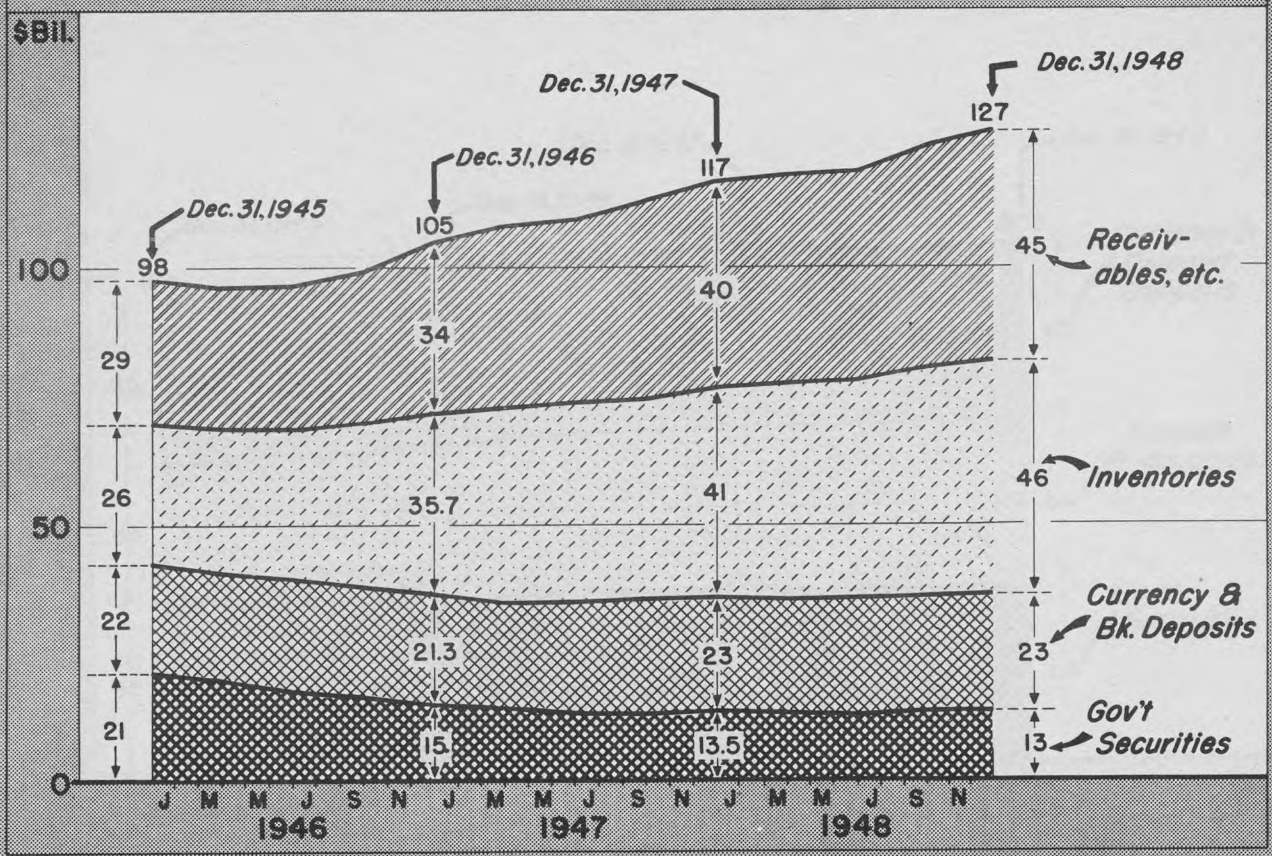


Source: Federal Savings and Loan Insurance Corp.; Dec. 1948 are Treasury estimates.

