U.S. Treasury Dept.
Press Releases

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August 11, 1953

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Other investigations involving frauds against the customs revenues, such as undervaluation of merchandise and false invoicing, produced large recoveries from value of seizures, penalties and additional duties assessed. Numerous investigations involving suspected export control violations were made by agents.

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Mr. Emerick noted a tendency of the courts to impose more severe sentences on narcotics smugglers apprehended by Customs, there being three 10-year, and several 5-year, prison terms imposed, with average sentences of from 2 to 3 years. This tendency, together with the considerable number of large seizures made, has rendered traffickers more wary and dangerous.

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Disease hazard also figured in another type of smuggling---that of birds of the parrot family, importation of which is restricted by Public Health regulations. Humans may contract psittacosis, a fever, from infected birds, and one customs agent engaged in these investigations did become seriously ill of the disease. Smuggling of these birds apparently is quite profitable, if successful, and Customs has made large seizures during the past three years. A major development during 1953 was the indictment, at San Diego, California, of a number of alleged, large-scale operators, on conspiracy charges.

Emphasis of Customs and other Treasury agencies concerned with illegal gold exportations turned during the year to developing evidence against United States handlers of bullion involved in recent large-scale seizures from carriers attempting to get the yellow metal abroad for sale at premium prices. A Federal grand jury in the Southern District of New York returned indictments against 65 individuals and organizations, charging conspiracy to violate the Gold Reserve and other Acts. Evidence in these cases was developed by customs agents and laboratory experts in cooperation with Secret Service and United States Mint officials.

Prosecutions of those charged have been proceeding for several months.

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The charges allege shipment of the plane parts by the American company to a dummy consignee in Paris, by which they were diverted to Poland in violation of terms of the export license which had been issued by the Department of State.

Two major cattle smuggling cases were brought to conclusion during the year. Two persons were convicted in connection with smuggling into the United States near El Paso, Texas, of 21 prime steers. In the second case, one of the most extensive such conspiracies ever investigated by Customs, some 500 head of livestock were involved. The cattle were traced and seized variously in Texas, Oklahoma, and Arkansas. Practically all the livestock had been stolen from ranches in Northern Mexico, driven across the Rio Grande in remote places, and concealed in hidden canyons until they could be dispersed through auction markets some distance from the border. The conspirators were convicted and sentenced to prison terms.

Livestock in another alleged smuggling venture investigated by custons agents were valued in excess of a million dollars. Under seizure in Louisiana are some 60 head of rare, purebred Charolaise breeding stock, allegedly unlawfully imported into this country from Southern Mexico, after entry permits had been refused by the United States Government. Federal charges have been brought against one person thus far in the investigation.

Chester A. Emerick, Deputy Commissioner of Customs, in charge of the Division of Investigations, points out that cattle smuggling of the type involved in the several cases takes on added seriousness because of the danger of infecting United States herds with the dread hoof and mouth

Release A.M Newspapers
Tuesday, ~~August 25, 1953~~
~~Proposed Press Release~~
Sept 1, 1953

H-23

Combating attempts to smuggle arms and munitions out of the country in violation of the Neutrality Act became a major enforcement activity of Treasury Department's Bureau of Customs ~~United States customs officers~~ during the fiscal year ended June 30, 1953, David B. Strubinger, Acting Commissioner, ~~of Customs~~, reported today.

Other major investigations involved the smuggling of livestock, diamonds, narcotics and psittacine birds into the country, and the outward smuggling of gold in violation of the Gold Reserve and other laws.

Federal court indictments were obtained during the period in three major cases investigated by Customs, involving alleged irregular exportations of arms and munitions. Large quantities of ammunition and small arms were involved in a case in which a Dallas, Texas, sporting goods company, and nine persons residing in the United States and Mexico are under indictment. ~~Large quantities of~~ Rifles and other merchandise were placed under seizure, both by United States Customs and by Mexican authorities.

A second case involved an alleged attempt to export ~~large quantities~~ of munitions to Cuba, purportedly for use in insurrection against the Government of that country. While the supervising customs agent in New York was directing active investigation and surveillance of activities of the group assembling the munitions, with a view to apprehending the suspects in the act if they attempted illegal exportation, local police and fire authorities seized the cache as a fire hazard. The materials subsequently were turned over to Customs for seizure, and conspiracy charges have been instituted against the principals.

Airplane engine parts were involved in the third major case, in which a Maryland firm, its owner, and a third individual are charged with conspiracy.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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RELEASE AM NEWSPAPERS,
Tuesday, September 1, 1953. H-236

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H-237

RELEASE MORNING NEWSPAPERS,
Tuesday, September 1, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated September 3 and to mature December 3, 1953, which were offered on August 27, were opened at the Federal Reserve Banks on August 31.

The details of this issue are as follows:

Total applied for - $2,367,832,000
Total accepted - 1,500,139,000 (includes $229,625,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.504/ Equivalent rate of discount approx. 1.961% per annum

Range of accepted competitive bids:

High - 99.507 Equivalent rate of discount approx. 1.950% per annum
Low - 99.503 " " " " " 1.966% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 45,565,000	$ 36,256,000
New York	1,676,105,000	974,668,000
Philadelphia	34,570,000	17,223,000
Cleveland	45,493,000	36,185,000
Richmond	19,737,000	13,867,000
Atlanta	29,477,000	17,589,000
Chicago	239,274,000	186,840,000
St. Louis	33,994,000	19,503,000
Minneapolis	14,697,000	9,577,000
Kansas City	91,781,000	79,855,000
Dallas	36,490,000	24,940,000
San Francisco	100,649,000	83,636,000
TOTAL	$2,367,832,000	$1,500,139,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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H-237

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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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **September 10, 1953**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 10, 1953**. 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,

H-238

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, September 1, 1953.

The Treasury Department, by this public notice, invites tenders for $**1,500,000,000**, or thereabouts, of **91**-day Treasury bills, for cash and in exchange for Treasury bills maturing **September 10, 1953**, in the amount of $**1,399,956,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **September 10, 1953**, and will mature **December 10, 1953**, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~Standard~~ **Daylight Saving** time, **Friday, September 4, 1953**. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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H-238

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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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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.

G. M. HUMPHREY,
Secretary of the Treasury.

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

IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1953, or on later allotment, and may be made only in Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, which will be accepted at par, and should accompany the subscription. Final interest due September 15 on the maturing bonds surrendered will be paid, in the case of coupon bonds, by payment of September 15, 1953 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 1951-53 in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Notes of Series A-1957 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 Office of the Treasurer of the United States, Washington. 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 notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

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

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Secretary of the Treasury.

UNITED STATES OF AMERICA

2-7/8 PERCENT TREASURY NOTES OF SERIES A-1957

Dated and bearing interest from September 15, 1953 Due March 15, 1957

1953
Department Circular No. 929

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 2, 1953.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 2-7/8 percent Treasury Notes of Series A-1957, in exchange for 2 percent Treasury Bonds of 1951-53, dated September 15, 1943, and maturing September 15, 1953. The amount of the offering under this circular will be limited to the amount of maturing bonds tendered in exchange and accepted.

2. In addition to the offering under this circular, holders of the maturing bonds are offered the privilege of exchanging all or any part of such bonds for 2-5/8 percent Treasury Certificates of Indebtedness of Series E-1954, which offering is set forth in Department Circular No. 928, issued simultaneously with this circular.

II. DESCRIPTION OF NOTES

1. The notes will be dated September 15, 1953, and will bear interest from that date at the rate of 2-7/8 percent per annum, payable semiannually on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1957, and will not be subject to call for redemption prior to maturity.

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

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

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

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

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorised 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 September 15, 1953, or on later allotment, and may be made only in Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, which will be accepted at par, and should accompany the subscription. Final interest due September 15 on the maturing bonds surrendered will be paid, in the case of coupon bonds, by payment of September 15, 1953 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 1951-53 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 E-1954 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 Office of the Treasurer of the United States, Washington. The bonds must be delivered at the expense and risk of the holders.

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UNITED STATES OF AMERICA

2-5/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES E-1954

US

Dated and bearing interest from September 15, 1953   Due September 15, 1954

1953
Department Circular No. 928

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
Office of the Secretary,
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2. In addition to the offering under this circular, holders of the maturing bonds are offered the privilege of exchanging all or any part of such bonds for 2-7/8 percent Treasury Notes of Series A-1957, which offering is set forth in Department Circular No. 929, issued simultaneously with this circular.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated September 15, 1953, and will bear interest from that date at the rate of 2-5/8 percent per annum, payable at the maturity of the certificates on September 15, 1954. 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. Any premium paid on the acquisition of these certificates in the market may be amortized in accordance with Sec. 125 of the Internal Revenue Code.

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

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

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

RELEASE MORNING NEWSPAPERS,
Wednesday, September 2, 1953.

The Treasury today announced the details of the offering, through the Federal Reserve Banks, of 2-5/8 percent Treasury Certificates of Indebtedness of Series E-1954, and 2-7/8 percent Treasury Notes of Series A-1957, open on an exchange basis, par for par, in authorized denominations, to holders of 2 percent Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, in the amount of $7,986,242,500. Cash subscriptions will not be received.

The certificates now offered will be dated September 15, 1953, and will bear interest from that date at the rate of 2-5/8 percent per annum, payable at the maturity of the certificates on September 15, 1954. They will be issued in bearer form only, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

The notes now offered will be dated September 15, 1953, and will bear interest from that date at the rate of 2-7/8 percent per annum, payable semiannually on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1957. They will be issued in bearer form only, with interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, and should be accompanied by a like face amount of the bonds to be exchanged.

The subscription books will close for the receipt of all subscriptions at the close of business Friday, September 4. Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight September 4 will be considered as having been entered before the close of the subscription books.

The textsof the official circulars follow:

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Wednesday, September 2, 1953. H-239

The Treasury today announced the details of the offering, through the Federal Reserve Banks, of 2-5/8 percent Treasury certificates of Indebtedness of Series E-1954, and 2-7/8 percent Treasury Notes of Series A-1957, open on an exchange basis, par for par, in authorized denominations, to holders of 2 percent Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, in the amount of $7,986,242,500. Cash subscriptions will not be received.

The certificates now offered will be dated September 15, 1953, and will bear interest from that date at the rate of 2-5/8 percent per annum, payable at the maturity of the certificates on September 15, 1954. They will be issued in bearer form only, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

The notes now offered will be dated September 15, 1953, and will bear interest from that date at the rate of 2-7/8 percent per annum, payable semi-annually on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1957. They will be issued in bearer form only, with interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, and should be accompanied by a like face amount of the bonds to be exchanged.

The subscription books will close for the receipt of all subscriptions at the close of business Friday, September 4. Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight September 4 will be considered as having been entered before the close of the subscription books.

The texts of the official circulars follow:

UNITED STATES OF AMERICA
2-5/8 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES E-1954
Dated and bearing interest from September 15,1953 Due September 15,1954

1953
Department Circular No. 928

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 2, 1953.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for certificates of indebtedness of the United States, designated 2-5/8 percent Treasury Certificates of Indebtedness of Series E-1954, in exchange for 2 percent Treasury Bonds of 1951-53, dated September 15, 1943, and maturing September 15, 1953. The amount of the offering under this circular will be limited to the amount of maturing bonds tendered in exchange and accepted.

2. In addition to the offering under this circular, holders of the maturing bonds are offered the privilege of exchanging all or any part of such bonds for 2-7/8 percent Treasury Notes of Series A-1957, which offering is set forth in Department Circular No. 929, issued simultaneously with this circular.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated September 15, 1953, and will bear interest from that date at the rate of 2-5/8 percent per annum, payable at the maturity of the certificates on September 15, 1954. 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. Any premium paid on the acquisition of these certificates in the market may be amortized in accordance with Sec. 125 of the Internal Revenue Code.

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

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

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

III. SUBSCRIPTION AND ALLOTMENT

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

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

IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before September 15, 1953, or on later allotment, and may be made only in Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, which will be accepted at par, and should accompany the subscription. Final interest due September 15 on the maturing bonds surrendered will be paid, in the case of coupon bonds, by payment of September 15, 1953 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 1951-53 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 E-1954 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 Office of the Treasurer of the United States, Washington. 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.

G.M. HUMPHREY,
Secretary of the Treasury.

UNITED STATES OF AMERICA

2-7/8 PERCENT TREASURY NOTES OF SERIES A-1957

Dated and bearing interest from September 15, 1953 Due March 15, 1957

1953
Department Circular No. 929

TREASURY DEPARTMENT,
Office of the Secretary,
Washington, September 2, 1953.

Fiscal Service
Bureau of the Public Debt

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 2-7/8 percent Treasury Notes of Series A-1957, in exchange for 2 percent Treasury Bonds of 1951-53, dated September 15, 1943, and maturing September 15, 1953. The amount of the offering under this circular will be limited to the amount of maturing bonds tendered in exchange and accepted.

2. In addition to the offering under this circular, holders of the maturing bonds are offered the privilege of exchanging all or any part of such bonds for 2-5/8 percent Treasury Certificates of Indebtedness of Series E-1954, which offering is set forth in Department Circular No. 928, issued simultaneously with this circular.

II. DESCRIPTION OF NOTES

1. The notes will be dated September 15, 1953, and will bear interest from that date at the rate of 2-7/8 percent per annum, payable semiannually on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1957, and will not be subject to call for redemption prior to maturity.

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

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

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

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

III. SUBSCRIPTION AND ALLOTMENT

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

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

IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1953, or on later allotment, and may be made only in Treasury Bonds of 1951-53, dated September 15, 1943, maturing September 15, 1953, which will be accepted at par, and should accompany the subscription. Final interest due September 15 on the maturing bonds surrendered will be paid, in the case of coupon bonds, by payment of September 15, 1953 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 1951-53 in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Notes of Series A-1957 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 Office of the Treasurer of the United States, Washington. 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 notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

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

G. M. HUMPHREY,
Secretary of the Treasury.

H-240

RELEASE MORNING NEWSPAPERS,
Saturday, September 5, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated September 10 and to mature December 10, 1953, which were offered on September 1, were opened at the Federal Reserve Banks on September 4.

The details of this issue are as follows:

Total applied for - $2,022,888,000
Total accepted - 1,500,288,000 (includes $221,801,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.506/ Equivalent rate of discount approx. 1.953% per annum

Range of accepted competitive bids:

High - 99.519 Equivalent rate of discount approx. 1.903% per annum
Low - 99.502 " " " " " 1.970% " "

(The entire amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 21,871,000	$ 21,771,000
New York	1,459,461,000	965,461,000
Philadelphia	30,912,000	15,812,000
Cleveland	50,287,000	50,217,000
Richmond	18,822,000	15,922,000
Atlanta	28,358,000	26,058,000
Chicago	233,829,000	230,729,000
St. Louis	25,273,000	25,273,000
Minneapolis	15,415,000	15,315,000
Kansas City	39,123,000	36,693,000
Dallas	27,745,000	25,645,000
San Francisco	71,792,000	71,392,000
Total	$2,022,888,000	$1,500,288,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, September 5, 1953. H-240 30

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Kansas City	39,123,000	36,693,000
Dallas	27,745,000	25,645,000
San Francisco	71,792,000	71,392,000
TOTAL	$2,022,888,000	$1,500,288,000

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H-241

Draft ~~- CRMcNeill:cr~~
~~9/4/53~~

Release AM Newspapers Wednesday, Sept. 9, 1953 ~~PRESS RELEASE~~

Acting Commissioner of Customs David B. Strubinger announced today the issuance of amendments to the Customs Regulations required to conform to changes in the law resulting from the enactment of the Customs Simplification Act of 1953, approved August 8, 1953. These Regulations were filed with the Federal Register on September 4, 1953, and appear in the Register of today's date. This action assures the public that there will be no delay in putting into effect the many improvements and clarifications of the Simplification Act.

By its terms the Customs Simplification Act is effective on and after September 7, 1953, (with certain minor exceptions). In order to avoid any questions of the operation of the new provisions on and after the effective date, and to minimize possible confusion and uncertainty with respect to the application of those provisions, it was necessary to publish these Regulations as near the effective date of the Simplification Act as possible.

Although advance notice was not ~~possible~~ practicable because of this time limitation, the Bureau of Customs is interested in receiving any criticisms or suggestions for possible amendment of the new Regulations. All such comments should be sent to the Commissioner of Customs within the next 30 days.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE AM NEWSPAPERS,
Wednesday, September 9, 1953. H-241

Acting Commissioner of Customs David B. Strubinger announced today the issuance of amendments to the Customs Regulations required to conform to changes in the law resulting from the enactment of the Customs Simplification Act of 1953, approved August 8, 1953. These Regulations were filed with the Federal Register on September 4, 1953, and appear in the Register of today's date. This action assures the public that there will be no delay in putting into effect the many improvements and clarifications of the Simplification Act.

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Although advance notice was not practicable because of this time limitation, the Bureau of Customs is interested in receiving any criticisms or suggestions for possible amendment of the new Regulations. All such comments should be sent to the Commissioner of Customs within the next 30 days.

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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, 1952, to September 8, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1952, to Sept. 8, 1953
United Kingdom	4,323,457	167,354	1,441,152	166,747
Canada	239,690	239,495	-	-
France	227,420	13,032	75,807	13,032
British India	69,627	66,229	-	-
Netherlands	68,240	15,715	22,747	15,715
Switzerland	44,388	-	14,796	-
Belgium	38,559	12,853	12,853	12,853
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,618	25,443	24,618
Italy	21,263	6,430	7,088	6,430
	5,482,509	545,726	1,599,886	239,395

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Treasury Department
Washington

H-242

IMMEDIATE RELEASE
Wed, September 8, 1953

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)

Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1952, to September 8, 1953, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	-
Peru	247,952	53,664	Paraguay	871	-
British India	2,003,483	-	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	124,891	Netherlands E. Indies	71,388	-
Union of Soviet Socialist Republics	475,124	-	Barbados	-	-
Argentina	5,203	1,382	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1952, to August 29, 1953

Established Quota (Global)	Imports
70,000,000	20,007,495

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to September 8, 1953

Established Quota (Global)	Imports
45,656,420	35,639,284

TREASURY DEPARTMENT
Washington

H-242

IMMEDIATE RELEASE
Wednesday, September 9, 1953

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)

Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1952, to September 8, 1953, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
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Peru	247,952	53,664	Paraguay..............	871	-
British India........	2,003,483	-	Colombia..............	124	-
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Union of Soviet Socialist Republics	475,124	-	Barbados	-	-
Argentina	5,203	1,382	1/Other British W. Indies	21,321	-
Haiti................	237	-	Nigeria	5,377	-
Ecuador..............	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa....	689	-
			Algeria and Tunisia....	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1952, to August 29, 1953

Established Quota (Global)	Imports
70,000,000	20,007,495

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to September 8, 1953

Established Quota (Global)	Imports
45,656,420	35,639,284

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, 1952, to September 8, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1952, to Sept. 8, 1953
United Kingdom	4,323,457	167,354	1,441,152	166,747
Canada	239,690	239,495	-	-
France	227,420	13,032	75,807	13,032
British India	69,627	66,229	-	-
Netherlands	68,240	15,715	22,747	15,715
Switzerland	44,388	-	14,796	-
Belgium	38,559	12,853	12,853	12,853
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,618	25,443	24,618
Italy	21,263	6,430	7,088	6,430
	5,482,509	545,726	1,599,886	239,395

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

H-243

IMMEDIATE RELEASE
September 8, 1953

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, 1953, to August 29, 1953, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of August 29, 1953
Buttons		850,000	Gross	530,918
Cigars		200,000,000	Number	2,116,857
Coconut Oil		448,000,000	Pound	63,791,464
Cordage		6,000,000	Pound	2,983,626
Rice		1,040,000	Pound	2,500
Sugars	(Refined	1,904,000,000	Pound	-
	(Unrefined			1,317,903,751
Tobacco		6,500,000	Pound	1,770,932

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, September 9, 1953

H-243

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, 1953, to August 29, 1953, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of August 29, 1953
Buttons	850,000	Gross	530,918
Cigars	200,000,000	Number	2,116,857
Coconut Oil	448,000,000	Pound	63,791,464
Cordage	6,000,000	Pound	2,983,626
Rice	1,040,000	Pound	2,500
Sugars (Refined	1,904,000,000	Pound	-
Sugars (Unrefined			1,317,903,751
Tobacco	6,500,000	Pound	1,770,932

Treasury Dept. Washington

H-244

IMMEDIATE RELEASE
September 8, 1953
9

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to August 29, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Aug. 29, 1953
Whole milk, fresh or sour . . .	Calendar year	3,000,000	Gallon	8,549
Cream	Calendar year	1,500,000	Gallon	849
Butter	July 16, 1953-Oct. 31, 1953	5,000,000	Pound	1,691
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish . .	Calendar year	33,866,287	Pound	(1) Quota Filled
White or Irish potatoes:				
certified seed	12 months from Sept. 15, 1952	150,000,000	Pound	114,224,233
other		798,900,000	Pound	84,516,116
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	3,595
Cattle, 700 pounds or more each (other than dairy cows) . . .	July 1, 1953-Sept. 30, 1953	120,000	Head	12,772
Walnuts	Calendar year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1952	7,000,000	Pound	5,938,984
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1952	4,500,000	Pound	4,107,270
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1953	1,709,000	Pound	700
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	

(1) Imports for consumption at the quota rate are limited to 25,399,716 pounds during the first nine months of the calendar year.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, September 9, 1953

H-244

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to August 29, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Aug. 29, 1953
Whole milk, fresh or sour . . .	Calendar year	3,000,000	Gallon	8,549
Cream	Calendar year	1,500,000	Gallon	849
Butter.	July 16, 1953-Oct. 31, 1953	5,000,000	Pound	1,691
Fish, freah or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish. .	Calendar year	33,866,287	Pound	(1) Quota Filled
White or Irish potatoes:				
certified seed.	12 months from	150,000,000	Pound	114,224,233
other	Sept. 15, 1952	798,900,000	Pound	84,516,116
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	3,595
Cattle, 700 pounds or more each (other than dairy cows) . . .	July 1, 1953-Sept. 30, 1953	120,000	Head	12,772
Walnuts	Calendar year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1952	7,000,000	Pound	5,938,984
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Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1953	1,709,000	Pound	700
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	-

(1) Imports for consumption at the quota rate are limited to 25,399,716 pounds during the first nine months of the calendar year.

~~FOR~~ IMMEDIATE RELEASE,

H-245

September ~~8~~ 9, 1953

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953, to September 8, 1953	Established Quota	Imports May 29, 1953, to Sept. 8, 19[illegible]
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, September 9, 1953

H-245

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China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

[redacted]

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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 17, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 17, 1953. 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,

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H-246

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 10, 1953 .

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing September 17, 1953 , in the amount of $1,500,503,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 17, 1953 , and will mature December 17, 1953 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern/~~Standard~~ Daylight Saving time, Monday, September 14, 1953 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 10, 1953.

H-246

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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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the

Federal Reserve Bank on September 17, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 17, 1953. 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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IMMEDIATE RELEASE
Wednesday, September 9, 1953

H- 247

The Treasury Department announced today that reports thus far received from Federal Reserve Banks relating to subscriptions for the exchange offering of the 1-year 2-5/8% certificates of indebtedness and the 3-1/2 year 2-7/8% Treasury notes, to be dated September 15, amounted to $7,705,000,000. This represents about 96-1/2% of the $7,986,000,000 maturity.

Subscriptions to the 1-year 2-5/8% certificates of indebtedness amounted to $4,717,000,000. Subscriptions to the 3-1/2 year 2-7/8% notes amounted to $2,988,000,000, which is about 40% of the total subscriptions. These figures are nearly, but not quite, complete. Final results of the offering will be announced next Monday.

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 9, 1953. H-247

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TREASURY DEPARTMENT
Fiscal Service
Washington, September 11 1953

STATUTORY DEBT LIMITATION
AS OF August 31, 1953

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$20,207,918,000		
Certificates of indebtedness	21,655,091,000		
Treasury notes	35,468,958,500	$ 77,331,967,500	
Bonds -			
Treasury	81,232,182,950		
Savings (current redemp. value)	57,851,243,327		
Depositary	441,378,000		
Armed Forces Leave	—		
Investment series	13,193,500,000	152,718,304,277	
Special Funds -			
Certificates of indebtedness	26,473,239,000		
Treasury notes	14,514,401,900	40,987,640,900	
Total interest-bearing		271,037,912,677	
Matured, interest-ceased		247,143,450	
Bearing no interest:			
War savings stamps	47,543,421		
Excess profits tax refund bonds	1,430,416		
Special notes of the United States:			
Internat'l Monetary Fund series	1,291,000,000	1,339,973,837	
Total		272,625,029,964	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	62,124,236		
Demand obligations: C.C.C.	—	62,124,236	
Matured, interest-ceased		1,144,825	
		63,269,061	
Grand total outstanding			272,688,299,025
Balance face amount of obligations issuable under above authority			2,311,700,975

Reconcilement with Statement of the Public Debt August 31, 1953
(Date)
(Daily Statement of the United States Treasury, August 31, 1953)
(Date)

Outstanding -	
Total gross public debt	273,205,827,441
Guaranteed obligations not owned by the Treasury	63,269,061
Total gross public debt and guaranteed obligations	273,269,096,502
Deduct - other outstanding public debt obligations not subject to debt limitation	580,797,477
	272,688,299,025

H-248

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STATUTORY DEBT LIMITATION AS OF AUGUST 31, 1953

September 11, 1953

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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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Total		272,625,029,964	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	62,124,236		
Demand obligations: C.C.C.	—	62,124,236	
Matured, interest-ceased		1,144,825	
		63,269,061	
Grand total outstanding			272,688,299,025
Balance face amount of obligations issuable under above authority			2,311,700,975

Reconcilement with Statement of the Public Debt - August 31, 1953
(Daily Statement of the United States Treasury, August 31, 1953)

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Total gross public debt	273,205,827,441
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Deduct - other outstanding public debt obligations not subject to debt limitation	580,797,477
	272,688,299,025

H-248

For Release at 12 Noon
Friday, September 11, 1953

H-249

Treasury Secretary Humphrey today appointed Clarence E. Hunter of New York, New York, as the Treasury representative to the new United States Mission to the North Atlantic Treaty Organization and European Regional Organizations located in Paris.

Secretary Humphrey administered the oath of office to Mr. Hunter at noon today at the Shoreham Hotel where the Secretary is attending the annual meeting of the International Monetary Fund and the International Bank.

Mr. Hunter, who will serve as financial advisor to Ambassador Hughes, the chief of the Mission, will have the rank of Minister.

Mr. Hunter has had previous governmental experience as Chief of the Mutual Security Agency's Special Mission to the Netherlands, a post he held from 1949 until his resignation in June of this year. He had planned to leave the Mission earlier in the year, but remained for several additional months because of the emergency created by the disastrous floods. His home is presently in Montclair, New Jersey, but he is a native of Wellsburg, New York. Mr. Hunter entered the banking business in 1919, and prior to his government service was vice-president in charge of foreign business of The New York Trust Company, N. Y.

Mr. Hunter is a Director of the Council on Foreign Relations, New York, and is a former trustee and member emeritus of the National Industrial Conference Board, New York. He is a Knight of the Grand Cross of the Order of Orange-Nassau, an honor conferred by the Government of the Netherlands, and Commander of the Order of the Lion of Finland.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

FOR RELEASE AT 12 NOON
Friday, September 11, 1953 H-249

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Dr. Vaughn H. Mitchell, Dorothy Mitchell, San Francisco, California

Dr. Mitchell, a physician and surgeon, and his wife, Dorothy Mitchell, were found guilty of preparing a false income tax return for 1947, aiding and abetting each other in the preparation of a false return, and conspiracy to conceal income. Dr. Mitchell was fined $25,000 and sentenced to 3 concurrent 1-year prison terms, and placed on 5 years' probation. Mrs. Mitchell was fined $10,000. In 1949 Dr. Mitchell was acquitted of charges of evading his income taxes for 1942 through 1946, at which time the court expressed the opinion that the case was one of the most flagrant violations of the income tax laws that had ever come to its attention.

Chin Lim Mow, Oakland, California

Mow, using fifteen aliases, was engaged in real estate, merchandising, and the operation of a large Chinese gambling casino. He was found guilty of income tax evasion and sentenced to serve 10 years in prison and pay fines totalling $20,000 plus $6,000 court costs. In 1943 he was fined $10,000 and sentenced to serve 1 year and 1 day in prison on another income tax evasion charge.

Fred M. Saigh, St. Louis, Missouri

Saigh, owner of the St. Louis Cardinals baseball team was sentenced to serve 15 months imprisonment and fined a total of $15,000 for attempting to evade his income taxes for 1947 and 1949.

Dennis W. Delaney, Boston, Massachusetts

Mr. Delaney, former Collector of Internal Revenue at Boston, was sentenced to serve 6 months in jail following his plea of guilty to charges of income tax evasion. The sentence was to run concurrently with that imposed after conviction on bribery charges.

Lavonne and Joseph Gillespie, Des Moines, Iowa

Lavonne Gillespie, who has been arrested for unlawful sale of liquor, possession of gaming devices, lewdness, larceny, and the operation of a brothel and her former husband, Joseph Gillespie, who is alleged to be a gambler, were sentenced to prison for 2-1/2 years and 1 year, respectively, as a result of pleas to income tax violation charges. Mrs. Gillespie once complained that the internal revenue drive on racketeers had driven prostitution to its lowest ebb in history.

Sam F. Termini, Hillsborough, California

Termini, also known as Sam Murray, is a former employee of the late Kansas City underworld leader, Charles Binaggio, and in recent years has operated gambling enterprises in the vicinity of San Mateo, California. He was convicted of income tax evasion and sentenced to serve 3 years in addition to fines totalling $20,000.

Bert Rollinger, Le Mars, Iowa

Rollinger, an extortionist and former bootlegger, failed to report as income the funds which he received from an elderly widow by selling her glass gems as diamonds. He was found guilty of evading his 1948 income taxes and was sentenced to the penitentiary for 5 years.

Fred H. Herskovitz and Elias Berger, Long Beach, New York

Herskovitz and his son-in-law, Berger, were convicted of charges of wilful assistance in the preparation and presentation of fraudulent income tax returns for other persons. More than 5,000 returns were prepared by the defendants and each return understated the net income to the extent that additional taxes of $901,982.70 were assessed on them. Herskovitz was sentenced to serve 3 years in prison and fined $15,000. Berger was sentenced to serve 1 year and 1 day.

Gordon L. Sadur, Washington, D. C.
Abraham Sekulow, Jack Sekulow, Baltimore, Maryland

The Sekulow brothers, naturalized citizens of Russian birth, operate millinery stores selling popular priced hats. Sadur, a tax specialist, was found guilty of counselling the filling of the Sekulow returns for 1945 and 1946. A jury also convicted the Sekulow brothers on charges of filing fraudulent returns. The Sekulow brothers were eachfined $10,000 and costs and sent to prison for 6 months. Sadur was sentenced to serve 2 years in prison and fined $5,000 and costs.

Charles Blanda, Tom Incerto, Thomas Hovenic, Pueblo, Colorado

Blanda is reputed to be the head of the Southern Colorado Mafia. Incerto is his alleged enforcer, and Hovenic is a slot machine owner and operator. Following guilty pleas on charges involving their income taxes, Blanda and Incerto were each fined $5,000 and sentenced to serve 4 years in prison. Hovenic was fined $2,500 and sentenced to a 2-year term.

C. Roy Gaines, Fort Worth, Texas

Mr. Gaines entered a plea of guilty to charges of attempted evasion of his own income taxes, those of his wife, and also the corporate income taxes of his automobile agency. He was fined a total of $70,000.

Samuel N. Savitt, Rochester, New York

Savitt, who fled to Europe while under investigation for income tax irregularities and had served in the French Foreign Legion in Indo-China before being apprehended and extradited, pleaded guilty to income tax evasion and was sentenced to serve 2 years in prison to run concurrently with a 3-year sentence imposed for forging a United States Government check.

Salvatore Sollazzo, New York, New York

Sollazzo, a resident alien, is currently serving an 8 to 16 years sentence for bribing college basketball players. In 1933 he was sentenced to serve from 7-1/2 to 15 years imprisonment for grand larcency and armed robbery. In March 1953, he was sentenced to 1 year and 1 day and fined $2,000 on income tax evasion charges to which he pleaded guilty.

filed pleas of guilty or nolo contendere. Many of the cases still remain to be tried. Approximately 98 percent of the cases have resulted in convictions or pleas of guilty or nolo contendere.

In the past fiscal year regular tax fraud cases not involving racketeers, continued to play the leading role in Intelligence operations as to number of such cases investigated, and in the amount of additional taxes and penalties recommended, the Commissioner explained.

During the fiscal year 1,856 investigations involving regular fraud cases were completed, according to Commissioner Andrews. In these cases, assessments of additional taxes and penalties recommended by Special Agents amounted to $105,698,989.28. A total of 522 cases were referred to the District Enforcement Counsels' offices with a recommendation for prosecution, and 489 cases were there afterwards referred to the Department of Justice with a similar recommendation. A total of 475 of these cases were referred to United States Attorneys for trial and 438 persons were found guilty or entered pleas of guilty or nolo contendere.

Indictments were returned during the year against 601 persons and many of these individuals have not as yet been brought to trial. Of the criminal cases developed by Special Agents assigned to the Regular Tax Fraud Program, approximately 95 percent of those referred to the United States Attorneys for trial resulted in convictions, pleas of guilty, or pleas of nolo contendere.

Among the 884 taxpayers who were convicted and sentenced during the fiscal year were the following:

Additional taxes	$50,376,713.63
Fraud penalties	17,269,749.15
Other penalties	4,970,763.34
Total additional taxes and penalties	$72,617,226.12

"In addition, there were outstanding at the end of the fiscal year jeopardy assessments in 246 cases, totalling $35,118,511.58", the Commissioner added. "Jeopardy assessments are imposed to protect the interests of the Government in those instances in which there is reason to believe that the taxpayer may seek to avoid payment by disposing of or secreting his assets, or that the ability of the Government to collect the taxes due may be endangered.

"Cases on 281 individuals were referred to the Department of Justice during the year for criminal prosecution. Indictments were returned against 223 persons and 163 were convicted. Of the criminal cases forwarded to the United States Attorneys for trial, approximately 95 percent resulted in either convictions, pleas of guilty, or pleas of nolo contendere."

During the fiscal year, 19,764 wagering occupational tax stamp applications were filed, 9,539 by principals and 10,225 by agents, the Commissioner stated. The stamp tax yielded $682,928.19 in revenue, while the ten percent excise tax on gross wagers produced $9,570,435.38, or total wagering tax receipts of $10,253,364.07.

The cases of 457 individuals were referred to United States Attorneys for criminal prosecution. Indictments were returned or criminal informations filed against 435 persons, 283 of whom have been convicted or have

95 percent of the cases presented for trial and resulted in prison sentences totalling 349 man years and fines aggregating $3,026,538.00. Fraud penalty but no prosecution was recommended in 1,234 cases; 196 resulted in additional deficiencies but no fraud penalties; 148 were closed without change; and 439 were found not to warrant a fraud investigation.

An analysis of the occupations of the taxpayers whose prosecution was recommended for alleged tax fraud showed that 56.7% of them were classified as racketeers, gamblers, numbers operators, etc.

"Historically, the investigation of income tax evasion by criminals and racketeers has been a notable part of the work of Special Agents of the Internal Revenue Service", Commissioner Andrews said. "Many notorious criminals of national disrepute have been ~~harassed and~~ imprisoned as a result of tax cases. During the past fiscal year the Racketeer Program stabilized on a level of high efficiency and is being continued as an integral part of normal Intelligence operations. In each Intelligence Division in the Internal Revenue Districts there are skilled and experienced Special Agents assigned to ferret out the facts concerning the financial affairs of members of the underworld. These Agents are assisted in their task by selected Examining and Collection Officers. Members of the Racket Squads identify possible tax evaders among criminal groups and then apply the extra effort required in such cases to develop evidence to support criminal sanctions or civil penalties."

During the fiscal year 15,872 racketeer cases were closed, with deficiencies in 7,241 of such cases. Assessment of additional taxes and penalties was recommended as follows:

Treasury Department Release

Release Sunday Newspapers ~~FOR RELEASE SEPT. 13~~ Sept. 13, 1953

H-250

Commissioner of Internal Revenue T. Coleman Andrews today reported to Secretary of the Treasury G. M. Humphrey that Special Internal Revenue Agents completed more than 46,000 investigations during the fiscal year ended June 30, 1953.

These 46,114 investigations included 37,322 involving alleged violations of internal revenue laws of which 3,296 involved suspected criminal fraud, 23,857 were preliminary investigations, and 10,169 special or collateral investigations. The investigations resulted in recommendations for the assessment of additional taxes and penalties totalling $178,316,215.40.

In addition, there were 8,728 investigations of applicants seeking enrollment to practice before the Treasury Department and 64 investigations involving charges against enrollees. As of June 30, 1953, there were 1,085 Special Agents and 132 Acting Special Agents. Examining and Collection Officers are assigned locally on a temporary basis to assist the Special Agents when needed.

An analysis of the 3,296 investigations of suspected criminal fraud shows that 1,276 were referred to the Regional Counsels' offices with recommendation for criminal prosecution. Convictions were obtained in

TREASURY DEPARTMENT

Information Service

WASHINGTON, D.C.

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September 13, 1953

H-250

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Among the 884 taxpayers who were convicted and sentenced during the fiscal year were the following:

Charles Blanda, Tom Incerto, Thomas Hovenic, Pueblo, Colorado

Blanda is reputed to be the head of the Southern Colorado Mafia. Incerto is his alleged enforcer, and Hovenic is a slot machine owner and operator. Following guilty pleas on charges involving their income taxes, Blanda and Incerto were each fined $5,000 and sentenced to serve 4 years in prison. Hovenic was fined $2,500 and sentenced to a 2-year term.

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Mr. Gaines entered a plea of guilty to charges of attempted evasion of his own income taxes, those of his wife, and also the corporate income taxes of his automobile agency. He was fined a total of $70,000.

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Sam F. Termini, Hillsborough, California

Termini, also known as Sam Murray, is a former employee of the late Kansas City underworld leader, Charles Binaggio, and in recent years has operated gambling enterprises in the vicinity of San Mateo, California. He was convicted of income tax evasion and sentenced to serve 3 years in addition to fines totalling $20,000.

Bert Rollinger, Le Mars, Iowa

Rollinger, an extortionist and former bootlegger, failed to report as income the funds which he received from an elderly widow by selling her glass gems as diamonds. He was found guilty of evading his 1948 income taxes and was sentenced to the penitentiary for five years.

Fred H. Herskovitz and Elias Berger, Long Beach, New York

Herskovitz and his son-in-law, Berger, were convicted of charges of wilful assistance in the preparation and presentation of fraudulent income tax returns for other persons. More than 5,000 returns were prepared by the defendants and each return understated the net income to the extent that additional taxes of $901,982.70 were assessed on them. Herskovitz was sentenced to serve three years in prison and fined $15,000. Berger was sentenced to serve 1 year and 1 day.

Gordon L. Sadur, Washington, D. C.
Abraham Sekulow, Jack Sekulow, Baltimore, Maryland

The Sekulow brothers, naturalized citizens of Russian birth, operate millinery stores selling popular priced hats. Sadur, a tax specialist, was found guilty of counselling the filling of the Sekulow returns for 1945 and 1946. A jury also convicted the Sekulow brothers on charges of filing fraudulent returns. The Sekulow brothers were each fined $10,000 and costs and sent to prison for 6 months. Sadur was sentenced to serve 2 years in prison and fined $5,000 and costs.

Chin Lim Mow, Oakland, California

Mow, using fifteen aliases, was engaged in real estate, merchandising, and the operation of a large Chinese gambling casino. He was found guilty of income tax evasion and sentenced to serve 10 years in prison and pay fines totalling $20,000 plus $6,000 court costs. In 1943 he was fined $10,000 and sentenced to serve 1 year and 1 day in prison on another income tax evasion charge.

Fred M. Saigh, St. Louis, Missouri

Saigh, owner of the St. Louis Cardinals baseball team was sentenced to serve 15 months imprisonment and fined a total of $15,000 for attempting to evade his income taxes for 1947 and 1949.

Dennis W. Delaney, Boston, Massachusetts

Mr. Delaney, former Collector of Internal Revenue at Boston, was sentenced to serve 6 months in jail following his plea of guilty to charges of income tax evasion. The sentence was to run concurrently with that imposed after conviction on bribery charges.

Lavonne and Joseph Gillespie, Des Moines, Iowa

Lavonne Gillespie, who has been arrested for unlawful sale of liquor, possession of gaming devices, lewdness, larcency, and the operation of a brothel and her former husband, Joseph Gillespie, who is alleged to be a gambler, were sentenced to prison for 2½ years and 1 year, respectively, as a result of pleas to income tax violation charges. Mrs. Gillespie once complained that the internal revenue drive on racketeers had driven prostitution to its lowest ebb in history.

Dr. Vaughn H. Mitchell, Dorothy Mitchell, San Francisco, California

Dr. Mitchell, a physician and surgeon, and his wife, Dorothy Mitchell, were found guilty of preparing a false income tax return for 1947, aiding and abetting each other in the preparation of a false return, and conspiracy to conceal income. Dr. Mitchell was fined $25,000 and sentenced to 3 concurrent 1-year prison terms, and placed on 5 years' probation. Mrs. Mitchell was fined $10,000. In 1949 Dr. Mitchell was acquitted of charges of evading his income taxes for 1942 through 1946, at which time the court expressed the opinion that the case was one of the most flagrant violations of the income tax laws that had ever come to its attention.

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~~SUGGESTED TREASURY RELEASE~~

~~For AM Papers Monday Sept 14~~

Release AM Newspapers
Monday, September 14, 1953

H-251

~~Washington, Sept.~~ Sales of Series E and H Savings Bonds during the first eight months of 1953 were $2,946,924,000, the Treasury announced today. Redemptions of matured E Bonds and unmatured Series E and H Bonds for the same period were $2,758,846,000. Cash sales of E and H Bonds exceeded redemptions of those series (matured and unmatured) by $188,077,000.

Sales of Series E and H Bonds during the first eight months of 1953 were up 24 per cent over the $2,369,953,000 sales during the same period of 1952. Total matured and unmatured redemptions of those series in 1953 were 2 per cent below the $2,825,401,000 total during the first eight months of 1952.

Sales of Series E and H Bonds in August were $346,267,000. That was an increase of 12 per cent over the $309,073,000 sold during August 1952.

Total redemptions of matured and unmatured Series E and H Bonds during August 1953 were $330,899,000. That was 4 per cent more than total redemptions in August 1952 of $318,685,000. This increase reflects the heavy Savings Bonds purchases of ten years ago as matured redemptions are increasing as the War Loan sales reach their maturity dates.

Seventy-five per cent of matured Series E Savings Bonds continue to be held by the owners under the optional extension plan. That percentage of retained matured Series E bonds has held steadily for over two years.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE A.M. NEWSPAPERS
Monday, September 14, 1953 H-251

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SEP 3 1953

MEMORANDUM TO MR. BARTELT

The following transactions were made in direct and guaranteed securities of the Government for Treasury investment and other accounts during the month of August, 1953:

Purchases	$ 6,100,000
Sales	5,722,600
Net Purchases	$ 377,400

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits and Investments

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 15, 1953. H-252

During the month of August, 1953 market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases of $377,400, Secretary Humphrey announced today.

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H-253

RELEASE MORNING NEWSPAPERS,
Tuesday, September 15, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated September 17 and to mature December 17, 1953, which were offered on September 10, were opened at the Federal Reserve Banks on September 14.

The details of this issue are as follows:

Total applied for - $2,555,693,000
Total accepted - 1,500,184,000 (includes $330,955,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.505/ Equivalent rate of discount approx. 1.957% per annum

Range of accepted competitive bids:

High - 99.520 Equivalent rate of discount approx. 1.899% per annum
Low - 99.505 " " " " " 1.958% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 42,338,000	$ 19,633,000
New York	1,723,790,000	980,256,000
Philadelphia	38,255,000	23,240,000
Cleveland	79,322,000	63,257,000
Richmond	26,242,000	25,883,000
Atlanta	50,952,000	36,035,000
Chicago	276,620,000	153,988,000
St. Louis	54,882,000	34,204,000
Minneapolis	24,273,000	15,248,000
Kansas City	67,629,000	44,853,000
Dallas	58,371,000	46,435,000
San Francisco	113,019,000	57,152,000
Total	$2,555,693,000	$1,500,184,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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70

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

Federal Reserve District	Series E-1954 Certificates	Series A-1957 Notes
Boston	$ 181,005,000	$ 118,673,000
New York	2,773,604,000	1,249,457,000
Philadelphia	126,384,000	83,913,000
Cleveland	155,629,000	159,343,000
Richmond	72,324,000	65,498,000
Atlanta	102,272,000	62,437,000
Chicago	505,418,000	596,303,000
St. Louis	137,130,000	130,249,000
Minneapolis	86,692,000	75,641,000
Kansas City	127,653,000	128,455,000
Dallas	105,212,000	60,140,000
San Francisco	342,492,000	267,467,000
Treasury	6,691,000	2,671,000
TOTAL	$4,722,506,000	$3,000,247,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Monday, September 14, 1953. H-254

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payers' money to finance investments abroad on a large scale in the development of competitive enterprise. Our scale of taxation is already too high and to maintain a sound and honest dollar we must bring our own expenditures and revenues into balance. We must continue to examine most carefully every proposal to spend money, whether it is a proposal for spending at home or abroad. The maintenance of our credit and of a sound dollar is most important for foreign countries as well as it is for us here at home. Prosperity in the United States is essential for prosperity in the rest of the world, and it is not only our duty but it is for the best interests of everyone concerned that we keep that fact always uppermost in our minds.

We are all indebted to Senator Capehart and his colleagues on the Senate Banking and Currency Committee for undertaking the exploration of this very important field. It has been a privilege to have this opportunity to meet with you gentlemen and to leave with you these few thoughts.

Since the end of the war, many countries abroad have been looking to the United States for assistance in financing their economic development. In many instances foreign countries have preferred to obtain their assistance from governmental sources. This raises the very serious question of to what extent this practice should be followed in the future and how it can best be provided, to whatever extent it seems best to carry it on.

Some countries have taken only limited steps to provide the conditions under which private investment will voluntarily move abroad on the basis of normal economic considerations. More attention must be paid abroad to making investment attractive to foreign capital. The countries which [illegible] have made the greatest strides in their development over the years are the countries which have provided the conditions under which private capital was most willing to invest. The United States and Canada are two of the most conspicuous examples of countries which have in the last century moved from the state of underdeveloped countries to strong industrial countries in a position to export capital. But I remind you that our development and Canadian development was on the basis of private investment voluntarily made. Countries will be better off if their capital requirement can be met by securing private investment, which brings with it not only money but technical know-how, established trade connections, and business experience.

I cannot foretell what you gentlemen are going to suggest as proper policy for the United States Government to apply in the field of foreign investment and I am sure there will be different views. I do not wish to prejudge the conclusion which may be reached either by this advisory group or by Senator Capehart's Committee. However, as Secretary of the Treasury I do want to make clear to everyone that the Government must question both its right and its financial ability to continue to use tax-coming years is a subject which you gentlemen will be thinking about.

In this connection we suggest that the two institutions should complement each other and overlap in their respective activities to the least possible extent. To accomplish this result it seems to us that the names of the institutions are of real significance and may be a guide to their respective fields of activity. The International Bank for Reconstruction and Development implies loans of a capital nature of long duration and for construction and development purposes. The Export-Import Bank implies the aid to exports and imports and to current trade by loans of much more rapid turnover and shorter duration. Indeed, the whole set-up for each institution is such that if confined to their respective fields much more definitely than has been the practice of the past a broader combined service can be given and competition between them practically eliminated.