Office of the Secretary of the Treasury

C-773

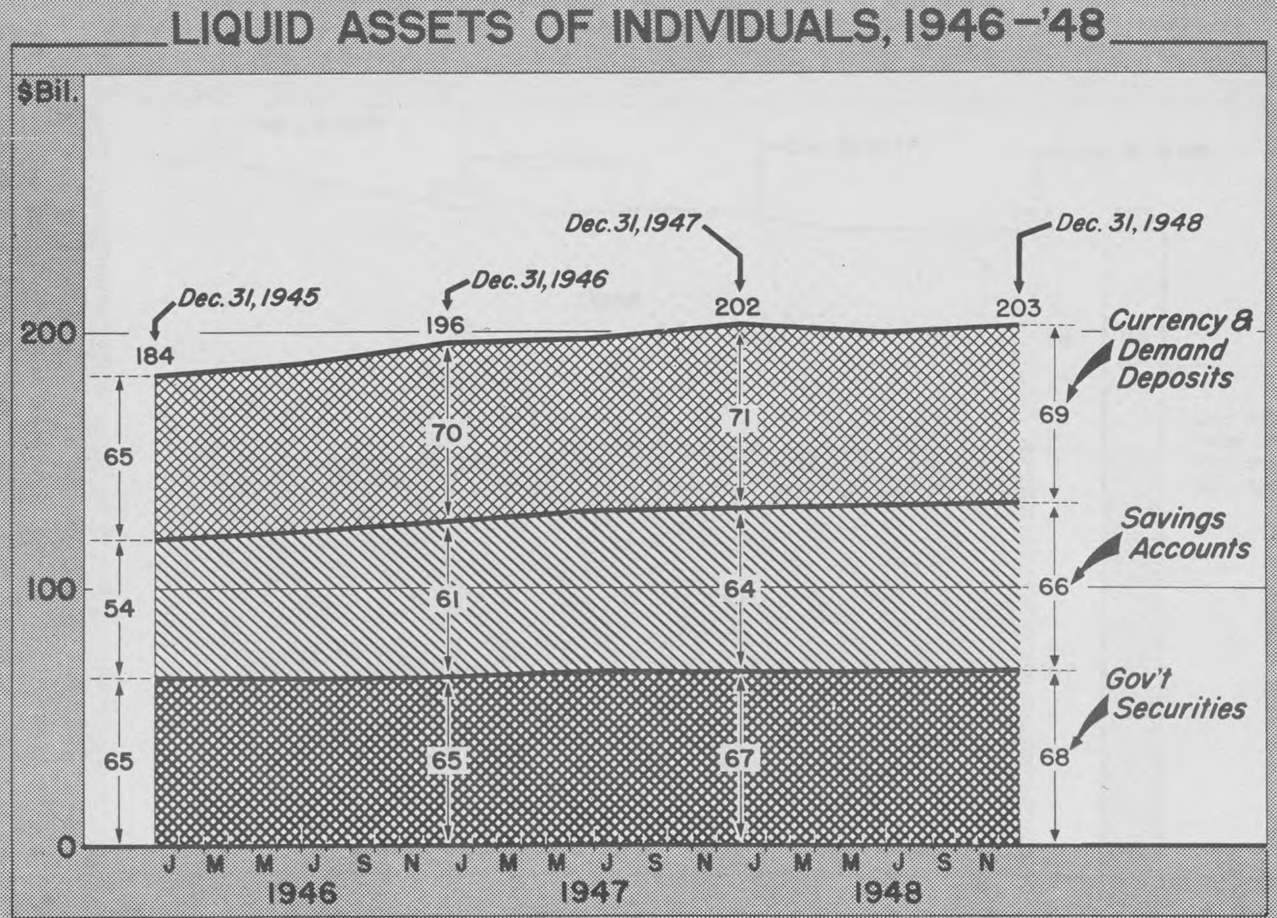
CURRENT ASSETS OF CORPORATIONS,* 1946-'48



*Excludes banks and insurance companies
Source: Securities and Exchange Comm.; Dec. 1948 are Treasury estimates.

Office of the Secretary of the Treasury

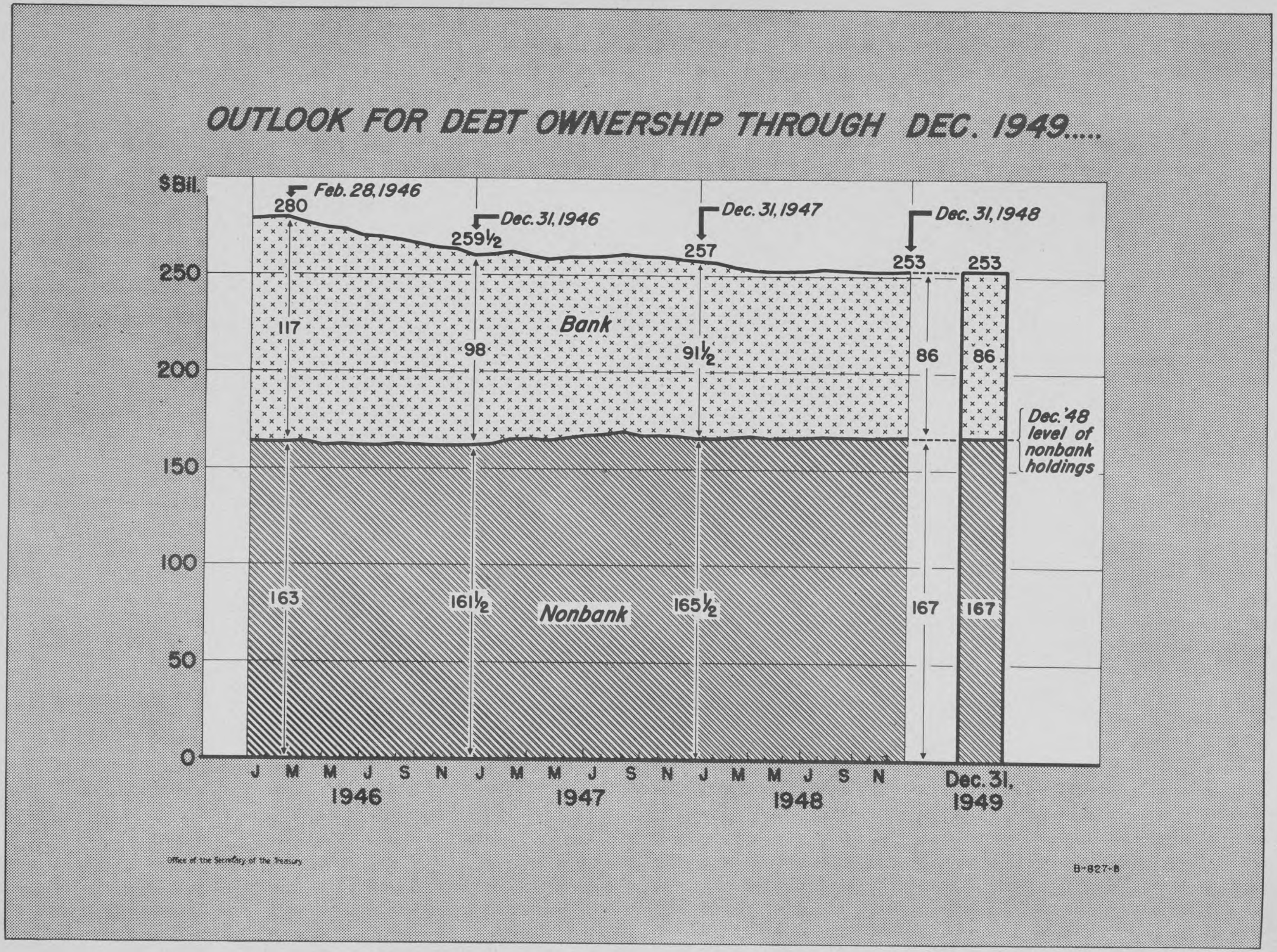
C-779-1



Source: Based on estimates by Treasury and Federal Reserve Board.