Last week, as you may know, Senator Capehart, Senator Maybank and some of the rest of us attended the Annual Meeting of the International Monetary Fund and the International Bank for Reconstruction and Development. One of the sessions was devoted to a very interesting panel discussion on the role of private international investment in underdeveloped countries. We found it very enlightening to hear the views of outstanding representatives from some of the capital exporting countries as well as from countries seeking capital such as Egypt, India and Mexico. There is an obvious and important role for private enterprise to play in foreign investment. In fact, I hope that a much larger and more important role lies ahead for the profitable investment of private capital and technology abroad. These discussions will be published and available to you. I recommend them to you for study.

Statement ~~Prepared for delivery~~ by Secretary Humphrey at Senator Capehart's Advisory Group Meeting on September 15th 10:00 am Senate Caucus Room

Senator Capehart, Gentlemen:

We are all indebted to Senator Capehart for bringing together such an outstanding group of businessmen, labor leaders and farm leaders. I want to express our appreciation for the interest you have shown by coming here. I know that we will all benefit. The Government is indeed anxious to have the views of representative citizens' groups as to the proper course of action in our foreign economic policy. We want to learn the facts and obtain the views of others.

We have recently been giving special attention to the area of foreign investment and considering what are the appropriate roles for the United States investor and the United States Government. During the past few years American private investors have invested or reinvested abroad about a billion dollars a year net. These investments have been primarily in the dollar area. Early postwar private capital outflow was concentrated in Latin America, and Canada has taken an increasing amount in the last few years. Petroleum investments, which bulked large at first, have declined from the 1949 peak, and in 1951 the flow of petroleum investment was substantially less than the total invested in all other industries together. These substantial net U. S. private investments have exceeded by more than four times the combined annual net disbursements on loans of the International Bank and the Export-Import Bank.

During the last three years the International Bank has disbursed more than $400 million. The Export-Import Bank paid out nearly $900 million and received capital repayments of $565 million, resulting in net payments to ~~for~~ foreign borrowers of slightly more than $300 million. What these two banks have accomplished in recent years and what they can best achieve in facilitating private investment and economic development abroad in the

TREASURY DEPARTMENT
Washington

Statement by Treasury Secretary Humphrey before Senator Capehart's Advisory Group on International Trade, Senate Caucus Room, at approximately 10:00 A.M.
September 15, 1953

Senator Capehart, Gentlemen:

We are all indebted to Senator Capehart for bringing together such an outstanding group of businessmen, labor leaders and farm leaders. I want to express our appreciation for the interest you have shown by coming here. I know that we will all benefit. The Government is indeed anxious to have the views of representative citizens' groups as to the proper course of action in our foreign economic policy. We want to learn the facts and obtain the views of others.

We have recently been giving special attention to the area of foreign investment and considering what are the appropriate roles for the United States investor and the United States Government. During the past few years American private investors have invested or reinvested abroad about a billion dollars a year net. These investments have been primarily in the dollar area. Early postwar private capital outflow was concentrated in Latin America, and Canada has taken an increasing amount in the last few years. Petroleum investments, which bulked large at first, have declined from the 1949 peak, and in 1951 the flow of petroleum investment was substantially less than the total invested in all other industries together. These substantial net U. S. private investments have exceeded by more than four times the combined annual net disbursements on loans of the International Bank and the Export-Import Bank.

During the last three years the International Bank has disbursed more than $400 million. The Export-Import Bank paid out nearly $900 million and received capital repayments of $565 million, resulting in net payments to foreign borrowers of slightly more than $300 million. What these two banks have accomplished in recent years and what they can best achieve in facilitating private investment and economic development abroad in the coming years is a subject which you gentlemen will be thinking about.

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In this connection we suggest that the two institutions should complement each other and overlap in their respective activities to the least possible extent. To accomplish this result it seems to us that the names of the institutions are of real significance and may be a guide to their respective fields of activity. The International Bank for Reconstruction and Development implies loans of a capital nature of long duration and for construction and development purposes. The Export-Import Bank implies the aid to exports and imports and to current trade by loans of much more rapid turnover and shorter duration. Indeed, the whole set-up for each institution is such that if confined to their respective fields much more definitely than has been the practice of the past a broader combined service can be given and competition between them practically eliminated.

Last week, as you may know, Senator Capehart, Senator Maybank and some of the rest of us attended the Annual Meeting of the International Monetary Fund and the International Bank for Reconstruction and Development. One of the sessions was devoted to a very interesting panel discussion on the role of private international investment in underdeveloped countries. We found it very enlightening to hear the views of outstanding representatives from some of the capital exporting countries as well as from countries seeking capital such as Egypt, India and Mexico. There is an obvious and important role for private enterprise to play in foreign investment. In fact, I hope that a much larger and more important role lies ahead for the profitable investment of private capital and technology abroad. These discussions will be published and available to you. I recommend them to you for study.

Since the end of the war, many countries abroad have been looking to the United States for assistance in financing their economic development. In many instances foreign countries have preferred to obtain their assistance from governmental sources. This raises the very serious question of to what extent this practice should be followed in the future and how it can best be provided, to whatever extent it seems best to carry it on.

Some countries have taken only limited steps to provide the conditions under which private investment will voluntarily move abroad on the basis of normal economic considerations. More attention must be paid abroad to making investment attractive to foreign capital. The countries which have made the greatest strides in their development over the years are the countries which have provided the conditions under which private capital was most willing to invest. The United States and Canada are two of the most conspicuous examples of countries which have in the last century moved from the state of underdeveloped countries to strong industrial countries in a position to export capital. But I remind you that our development and Canadian development was on the basis of private investment voluntarily made. Countries will be better off if their capital requirement can be met by securing private investment, which brings with it not only money but technical know-how, established trade connections, and business experience.

I cannot foretell what you gentlemen are going to suggest as proper policy for the United States Government to apply in the field of foreign investment and I am sure there will be different views. I do not wish to prejudge the conclusion which may be reached either by this advisory group or by Senator Capehart's Committee. However, as Secretary of the Treasury I do want to make clear to everyone that the Government must question both its right and its financial ability to continue to use taxpayers' money to finance investments abroad on a large scale in the development of competitive enterprise.

Our scale of taxation is already too high and to maintain a sound and honest dollar we must bring our own expenditures and revenues into balance. We must continue to examine most carefully every proposal to spend money, whether it is a proposal for spending at home or abroad. The maintenance of our credit and of a sound dollar is most important for foreign countries as well as it is for us here at home. Prosperity in the United States is essential for prosperity in the rest of the world, and it is not only our duty but it is for the best interests of everyone concerned that we keep that fact always uppermost in our minds.

We are all indebted to Senator Capehart and his colleagues on the Senate Banking and Currency Committee for undertaking the exploration of this very important field. It has been a privilege to have this opportunity to meet with you gentlemen and to leave with you these few thoughts.

oOo

Q Do you think the new lows in the stock market recently indicate that a recession is on the way?

Q Is the Treasury studying a sales tax at the retail level or at the manufacturer's level?

Q As a result of the World Bank and Fund meeting last week do you think we are any nearer to convertibility?

Q Do you feel any stronger that we must break down tariff bearers?

Q There have been some rumors that you are now more concerned about a proper defense as opposed to budget balancing than you were some months ago. Have you changed your attitude?

Additional possible questions which could be or will be asked at the Press Club luncheon.

Q Isn't the Government responsible for higher interest rates on home mortgages?

Q Are you going ahead with studying the sales tax among other things in spite of Chairman Reed's statement that a sales tax cannot pass the next Congress?

Q Is a balanced budget always a good thing? That is, would not the cutting of spending or raising the taxes to get a balanced budget be a bad thing in a recession or adjustment?

Q President Truman said in Detroit last week that the higher interest rates "may be to the benefit of the money lender but it surely does hurt the rest of the people". Is this true?

Q You say that the dollar today is worth about fifty cents. The fact is that most Americans are getting twice or more dollars than they use to. Does not that make most Americans actually better off?

I have tried to ask some of the questions which occur to me. I will now be glad to answer questions on any additional subjects that I may not have covered.

current daily market purchases and sales of outstanding government securities current at that time. Within the past few days we have had a most gratifying response to a proposal to elect between a one-year and a $3\frac{1}{2}$-year maturity in refinancing a large issue that came due. Holders of more than $3 billion of the total issue elected to take the longer term security./

It is our firm intention that more intermediate and long-term issues will be ~~sld~~ sold at opportune times in the future. We will use care, of course, not to press the market unduly in competition with other state, municipal and private financing, which is being pressed this year in unprecedented amounts and requires great care on our part to avoid unduly interfering with it.

CONCLUSION

All in all, we have made some progress in this effort for an honest dollar. It will take a lot more time and a lot more work to make further progress, but we intend to keep at it. It is the kind of progress which does not often make headlines because it is not of a dramatic nature. But the preservation of our economy, as well as the preservation of the rights and privileges to decent living for the millions of Americans involved in it, make it all tremendously worth while even if not in a daily dramatic sense.

one. The stakes are too high to chance being only second best. This does not mean, however, that we cannot continue every day to more efficiently plan our programs to get the most for the money we spend. Simply spending billions of dollars does not necessarily guarantee the best defense. We must make sure that what we have is the most possible in intelligent planning and organization to provide that balance and efficiency of forces which will give the best defense at the minimum of cost to the economy of our nation.

I mentioned the operation of the Federal Reserve System as the second area which contributes to the effort to obtain honest money. The Federal Reserve has been assured by this Administration that it will have the prime responsibility for maintaining a proper money supply and conditions of bank credit free of artificial restraints. ~~The Federal Reserve will continue to allow the demand for money and credit to determine its actions.~~

The third area important to honest money is debt management. We have been asked if we have abandoned our goal to try to get more of this debt into long-term issues. We have not abandoned this goal in any sense. We took a first step back in April by putting out a 30-year bond. The rate of $3\frac{1}{4}$ percent was higher than the rate on previous issues, but it reflected the going rate as fixed by the overnight, but these forward obligations will be reduced by about $9 billion according to present estimates.

National security is a major consideration in this matter of bringing the budget into balance. This is obvious when you realize that nearly three-quarters of our total budget is being spent for that purpose. We cannot afford to take the broadax approach to reduction of the money we are spending for defense, and we have not done so. This Administration will, however, with its new Joint Chiefs of Staff at work, review the defense program completely to make sure that we are getting the most possible defense for the least possible dollars. It is going to take some real work and a real new product. It won't be done just by putting some additional chrome on the bumper. We have to have a brand-new model--one that will do even better than the one we did have--and still cost less money. With all the skill and ingenuity that there is in America, I feel sure that we can produce a new product, one that will give us a stronger, more efficient defense machine at less cost.

Recent revelations that the Russians may have gone beyond the atomic bomb in the field of nuclear weapons is additional sobering evidence that our course in being careful as we review our defense machine is a most proper issues in this 275-billion-dollar problem. We are trying to make it less inflationary by gradually extending the length of the maturities of the issues and placing more of it in the hands of investors and nonbank holders. Nearly three-quarters of the debt matures in less than five years. That is too high a percentage for the safety of an honest dollar.

Q   HOW ARE WE DOING IN GETTING HONEST MONEY?

How are we doing in getting honest money? I think we are making some progress. There are indications that the 13-year decline in the purchasing power of the dollar at last has been halted. The dollar which is worth only a little over 50 cents today was worth 100 cents some 13 to 15 years ago. The value of the consumer's dollar for all items has changed less than half a cent in the past six months as compared with a decline of nearly 20 cents in the past six years. While six months is of course a short time in which to gauge a trend, it does indicate that for the moment at least the dollar has become better stabilized.

In the budget field some real progress is being made. Estimated expenditures for the current year have been reduced by nearly $6½ billion under the estimates we found upon entering office. Eighty-one billion dollars of C.O.D. orders previously placed will come due in the next one, two or three years and must be paid for. These past obligations make it impossible to wipe out deficit financing

Q WHAT ARE WE DOING TO TRY TO PROVIDE HONEST MONEY?

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The first area has to do with the budget and deficit financing. When a government spends more than it takes in, it has to borrow to pay its bills, just as a family or a business does. When the government borrows from the banks, it creates more credit, increases the money supply, and thus can help to cause inflation. Inflation means that the dollar is worth less. Honest money means the absence of inflation and a more constant, assured value of the dollar.

The second area has to do with the proper activities of the Federal Reserve System. In the past, under Treasury domination the Federal Reserve has contributed substantially to inflation by artificial manipulation of the value of government bonds, which added substantially to the supply of currency and thus aided inflation. Freed from arbitrary control, it can contribute greatly to stability of the value of the dollar.

The third area is in the management of our too huge national debt. The well-being of the nation is substantially affected by the manner in which we refinance and place new will find from $5,000 to $25,000 in every pair of working hands.

Because people have saved and have the incentive to save, XXXXXXXXX American hands have power greater than any other hands in the world. If we do not continue to provide the incentive to save, people are going to save less and additional good things that can come from the investment of savings are going to decrease. If Americans lose the incentive to save, we are going to set America back so that an American's hands are no better than the hands of others.

Fair rates of interest and fair earnings on money saved and sound honest money are essential for saving. No one will save money that earns little or nothing or that he thinks will grow less and less valuable or may become worthless. Honest, good money and fair earnings on savings are primary objectives of this Administration. We know that good money means good times.

I think that most of us do not realize well enough until we stop to think about it just what it takes to make a job in America today. First it takes savings. Now, who are these people who save? They are almost everybody in America. They are the Americans who have savings accounts; they are the Americans who are buying insurance; they are the Americans who are paying on pension plans for decent old age, and many, many more.

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Because all these people save, there is money available for investment. This investment enables the development of not only our natural resources but also the scientists, managers, and all the people who cooperate in the production of machinery, the people who explore for new mines and oil wells, the people who build factories and equip them with tools, the farmers who produce so much more with modern farm equipment, the power plants, and the transportation so that the two hands of an American can produce twenty to a hundred times as much as those two hands could do without these great developments that savings have made possible.

This great power is in a pair of American hands because Americans saved. There is an investment of $17,000 for every man working in a steel plant today. This means that there are $17,000 worth of plant and tools which put power in his hands. In nearly any industry you

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This questionhas been asked by many people in connection with discussions about "hard money," "sound money," higher interest rates, the prices of government securities, etc. Information on all of these matters is due all Americans, and it is my purpose to keep trying to provide that information.

Fundamentally, what we are up to is simple. What we are trying to do is to make the money of America honest and sound so that it will better serve the well-being of the American people.

The average American has more than any other person in the world because he can produce more than any other person in the world. Why can he produce more? It is because Americans have saved money, and sound honest money is essential to continued saving. Because somebody had the will and the incentive to save money, it has XX been available in XXXXXXXX America to invest in plants, mines, transportation, power, tools, farm equipment, and all the things we take for granted today. Without them there would have been few of the jobs for the millions of Americans who earn their livelihodds with them and so are able to outproduce all others.

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Q WHY DOES THE GOVERNMENT HAVE TO PAY MORE INTEREST ON GOVERNMENT BONDS?

Over any extended period, interest rates will respond to the supply and demand for money. They are currently determined daily by widespread purchases and sales of securities in the financial markets. If a bond pays a fixed rate of interest, then the rate of interest which a purchaser of it will receive on his investment will depend upon the price he pays to buy it. If he pays par, he gets the fixed rate, but if he pays more or less than par, then the fixed rate will be equivalent to a lesser or greater rate on the amount of money he has paid to acquire it. When government bonds are sold by the Treasury either to refinance a maturing issue or to borrow new money, the rate of interest they bear must reflect the rates then currently being determined by the purchase and sale of other outstanding government securities on the open market. If a too much higher rate is put on the new bond, it favors the buyer as against the government and will further depress the price of other issues. But if too low a rate is paid on the new bond, buyers won't buy them but will purchase other securities which give a better return. So, interest rates for government bonds are not arbitrarily determined but are now fixed by current market conditions.

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Q WILL PROPOSED TAX CUTS GO THROUGH?

Some people have suggested that we shouldn't allow tax cuts to become effective January 1 unless we have a balanced budget. I do not know what we will have in sight, at least clearly in sight, when the next Congress convenes. But the progress we are making toward a balance is sufficient so that I do feel sincerely that the President's program of letting the excess profits tax die as well as making effective the reduction in personal income taxes on January 1 should be allowed to go through on schedule. There is nothing in our present estimates of spending and income which would tend to change our recommendation in this matter. We are continuing to make progress toward balancing the budget and we are going to keep right on trying in every reasonable way to do so. It is not an impossibility to balance the cash budget before the year is over, or at least to get into a current balance by that time.

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With the amount of debt we have maturing, the financing requirements to cover the estimated budget deficit, the unequal receipts of income because of the Mills Plan, and the possibility of large unexpected requirements for cash outlays in so many directions, it seems most imprudent to us not to have adequate elasticity to meet whatever our financial requirements may be. The problem concerns not economy but the fiscal management of the government. We pledged that we will continue to work for increased economies in government, whether or not we have the debt-limit ceiling that we requested.

However, as I said immediately following the Senate committee's decision, we will bow to their judgment and we will try in every way that we can to operate within the restrictions of the present limit. The total amount of September tax collections should be known within the next two weeks. If our income is up to estimates and there are no unexpected expenditures required, the chances are that we may be able to get by without going over the present debt limit and so not need a special session of Congress. It is my hope that we will be able to do so.

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ADVANCE FOR RELEASE AT 1 P.M.
WEDNESDAY, SEPTEMBER 16, 1953

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[redacted] REMARKS BY SECRETARY OF THE TREASURY
GEORGE M. HUMPHREY AT FIRST FALL LUNCHEON OF THE NATIONAL PRESS CLUB
WASHINGTON, D.C., AT 1 P.M., WEDNESDAY, SEPT. 16, 1953

Gentlemen:

Inasmuch as the main recent Treasury news was made by the $2 billion planned cut in fiscal '54 spending and the very successful Treasury refinancing, I am today without fresh, hard news to announce. So I will simply ask myself a few of the questions which seem to be in people's minds about our operations these days and try to answer them with something of the philosophy of what we are doing. Then I'll be glad to answer questions on matters which I may not have covered.

Q WHAT ABOUT THE DEBT LIMIT?

Just before the Congress adjourned, the House of Representatives by a large majority passed but the Senate Finance Committee refused to approve our request for an increase in the debt limit from 275 to 290 billion dollars. We thought then and think now that the increase was a proper request in the best interests of orderly fiscal management to provide adequate elasticity in handling our finances. The government is spending about $6 billion a month. If our balances fall below this, it means that we must operate on less than a thirty days' cash basis.

TREASURY DEPARTMENT
Washington

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Recent revelations that the Russians may have gone beyond the atomic bomb in the field of nuclear weapons is additional sobering evidence that our course in being careful as we review our defense machine is a most proper one. The stakes are too high to chance being only second best. This does not mean, however, that we cannot continue every day to more efficiently plan our programs to get the most for the money we spend. Simply spending billions of dollars does not necessarily guarantee the best defense. We must make sure that what we have is the most possible in intelligent planning and organization to provide that balance and efficiency of forces which will give the best defense at the minimum of cost to the economy of our nation.

I mentioned the operation of the Federal Reserve System as the second area which contributes to the effort to obtain honest money. The Federal Reserve has been assured by this Administration that it will have the prime responsibility for maintaining a proper money supply and conditions of bank credit free of artificial restraints.

The third area important to honest money is debt management. We have been asked if we have abandoned our goal to try to get more of this debt into long-term issues. We have not abandoned this goal in any sense. We took a first step back in April by putting out a 30-year bond. The rate of $3\frac{1}{4}$ percent was higher than the rate on previous issues, but it reflected the going rate as fixed by the current daily market purchases and sales of outstanding government securities current at that time. Within the past few days we have had a most gratifying response to a proposal to elect between a one-year and a $3\frac{1}{2}$-year maturity in refinancing a large issue that came due. Holders of more than $3 billion of the total issue elected to take the longer term security.

It is our firm intention that more intermediate and long-term issues will be sold at opportune times in the future. We will use care, of course, not to press the market unduly in competition with other state, municipal and private financing, which is being pressed this year in unprecedented amounts and requires great care on our part to avoid unduly interfering with it.

CONCLUSION

All in all, we have made some progress in this effort for an honest dollar. It will take a lot more time and a lot more work to make further progress, but we intend to keep at it. It is the kind of progress which does not often make headlines because it is not of a dramatic nature. But the preservation of our economy, as well as the preservation of the rights and privileges to decent living for the millions of Americans involved in it, make it all tremendously worth while even if not in a daily dramatic sense.

I have tried to ask some of the questions which occur to me. I will now be glad to answer questions on any additional subjects that I may not have covered.

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[illegible]

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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 24, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 24, 1953. 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,

H-257

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 17, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 24, 1953, in the amount of $1,500,229,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 24, 1953, and will mature December 24, 1953, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern/Daylight Saving ~~Standard~~ time, Monday, September 21, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 17, 1953. H-257

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TECHNICAL ASSISTANCE BOARD

Reference: MAL-10/Add.1
30 June 1953
RESTRICTED

Request for Technical Assistance
Under the Expanded Programme

ADDENDUM

The Executive Chairman has been informed by FAO that the services of Mr. Thomson, expert on agricultural marketing, are to be extended into 1954.

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Release Morning Newspapers
Friday, Sept 18, 1953

H-258

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the second quarter of 1953. Gold sales by the United States in this period were $128.2 million, compared to sales of $599.1 million in the first quarter. Sales in the first half of 1953 totaled $727.3 million.

In the twelve months ended June 30, 1953, net sales of monetary gold by the United States totaled $996.6 million. That figure contrasts with net gold purchases by the United States totaling $1,670.1 million in the preceding twelve-month period ended June 30, 1952.

The gold movement during July and August 1953 continued to be an outflow from the United States. Sales in the two months, which are not yet available for publication on a country-by-country basis, were $172.4 million and $78.6 million, respectively.

A table showing sales by country in the first two quarters of calendar 1953 and for the two fiscal years (ended June 30) 1952 and 1953, is attached.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES

(in millions of dollars at $35 per ounce)

Negative figures represent net sales by the United States; positive figures, net purchases.

Country	1st Quarter 1953*	2nd Quarter 1953*	Fiscal Year 1953 (July 1952-June 1953)	Fiscal Year 1952 (July 1951-June 1952)
Afghanistan	-	-	-	-$2.5
Argentina	-$54.9	-$20.0	-$94.8	-
Belgium	-36.5	-3.4	-63.9	20.2
Belgian Congo	-	-	-2.0	-
Canada	-	-	.3	6.9
Chile	-	-	-	2.0
Colombia	-3.5	-	-3.5	-19.2
Cuba	-	-	-	-20.0
Denmark	-13.2	-	-20.2	-4.2
Dominican Republic	-	-	-	-4.0
Egypt	-	-	-	-31.0
Finland	-	-	-	-4.8
France	-	-	-	71.6
Germany	-30.0	-10.0	-50.0	-
Greece	-	-	-	-16.4
Indonesia	-	-	-	-25.0
Lebanon	-1.0	-1.1	-2.8	-6.7
Mexico	-28.1	-	-53.1	112.7
Netherlands	-25.0	-	-125.0	-
Norway	-5.0	-	-5.0	-
Portugal	-15.0	-15.0	-34.9	-10.0
Salvador	-	-	-	-4.0
Sweden	-10.0	-	-10.0	-17.0
Switzerland	-20.0	-25.0	-45.0	22.5
Switzerland-Bank for Int'l Settlements	-23.5	-8.8	-34.5	5.8
Syria	-	-	-1.0	-3.3
South Africa	-	-	-	51.0
Turkey	-3.3	-	-1.2	-
United Kingdom	-320.0	-40.0	-440.0	1,469.9
Uruguay	-10.0	-5.0	-10.2	68.0
Vatican City	-	-	-	5.0
All Other	-.2	-.1	-	2.6
Total	-$599.1	-$128.2	-$996.6	$1,670.1

* There were no purchases of monetary gold by the United States in the first half of 1953.

Some figures may not add to totals because of rounding.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 22, 1953.

H-259

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated September 24 and to mature December 24, 1953, which were offered on September 17, were opened at the Federal Reserve Banks on September 21.

The details of this issue are as follows:

Total applied for - $2,150,175,000
Total accepted - 1,500,148,000 (includes $286,901,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.587 Equivalent rate of discount approx. 1.634% per annum

Range of accepted competitive bids:

High - 99.596 Equivalent rate of discount approx. 1.598% per annum
Low - 99.575 " " " " " 1.681% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 23,728,000	$ 23,428,000
New York	1,554,267,000	997,507,000
Philadelphia	35,318,000	19,618,000
Cleveland	46,090,000	43,220,000
Richmond	25,106,000	24,906,000
Atlanta	25,592,000	24,242,000
Chicago	207,584,000	167,034,000
St. Louis	36,676,000	36,662,000
Minneapolis	16,873,000	16,045,000
Kansas City	73,835,000	56,865,000
Dallas	24,393,000	23,393,000
San Francisco	80,713,000	67,228,000
Total	$2,150,175,000	$1,500,148,000

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

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Dallas	24,393,000	23,393,000
San Francisco	80,713,000	67,228,000
TOTAL	$2,150,175,000	$1,500,148,000

The great productive power that is in a pair of American hands today rests in the fact that Americans have saved. With sound money, Americans will keep saving and make possible further investments which will develop even greater and better things for a more fruitful life for all.

Our national security is also involved. Sound money is of the utmost importance to it. Without sound money and without the sound economy that sound money produces, the great productive power of America will deteriorate, and it is America's productive power when mobilized that has won two wars and now provides the greatest deterrant to aggression thru out the entire world. Sound money is the basis for both our economic and our military security. Sound money is essential for the future of America. ~~Essential for you and for us.~~

~~Sound money is our goal. We intend to pursue it with all our strength.~~

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A prosperous nation--which means continuing high levels of employment and production--can only be assured by sound money, for prosperity that is not solidly based on sound money is illusory, fleeting and sure to end in disaster. We shall continue to press resolutely toward our goal of high employment and sustained prosperity.

CONCLUSION

I have described what I consider to be the three pillars of sound money. They are familiar to all of you. They are objectives which we have pursued and will continue to pursue diligently in the months ahead. The achievement of sound money is one of the most important charges placed upon this Administration. It is important because sound money lies at the very base of our national existence. Sound money is fundamental for saving.

Because Americans have saved, we have developed our national resources. We have trained the scientists, the managers, and all the people who make possible the production of complicated machinery, the people who build factories, the farmers who have put modern equipment to such great use, the technicians who have made our great power plants and transportation systems possible. All these things would not have been possible if the savings of the people had not been available to finance them.

Then why have these millions of people saved and what must we do so that they willkeep on saving? Sound money is an essential to keep people saving money. Without assurance in the worth of their money in the future, as well as the ability to obtain a fair rate of income while it is being saved, people are either going to save less or not at all. No one will save if he fears that the money he saves will be worth less and less as time goes on or may even become worthless entirely.

~~less than 100 percent operation~~ in some cases that ~~may~~ be all that the country ~~we~~ needs for awhile. But does this mean catastrophe? Our volume of production and employment can be higher than ever ~~before~~ and we may still have some capacity in reserve. High volume but good supply--that means competition, efficiency and more value for the consumer's dollar. Surely we have not deteriorated in this country so ~~far~~ that all we can see is calamity if the day of allocation and the order-taker is passing and we again have ~~to~~ develop a salesman.

It cannot be that Americans can fear a free competitive economy. That is what we have thrived on. That is how we grew great. The necessity for a little more active selling never hurt anyone. A little more quality, a little more value for the customer has given us the best merchandise in the world. A little more production from the same amount of human effort through organization, management, ingenuity and invention, labor power and tools has given us higher and higher standards of living. Surely we are not fearful that we cannot do it again. It is the American way. Bankers, too, can do their part. You too can and should look forward with confidence. Your service can be improved. You can do that little extra for your customer to help him do his share. And if we all do all we should, America will march forward on sounder ground than we have had under our feet for some time.

I can assure you that this Government is dedicated to the maintenance of a high level of employment and production and it will pursue policies to foster that end.

quarter businessmen have been expecting and predicting some downturn. It has not materialized in many lines because government and private spending has been increasing faster than new productive capacity came in. Government spending now appears to be on the road to reduction. That is what the American people want and demand. But in spite of all we can do and all the savings we can make, a relatively small reduction is the most that we can hope to accomplish--quickly. That means that there will still be a tremendous amount of money to be currently pumped into the economy~~, without creating additional goods for public consumption.~~

And furthermore it is the definite policy of this Administration, through tax reductions, to return to the people for them to spend for themselves all ~~that the government has been spending for them just as fast as~~ this real savings in government spending which can be reasonably anticipated.

As I promised at the time, the excess profits tax will expire on December 31st, and there will be no request for renewal. At the same time an average of 10 percent reduction in individual income taxes is scheduled to go into effect, and it will become effective ~~barring only calamity in the meantime.~~ Many further adjustments in taxes are now under consideration by the Ways and Means Committee and the Treasury for submission to the next Congress.

The great additions to producing capacity in several lines which have been stimulated by government action over the past few years are now becoming available. The volume of goods we can now produce is far greater than ever before. Less than full ~~Less than 100 percent~~ operation in some lines will develop ~~far greater~~ more ~~amounts of~~ material than we have ever had ~~before~~, and it may well be that

THE CURRENT OUTLOOK

Now I want to say just a word about the current outlook. My crystal ball is no bigger or brighter than yours. Indeed the composite knowledge from so many localities represented in this room is far superior to anything we know. We are most anxious to learn from you. The decline in the stock market is heralded by ~~many~~ some as a sure sign of disaster. I cannot believe that that is so. It may well be that, as the fear of inflation declines, some switching is taking place from ~~equities~~ stocks to bonds or cash ~~prior obligations~~ which the holders have not dared to make during the past period of growing inflation. It may also be that there is some fear of declining earnings as certain supplies more nearly approach demand and goods become available. That ~~ought to be~~ is nothing to shiver about. In our great and growing economy some adjustment is constantly going on. Wherever adjustment is required, let's face it with confidence and get at it. ~~We here, after searching analysis, believe that the underlying situation is strong.~~

I do not believe in blind faith. If trouble is possible, just the opposite is indicated. Keep your eyes open. Seek out the soft spot and see what can be done about it. For over two years now, from quarter to

Miss Lannon
a clean copy on reading speech only ///

Insert in Secretary's speech, to be read but not included in press copies

I want to express here our very deep appreciation of the time, effort and advice which is always at our command and given to us frequently by ~~the~~ some of the fine standing committees of your organization ~~under the chairmanship of Mr. and Mr.~~ . The members of these committees have even given their vacation time this summer--taken long trips many times and given their advice to ~~wisely guided us in~~ these very difficult decisions. We are most grateful to them.

I also want to mention how very [redacted] sorry I am to have missed meeting some ~~missed shaking hands with many~~ of you people and your wives at the reception at the Gallery Sunday. There was quite a crush, and I am sorry to have missed many of you. However, I hope to see most [redacted] of you in person at the various functions which are going on this week.

are is redeemable at the holders option

Nearly ~~three-quarters~~ of this ~~huge~~ debt ~~matures~~ within less than five years. One of the things we are trying to do is to extend that average maturity gradually. ~~This, of course, makes the whole debt sounder because an excess of very short-term securities are very close to printing money.~~

~~There has been some public questioning as to whether we have abandoned our goal of trying to get more debt into long-term issues. We have not abandoned that goal in any~~ sense. We took a first step in this direction back in April by putting out a 30-year bond at 3¼ percent. That rate was higher than the rate for previous issues, ~~but it re-~~ flected the going rate at the time of the issue as ~~fixed~~ determined by the daily current market purchases and sales of outstanding government securities. Earlier this month we had ~~a very~~ an encouraging response to a proposal which allowed a choice between one and 3½-year maturities in refinancing an issue of $7.9 billion. ~~It was most encouraging to have~~ About ~~$3~~ 3 billion of the total ~~exchanged~~ was voluntarily placed in the longer term security.

It is our firm intention to offer more intermediate and long-term issues at opportune times in the future. We will use care, of course, not to press the market in competition with state, municipal and private financing which is at a peak of demand at the present time.

~~The average interest rate on the debt has gone up [illegible] than one-tenth of one percent thus far this year. On our present debt, that would increase interest costs by about $250 million a year. Now let's look at the other side of the coin. The people of America spend about $230 billion a year. Inflation at the previous annual average rate of about six percent in prices would add nearly $14 billion to what people have to pay for the things they want to buy.~~

~~While these figures are general, I think they are indicative of the fact that we are working in the right direction. The fact is that the total price index went up by only one-half of one percent during the past year.~~

I should also note ~~note also~~ that the Federal Reserve System has no "hard" money policy. It is a good money policy. It is free to allow the demand for money to have its normal and natural effect and to supply funds to keep pace with normal growth. It believes as we do that good money makes good times.

<u>DEBT MANAGEMENT</u>

The third and final pillar is proper debt management. ~~This is a role in which the Treasury has a very major, if not almost exclusive, role.~~ As of the moment our debt is at More than $273 ~~more than [illegible]~~ billion — which is a terrific amount of debt. The manner in which this debt is handled — that is, maturing issues refinanced and new issues placed — has a very substantial bearing upon the well-being of our nation's economy.

As you gentlemen well know, the March 1951 accord partly restored effective monetary policy to its rightful place in our economy. It laid the groundwork for the policy which the present Administration is pledged to continue.

~~A basic result of the fact that the Federal Reserve~~ System now is operating properly is the fact that there has been very little inflation in the past two years. Between the summers of 1951 and 1952 consumer prices rose by 3 percent. From 1952 to the present they have increased only one-half of one percent. This is in contrast to the rise of more than 30 percent in consumer prices for the five years from 1946 to 1951, or an average increase for the period of 6% a year.

The present Administration has assured the Federal Reserve System that the System has and will continue to have the prime responsibility for effective monetary policy in this country and that it will be responsible for providing the proper money supply and conditions of credit without artificial restraints.

Under the present policy, credit has tightened somewhat and the government has to pay a little more for its money. But for the country as a whole the important thing is that monetary policy is again operating to help us avoid further inflation -- and eventually deflation, too.

To measure the effectiveness of monetary policy in dollars and cents is difficult. But the general size of figures may be indicative.

In the years ~~up to~~ preceding the March 1951 accord, the Federal Reserve System, under Treasury domination, contributed substantially to inflation by artificial manipulation of the value of government securities ~~bonds~~. ~~[illegible]~~ During and after World War II, the Federal Reserve System lost much of its independence. It was used by the Treasury to raise unprecedented amounts of money, and during the war this requirement completely overshadowed ~~[illegible]~~ monetary policy. As long as the war was on and government controls kept wages and prices pretty well in line, there wasn't so much trouble. But when in 1946, direct controls were removed without also concurrently releasing the Federal Reserve, the excesses of the war years brought ~~[illegible]~~ inflation and hardship to millions of Americans.

In the years from 1946 to 1951, the Federal Reserve was a prisoner of the Treasury policy in handling the national debt. Instead of ~~adequately tightening the money and credit supply by~~ allowing the natural increases in interest rates, the Federal Reserve focused major attention on making sure that the Treasury could handle the debt at low rates. This was not in the best interests of the country as a whole. It resulted in the absence of effective monetary policy until the accord of March 1951.

Too rapid movement on our part at this time in crowding into this market and increasing the already enormous demand for longer term funds might very well still further unduly press up on the interest rates for all loans and even deny many other governmental and private borrowers an opportunity to obtain the necessary funds.

It is also our goal to move at opportune times ~~as rapidly as possible to place~~ a portion of the debt out of the banks into the hands of private investors. ~~where it is much less inflationary. This is as you well know because bank-held securities, add to the potential credit supply of the nation.~~

~~[illegible]~~ Randolph Burgess, who is known to most of you and who is the Treasury's chief officer in this matter of debt management, will talk to you in more detail and more scientifically, I am sure, tomorrow about this very important subject. Before I leave it, however, I wish to make known to you my very great appreciation for the work that Mr. Burgess is doing not only for the Treasury but for the whole country in his very intelligent, patient and wise counsel in this very difficult matter of handling our public debt.

~~I also want to here express our very deep appreciation of the tireless effort and advice which is always at our command and given to us frequently by the fine committees of this organization under the chairmanship of Mr. and Mr. . The members of these committees have even given their vacation time this summer — taken long trips many times and wisely guided us in these very difficult decisions. We are most grateful to them.~~

THE FEDERAL RESERVE SYSTEM

The second pillar of sound money is a properly functioning Federal Reserve System. This is another way of saying effective monetary policy. The balance between the money and credit supply and the actual flow of goods in commerce is best maintained by letting the price of money rise and fall with the demand for money. At the same time our Federal Reserve System can and should use its powers to keep the market for credit orderly and to avoid excesses in either direction, to avoid either inflation or deflation.

The great and really important reason, however, why it is most difficult to radically cut expenditures and bring both a balanced budget and a tax reduction into quick being at the same time relates to our national security. Without due consideration for it, the rapid reduction of expenses would be comparatively easy. But with the real possibility of an atomic Pearl Harbor hanging directly over our heads, and ~~now~~ with the knowledge of the Russian capability to produce an even more potent weapon, national security ~~must be~~ is a matter of first concern.

I do not mean that ~~all~~ hope of reduction in expenditures and taxes must be abandoned. Quite the contrary. But the necessity for caution and planning and assurance that reductions are justified before they are made ~~becomes~~ is paramount. A balance between our military and our economic security must be achieved. The ability, the ingenuity, the ~~management~~, planning and experience of all Americans, under ~~the~~ present able leadership of our ~~present~~ Defense Department, I am sure will devise and provide means of accomplishing ~~same~~ stronger defense for less money as time goes on. We cannot move as rapidly as we would like, but our course is plain, our objective is definite, and we will achieve it with only the time necessary to be sure of the safety of our actions as we move toward it.

best way. The operation of the Mills Plan, with which you are all familiar, requires the payment of 90 percent of the corporate tax money in the first half of next calendar year. In accordance with the practices established by our predecessors when the plan was first inaugurated, tax anticipation notes in the amount of several billion dollars must be issued in the last half of the calendar year, when only 10 percent of corporate taxes are received, against the 90 percent to be received in the following spring. This makes a temporary increase in the government debt a practical necessity for a short period even though a cash balance in the annual expenditure is achieved, and under present laws there is no way to avoid it.

~~We have been asked many times why we were so late in raising the question. The answer is simple. The appropriations committees of Congress were late in determining how much the expenditures were to be, and, of course, until they were set there was no way to know how much money would be required. We moved the minute we knew the facts. There was no political trick or pressure involved in any way. It was simply a case of not screaming before we knew we were hurt and then moving as soon as we really knew what was required.~~

Every banker knows that the matter of estimating budget expenditures is further complicated by the necessity for estimating the distribution of those expenditures from month to month--and even day by day in some instances--and preparing to have sufficient funds on hand to ~~always~~ be able to meet current requirements. You all appreciate that that is why we cannot run our cash balances too low--a point we made in the debt limit discussion. It is sometimes hard ~~for those outside the profession~~ to realize that if our cash runs down too much, a few days of unexpectedly heavy expenditures, or an unpredictable shift of a few days in tax receipts, might easily force the Treasury to do borrowing at a time when conditions in the money market were not propitious or in amounts that might substantially exceed our estimated borrowings. Every banker knows that some real elasticity in such circumstances is only prudent management. That was the basis for our request for raising the debt limit.

We were not seeking to remove any limitation on or deterrent to greater spending. We have demonstrated, we hope, to everyone our insistent interest in and demand for economy and getting our money's worth, but because we are responsible for the government's fiscal policies we must have the elasticity required to plan them in the

For instance, over 70 percent of our expenditures are for national security programs, and even a relatively small estimating error can mean hundreds of millions of dollars. For these ~~Our security~~ programs alone we are ~~is~~ spending about a billion dollars a week. There are other programs, too, where the relative margin of error is even greater than it is for the military, although there may not be so many dollars involved. Take the Commodity Credit Corporation for example. In order to figure its ~~[illegible]~~ net outlays in advance you have to not only estimate the size of the various crops but also just how the farm price support program is going to work out in the year ahead and, even more important, how much of it will be handled by the banks instead of the Treasury. In the last fisc year (1953) ~~Last January~~ the budget estimate was about $800 ~~[illegible]~~ million for Commodity Credit but when the year closed it actually turned out to b about $1 mor ~~during the current fiscal year. One of our problems now in trying to cut expenditures this year is the fact that this estimate is already turning out to be too low. Therefore, even though we have cut the total of estimated budget expenditures by $6½ billion since January, we have had to more than double the estimate for Commodity Credit outlays and make offsetting cuts elsewhere.~~ That just one illustration. There are many, many others.

For this encouraging start, the Administration is deeply indebted to the Congress and to the various departments and agencies of government for their wholehearted cooperation. Unless some ~~unexpected~~ event arises which substantially changes ~~the~~ need for money ~~need~~, we ~~are confident~~ believe that we are finally on our way toward getting the budget under control. Of course, this is all based upon estimates--estimates wh ich we hope are realized~~,~~--but this business of estimating how much the government is going to take in and pay out has a great many pitfalls.

Estimating a year ahead in a business this size is more than risky and a small percent of error in our huge figures can mean the difference of a great deal of money. ~~We know pretty well how much we are going to pay for things such as interest on the public debt, veterans' pensions, and many more or less fixed changes. But thre are a great many other programs in the various governmental departments where it is not so easy and they make up the bulk of our budget.~~

Eighty-one billion dollars of C.O.D. orders which were placed by the Government from one to three years ago will come due in the next year or two and must be paid for. These ~~anticipated~~ ~~inherited~~ inherited obligations make it impossible to balance the budget overnight, but even these forward obligations will be cut this year by more than $9 billion, according to present planning.

As our midyear budget review showed, we have turned the corner in attempting to get our government's finances in hand. For the first time in the past few years we are planning to spend less this year than in the year before. The ~~sharp rise in~~ rising curve in Federal spending has now turned downward. ~~We are very much encouraged to now forecast that by the end of this fiscal year we may be within less than a billion dollars of balancing our cash outgo with our cash income.~~ This ~~would be~~ is a very encouraging development. If we can reach a current balance in our cash income and cash expenditures by the end of this fiscal year, it will be much better than we had dared to hope for six months or so ago.

The budget review we announced a month ago also is a turning point because for the first time ~~in 6 years~~ since 1948 we have ~~an~~ total appropriations ~~total~~ which ~~is~~ are less than estimated receipts for the year. This ~~is most significant in planning for~~ points to future reductions in both spending and taxation.

Our goal in each of these areas is clear. If we have not achieved our goal overnight, it is not only because of the size of the job itself but also because we realize that our economy is a very sensitive mechanism and we must proceed carefully, but always steadily, toward the goal we seek. Too drastic and precipitous action might react badly in many ways. We must approach our objective cautiously but resolutely and always press toward it.

THE BUDGET

The first pillar--and one which we have already made substantial progress in strengthening--is the budget pillar. As you gentlemen well know, deficit financing--that is, spending more than you take in--means more and more borrowing and debts which in times of high employment and incomes lead to inflationary pressures and unsound money. When a government spends more than it takes in, it has to borrow to pay its bills. When a government borrows from the banks, it creates more credit, increases the money supply, and thus helps cause inflation. This is what we are trying to check.

The midyear review of the 1954 fiscal budget showed some real progress being made in getting the budget in hand. Estimated expenditures have been reduced by nearly $6½ billion under the spending estimates this administration found upon taking office in January. In addition, income was overestimated by more than a billion dollars. So that the prospective deficit XXXXXXXX$XXXXXXXXXX has really been cut from over $11 billion to less than $4 billion.

[illegible] Address by Secretary of the Treasury Humphrey before opening session of the American Bankers Association, Constitution Hall, Washington, D.C., 10:00 a.m., Tuesday, September 22, 1953

THE THREE PILLARS OF SOUND MONEY

The decision of the American Bankers Association to hold this year's convention here in Washington, ~~[illegible]~~ was made at your sessions three years ago. Many things can happen in three years and many things have happened. A new Republican Administration is here to welcome you now and I as Secretary of the Treasury wish you a warm welcome. You have done and are doing a magnificent work in assisting the Treasury particularly in the distribution of Savings Bonds. Nothing is more important in the Treasury's plans and few things are ~~nothing is~~ of greater significance in our whole economy. We thank you and rely upon your further intensified efforts.

Since you as bankers are concerned intimately every day with the money problems of this nation, I am going to take the liberty this morning of talking for a few moments about what this Administration is trying to do to achieve sound money. I say sound, not hard ~~or any other kind~~ but ~~money~~.

Sound money is based upon three principal pillars-- a proper ~~balanced~~ budget, policy, a properly functioning Federal Reserve System, and proper debt management. This administration is working constantly to strengthen all three pillars.

Insert money

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

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Sound money is based upon three principal pillars--a proper budget policy, a properly functioning Federal Reserve System, and proper debt management. This administration is working constantly to strengthen all three pillars. Our goal in each of these areas is clear. If we have not achieved our goal overnight, it is not only because of the size of the job itself but also because we realize that our economy is a very sensitive mechanism and we must proceed carefully, but always steadily, toward the goal we seek. Too drastic and precipitous action might react badly in many ways. We must approach our objective cautiously but resolutely and always press toward it.

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Eighty-one billion dollars of C.O.D. orders which were placed by the government from one to three years ago will come due in the next year or two and must be paid for. These inherited obligations make it impossible to balance the budget overnight, but even these forward obligations will be cut this year by more than $9 billion, according to present planning.

As our midyear budget review showed, we have turned the corner in attempting to get our government's finances in hand. For the first time in the past few years we are planning to spend less this year than in the year before. The sharply rising curve in Federal spending has now turned downward. This is a very encouraging development. If we can reach a current balance in our cash income and cash expenditures by the end of this fiscal year, it will be much better than we had dared to hope for six months or so ago.

The budget review we announced a month ago also is a turning point because for the first time since 1948 we have total appropriations which are less than estimated receipts for the year. This points to future reductions in both spending and taxation.

For this encouraging start, the Administration is deeply indebted to the Congress and to the various departments and agencies of government for their wholehearted cooperation. Unless some unexpected event arises which substantially changes the need for money, we believe that we are finally on our way toward getting the budget under control. Of course, this is all based upon estimates--estimates which we hope are realized--but this business of estimating how much the government is going to take in and pay out has a great many pitfalls.

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THE FEDERAL RESERVE SYSTEM

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In the years preceding the March 1951 accord, the Federal Reserve System, under Treasury domination, contributed substantially to inflation by artificial manipulation of the value of government securities. During and after World War II, the Federal Reserve System lost much of its independence. It was used by the Treasury to raise unprecedented amounts of money, and during the war this requirement completely overshadowed monetary policy. As long as the war was on and government controls kept wages and prices pretty well in line, there wasn't so much trouble. But when in 1946 direct controls were removed without also concurrently releasing the Federal Reserve, the excesses of the war years brought inflation and hardship to millions of Americans.

In the years from 1946 to 1951, the Federal Reserve was a prisoner of the Treasury policy in handling the national debt. Instead of allowing the natural increases in interest rates, the Federal Reserve focused major attention on making sure that the Treasury could handle the debt at low rates. This was not in the best interests of the country as a whole. It resulted in the absence of effective monetary policy until the accord of March 1951.

As you gentlemen well know, the March 1951 accord partly restored effective monetary policy to its rightful place in our economy. It laid the groundwork for the policy which the present Administration is pledged to continue.

I should also note that the Federal Reserve System has no "hard" money policy. It is a good money policy. It is free to allow the demand for money to have its normal and natural effect and to supply funds to keep pace with normal growth. It believes as we do that good money makes good times.