Office of the Secretary of the Treasury

C-780-1



OUTLOOK FOR DEBT OWNERSHIP THROUGH DEC. 1949....
$Bil.
Feb. 28, 1946
280
Dec. 31, 1946
259½
Dec. 31, 1947
257
Dec. 31, 1948
253
253
Bank
117
98
91½
86
86
Dec. '48 level of nonbank holdings
Nonbank
163
161½
165½
167
167
250
200
150
100
50
0
J M M J S N J M M J S N J M M J S N
1946
1947
1948
Dec. 31, 1949
Office of the Secretary of the Treasury
B-827-8

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 February 17, 1949 ~~(B)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 17, 1949 ~~(A)~~. 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 A~~

~~ALPHA~~

S-988

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, February 11, 1949
x(1)x

The Secretary of the Treasury, by this public notice, invites tenders for $800,000,000 x(2)x, or thereabouts, of 91 x(3)x -day Treasury bills, for cash and in exchange for Treasury bills maturing February 17, 1949 x(4)x, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated February 17, 1949 x(5)x, and will mature May 19, 1949 x(6)x, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, February 14, 1949 x(7)x. 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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Information Service

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Friday, February 11, 1949.

S-988

The Secretary of the Treasury, by this public notice, invites tenders for $800,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing February 17, 1949, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated February 17, 1949, and will mature May 19, 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 Bank on

February 17, 1949 in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 17, 1949. 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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TWO PERCENT TREASURY BONDS OF 1949-51
(DATED JANUARY 15, 1942)

NOTICE OF CALL FOR REDEMPTION

To Holders of 2 percent Treasury Bonds of 1949-51 (dated January 15, 1942), and Others Concerned:

1. Public notice is hereby given that all outstanding 2 percent Treasury Bonds of 1949-51, dated January 15, 1942, are hereby called for redemption on June 15, 1949, 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, February 14, 1949.

RELEASE, MORNING NEWSPAPERS,
Monday, February 14, 1949.

S-989

The Secretary of the Treasury announced today that all outstanding 2 percent Treasury Bonds of 1949-51, dated January 15, 1942, are called for redemption on June 15, 1949. There are now outstanding $1,014,018,900 of these bonds.

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

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. SAXON DATE: February 11, 1949

FROM : MR. KILBY

SUBJECT:

The Secretary has signed the attached notice of call which is to be given to the press on February 11 for release, morning newspapers, Monday, February 14, with the brief statement, which is also attached.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE, MORNING NEWSPAPERS,
Monday, February 14, 1949.

S-989

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JOHN W. SNYDER
Secretary of the Treasury

TREASURY DEPARTMENT,
Washington, February 14, 1949.

RELEASE, MORNING NEWSPAPERS,
Tuesday, February 15, 1949.

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 February 17 and to mature May 19, 1949, which were offered on February 11, were opened at the Federal Reserve Banks on February 14.

The details of this issue are as follows:

Total applied for - $1,435,717,000
Total accepted - 801,248,000 (includes $55,961,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.706 Equivalent rate of discount approx. 1.163% per annum

Range of accepted competititve bids:

High	- 99.710	Equivalent rate of discount approx. 1.147% per annum
Low	- 99.705	" " " " " 1.167% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 12,904,000	$ 12,904,000
New York	1,195,905,000	642,273,000
Philadelphia	21,199,000	8,824,000
Cleveland	18,857,000	14,782,000
Richmond	2,855,000	2,855,000
Atlanta	6,606,000	5,856,000
Chicago	90,895,000	42,895,000
St. Louis	14,097,000	13,572,000
Minneapolis	2,520,000	2,520,000
Kansas City	16,386,000	12,524,000
Dallas	8,825,000	8,825,000
San Francisco	44,668,000	33,418,000
TOTAL	$1,435,717,000	$801,248,000

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TREASURY DEPARTMENT

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

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Atlanta	6,606,000	5,856,000
Chicago	90,895,000	42,895,000
St. Louis	14,097,000	13,572,000
Minneapolis	2,520,000	2,520,000
Kansas City	16,386,000	12,524,000
Dallas	8,825,000	8,825,000
San Francisco	44,668,000	33,418,000
TOTAL	$1,435,717,000	$801,248,000

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