DEBT MANAGEMENT

The third and final pillar is proper debt management. As of the moment our debt is more than $273 billion--which is a terrific amount of debt. The manner in which this debt is handled--that is, maturing issues refinanced and new issues placed--has a very substantial bearing upon the well-being of our nation's economy.

Nearly three-quarters of this debt matures within less than five years or is redeemable at the holder's option. One of the things we are trying to do is to extend that average maturity gradually.

We took a first step in this direction back in April by putting out a 30-year bond at $3\frac{1}{4}$ percent. That rate was higher than the rate for previous issues, but it reflected the going rate at the time of the issue as determined by the daily current market purchases and sales of outstanding government securities. Earlier this month we had an encouraging response to a proposal which allowed a choice between one and $3\frac{1}{2}$-year maturities in refinancing an issue of $7.9 billion. About $3 billion of the total exchanged was voluntarily placed in the longer term security.

It is our firm intention to offer more intermediate and long-term issues at opportune times in the future. We will use care, of course, not to press the market in competition with state, municipal and private financing which is at a peak of demand at the present time.

Too rapid movement on our part at this time in crowding into this market and increasing the already enormous demand for longer term funds might very well still further unduly press up on the interest rates for all loans and even deny many other governmental and private borrowers an opportunity to obtain the necessary funds.

It is also our goal to move at opportune times a portion of the debt out of the banks into the hands of private investors.

Randolph Burgess, who is known to most of you and who is the Treasury's chief officer in this matter of debt management, will talk to you in more detail and more scientifically, I am sure, tomorrow about this very important subject. Before I leave it, however, I wish to make known to you my very great appreciation for the work that Mr. Burgess is doing not only for the Treasury but for the whole country in his very intelligent, patient and wise counsel in this very difficult matter of handling our public debt.

THE CURRENT OUTLOOK

Now I want to say just a word about the current outlook. My crystal ball is no bigger or brighter than yours. Indeed the composite knowledge from so many localities represented in this room is far superior to anything we know. We are most anxious to learn from you. The decline in the stock market is heralded by some as a sure sign of disaster. I cannot believe that that is so. It may well be that, as the fear of inflation declines, some switching is taking place from stocks to bonds or cash which the holders have not dared to make during the past period of growing inflation. It may also be that there is some fear of declining earnings as certain supplies more nearly approach demand and goods become available. That is nothing to shiver about. In our great and growing economy some adjustment is constantly going on. Wherever adjustment is required, let's face it with confidence and get at it.

I do not believe in blind faith. If trouble is possible, just the opposite is indicated. Keep your eyes open. Seek out the soft spot and see what can be done about it. For over two years now, from quarter to quarter businessmen have been expecting and predicting some downturn. It has not materialized in many lines because government and private spending has been increasing faster than new productive capacity came in. Government spending now appears to be on the road to reduction. That is what the American people want and demand. But in spite of all we can do and all the savings we can make, a relatively small reduction is the most that we can hope to accomplish--quickly. That means that there will still be a tremendous amount of money to be currently pumped into the economy. And furthermore it is the definite policy of this Administration, through tax reductions, to return to the people for them to spend for themselves all the real savings in government spending which can be reasonably anticipated.

As I promised at the time, the excess profits tax will expire on December 31st, and there will be no request for renewal. At the same time an average of 10 percent reduction in individual income taxes is scheduled to go into effect, and it will become effective. Many further adjustments in taxes are now under consideration by the Ways and Means Committee and the Treasury for submission to the next Congress.

The great additions to producing capacity in several lines which have been stimulated by government action over the past few years are now becoming available. The volume of goods we can now produce is far greater than ever before. Lower levels of operation in some lines will develop more material than we have ever had, and it may well be that in some cases this output may be all that the country needsfor awhile. But does this mean catastrophe? Our volume of production and employment can be higher than ever and we may still have some capacity in reserve. High volume but good supply--that means competition, efficiency and more value for the consumer's dollar. Surely we have not deteriorated in this country so that all we can see is calamity if the day of allocations and the order-taker is passing and we again have to develop a salesman.

It cannot be that Americans can fear a free competitive economy. That is what we have thrived on. That is how we grew great. The necessity for a little more active selling never hurt anyone. A little more quality, a little more value for the customer has given us the best merchandise in the world. A little more production from the same amount of human effort through organization, management, ingenuity and invention, labor power and tools has given us higher and higher standards of living. Surely we are not fearful that we cannot do it again. It is the American way. Bankers, too, can do their part. You too can and should look forward with confidence. Your service can be improved. You can do that little extra for your customer to help him do his share. And if we all do all we should, America will march forward on sounder ground that we have had under our feet for some time.

I can assure you that this Government is dedicated to the maintenance of a high level of employment and production, and it will pursue policies to foster that end.

CONCLUSION

I have described what I consider to be the three pillars of sound money. They are familiar to all of you. They are objectives which we have pursued and will continue to pursue diligently in the months ahead. The achievement of sound money is one of the most important charges placed upon this Administration. It is important because sound money lies at the very base of our national existence. Sound money is fundamental for saving and the creation of jobs.

Because Americans have saved, we have developed our national resources. We have the scientists, the managers, and all the people who make possible the production of complicated machinery, the people who build and work in factories, the farmers who have put modern equipment to such great use, the technicians, mechanics and workmen who have made our great power plants and transportation systems possible. All these things and the employment they provide would not have been possible if the savings of the people had not been available to finance them.

Then why have these millions of people saved and what must we do so that they will keep on saving? Sound money is an essential to keep people saving money. Without assurance in the worth of their money in the future, as well as the ability to obtain a fair rate of income on it when it is saved, people are either going to save less or not at all. No one will save if he fears that the money he saves will be worth less and less as time goes on or may even become worthless entirely.

The great productive power that is in a pair of American hands today rests in the fact that Americans have saved. With sound money, Americans will keep saving and make possible further investments which will develop more employment and even greater and better things for a more fruitful life for all.

Our national security is also involved. Sound money is of the utmost importance to it. Without sound money and without the sound economy that sound money produces, the great productive power of America will deteriorate, and it is America's productive power when mobilized that has won two wars and now provides the greatest deterrent to aggression throughout the entire world. Sound money is the basis for both our economic and our military security. Sound money is essential for the future of America.

A prosperous nation--which means continuing high levels of employment and production--can only be assured by sound money, for prosperity that is not solidly based on sound money is illusory, fleeting and sure to end in disaster. We shall continue to press resolutely toward our goal of high employment and sustained prosperity.

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encouraging and not impairing the steady, forward growth of the country's activity.

It is our belief that a sound debt policy will itself make for greater confidence, stimulate enterprise, and contribute to the well-being of all the people.

We can do no better at this time than to recall the words of George Washington in his Farewell Address:

> "As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burthen which we ourselves ought to bear."

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S U M M A R Y

There is every reason to look forward with confidence to this country's ability to put its financial house in better order without any serious disruption of credit or markets. The stream of the Nation's savings is huge -- larger than ever before; the credit base is secure; the banking system is sound. With a reasonable assurance of sound, honest money, of stable buying power, there is no better investment than securities of the United States Government. The banks, insurance companies, and other financial institutions, businesses, and individuals have shown both their capacity and desire to cooperate with their Government in this effort.

The speed with which the National debt can be re-distributed will have to depend on the rate of the flow of savings; the pressure of demand for funds from other sources; and the state of the money market. You can't force free markets, and the Treasury has no intention of doing so. It took a long time, a huge war, and a huge defense program to get us where we are. It will take time to re-adjust.

In this process we shall always have as our objective, sound money and economic stability, avoiding either inflation or deflation, and other financing is lighter.

Lengthening the debt can apply to the banks, too, as well as to nonbank investors. In 1939, before World War II, the average maturity of Governments held by the banks was nine years. Today, it is three years.

The Government debt would be more orderly; the dangers of inflation and deflation would be reduced; the risk of interfering with the steady flow of funds into productive use would be less, if the bank-held Government debt were smaller and better distributed over a period of years. The experience of the September refunding offers hope that, under suitable conditions, this can be brought about.

(a) Government trust funds are absorbing $3 billion a year of Government securities — a large part of which may be considered long-term funding, such as go into ~~are used in~~ pension and insurance funds.

(b) State and local governments buy about three quarters of a billion a year of U. S. Governments, about half of it for pension funds.

(c) Individuals and other pension and trust funds are steady though not large buyers.

(d) Insurance companies and savings banks are potential buyers at present yields.

(e) Individual buyers of Savings Bonds have this year, been buying more E and H Savings Bonds than they are cashing in. We believe, with your cooperation, these sales can be increased substantially.

A steady flow of funds such as these will, over a period of years, absorb substantial amounts of long-term bonds, especially at times when

LOOKING AHEAD

The steps taken so far in funding the debt hardly show in the totals. With this huge debt, getting shorter day by day, you have to run fast to keep even. In 1954, we shall still have to refund a quarter of the debt.

But it is not as bad as it looks.

First, the budget picture is greatly improved. The newly released figures discussed yesterday by Secretary Humphrey mean that there is real hope that we may be nearly through with raising cash to finance a deficit. Without new cash to raise, we and the market will be freer to deal with refunding.

Second, the market has now shown evidence that it has weathered a re-adjustment to higher yields and is able to stand on its own feet without price props.

Third, experience shows us that, over a period, there are substantial amounts of funds available for investment in U. S. Government long-term bonds at fair rates. Let me name a few sources.

As it is, the few steps we have taken toward spreading out the debt, together with other pressures for funds and the Federal Reserve policy of mild credit restraint, have caused some jolts and bumps in the market. Some of these have been unpleasant, particularly for holders of long-term Government bonds, who have seen the prices of their bonds depreciate in the market. Most holders, including bankers, have taken the price change in good spirit and with understanding, as one of the normal risks of investment.

Fortunately also, the adjustment to freer markets and more realistic rates was begun several years ago and especially since the accord reached by the Federal Reserve System and the Treasury in the ~~S~~pring of 1951. For example, the longest 2-1/2~~%~~ percent bonds were selling above 106 in April 1946; they were down to 95 1/4 in January 1953, dropped ~~to~~ below 90 early in June and are now back up above 93 1/4.

You can't move from an inflationary financing policy to a sound one without some readjustment. ~~The objective of~~ Sound, honest money cannot be achieved without paying some price, and it is worth the price.

The only other substantial pool of non-bank funds was in the hands of corporations and other non-bank, short-term investors. We provided securities which would attract that money in the form of Treasury bills and tax anticipation certificates.

The net result was that we ~~were~~ have been able to ~~raise $10 billion of new money thus far~~ finance huge deficits this year without any net increase in bank holdings of Government securities and, hence, without any increase in inflationary pressures due to that cause.

From time to time the banks have been most helpful in the initial sale of new issues both through their own purchases and handling purchases for their customers. Steady absorption of bills and certificates by business and other buyers has, in turn, ~~balanced~~ reduced bank ~~buying~~ holdings.

In addition to the financing for new money, a short and modest step has been made in stretching out maturities in refunding issues by giving holders a choice between one-year and somewhat longer maturities. We should have liked to have moved further in this direction, but market conditions did not justify it.

to buy a properly priced long-term Government bond. We, therefore, offered such a bond in April at the going market yield, which was the lowest yield at which it could be sold -- 3-1/4~~%~~ percent. The bond was substantially oversubscribed but, for two and a half months after its issuance, dipped below par due to a variety of causes, including especially the huge volume of new financing by corporations, states and municipalities, which put in the market $7 billion of new securities in the first six months of the year -- a larger amount than ever before. The 3-1/4 percent bond has now regained a satisfactory position in the market.

~~With respect to the 3-1/4% rate, data recently made available for State~~ pension funds which have legal requirements as to earnings, show an average required rate of 3.20 percent. For insurance companies the minimum rate required to maintain policy reserves is 2-3/4 to 3%. A 3-1/4% bond is thus an appropriate permanent investment for these types of funds.

Let me reiterate that it was the going market rate for that maturity ~~when it was issued.~~

In the judgment of the Federal Reserve System, there were still inflationary pressures; the Reserve Banks raised their discount rates early in the year and the System was pursuing a general policy of credit restraint.

What this all added up to was that the Treasury ought to finance its deficit and handle its refunding in such a way as to avoid an increase in bank credit through our operations. This meant financing with securities that could stand on their own feet without Federal Reserve support and which would be taken largely by non-bank investors.

Accordingly, we made an analysis of the availability of funds. We were greatly aided in our study by a nation-wide committee of the American Bankers Association, a similar committee of the Investment Bankers Association, and committees representing the savings banks, life insurance companies, and by other groups and individuals.

It was clear from this analysis that there were two pools of funds which we could draw upon outside the commercial banks. There was a limited amount of long-term money available in the hands of insurance companies, savings banks, pension funds and other private and institutional investors prepared to make sure that our operations would stimulate neither inflation nor deflation. This meant, in fact, deciding our policy in cooperation with the Federal Reserve System, whose duty it is under the law to administer the money supply with these same objectives.

By any objective test, the country was at or near the top of one of the greatest booms America had ever known. The production index of the Federal Reserve Board was making new high peacetime records month by month and was 10 percent higher than the year before. The national income measured in inflation dollars was steadily climbing and was $20 billion larger than a year ago.

There was full and overtime employment.

Private bank credit was still rising, particularly in the fields of consumer credit and real estate credit, in a way that was giving concern to many careful ~~students~~ observers. Heavy deficit financing faced us, and direct controls were being lifted.

The principal offsetting tendency was weakness in some agricultural prices, due to large crops and diminished exports.

it has no elbow room to turn around; it is constantly off balance and keeps the market off balance. Even worse, a continuous stream of Treasury borrowing leaves no space in the market for the Federal Reserve System to operate, when it needs to make a policy move to resist inflation. The Reserve System cannot serve two masters at the same time; it can't lend necessary aid to Treasury financing and, at the same time, tighten money to check inflation in the broad public interest.

The amount, the character, the placing, and the timing of public debt moves add up to pressure for inflation or deflation. We want to avoid both.

The second great principle of debt management is that it should aid and not impair the dynamic growth of the economy. It must not ~~interfere~~ impede ~~with~~ the free flow of funds into business enterprise. Its policies should encourage saving, for saving provides the capital basic to economic growth.

OPERATIONS IN 1953

In accordance with the foregoing principles, our problem in 1953 was not just one of finding out what securities the market would take at what rate, but it was also one of making an appraisal of the economic situation markets. The national debt is woven into every corner of our economic life. What can be done with the debt depends on the stream of incomes and expenditures and savings and investment. And, in turn, what is done with the debt has a vigorous impact on the whole financial life of the country and on the welfare of all the people.

Therefore, debt management cannot be conducted in a vacuum but is related to the country's economic life. And I suggest that there are two great principles which form the objective and the framework for decisions on the debt.

The first is to avoid inflation or deflation. That means to manage the debt in the interest of sound, honest money which retains a fairly stable buying power. That apparently simple statement covers a lot of territory. It is shorthand for a seething mass of operations by which the Treasury pumps money out to pay its bills -- takes money out of the market as it collects taxes and borrows, dealing each time with thousands of banks and millions of individuals.

If the Treasury has to borrow money too often in the course of a year, A substantial part of the inflation, which doubled the price level and cut the buying power of the dollar in half in 13 years, was due to financing too much of the debt at short-term through the banks and so creating bank credit, in effect, printing money. The total money supply, currency and bank deposits, swelled from less than $65 billion in 1939 to $195 billion in December 1952. This printing press operation doubled the price level — the cost of living — more than doubled the price of a house — of a piece of beef, or a suit of clothes. Every person in the country was hurt in one way or another and especially people who saved or who lived on fixed or sluggish incomes. The only gainers were the speculators or the pressure groups which kept their own incomes a jump ahead of the trend.

These facts, with which you are all familiar, were the reasons for the President's program of debt management.

TWO PRINCIPLES OF DEBT MANAGEMENT

Now a few words as to the framework in which debt management operates. It is not just a mechanical problem, nor is it just a problem of finding gradually placing greater amounts in the hands of longer-term investors.

" * * * Past differences in policy between the Treasury and the Federal Reserve Board have helped to encourage inflation. Henceforth, I expect that their single purpose shall be to serve the whole Nation by policies designed to stabilize the economy and encourage the free play of our people's genius for individual initiative. * * * "

FACTS

The facts of the shape of the debt are a matter of public record.

In 1953, the Treasury has had to finance maturities and redemptions of over $60 billion and a deficit of $9 to $10 billion. Thus, a sum equal to one-fourth of the national debt had to be financed in a year. Before the end of the year, we shall have gone to the market, either for refunding or raising cash, nine times, exclusive of weekly offerings of Treasury bills.

Nearly three-quarters of the debt matures, either definitely or optionally, within five years.

Also, our ability to carry the debt depends on growth. If we nourish a dynamic economy of free men, so that our strength grows steadily and surely, the debt won't seem as big. That is the lesson of history.

There is a third course -- to inflate -- to so increase the national income by price inflation that the debt seems relatively smaller. That is a form of partial repudiation, a reduction of the real value of our bonds and our money. That is what has been done -- and what we are stopping. We want growth and not inflation.

Meantime, before we reduce the debt, we have to live with her.

THE PROGRAM

In his State of the Union Message on February 2nd, President Eisenhower, in dealing with the national debt, said:

" * * * It is clear that too great a part of the national debt becomes due in too short a time. The Department of the Treasury will undertake -- indeed has undertaken -- at suitable times a program of extending part of the debt over longer periods and

Our public debt today is, in part, a symbol of a great war which we and our partners won.

Almost everyone in this room is a holder of part of the debt in the form of Savings Bonds or other Treasury obligations. These bonds are among our most prized and satisfying possessions. In this uncertain world, they give us a sense of assurance and security. They may fairly be called the world's best investment.

The interest paid on the Government debt is not just a cost to the people; it is income to millions of individuals, either directly or through life insurance and savings accounts. When rates rise, the benefits as well as the costs increase.

In candor we would admit, however, that, from a broad economic point of view, the faults ~~vices~~ of our present huge debt far more than offset its virtues.

In the long run, the only real solution is gradually to reduce the debt. That is the American way. We have always done it before, and I believe we will again. Until we live in a more peaceful world, progress in this direction will be slow though we have started moving in the right direction.

System. That cooperation has been present in full measure this year. I believe there is no finer body of devoted public servants than the men and women in the Federal Reserve Board and Banks; they have proved it once more, as they have worked with the Treasury in recent months.

For years, I have known the public debt, but in the past nine months, since I became her slave, I have learned more of her tricks. She is a tough old bird to handle. She pokes her way into every cranny of American life, and she goes around interfering with all sorts of people.

The public debt levies interest payments on every one of us as taxpayers. But her most serious misbehavior is the way she disrupts the flow of our economic life when she gets out of hand. In the war, she and her wicked economic side partners caused inflation, and, even since 1946, she and they got out of control and put the cost of living up 35 percent. She breaks into the money market and the investment markets and disturbs the peace. She seems to be always under foot.

We should, however, remind ourselves that this character, like the girl with the curl on her forehead, can be good as well as horrid.

THE SHAPE OF THE DEBT

~~An~~ Address by W. Randolph Burgess,
Deputy to the Secretary, ~~U. S.~~ Treasury ~~Department~~,
~~Before~~ before the Annual Convention of the American Bankers Association,
Constitution Hall
Wednesday ~~Morning~~, September 23, 1953,
about 10:00 am
~~at Constitution Hall~~,
~~Washington, D. C.~~

* * * * *

The Treasury has a fine collection of portraits of former Secretaries, which are available to furnish its offices. When I moved into my historic office, I asked for the portrait of Carter Glass, of Virginia, and he hangs on the wall behind me, looking over my shoulder. If I can turn around and look him in the eye without quailing, I am satisfied.

Carter Glass believed in sound money, vigorously, tenaciously, and, at times, explosively. The Federal Reserve System, which he fathered, is this country's best instrument for sound money, as Secretary Humphrey suggested yesterday.

Carter Glass constantly reminds me of two principles.

One is that sound, honest money today, as always, is cherished and promoted by distinguished men of both parties.

The other is that the Treasury's role in maintaining sound money can be realized only in close and daily cooperation with a free Federal Reserve

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

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H-261

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If the Treasury has to borrow money too often in the course of a year, it has no elbow room to turn around; it is constantly off balance and keeps the market off balance. Even worse, a continuous stream of Treasury borrowing leaves no space in the market for the Federal Reserve System to operate, when it needs to make a policy move to resist inflation. The Reserve System cannot serve two masters at the same time; it can't lend necessary aid to Treasury financing and, at the same time, tighten money to check inflation in the broad public interest.

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OPERATIONS IN 1953

In accordance with the foregoing principles, our problem in 1953 was not just one of finding out what securities the market would take at what rate, but it was also one of making an appraisal of the economic situation to make sure that our operations would stimulate neither inflation nor deflation. This meant, in fact, deciding our policy in cooperation with the Federal Reserve System, whose duty it is under the law to administer the money supply with these same objectives.

By any objective test, the country was at or near the top of one of the greatest booms America had ever known. The production index of the Federal Reserve Board was making new high peacetime records month by month and was 10 percent higher than the year before. The national income measured in inflation dollars was steadily climbing and was $20 billion larger than a year ago.

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What this all added up to was that the Treasury ought to finance its deficit and handle its refunding in such a way as to avoid an increase in bank credit through our operations. This meant financing with securities that could stand on their own feet without Federal Reserve support and which would be taken largely by non-bank investors.

Accordingly, we made an analysis of the availability of funds. We were greatly aided in our study by a nation-wide committee of the American Bankers Association, a similar committee of the Investment Bankers Association, and committees representing the savings banks, life insurance companies, and by other groups and individuals.

It was clear from this analysis that there were two pools of funds which we could draw upon outside the commercial banks. There was a limited amount of long-term money available in the hands of insurance companies, savings banks, pension funds and other private and institutional investors prepared to buy a properly priced long-term Government bond. We, therefore, offered such a bond in April at the going market yield, which was the lowest yield at which it could be sold--3-1/4 percent. The bond was substantially oversubscribed but, for two and a half months after its issuance, dipped below par due to a variety of causes, including especially the huge volume of new financing by corporations, states and municipalities, which put in the market $7 billion of new securities in the first six months of the year--a larger amount than ever before. The 3-1/4 percent bond has now regained a satisfactory position in the market.

The only other substantial pool of non-bank funds was in the hands of corporations and other non-bank, short-term investors. We provided securities which would attract that money in the form of Treasury bills and tax anticipation certificates.

The net result was that we have been able to finance this year's huge deficit without any net increase in bank holdings of Government securities and, hence, without any increase in inflationary pressures due to that cause.

From time to time the banks have been most helpful in the initial sale of new issues both through their own purchases and handling purchases for their customers. Steady absorption of bills and certificates by business and other buyers has, in turn, reduced bank holdings.

In addition to the financing for new money, a short and modest step has been made in stretching out maturities in refunding issues by giving holders a choice between one-year and somewhat longer maturities. We should have liked to have moved further in this direction, but market conditions did not justify it.

As it is, the few steps we have taken toward spreading out the debt, together with other pressures for funds and the Federal Reserve policy of mild credit restraint, have caused some jolts and bumps in the market. Some of these have been unpleasant, particularly for holders of long-term Government bonds, who have seen the prices of their bonds depreciate in the market. Most holders, including bankers, have taken the price change in good spirit and with understanding, as one of the normal risks of investment.

Fortunately also, the adjustment to freer markets and more realistic rates was begun several years ago and especially since the accord reached by the Federal Reserve System and the Treasury in the spring of 1951. For example, the longest 2-1/2 percent bonds were selling above 106 in April 1946; they were down to 95½ in January 1953, dropped below 90 early in June and are now back up above 93½.

You can't move from an inflationary financing policy to a sound one without some readjustment. Sound, honest money cannot be achieved without paying some price, and it is worth the price.

LOOKING AHEAD

The steps taken so far in funding the debt hardly show in the totals. With this huge debt, getting shorter day by day, you have to run fast to keep even. In 1954, we shall still have to refund a quarter of the debt.

But it is not as bad as it looks.

First, the budget picture is greatly improved. The newly released figures discussed yesterday by Secretary Humphrey mean that there is real hope that we may be nearly through with raising cash to finance a deficit. Without new cash to raise, we and the market will be freer to deal with refunding.

Second, the market has now shown evidence that it has weathered a readjustment to higher yields and is able to stand on its own feet without price props.

Third, experience shows us that, over a period, there are substantial amounts of funds available for investment in U. S. Government long-term bonds at fair rates. Let me name a few sources.

(a) Government trust funds are absorbing $3 billion a year of Government securities--a large part of which may be considered long-term funding, such as go into pension and insurance funds.

(b) State and local governments buy about three quarters of a billion a year of U. S. Governments, about half of it for pension funds.

(c) Individuals and other pension and trust funds are steady though not large buyers.

(d) Insurance companies and savings banks are potential buyers at present yields.

(e) Individual buyers of Savings Bonds have this year, been buying more E and H Savings Bonds than they are cashing in. We believe, with your cooperation, these sales can be increased substantially.

A steady flow of funds such as these will, over a period of years, absorb substantial amounts of long-term bonds, especially at times when other financing is lighter.

Lengthening the debt can apply to the banks, too, as well as to nonbank investors. In 1939, before World War II, the average maturity of Governments held by the banks was nine years. Today, it is three years.

The Government debt would be more orderly, the dangers of inflation and deflation would be reduced; the risk of interfering with the steady flow of funds into productive use would be less, if the bank-held Government debt were smaller and better distributed over a period of years. The experience of the September refunding offers hope that, under suitable conditions, this can be brought about.

SUMMARY

There is every reason to look forward with confidence to this country's ability to put its financial house in better order without any serious disruption of credit or markets. The stream of the Nation's savings is huge--larger than ever before; the credit base is secure; the banking system is sound. With a reasonable assurance of sound, honest money of stable buying power there is no better investment than securities of the United States Government. The banks, insurance companies, and other financial institutions, businesses, and individuals have shown both their capacity and desire to cooperate with their Government in this effort.

The speed with which the National debt can be re-distributed will have to depend on the rate of the flow of savings; the pressure of demand for funds from other sources; and the state of the money market. You can't force free markets, and the Treasury has no intention of doing so. It took a long time, a huge war, and a huge defense program to get us where we are. It will take time to re-adjust.

In this process we shall always have as our objective, sound money and economic stability, avoiding either inflation or deflation, and encouraging and not impairing the steady, forward growth of the country's activity.

It is our belief that a sound debt policy will itself make for greater confidence, stimulate enterprise, and contribute to the well-being of all the people.

We can do no better at this time than to recall the words of George Washington in his Farewell Address:

> "As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear."

oOo

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.

~~ALPHA~~

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 1, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 1, 1953. 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,

~~Exhibit~~

~~ALPHA~~x

TREASURY DEPARTMENT
Washington

H-262

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 24, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 1, 1953, in the amount of $1,500,319,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 1, 1953, and will mature December 31, 1953, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, September 28, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

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The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 1, 1953, in the amount of $1,500,319,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 1, 1953, and will mature December 31, 1953, 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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Others than banking institutions will not be permitted to submit tenders except for their own account. 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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 1, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 1, 1953. 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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H-263

Friday

IMMEDIATE RELEASE
September 25, 1953

The Bureau of Customs announced today that the quota of 8,883,259 pounds of Mexican cotton of less than 1-1/8 inches in staple length (other than harsh or rough cotton of less than 3/4 inch in staple length, and other than linters) for the quota year opening September 21, 1953, was approximately 24 percent filled by entries presented at the opening of the quota. The Bureau authorized release of 2,100,679 pounds which represents all that was offered for entry.

The Canadian quota of 239,690 pounds of comber waste made from cotton of 1-3/16 inches or more in staple length, whether or not manufactured or otherwise advanced in value and cotton card strips and comber waste made from cotton of less than 1-3/16 inches in staple length, lap waste, sliver waste, and roving waste, whether or not manufactured or otherwise advanced in value, was filled by entries presented on September 21.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, September 25, 1953. H-263

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FOR RELEASE AT 7:00 O'CLOCK P.M.,
EASTERN DAYLIGHT SAVING TIME
Friday September 25, 1953

H-264

The Secretary of the Treasury announced today that the sale of Treasury savings notes, Series B, offered under Treasury Department Circular No. 922, dated May 11, 1953, will be terminated at the close of business Friday, September 25, 1953.

A new series of Treasury savings notes with interest rates revised downward to reflect recent changes in the Government Securities market will be made available for purchase on October 1, 1953.

Applications for the present series placed in the mail before 7:00 o'clock p.m., Eastern Daylight Saving Time, September 25, 1953, and those received by commercial banks and paid for by credit in the Treasury Tax and Loan Accounts before the close of business Friday, September 25, will be considered as having been entered before the termination of the sale of such notes.

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The new State Advisory Chairman is a past commander of the Gilbert C. Grafton Post of the American Legion, Fargo; is past president of the Fargo Chamber of Commerce; past president, Fargo Exchange Club; and former District Governor of Exchange Clubs for N. Dakota. He is a past president of the Fargo chapter of the American Institute of Banking and past Associate Councilman for that organization. He is currently a member of the N. Dakota House of Representatives for the term 1951-1953.

In addition to the above affiliations, Mr. McLellan is a member of the University Club of Fargo; The Fargo Country Club: 40 et 8; Shiloh Masonic Lodge; N. Dakota Bar Association; American Bar Association; and is a member of the First Presbyterian Church of Fargo.

RELEASE SUNDAY NEWSPAPERS, September 27, 1953

H- 265

[redacted] Secretary Humphrey today announced the appointment of Adrian McLellan, President, Merchants National Bank and Trust Company, Fargo, N. Dakota, as State Chairman of the U. S. Savings Bonds Advisory Committee for N. Dakota.

Mr. McLellan succeeds Clarke Bassett, who has been named Vice President of the First National Bank of Minneapolis. Secretary Humphrey, accepting Mr. Bassett's resignation, expressed the appreciation of the Treasury for the unselfish contribution he had made to the Savings Bonds program.

Secretary Humphrey wrote the new N. Dakota State Chairman as follows: "I am delighted to learn of your willingness to accept the Advisory Chairmanship of the Savings Bonds program for the State of N. Dakota. Our program needs leaders of your stature and we welcome you as the newest member of our team."

Mr. McLellan was born in Minto, N. Dakota, July 25, 1914. He is a graduate of the University of N. Dakota, both from the School of Commerce and the School of Law. He is married to the former Ada Thompson of Northwood, N. Dakota. They have two children, Don and Mary McLellan.

Mr. McLellan joined the Merchants National Bank at Fargo in 1939 as assistant Trust Officer. In 1942 he became a special agent for the F.B.I. In 1945 and 1946 he served in the U. S. Navy, and rejoined the Merchants National Bank in 1946.

TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

RELEASE SUNDAY NEWSPAPERS,
September 27, 1953.

H-265

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Secretary Humphrey wrote the new North Dakota Chairman as follows:

> "I am delighted to learn of your willingness to accept the Advisory Chairmanship of the Savings Bonds program for the State of North Dakota. Our program needs leaders of your stature and we welcome you as the newest member of our team."

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The new State Advisory Chairman is a past commander of the Gilbert C. Grafton Post of the American Legion, Fargo; is past president of the Fargo Chamber of Commerce; past president, Fargo Exchange Club; and former District Governor of Exchange Clubs for North Dakota. He is a past president of the Fargo chapter of the American Institute of Banking and past Associate Councilman for that organization. He is currently a member of the North Dakota House of Representatives for the term 1951-1953.

In addition to the above affiliations, Mr. McLellan is a member of the University Club of Fargo; The Fargo Country Club: 40 et 8; Shiloh Masonic Lodge; North Dakota Bar Association; American Bar Association; and is a member of the First Presbyterian Church of Fargo.

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FOR RELEASE

Thursday, October 8, 1953

Press Service

No. H-~~466~~ 266

The Treasury Department today made public data from the report, Statistics of Income for 1950, Part 1, compiled from individual income tax returns and from taxable fiduciary income tax returns, for the income year 1950. These tabulations are prepared under the direction of Commissioner of Internal Revenue T. Coleman Andrews.

This release contains three tables compiled from data reported on individual income tax returns and two tables compiled from data on taxable fiduciary income tax returns. Table 1 shows the number of individual returns, sources of income or loss, itemized deductions, tax liability, and tax payments, by taxable status and by adjusted gross income classes, while table 2 presents, by the same classifications, frequency distributions of returns for items tabulated in the first table. Table 3 contains selected data for individual returns by similar classifications with a further breakdown by marital status of the taxpayer. Table 4 shows the number of taxable fiduciary returns, sources of income or loss, deductions, and tax liability by total income classes; and table 5 presents, by the same classification, frequency distributions of returns for these items.

INDIVIDUAL RETURNS

The number of individual returns filed for the income year 1950 is 53,060,098. This is approximately one and one-quarter million more returns than were filed for the previous year. Current year returns include 15,518,466 optional returns, Form 1040A; 22,488,805 short-form returns, Form 1040; and 15,052,827 long-form returns, Form 1040.

Use of the optional standard deduction is reported on 42,739,800 returns. On 38,007,271 of these returns, the tax is determined from the tax table; however, the income and exemptions on 13,277,664 of these returns are such that there is no tax liability stated in the table.

The adjusted gross income reported is $179,874,478,000 and the income tax liability is $18,374,922,000. This is the largest amount of income tax ever reported by individuals. The tax increased $3,836,781,000, or 26.4 percent, over the tax for 1949.

Individual returns, 1950 and 1949

(Money figures in thousands of dollars)

	1950	1949	Increase or decrease (-) Number or amount	Percent
Total individual returns:				
Number of returns	53,060,098	51,814,124	1,245,974	2.40
Adjusted gross income	179,874,478	161,373,205	18,501,273	11.46
Taxable returns:				
Number of returns	38,186,682	35,628,295	2,558,387	7.18
Adjusted gross income	158,545,122	138,566,406	19,978,716	14.42
Tax liability	18,374,922	14,538,141	3,836,781	26.39
Nontaxable returns:				
Number of returns	14,873,416	16,185,829	-1,312,413	-8.11
With adjusted gross income:				
Number of returns	14,468,882	15,673,615	-1,204,733	-7.69
Adjusted gross income	21,329,356	22,806,799	-1,477,443	-6.48
With no adjusted gross income:				
Number of returns	404,534	512,214	-107,680	-21.02
Adjusted gross deficit	726,202	799,280	-73,078	-9.14

Returns included

The individual income tax returns included in this release are for the calendar year 1950, a fiscal year ending within the period July 1950 through June 1951, and a part year with the greater part of the accounting period in 1950. The returns are Forms 1040A and 1040, filed by citizens and resident aliens. Tentative returns are not included and amended returns are used only if the original returns are excluded. Statistics are taken from the returns as filed, prior to revisions that may be made as a result of audit.

Form 1040A is the employee's optional return which may be filed by persons whose total income is less than $5,000 consisting of wages reported on Form W-2 and not more than a total of $100 from other wages, dividends, and interest. The tax liability on Form 1040A is determined by the collector of internal revenue on the basis of the income reported, in accordance with a tax table provided under supplement T of the Internal Revenue Code, which allows for the exemptions claimed and also allows for deductions and tax credits approximating 10 percent of the income. The optional return cannot be used as a separate return for community income of husband or wife. A joint return of husband and wife may be filed on Form 1040A if their combined income meets the requirements for use of this form. On a joint return, the tax liability, determined from the tax table by the collector, is the lower of two taxes: an aggregate of the two taxes on the separate incomes of husband and wife or a tax on their combined income, which tax is the liability under the split-income method.

Form 1040, the regular income tax return, which may be either a long-form return or a short-form return, is used by persons who, by reason of the size or source of their income, are not permitted to use Form 1040A, and by persons who, although eligible to use Form 1040A, find it to their advantage to use Form 1040. Persons with adjusted gross income of less than $5,000, regardless of the source, may elect to file the short-form return on which nonbusiness deductions and tax credits are not reported, the tax being determined on the basis of adjusted gross income, by the taxpayer from the tax table provided under supplement T. If the taxpayer whose adjusted gross income is less than $5,000 wishes to claim nonbusiness deductions in excess of the standard deduction allowed through use of the tax table, he must file the long-form return and compute the tax liability on the basis of the net income after allowable exemptions. Persons with adjusted gross income of $5,000 or more file the long-form return and compute the tax liability. In computing the net income to be taxed, the taxpayer may use, in lieu of nonbusiness deductions, the optional standard deduction which is the smaller of $1,000 or an amount equal to 10 percent of the adjusted gross income, except that in the case of a separate return of a married person, the standard deduction is $500.

Data tabulated for individual returns for 1950 with adjusted gross income under $50,000 are estimated on the basis of samples. Description of the samples used and limitations of the data are given on pages 5 and 6.

Changes in the Internal Revenue Code

The Revenue Act of 1950 amended the Internal Revenue Code in many respects. The major change applicable to individual returns is the increase in tax rates effected by eliminating the percentage reductions from tentative tax which were in effect during 1948 and 1949.

(a) Although the normal tax rate of 3 percent of normal tax net income and the surtax rates ranging from 17 percent of the first $2,000 of surtax net income to 88 percent of such income in excess of $200,000 are retained, the 1950 act eliminates, as of October 1, 1950, the series of percentage reductions ranging from 17 percent of the first $400 of combined tentative taxes to 9.75 percent of such taxes in excess of $100,000. The total tax liability is now limited to 87 percent of net income, as compared to the previous limit of 77 percent.

For 1950 calendar year returns, a series of percentage reductions amounting to approximately three-fourths of those previously allowed is provided, with a limitation of the tax liability to 80 percent of the net income.

(b) On returns for fiscal years ending after September 30, 1950, the tax liability is the sum of (1) that portion of a tentative tax, computed at rates in effect before October 1, 1950, which the number of calendar months in such fiscal year before October 1, 1950, bears to the total number of calendar months in the fiscal year, and (2) that portion of a tentative tax, computed at the rates in effect after September 30, 1950, which the number of calendar months in such fiscal year after September 30, 1950, bears to the total number of calendar months in the fiscal year.

(c) The optional tax table under supplement T is revised to reflect the increased tax liability resulting from the decrease in percentage reductions applied to the aggregate tentative normal tax and surtax for the calendar year. Also, for taxable years beginning after September 30, 1950, an optional tax table is provided wherein no percentage reductions are applied.

(d) New income tax withholding tables provide increased withholding of income tax at source on wages paid on and after October 1, 1950; and the rate for percentage method of withholding is increased from 15 percent to 18 percent of wages paid in excess of the amount of withholding exemption.

(e) Provision is made for enlisted personnel to exclude from gross income all compensation and commissioned officers to exclude not more than $200 per month of compensation received for active service in the armed forces of the United States in a combat zone after June 24, 1950.

(f) The definition of capital asset is changed for taxable years beginning after September 30, 1950, to exclude a copyright and a literary, musical, or artistic composition, created by the taxpayer.

Classification of individual returns

For the tables in this release, individual returns are classified by adjusted gross income classes, by taxable and nontaxable returns, and by marital status of the taxpayer; and returns with itemized deductions are identified.

Adjusted gross income, being common to all types of returns, supplies the base for segregating the returns into adjusted gross income classes. Returns with adjusted gross deficit are designated "No adjusted gross income" and are tabulated as a separate class.

Classification of returns as taxable and nontaxable is based on the existence or nonexistence of a tax liability after tax credits for income tax paid at source on interest from tax-free covenant bonds and for income taxes paid to a foreign country or possession of the United States. Such credits are reported only on returns with itemized deductions. If the foreign tax credit eliminates the tax, the return is classified nontaxable.

The classification of returns for marital status of taxpayer is based on the marital status of the taxpayer at the close of the income year, or on the date of the death of a spouse. The three classifications are: Joint returns of husbands and wives, separate returns of husbands and wives, and returns of single persons. Separate returns of husbands and wives include separate community property returns.

Returns with itemized deductions are long-form returns, Form 1040, on which nonbusiness deductions are itemized in detail; long-form returns, Form 1040, with no deductions filed by spouses of taxpayers who itemized deductions (such spouses are denied the standard deduction); and all returns with adjusted gross deficit whether or not deductions are itemized.

Description of the sample and limitations of data

Tables 1, 2, and 3 in this release are derived from a stratified random sample of individual income tax returns designed to comprise three-tenths of 1 percent of returns, Form 1040A and Form 1040 with adjusted gross income under $8,000 and with total receipts from business, if any, under $50,000; 10 percent of returns, Form 1040 with adjusted gross income under $8,000 and with total receipts from business of $50,000 or more; 10 percent of returns, Form 1040 with adjusted gross income from $8,000 to $25,000; 25 percent of returns, Form 1040 with adjusted gross income from $25,000 to $50,000; and 100 percent of returns, Form 1040 with adjusted gross income of $50,000 or more.

The decrease in sample size as compared with the preceding year, from one-half of one percent to three-tenths of one percent, for returns, Form 1040A, and Form 1040 with adjusted gross income under $8,000 and total receipts from business under $50,000, is believed to be offset by the added efficiency of the sample design. Specifically, the 0.5 percent sample for 1949 comprised the first fifty returns in each successive hundredth block of one hundred returns, whereas the 0.3 percent sample for 1950 comprised the first return in three of every ten successive blocks. Use of the return as the unit of sampling instead of the block or partial block, is more efficient, in view of the increasing use of sorting procedures in the administrative processing of the returns, prior to their arrangement in blocks.

In computing the possible variation of a given frequency due to random sampling, a range of two standard errors was used; chances are 19 out of 20 that the frequency as estimated from the sample tabulation differs from the actual frequency, if the entire universe were tabulated, by less than twice the standard error. Variation beyond the two-error limit would occur only 1 time in 20 and would be sufficiently rare to justify a two-error range in defining sampling variability. Accordingly, in cells associated with taxable or nontaxable adjusted gross income classes under $8,000, frequencies of the magnitude of 1 million or more are subject to variation of less than 4 percent; variation for lesser frequencies increases to a maximum of 12 percent at 100,000, and a maximum of 36 percent at 10,000. In cells associated with adjusted gross income classes from $8,000 to $25,000, frequencies of the magnitude of 100,000 or more are subject to less than 2 percent variation; variation for lesser frequencies increases to a maximum of 6 percent at 10,000, and a maximum of 20 percent at 1,000. In cells associated with adjusted gross income classes from $25,000 to $50,000, frequencies of the magnitude of 10,000 or more are subject to less than 4 percent variation; variation for lesser frequencies increases to a maximum of 12 percent at 1,000. The degrees of variability noted above relate only to cell frequencies and do not indicate the variability associated with money amounts of income, deductions, or tax.

TAXABLE FIDUCIARY RETURNS

There are 115,252 taxable fiduciary income tax returns for the income year 1950. The total income reported on these returns is $1,233,957,000 and the net income taxable to the fiduciary is $615,614,000. The tax liability of $208,756,000 is the largest amount of tax yet reported on fiduciary returns; it is an increase of $64,726,000, or 44.9 percent, over the tax for the previous year.

Taxable fiduciary returns, 1950 and 1949

(Money figures in thousands of dollars)

	1950	1949	Increase: Number or amount	Increase: Percent
Number of returns	115,252	99,577	15,675	15.74
Total income	1,233,957	926,824	307,133	33.14
Net income taxable to fiduciary	615,614	462,775	152,839	33.03
Tax liability	208,756	144,030	64,726	44.94

The taxable fiduciary returns included in this release are for the calendar year 1950, a fiscal year ending within the period July 1950 through June 1951, and a part year with the greater portion of the accounting period in 1950. Fiduciary returns are filed for the income from property held in trust and for the income of estates under administration. Tentative returns are not used and amended returns are used only if the original returns are excluded. Statistical data are completely tabulated from each taxable return, prior to audit.

Data are tabulated only from taxable fiduciary returns; that is, returns showing net income remaining in the hands of the fiduciary in excess of the allowable exemption. However, a return is required to be filed for every estate with gross income of $600 or more, and for every trust with net income taxable to the fiduciary of $100 or more, or with gross income of $600 or more regardless of the amount of net income, and for every estate or trust of which any beneficiary is a nonresident alien.

The rates of tax, the provisions respecting gross income to be reported, the deductions with certain exceptions, and the tax credits provided for the income of individuals apply also to income of estates and trusts. Deductions for contributions without limitation and for the amount distributable to beneficiaries are allowable in computing the net income on which the fiduciary is to be taxed.

An estate is allowed an exemption of $600 and a trust is allowed an exemption of $100 against net income taxable to the fiduciary for purposes of both normal tax and surtax.

For the tables in this release, taxable fiduciary returns are classified by size of total income. Total income is the amount resulting from the combination of net profit or loss from rents and royalties, from trade or business, from partnerships, from sales or exchanges of property, together with income from dividends, interest, other estates and trusts, and miscellaneous income. Total income is an approximation of the adjusted gross income used for the size classification of individual returns.

Table 1. - Individual returns for 1950, by taxable and nontaxable returns and by adjusted gross income classes: Number of returns, income or loss from each of the sources comprising adjusted gross income, adjusted gross income, exemption, tax liability, tax payments, and tax overpayment for all returns; also selected items for returns with itemized deductions

PART I. - ALL RETURNS

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	Total number of returns	Salaries and wages 2/	Dividends 3/	Interest 4/	Annuities and pensions 5/	Rents and royalties 6/		Business and profession 7/		Partnership 8/		Sales or exchanges of capital assets 9/		
							Net profit	Net loss	Net profit	Net loss	Net profit	Net loss	Net gain	Net loss	
	Taxable returns:														
1	0.6 under 0.75	368,453	227,528	2,139	1,065	454	3,136	(30)	19,963	(30)	4,858	(30)	817	959	1
2	0.75 under 1	1,201,660	940,360	6,746	6,472	2,873	14,975	1,592	49,376	1,714	15,333	125	3,831	(30)	2
3	1 under 1.25	1,155,515	1,178,077	10,756	6,992	2,166	17,579	1,158	48,156	2,364	19,591	(30)	4,203	1,390	3
4	1.25 under 1.5	1,507,851	1,807,977	18,246	14,139	8,120	31,594	3,359	149,346	9,265	39,472	905	12,451	2,745	4
5	1.5 under 1.75	1,693,386	2,397,459	24,799	23,422	20,721	43,691	5,213	172,221	8,863	44,681	6,365	16,779	3,295	5
6	1.75 under 2	1,640,026	2,745,411	23,771	23,512	11,030	43,883	5,271	162,762	10,947	46,027	605	10,407	2,399	6
7	2 under 2.25	2,067,053	3,856,034	33,055	22,922	12,109	56,612	5,536	298,649	14,148	82,054	1,914	17,366	4,032	7
8	2.25 under 2.5	2,065,115	4,363,384	39,353	25,124	8,371	57,462	7,316	299,354	15,380	87,727	1,369	19,894	7,177	8
9	2.5 under 2.75	2,163,146	5,124,584	44,198	23,795	15,069	54,521	6,461	313,616	22,883	90,686	3,173	27,143	6,186	9
10	2.75 under 3	2,422,594	6,226,120	43,350	31,766	14,132	68,307	10,925	414,263	23,386	124,459	4,449	37,148	6,000	10
11	3 under 3.5	4,593,387	13,545,057	99,094	58,560	20,360	132,131	17,375	773,894	41,422	228,214	7,280	65,066	14,941	11
12	3.5 under 4	4,075,219	13,879,034	95,600	52,602	12,842	127,756	18,477	749,013	32,492	267,017	7,310	66,303	16,662	12
13	4 under 4.5	3,300,418	12,632,244	102,783	63,953	17,966	134,437	19,410	727,082	34,094	244,900	8,802	83,777	17,323	13
14	4.5 under 5	2,439,982	10,324,141	102,622	53,218	16,140	115,722	12,791	630,373	22,072	260,990	5,725	72,919	13,181	14
15	5 under 6	3,025,105	14,438,833	196,690	98,959	21,574	203,828	20,401	936,512	40,973	441,614	8,326	132,642	22,801	15
16	6 under 7	1,523,868	8,126,991	163,166	75,356	12,697	144,854	13,352	784,798	29,370	372,958	11,832	135,665	18,865	16
17	7 under 8	797,054	4,519,041	146,476	53,619	11,598	121,502	8,223	642,378	18,096	312,280	10,278	113,340	11,609	17
18	8 under 9	469,495	2,701,975	142,672	49,837	7,187	89,083	9,439	571,854	16,183	291,215	4,601	92,503	8,677	18
19	9 under 10	299,177	1,728,393	131,142	41,150	5,619	75,043	5,040	498,411	12,991	253,397	3,602	74,110	7,600	19
20	10 under 11	215,904	1,288,780	117,553	35,784	4,078	67,391	3,608	420,179	12,786	233,600	2,872	69,836	6,634	20
21	11 under 12	156,347	946,927	107,774	33,476	4,369	57,598	4,057	365,716	9,145	202,961	3,555	56,585	5,751	21
22	12 under 13	125,378	777,951	109,103	27,474	3,399	50,325	2,790	333,793	16,415	195,431	3,470	52,168	5,055	22
23	13 under 14	99,119	621,657	99,819	25,242	2,684	47,400	2,570	289,013	9,316	179,585	3,036	49,896	4,218	23
24	14 under 15	82,366	540,199	91,459	23,243	2,463	43,416	2,549	263,407	7,928	167,469	2,845	43,462	3,828	24
25	15 under 20	256,019	1,855,309	398,190	92,049	8,740	157,472	9,165	980,517	29,575	655,394	9,770	178,163	15,040	25
26	20 under 25	139,837	1,205,394	335,540	68,683	5,460	106,199	7,014	657,762	22,685	531,980	7,026	134,689	9,397	26
27	25 under 30	83,645	847,817	267,081	53,721	3,911	85,523	4,665	466,571	16,447	396,470	5,278	101,002	6,178	27
28	30 under 40	91,105	1,088,371	423,495	77,503	6,045	116,100	6,174	580,594	25,650	581,963	6,505	160,529	8,217	28
29	40 under 50	45,357	679,946	335,441	49,212	3,267	70,646	4,057	335,050	15,146	363,973	7,025	114,735	4,646	29
30	50 under 60	25,064	434,430	247,861	32,531	2,443	47,678	2,205	195,024	10,682	260,795	3,349	85,783	2,816	30
31	60 under 70	15,535	306,763	198,534	23,707	1,568	34,651	1,952	127,431	7,643	193,936	3,205	69,888	1,852	31
32	70 under 80	9,995	221,305	160,905	17,681	1,442	25,546	1,167	87,543	6,490	140,859	2,600	53,355	1,251	32
33	80 under 90	7,083	166,157	139,496	13,825	966	20,993	820	64,948	5,690	110,688	2,322	51,152	902	33
34	90 under 100	5,012	128,253	120,079	10,939	871	14,343	1,269	43,704	4,646	84,306	1,452	44,374	685	34
35	100 under 150	11,564	330,615	386,392	31,302	2,577	46,093	3,012	108,929	16,664	232,832	4,863	156,603	1,496	35
36	150 under 200	3,948	133,105	205,692	14,514	1,116	20,212	1,270	45,033	10,310	104,599	2,672	98,251	510	36
37	200 under 250	1,872	71,382	136,449	9,277	854	11,106	841	19,243	4,470	52,803	1,315	68,831	277	37
38	250 under 300	896	35,825	88,187	4,470	544	6,976	457	8,113	2,985	26,424	1,117	47,469	117	38
39	300 under 400	891	37,678	109,525	5,437	456	7,407	1,015	12,167	3,308	30,334	1,312	67,952	118	39
40	400 under 500	399	19,960	74,661	3,856	257	6,125	215	2,947	3,116	10,613	753	45,697	52	40
41	500 under 750	446	20,904	98,206	4,349	248	4,597	398	5,972	3,698	16,593	1,728	88,787	55	41
42	750 under 1,000	177	6,923	60,616	2,686	103	3,468	121	4,033	2,459	4,282	1,115	43,591	36	42
43	1,000 under 1,500	114	3,632	50,153	1,918	85	1,478	60	4,147	1,514	4,715	590	49,920	15	43
44	1,500 under 2,000	41	1,479	32,057	625	30	1,139	47	99	494	612	231	16,178	10	44
45	2,000 under 3,000	35	1,962	29,744	993	128	1,910	49	1,093	1,803	1,284	530	31,355	6	45
46	3,000 under 4,000	12	229	12,585	172	11	17	1	-	451	2,890	177	13,328	4	46
47	4,000 under 5,000	9	221	16,928	56	36	479	22	345	273	3	42	8,100	1	47
48	5,000 or more	8	170	37,736	2,384	31	5	3	-	118	9	20	12,402	2	48
49	Total taxable returns	38,186,682	122,535,987	5,917,919	1,393,572	279,210	2,592,409	233,053	13,665,394	608,792	8,014,876	168,274	3,000,445	245,392	49
	Nontaxable returns: 26/														
50	No adjusted gross income 27/	404,534	116,998	26,793	12,706	2,048	40,797	47,293	16,785	758,250	21,038	187,740	77,520	16,742	50
51	Under 0.6	3,780,013	1,093,015	13,255	19,571	4,206	50,527	11,600	114,250	47,672	21,497	6,835	16,430	14,405	51
52	0.6 under 0.75	900,559	435,324	11,478	11,474	6,924	34,811	3,074	81,526	14,058	14,868	3,145	5,435	2,896	52
53	0.75 under 1	1,111,097	644,536	23,640	25,143	15,341	70,570	2,453	173,139	23,243	25,491	4,447	15,024	5,100	53
54	1 under 1.25	1,335,351	1,005,022	27,396	27,651	30,871	83,899	3,975	282,635	21,069	38,375	7,398	18,710	7,933	54
55	1.25 under 1.5	1,077,985	1,012,875	26,704	25,747	20,526	60,752	4,551	280,333	32,273	43,721	4,599	16,728	6,716	55
56	1.5 under 1.75	1,017,574	1,167,709	17,734	17,316	21,327	48,741	1,365	324,054	11,370	43,312	6,304	18,042	5,507	56
57	1.75 under 2	1,121,891	1,556,346	21,952	13,616	14,822	55,261	2,636	369,651	20,365	60,058	5,805	16,385	4,946	57
58	2 under 2.25	712,305	1,149,845	11,142	11,757	8,725	38,948	4,505	245,843	9,780	39,816	2,211	12,968	4,974	58
59	2.25 under 2.5	798,872	1,510,805	10,406	8,263	9,015	39,660	2,212	268,989	11,755	48,734	3,715	10,452	3,058	59
60	2.5 under 2.75	744,882	1,558,890	8,440	7,540	5,841	30,055	2,056	265,247	6,145	48,329	1,949	9,825	4,403	60
61	2.75 under 3	455,174	1,087,241	5,631	3,821	1,749	15,782	757	155,472	9,587	32,781	2,922	8,441	2,823	61
62	3 under 3.5	794,942	2,113,357	8,592	5,245	2,529	24,372	1,849	313,802	6,779	66,273	1,187	11,897	1,323	62
63	3.5 under 4	373,252	1,179,737	4,481	2,989	(30)	13,844	1,467	151,106	4,992	28,500	(30)	7,532	1,355	63
64	4 under 4.5	144,611	511,424	3,170	2,464	2,750	8,130	1,832	71,194	2,491	10,185	(30)	3,805	1,339	64
65	4.5 or more	100,374	394,014	18,966	6,729	3,423	15,894	3,595	84,014	10,049	17,653	3,077	8,932	1,716	65
66	Total nontaxable returns	14,873,416	16,537,138	239,780	202,032	152,605	632,043	95,220	3,198,040	989,878	560,631	243,013	258,126	85,236	66
67	Grand total	53,060,098	139,073,125	6,157,699	1,595,604	431,815	3,224,452	328,273	16,863,434	1,598,670	8,575,507	411,287	3,258,571	330,628	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	45,567,221	95,784,548	886,292	609,574	314,958	1,533,849	210,245	8,006,108	1,229,150	2,116,640	291,873	696,230	181,907	68
69	Taxable returns with adjusted gross income of $5,000 or more	7,492,877	43,288,577	5,271,407	986,030	116,857	1,690,603	118,028	8,857,326	369,520	6,458,867	119,414	2,562,341	148,721	69

PART I. - ALL RETURNS - Continued

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	Sales or exchanges of property other than capital assets 10/ Net gain	Sales or exchanges of property other than capital assets 10/ Net loss	Income from estates and trusts 11/	Miscel-laneous income 12/	Adjusted gross income 13/	Amount of exemption 14/	Tax lia-bility 15/	Tax withheld	Payments on 1950 declara-tion 16/	Tax due at time of filing	Overpayment (refund, or credit on 1951 tax)	
	Taxable returns:												
1	0.6 under 0.75	(30)	-	778	2,320	261,501	221,072	2,470	17,847	380	445	16,203	1
2	0.75 under 1	(30)	(30)	1,619	10,789	1,049,309	720,996	37,867	75,824	1,764	5,456	45,179	2
3	1 under 1.25	(30)	(30)	2,860	13,116	1,297,733	693,309	79,410	96,057	2,949	10,986	30,582	3
4	1.25 under 1.5	(30)	1,597	2,618	17,161	2,083,811	1,176,730	117,669	140,305	4,820	14,287	41,742	4
5	1.5 under 1.75	1,446	844	8,580	16,593	2,745,812	1,401,377	179,800	193,803	8,148	22,306	44,456	5
6	1.75 under 2	1,481	2,727	9,552	17,237	3,073,123	1,367,139	233,325	236,839	11,444	25,148	40,103	6
7	2 under 2.25	2,744	1,716	10,146	23,388	4,387,731	2,204,618	290,776	308,632	14,609	28,791	61,258	7
8	2.25 under 2.5	899	1,493	7,747	26,582	4,903,162	2,269,988	357,094	366,316	17,053	34,430	60,705	8
9	2.5 under 2.75	1,377	2,345	6,896	30,443	5,691,283	2,617,902	416,807	427,392	18,668	37,094	66,347	9
10	2.75 under 3	2,138	1,247	12,568	32,863	6,961,107	3,424,319	474,177	489,495	23,323	41,558	80,196	10
11	3 under 3.5	2,961	4,854	22,195	50,755	14,912,416	7,020,651	1,061,886	1,080,258	50,617	90,855	159,844	11
12	3.5 under 4	3,227	7,473	16,935	54,654	15,242,570	7,001,100	1,115,355	1,115,113	55,625	98,847	154,231	12
13	4 under 4.5	4,191	4,729	19,614	41,496	13,988,086	6,085,262	1,078,595	1,050,390	59,751	99,246	130,791	13
14	4.5 under 5	6,067	6,581	14,948	32,812	11,569,605	4,607,426	965,188	911,340	61,244	93,535	100,930	14
15	5 under 6	8,417	8,323	41,849	66,406	16,486,505	5,789,533	1,502,335	1,379,121	119,639	142,953	139,380	15
16	6 under 7	3,503	4,221	28,217	49,445	9,820,005	2,886,491	999,266	845,568	114,397	117,805	78,504	16
17	7 under 8	5,167	3,555	37,219	26,653	5,937,515	1,525,013	654,927	495,008	105,343	100,268	45,691	17
18	8 under 9	4,065	2,590	34,252	27,763	3,970,911	894,334	472,667	306,245	99,531	91,585	24,696	18
19	9 under 10	3,194	1,719	31,410	20,213	2,831,132	574,950	354,503	200,913	94,797	76,313	19,523	19
20	10 under 11	2,976	1,986	32,154	16,567	2,261,011	417,728	296,894	152,498	89,541	70,417	15,562	20
21	11 under 12	1,605	1,296	30,423	12,257	1,795,883	306,145	246,567	113,241	84,072	62,584	13,330	21
22	12 under 13	2,070	1,299	29,393	11,641	1,563,720	246,200	225,583	96,128	83,592	58,872	13,008	22
23	13 under 14	1,192	1,351	28,599	10,782	1,335,375	195,735	201,507	77,402	78,233	55,339	9,466	23
24	14 under 15	1,785	1,117	23,084	11,233	1,192,951	162,712	186,828	66,993	77,056	51,551	8,771	24
25	15 under 20	4,368	4,462	99,243	35,555	4,396,990	510,469	757,996	239,521	340,407	210,558	32,489	25
26	20 under 25	3,571	3,226	88,526	22,025	3,110,483	282,271	615,361	163,560	306,669	170,233	25,082	26
27	25 under 30	2,109	1,945	73,612	18,078	2,281,381	169,716	505,858	118,588	262,115	141,186	16,027	27
28	30 under 40	2,392	2,998	117,563	21,864	3,126,875	184,005	791,446	157,919	436,873	218,904	22,248	28
29	40 under 50	1,453	2,721	84,373	12,709	2,017,205	91,333	590,640	100,983	345,624	158,263	14,231	29
30	50 under 60	1,095	1,632	71,009	9,099	1,367,067	49,927	446,682	66,524	272,042	117,417	9,301	30
31	60 under 70	662	964	56,493	5,743	1,003,761	30,520	357,167	46,807	224,532	92,169	6,342	31
32	70 under 80	662	783	44,539	5,406	746,954	19,560	281,649	34,626	183,576	68,987	5,539	32
33	80 under 90	150	519	38,086	3,650	599,859	13,776	236,089	26,092	156,488	57,602	4,094	33
34	90 under 100	151	529	33,020	3,417	474,876	9,621	195,419	19,890	132,686	46,019	3,175	34
35	100 under 150	416	1,159	114,135	3,822	1,386,519	21,937	613,196	50,332	430,396	141,912	9,443	35
36	150 under 200	430	816	67,668	1,746	676,791	7,370	328,914	20,229	242,149	71,417	4,881	36
37	200 under 250	34	227	51,258	693	414,803	3,461	209,388	10,762	161,564	40,292	3,230	37
38	250 under 300	117	181	30,706	278	244,253	1,591	129,918	5,481	101,570	24,360	1,493	38
39	300 under 400	63	448	39,316	398	304,533	1,577	165,726	5,622	130,776	31,689	2,362	39
40	400 under 500	18	362	17,807	201	177,646	691	97,526	2,850	79,703	16,461	1,487	40
41	500 under 750	40	40	34,621	247	268,645	779	152,615	3,117	124,617	26,858	1,977	41
42	750 under 1,000	8	1,065	29,855	47	150,817	290	87,266	1,032	74,435	12,748	949	42
43	1,000 under 1,500	14	197	24,815	80	138,581	188	82,342	520	70,474	12,293	945	43
44	1,500 under 2,000	-	32	20,568	133	72,105	58	44,275	193	40,781	3,363	62	44
45	2,000 under 3,000	4	4	17,301	75	83,457	56	48,833	129	45,517	3,689	501	45
46	3,000 under 4,000	-	-	13,070	6	41,676	14	25,401	32	21,115	4,331	76	46
47	4,000 under 5,000	-	61	13,809	21	39,599	13	25,309	12	23,158	2,140	-	47
48	5,000 or more	-	-	5,380	14	57,989	15	34,390	16	31,114	3,321	60	48
49	Total taxable returns	80,257	88,352	1,640,429	768,476	158,545,122	55,209,968	18,374,922	11,317,565	5,514,977	3,108,883	1,566,492	49
	Nontaxable returns: 26/												
50	No adjusted gross income 27/	1,694	53,140	10,318	10,262	28/726,202	603,357	-	9,787	20,677	-	30,464	50
51	Under 0.6	1,167	7,204	5,084	13,776	1,265,068	3,159,403	-	81,114	8,273	-	89,386	51
52	0.6 under 0.75	749	1,162	4,388	10,883	593,526	1,020,398	-	24,278	1,170	-	25,445	52
53	0.75 under 1	1,302	3,981	5,035	16,108	976,107	1,764,810	-	22,183	3,362	-	25,548	53
54	1 under 1.25	1,085	3,341	5,742	28,631	1,506,300	2,175,248	-	33,508	3,447	-	36,955	54
55	1.25 under 1.5	2,409	5,729	6,208	21,106	1,463,246	2,047,616	-	28,076	4,055	-	32,131	55
56	1.5 under 1.75	1,136	4,919	2,558	21,494	1,653,959	2,188,362	-	28,705	4,031	-	32,738	56
57	1.75 under 2	4,415	2,878	5,717	24,506	2,106,098	2,501,829	-	37,931	4,496	-	42,428	57
58	2 under 2.25	2,061	3,245	930	17,300	1,514,621	1,856,708	-	20,685	2,812	-	23,497	58
59	2.25 under 2.5	(30)	5,285	1,353	16,471	1,898,587	2,140,965	-	27,554	2,128	-	29,683	59
60	2.5 under 2.75	678	1,395	4,859	17,641	1,941,397	2,053,949	-	28,083	1,315	-	29,399	60
61	2.75 under 3	-	340	(30)	13,853	1,308,381	1,457,438	-	16,380	1,187	-	17,565	61
62	3 under 3.5	2,580	1,043	1,653	19,763	2,557,884	2,633,760	-	33,782	3,565	-	37,347	62
63	3.5 under 4	1,466	(30)	1,664	9,986	1,394,322	1,376,972	-	19,485	1,511	-	20,995	63
64	4 under 4.5	(30)	(30)	(30)	4,977	612,305	576,253	-	10,608	1,056	-	11,663	64
65	4.5 or more	(30)	(30)	(30)	3,841	537,555	426,028	-	10,815	5,366	-	16,172	65
66	Total nontaxable returns	22,931	97,094	59,643	250,598	29/20,603,154	27,983,096	-	432,974	68,451	-	501,416	66
67	Grand total	103,188	185,446	1,700,072	1,019,074	29/179,148,276	83,193,064	18,374,922	11,750,539	5,583,428	3,108,883	2,067,908	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	51,457	133,618	196,699	620,807	29/108,770,403	68,794,985	6,410,419	6,942,585	398,846	602,984	1,533,983	68
69	Taxable returns with adjusted gross income of $5,000 or more	51,731	51,828	1,503,373	398,267	70,377,873	14,398,079	11,964,503	4,807,954	5,184,582	2,505,899	533,925	69

For footnotes, see pp. 19 - 20; for extent to which data are estimated, see pp. 5-6.

Table 1. - Individual returns for 1950, by taxable and nontaxable returns and by adjusted gross income classes: Number of returns, income or loss from each of the sources comprising adjusted gross income, adjusted gross income, exemption, tax liability, tax payments, and tax overpayment for all returns; also selected items for returns with itemized deductions - Continued

PART II. - RETURNS WITH ITEMIZED DEDUCTIONS 17/

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	Number of returns	Adjusted gross income 13/	Deduction for - Contributions 18/	Interest 19/	Taxes 20/	Losses from fire, storm, etc. 21/	Medical, dental, etc., expenses 22/	Miscellaneous deductions 23/	Total deductions	Net income 24/	Net deficit 25/	Amount of exemption 14/	Tax liability 15/	Tax withheld	Payments on 1950 declaration 16/	Tax due at time of filing	Overpayment (refund, or credit on 1951 tax)	
	Taxable returns:																		
1	0.6 under 0.75	5,402	3,804	184	-	38	-	158	(30)	395	3,410	-	3,241	27	140	(30)	18	132	1
2	0.75 under 1	71,548	64,122	4,097	574	2,406	362	3,832	1,376	12,646	51,476	-	42,929	1,515	3,013	214	502	2,215	2
3	1 under 1.25	114,457	129,082	8,692	1,890	5,810	546	10,482	3,244	30,663	98,418	-	68,674	5,082	7,345	747	1,326	4,336	3
4	1.25 under 1.5	124,677	171,686	10,123	2,822	6,717	1,170	14,349	5,158	40,339	131,348	-	86,380	7,837	10,395	755	1,528	4,839	4
5	1.5 under 1.75	211,155	343,783	20,471	4,639	12,891	1,373	21,248	10,429	71,052	272,731	-	183,751	15,850	19,887	1,458	3,504	8,998	5
6	1.75 under 2	259,231	486,542	28,432	9,887	18,906	2,867	28,707	15,329	104,129	382,415	-	239,162	24,748	30,913	2,674	3,467	12,304	6
7	2 under 2.25	296,816	631,187	34,733	13,145	25,436	3,631	38,027	19,373	134,347	496,840	-	295,507	34,875	42,322	2,941	4,458	14,847	7
8	2.25 under 2.5	341,223	810,602	44,427	18,541	31,401	4,714	45,340	25,399	169,820	640,782	-	394,465	42,936	53,431	4,008	5,221	19,724	8
9	2.5 under 2.75	384,857	1,011,489	51,654	25,019	39,778	4,568	54,113	32,668	207,799	803,689	-	467,582	58,276	69,188	4,949	5,852	21,712	9
10	2.75 under 3	420,166	1,210,257	57,306	34,295	49,162	6,676	53,891	32,469	233,801	976,457	-	592,023	65,809	79,088	5,840	6,444	25,563	10
11	3 under 3.5	1,026,623	3,333,041	151,847	106,751	133,723	18,296	148,264	105,053	663,932	2,669,108	-	1,609,498	184,258	222,024	14,564	14,782	67,112	11
12	3.5 under 4	1,055,123	3,951,838	170,581	132,641	159,698	20,278	146,930	127,551	757,679	3,194,160	-	1,870,403	230,751	271,970	16,169	16,888	74,276	12
13	4 under 4.5	936,077	3,967,851	168,086	139,158	157,398	22,517	133,789	136,067	757,015	3,210,837	-	1,742,023	256,162	287,151	18,819	18,395	68,204	13
14	4.5 under 5	716,843	3,401,476	135,548	124,387	135,342	16,860	101,675	133,365	647,179	2,754,299	-	1,410,631	234,531	256,090	17,262	16,533	55,354	14
15	5 under 6	1,033,154	5,634,187	220,948	192,832	225,547	29,129	146,294	235,462	1,050,213	4,583,974	-	2,053,541	442,913	456,285	36,218	33,010	82,600	15
16	6 under 7	523,336	3,369,749	134,914	113,984	134,521	18,466	87,118	157,208	646,211	2,723,539	-	1,049,182	294,656	288,073	32,625	23,145	49,188	16
17	7 under 8	251,086	1,871,309	72,059	60,443	76,188	12,164	47,320	95,205	363,379	1,507,930	-	500,248	179,424	157,965	30,828	19,178	28,546	17
18	8 under 9	144,395	1,221,725	48,423	37,247	50,376	6,770	29,360	64,179	236,353	985,372	-	288,228	126,908	97,240	26,226	18,005	14,562	18
19	9 under 10	92,963	879,343	34,999	26,381	36,385	4,286	20,489	47,661	170,402	708,942	-	186,236	96,777	67,373	25,411	15,078	11,086	19
20	10 under 11	70,355	737,555	29,979	20,897	30,716	4,360	15,544	41,024	142,522	595,033	-	141,484	85,574	55,187	24,919	14,405	8,936	20
21	11 under 12	58,033	665,823	25,136	17,994	28,194	3,069	13,438	36,450	124,281	541,544	-	119,033	81,192	48,283	27,223	13,922	8,234	21
22	12 under 13	50,498	630,330	24,832	16,608	26,082	2,730	11,539	30,835	112,625	517,706	-	101,860	81,723	45,321	29,937	14,957	8,490	22
23	13 under 14	41,568	560,299	20,896	13,352	23,463	2,497	8,912	24,925	94,065	466,234	-	84,920	76,657	38,360	28,970	15,179	5,853	23
24	14 under 15	36,692	531,650	19,783	11,608	22,455	2,115	7,334	23,459	86,753	444,897	-	73,937	76,140	35,944	31,474	14,342	5,619	24
25	15 under 20	133,997	2,313,443	81,240	44,501	92,432	8,344	25,189	86,061	337,768	1,975,675	-	274,470	371,564	150,152	166,557	77,688	22,834	25
26	20 under 25	86,071	1,919,600	63,293	30,991	73,934	6,434	15,387	59,933	249,971	1,669,628	-	177,011	359,952	116,157	183,985	78,568	18,756	26
27	25 under 30	56,809	1,551,559	48,291	22,090	57,726	4,795	8,802	42,013	183,718	1,367,842	-	117,120	329,713	90,233	175,298	76,669	12,485	27
28	30 under 40	68,733	2,364,539	70,631	31,436	84,221	6,920	9,751	57,954	260,914	2,103,627	-	139,817	581,652	131,435	329,954	139,038	18,773	28
29	40 under 50	37,400	1,665,542	48,832	20,266	57,430	4,733	5,153	39,807	176,220	1,489,320	-	75,879	476,550	89,901	285,233	113,841	12,425	29
30	50 under 60	21,667	1,182,450	34,685	14,436	39,705	3,396	2,743	27,179	122,143	1,060,307	-	43,299	379,576	60,808	236,167	91,204	8,602	30
31	60 under 70	13,728	887,232	26,380	10,573	29,249	2,562	1,505	20,062	90,330	796,902	-	27,043	310,915	43,730	198,643	74,294	5,752	31
32	70 under 80	9,119	681,669	20,919	7,859	22,179	2,297	888	15,392	69,534	612,136	-	17,863	254,072	32,642	167,921	58,826	5,317	32
33	80 under 90	6,514	551,693	17,376	6,636	18,077	1,949	633	13,996	58,667	493,026	-	12,679	214,816	24,995	143,972	49,708	3,859	33
34	90 under 100	4,657	441,231	14,534	5,026	14,302	1,723	541	9,532	45,657	395,574	-	8,939	180,054	19,065	123,596	40,434	3,041	34
35	100 under 150	10,951	1,314,296	46,844	15,634	43,091	4,848	915	32,495	143,827	1,170,469	-	20,788	577,472	49,008	409,387	128,132	9,056	35
36	150 under 200	3,803	651,943	26,801	7,332	20,509	2,305	243	16,417	73,607	578,336	-	7,108	315,619	19,889	233,955	66,483	4,708	36
37	200 under 250	1,838	407,301	18,842	4,916	12,903	1,589	107	13,968	52,324	354,977	-	3,400	205,192	10,720	158,660	39,032	3,220	37
38	250 under 300	876	238,817	11,292	2,654	7,531	1,009	39	6,899	29,423	209,395	-	1,555	126,943	5,346	100,419	22,665	1,486	38
39	300 under 400	880	300,847	15,447	3,168	9,903	1,643	26	8,359	38,547	262,300	-	1,558	163,700	5,609	129,428	31,024	2,362	39
40	400 under 500	393	174,916	9,828	2,180	5,305	879	11	6,409	24,613	150,303	-	683	95,921	2,836	78,691	15,882	1,487	40
41	500 under 750	440	265,252	14,447	2,647	7,112	1,138	11	6,223	31,578	233,674	-	770	150,722	3,103	122,927	26,657	1,964	41
42	750 under 1,000	175	149,030	9,677	1,105	4,284	817	1	5,291	21,175	127,855	-	286	86,395	1,023	73,616	12,698	942	42
43	1,000 under 1,500	114	138,581	7,747	641	4,038	411	3	2,546	15,386	123,194	-	188	82,342	520	70,474	12,293	945	43
44	1,500 under 2,000	41	72,105	4,854	342	1,663	157	81	2,710	9,806	62,299	-	58	44,275	193	40,781	3,363	62	44
45	2,000 under 3,000	33	79,051	5,434	212	2,245	852	-	1,192	9,935	69,116	-	49	46,644	124	43,514	3,507	501	45
46	3,000 under 4,000	12	41,676	3,339	53	829	15	-	663	4,900	36,776	-	14	25,401	32	21,115	4,331	76	46
47	4,000 under 5,000	9	39,599	2,686	93	955	14	-	619	4,368	35,231	-	13	25,309	12	23,158	2,140	-	47
48	5,000 or more	8	57,989	6,958	134	1,232	139	-	1,471	9,933	48,055	-	15	34,390	16	31,114	3,321	60	48
49	Total taxable returns	8,724,546	53,109,091	2,128,527	1,360,020	2,043,508	248,413	1,260,182	1,881,295	8,921,944	44,187,158	-	14,535,543	8,143,810	3,500,537	3,932,797	1,451,937	741,445	49
	Nontaxable returns: 26/																		
50	No adjusted gross income 27/	404,534	28/726,202	2,333	4,084	5,376	1,228	4,164	2,021	19,203	-	745,405	603,357	-	9,787	20,677	-	30,464	50
51	Under 0.6	28,552	11,504	1,560	2,005	2,758	(30)	4,806	851	12,331	5,120	5,945	37,995	-	704	897	-	1,600	51
52	0.6 under 0.75	44,341	30,474	2,060	1,267	3,450	298	4,738	5,859	17,673	19,197	6,396	39,162	-	1,044	136	-	1,178	52
53	0.75 under 1	84,752	73,180	5,136	3,041	7,036	216	13,373	3,664	32,468	42,846	2,133	80,651	-	2,568	955	-	3,525	53
54	1 under 1.25	76,592	85,810	4,699	3,400	7,694	3,466	14,245	4,261	37,764	50,978	2,931	91,966	-	2,544	640	-	3,185	54
55	1.25 under 1.5	120,285	167,583	8,389	6,134	12,811	966	20,572	6,825	55,698	113,031	1,147	163,048	-	4,174	773	-	4,948	55
56	1.5 under 1.75	106,598	171,502	8,813	7,008	11,068	1,241	25,502	12,292	65,923	107,188	1,610	142,271	-	4,977	1,424	-	6,403	56
57	1.75 under 2	76,172	142,808	6,723	6,575	8,968	1,225	24,066	7,730	55,287	89,677	2,156	124,160	-	3,618	1,658	-	5,276	57
58	2 under 2.25	110,707	235,238	11,217	8,852	13,672	1,789	25,793	9,127	70,449	166,216	1,428	200,333	-	5,690	1,363	-	7,053	58
59	2.25 under 2.5	86,845	205,661	10,030	8,208	11,518	3,817	23,115	13,681	70,370	136,867	1,576	165,814	-	6,432	777	-	7,211	59
60	2.5 under 2.75	73,887	194,020	8,382	8,419	9,964	3,551	17,538	12,692	60,548	133,952	(30)	159,697	-	5,191	672	-	5,864	60
61	2.75 under 3	87,489	250,670	9,217	11,906	11,858	1,941	22,294	12,541	69,758	181,016	(30)	204,264	-	6,901	711	-	7,610	61
62	3 under 3.5	119,581	386,456	18,451	20,634	18,622	3,100	34,374	27,932	123,111	264,054	(30)	297,265	-	10,176	2,551	-	12,727	62
63	3.5 under 4	73,960	273,424	12,760	12,252	11,857	5,656	23,085	24,041	89,649	183,964	(30)	205,291	-	6,370	1,276	-	7,646	63
64	4 under 4.5	53,826	227,899	9,993	12,970	11,693	3,968	20,173	23,018	81,815	147,469	(30)	165,766	-	6,422	1,015	-	7,437	64
65	4.5 or more	47,631	277,226	12,052	22,237	13,382	26,576	22,519	52,141	148,905	145,531	17,209	163,256	-	7,885	5,304	-	13,180	65
66	Total nontaxable returns	1,595,752	29/2,007,253	131,815	138,992	161,727	59,387	300,357	218,676	1,010,952	1,787,106	790,802	2,844,296	-	84,483	40,829	-	125,307	66
67	Grand total	10,320,298	29/55,116,344	2,260,342	1,499,012	2,205,235	307,800	1,560,539	2,099,971	9,932,896	45,974,264	790,802	17,379,839	8,143,810	3,585,020	3,973,626	1,451,937	866,752	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	7,559,950	29/21,524,013	1,017,996	752,741	940,433	163,245	1,101,162	866,172	4,841,748	17,473,076	790,802	11,850,565	1,162,657	1,437,440	131,230	98,918	504,923	68
69	Taxable returns with adjusted gross income of $5,000 or more	2,760,348	33,592,331	1,242,346	746,271	1,264,802	144,555	459,377	1,233,799	5,091,148	28,501,188	-	5,529,274	6,981,153	2,147,580	3,842,396	1,353,019	361,829	69

Table 2. - Individual returns for 1950, by taxable and nontaxable returns and by adjusted gross income classes: Frequency distributions of all returns for each specific source of income or loss comprising adjusted gross income, for each type of tax payment, and for tax overpayment; also distributions of returns with itemized deductions for selected items

PART I. - ALL RETURNS

	Adjusted gross income classes 1/ (Thousands of dollars)	Total number of returns	Number of returns with -										
			Salaries and wages	Dividends 31/	Interest 31/	Annuities and pensions	Rents and royalties		Business and profession		Partnership		
							Net profit	Net loss	Net profit	Net loss	Net profit	Net loss	
	Taxable returns:												
1	0.6 under 0.75	368,453	326,535	7,434	10,110	1,348	8,108	(33)	30,787	(33)	7,414	(33)	1
2	0.75 under 1	1,201,660	1,096,034	19,951	33,758	4,381	32,749	5,759	66,105	4,094	22,252	1,348	2
3	1 under 1.25	1,155,515	1,072,322	23,035	42,572	3,380	33,156	6,740	51,728	5,452	20,647	(33)	3
4	1.25 under 1.5	1,507,851	1,345,281	47,498	64,384	10,804	62,079	12,529	131,785	12,984	34,127	2,070	4
5	1.5 under 1.75	1,693,386	1,513,741	66,960	96,022	23,620	81,258	16,603	131,815	15,335	34,534	5,789	5
6	1.75 under 2	1,640,026	1,494,375	55,845	88,000	13,500	68,895	21,692	108,210	14,691	29,870	2,052	6
7	2 under 2.25	2,067,053	1,866,063	72,548	103,702	15,879	94,203	25,475	181,167	22,275	51,267	4,501	7
8	2.25 under 2.5	2,065,115	1,888,729	78,728	106,969	12,529	97,189	27,477	173,453	25,025	50,880	2,469	8
9	2.5 under 2.75	2,163,146	1,998,702	88,985	109,561	17,564	101,915	30,570	164,828	30,611	49,365	4,541	9
10	2.75 under 3	2,422,594	2,227,490	94,745	140,099	19,923	129,971	43,179	197,718	28,632	60,851	6,930	10
11	3 under 3.5	4,593,387	4,283,762	199,630	278,271	30,450	260,330	86,105	343,227	60,179	104,797	14,454	11
12	3.5 under 4	4,075,219	3,811,903	218,957	290,909	20,974	259,718	85,289	304,342	51,517	113,206	13,384	12
13	4 under 4.5	3,300,418	3,076,876	222,525	300,019	23,020	250,846	77,794	263,598	41,165	95,032	14,865	13
14	4.5 under 5	2,439,982	2,261,058	192,540	243,165	16,970	191,385	55,230	219,388	30,494	91,510	8,459	14
15	5 under 6	3,025,105	2,770,424	352,003	425,102	28,141	277,977	91,930	264,337	35,102	124,923	15,041	15
16	6 under 7	1,523,868	1,349,520	250,481	277,168	16,683	163,910	44,066	179,082	20,456	94,022	9,035	16
17	7 under 8	797,054	668,521	175,790	173,476	10,771	108,317	24,717	125,726	13,891	65,352	8,748	17
18	8 under 9	469,495	366,033	138,887	134,348	7,451	70,085	15,786	93,684	9,893	52,123	4,467	18
19	9 under 10	299,177	217,309	105,988	95,454	5,400	50,167	11,087	71,536	6,572	40,655	3,251	19
20	10 under 11	215,904	151,279	84,937	75,633	4,677	38,838	7,891	54,346	5,647	34,200	2,425	20
21	11 under 12	156,347	104,463	69,036	59,602	3,516	30,903	6,372	42,465	4,338	27,406	2,541	21
22	12 under 13	125,378	80,897	58,159	50,718	2,930	24,209	4,901	35,963	3,890	23,958	1,934	22
23	13 under 14	99,119	61,448	48,956	41,684	2,286	21,810	3,990	28,940	2,766	19,883	1,675	23
24	14 under 15	82,366	50,993	41,142	34,698	1,921	18,308	3,348	24,424	2,536	17,600	1,349	24
25	15 under 20	256,019	154,625	141,616	119,985	7,237	59,398	11,078	77,273	8,094	59,715	4,630	25
26	20 under 25	139,837	83,168	87,237	72,807	4,578	34,402	6,842	41,138	5,456	38,542	3,136	26
27	25 under 30	83,645	49,946	55,301	47,031	2,675	22,670	4,133	23,763	3,103	22,656	1,991	27
28	30 under 40	91,105	53,847	63,807	54,381	3,333	25,503	4,743	24,516	4,016	27,931	2,420	28
29	40 under 50	45,357	27,646	34,693	29,636	1,859	13,266	2,380	11,189	2,226	14,210	1,517	29
30	50 under 60	25,064	15,532	19,920	16,913	1,127	7,587	1,340	5,555	1,364	8,430	841	30
31	60 under 70	15,535	9,782	12,608	10,927	769	4,902	940	3,204	1,011	5,369	572	31
32	70 under 80	9,995	6,535	8,427	7,255	522	3,167	615	1,954	694	3,453	397	32
33	80 under 90	7,083	4,525	6,044	5,265	394	2,329	444	1,329	557	2,442	311	33
34	90 under 100	5,012	3,233	4,313	3,773	314	1,596	366	804	424	1,742	248	34
35	100 under 150	11,564	8,027	10,216	9,120	850	3,920	863	1,800	1,125	3,909	559	35
36	150 under 200	3,948	2,797	3,578	3,231	314	1,410	314	581	508	1,326	236	36
37	200 under 250	1,872	1,330	1,718	1,616	196	685	184	233	261	590	130	37
38	250 under 300	896	657	844	760	91	312	111	96	132	272	84	38
39	300 under 400	891	613	842	770	90	329	95	113	148	253	73	39
40	400 under 500	399	298	384	361	47	150	56	33	92	101	37	40
41	500 under 750	446	332	429	394	56	148	60	40	96	106	72	41
42	750 under 1,000	177	134	171	160	18	72	28	16	48	46	28	42
43	1,000 under 1,500	114	79	105	100	14	42	16	11	28	29	17	43
44	1,500 under 2,000	41	30	39	37	4	14	7	4	9	6	6	44
45	2,000 under 3,000	35	28	33	30	4	18	5	3	11	7	8	45
46	3,000 under 4,000	12	6	12	10	1	5	2	-	5	3	2	46
47	4,000 under 5,000	9	5	9	7	1	3	2	1	3	1	1	47
48	5,000 or more	8	8	8	8	2	4	2	-	5	2	2	48
49	Total taxable returns	38,186,682	34,506,941	3,172,114	3,660,001	322,614	2,658,758	743,830	3,482,310	477,635	1,458,015	150,678	49
	Nontaxable returns: 26/												
50	No adjusted gross income 27/	404,534	70,211	23,135	36,024	2,864	41,675	24,509	11,453	258,326	10,019	48,672	50
51	Under 0.6	3,780,013	3,271,096	58,875	106,396	16,860	149,684	19,846	311,826	59,632	53,259	7,991	51
52	0.6 under 0.75	900,559	672,907	35,960	54,758	13,490	75,018	7,821	134,873	20,817	25,682	2,806	52
53	0.75 under 1	1,111,097	761,711	61,903	100,460	28,665	134,329	7,574	226,239	22,752	32,820	5,176	53
54	1 under 1.25	1,335,351	938,808	74,717	100,052	42,145	142,954	12,886	292,631	21,037	40,977	7,197	54
55	1.25 under 1.5	1,077,985	782,558	55,885	85,037	24,601	97,012	9,873	241,010	27,534	37,270	5,155	55
56	1.5 under 1.75	1,017,574	767,532	38,762	60,376	25,265	77,486	10,904	232,765	13,970	35,268	4,531	56
57	1.75 under 2	1,121,891	880,581	38,455	62,021	15,195	74,206	9,209	237,633	25,021	41,771	4,144	57
58	2 under 2.25	712,305	571,630	22,532	30,581	9,446	53,797	12,579	145,046	9,032	24,468	2,102	58
59	2.25 under 2.5	798,872	667,287	19,826	29,599	8,425	51,120	6,176	138,148	14,087	26,863	2,756	59
60	2.5 under 2.75	744,882	629,075	19,736	21,878	6,760	50,633	7,821	129,551	8,625	24,454	3,460	60
61	2.75 under 3	455,174	393,835	9,576	14,691	1,348	20,610	5,185	65,413	7,951	14,621	1,388	61
62	3 under 3.5	794,942	691,912	16,526	23,623	3,707	45,591	8,228	128,912	9,923	28,231	1,795	62
63	3.5 under 4	373,252	333,039	7,575	8,319	(33)	26,047	6,483	54,516	6,841	10,240	(33)	63
64	4 under 4.5	144,611	126,267	5,869	8,268	1,348	12,362	3,757	23,816	2,152	3,787	(33)	64
65	4.5 or more	100,374	81,821	6,977	8,187	1,750	16,480	2,656	20,780	3,130	4,805	1,925	65
66	Total nontaxable returns	14,873,416	11,640,270	496,309	750,270	202,900	1,069,004	155,507	2,394,612	510,830	414,535	100,250	66
67	Grand total	53,060,098	46,147,211	3,668,423	4,410,271	525,514	3,727,762	899,337	5,876,922	988,465	1,872,550	250,928	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	45,567,221	39,903,141	1,890,690	2,657,811	417,242	2,740,806	650,623	4,762,763	853,958	1,180,287	183,144	68
69	Taxable returns with adjusted gross income of $5,000 or more	7,492,877	6,244,070	1,777,733	1,752,460	108,272	986,956	248,714	1,114,159	134,507	692,263	67,784	69

For footnotes, see pp. 19-20; for extent to which data are estimated, see pp. 5-6.

Table 2. - Individual returns for 1950, by taxable and nontaxable returns and by adjusted gross income classes: Frequency distributions of all returns for each specific source of income or loss comprising adjusted gross income, for each type of tax payment, and for tax overpayment; also distributions of returns with itemized deductions for selected items - Continued

PART I. - ALL RETURNS - Continued

	Adjusted gross income classes 1/ (Thousands of dollars)	Number of returns with -										
		Sales or exchanges of capital assets		Sales or exchanges of property other than capital assets		Income from estates and trusts	Miscellaneous income 32/	Tax withheld	Payments on 1950 declaration 16/	Tax due at time of filing	Overpayment (refund, or credit on 1951 tax)	
		Net gain	Net loss	Net gain	Net loss							
	Taxable returns:											
1	0.6 under 0.75	2,359	1,358	(33)	-	1,685	12,084	297,625	4,768	70,776	294,323	1
2	0.75 under 1	9,833	(33)	(33)	(33)	2,026	43,375	1,016,590	34,608	237,501	936,488	2
3	1 under 1.25	9,149	4,718	(33)	(33)	4,044	36,286	1,007,632	43,723	335,397	761,747	3
4	1.25 under 1.5	18,043	7,177	(33)	2,443	3,727	52,811	1,251,645	59,544	443,485	1,002,956	4
5	1.5 under 1.75	28,111	8,212	2,022	2,746	8,118	52,418	1,422,077	90,461	512,968	1,105,353	5
6	1.75 under 2	20,400	7,891	3,380	3,460	9,139	54,478	1,426,963	92,871	485,986	1,057,304	6
7	2 under 2.25	30,096	8,605	3,410	3,480	9,149	76,800	1,788,024	118,659	620,462	1,340,545	7
8	2.25 under 2.5	33,139	16,324	2,102	4,124	7,781	84,383	1,832,645	121,971	621,509	1,336,120	8
9	2.5 under 2.75	41,614	12,085	2,112	4,858	6,790	98,521	1,936,795	122,619	652,625	1,386,670	9
10	2.75 under 3	51,531	13,373	3,083	4,184	8,792	111,830	2,162,173	144,150	735,160	1,562,281	10
11	3 under 3.5	97,493	36,115	8,268	10,093	19,142	192,688	4,192,379	283,208	1,694,561	2,737,872	11
12	3.5 under 4	103,230	41,154	4,234	9,836	20,390	188,119	3,752,898	274,779	1,564,788	2,407,122	12
13	4 under 4.5	114,776	40,233	5,859	10,908	17,375	156,621	3,026,244	255,231	1,297,502	1,929,908	13
14	4.5 under 5	93,172	32,905	5,889	10,293	12,689	116,836	2,232,027	222,929	991,070	1,407,946	14
15	5 under 6	157,299	54,340	11,174	12,168	23,637	120,647	2,733,234	372,064	1,201,372	1,808,468	15
16	6 under 7	119,337	40,832	5,337	7,310	19,627	72,421	1,324,375	266,244	754,613	761,667	16
17	7 under 8	93,492	27,365	4,335	4,507	16,030	46,717	652,328	209,186	468,033	325,164	17
18	8 under 9	69,238	19,030	2,975	3,474	12,648	32,024	352,639	172,114	324,908	141,693	18
19	9 under 10	52,146	15,210	1,920	2,382	10,026	20,944	207,269	138,260	212,332	85,105	19
20	10 under 11	42,880	12,616	1,698	2,005	8,629	16,428	142,883	112,316	157,605	57,019	20
21	11 under 12	35,178	10,851	1,128	1,590	7,950	12,403	97,821	90,392	114,813	40,237	21
22	12 under 13	28,862	9,519	1,175	1,308	6,342	9,636	75,445	76,743	93,025	31,563	22
23	13 under 14	24,710	7,860	1,021	1,164	6,414	8,252	57,273	65,677	75,446	23,013	23
24	14 under 15	21,549	6,936	764	1,054	4,907	7,677	46,943	57,610	63,122	18,594	24
25	15 under 20	75,560	25,951	2,283	3,647	17,863	22,629	142,286	191,900	198,979	55,262	25
26	20 under 25	47,011	15,876	1,419	2,215	12,451	13,739	75,854	115,022	110,343	28,680	26
27	25 under 30	30,775	10,188	824	1,274	8,744	9,270	45,395	72,099	67,923	15,328	27
28	30 under 40	37,352	12,707	910	1,532	11,186	11,037	48,725	81,871	74,176	16,455	28
29	40 under 50	20,866	6,928	384	958	6,640	5,856	25,077	42,099	37,336	7,815	29
30	50 under 60	12,461	4,091	190	499	4,358	3,604	14,060	23,691	20,835	4,081	30
31	60 under 70	8,230	2,583	153	344	2,918	2,278	8,818	14,863	12,971	2,488	31
32	70 under 80	5,440	1,724	80	205	2,021	1,582	5,796	9,630	8,286	1,634	32
33	80 under 90	4,087	1,224	61	158	1,590	1,151	4,075	6,847	5,849	1,206	33
34	90 under 100	2,989	907	35	89	1,159	861	2,914	4,879	4,153	830	34
35	100 under 150	7,287	2,013	167	304	3,281	1,092	6,692	11,327	9,620	1,898	35
36	150 under 200	2,730	661	62	122	1,326	420	2,260	3,873	3,237	692	36
37	200 under 250	1,305	341	30	50	756	217	1,081	1,840	1,484	384	37
38	250 under 300	657	150	19	24	371	102	524	885	710	184	38
39	300 under 400	679	140	19	33	370	134	502	880	713	170	39
40	400 under 500	312	57	17	19	173	56	243	394	313	84	40
41	500 under 750	352	73	11	8	202	70	264	446	350	93	41
42	750 under 1,000	129	40	4	12	103	28	99	177	132	44	42
43	1,000 under 1,500	88	16	4	6	56	15	59	113	81	31	43
44	1,500 under 2,000	27	12	-	3	23	7	20	41	33	8	44
45	2,000 under 3,000	25	6	1	2	19	3	17	35	30	5	45
46	3,000 under 4,000	7	4	-	-	8	3	5	12	10	2	46
47	4,000 under 5,000	7	1	-	1	5	2	3	9	9	-	47
48	5,000 or more	6	2	-	-	4	3	7	8	7	1	48
49	Total taxable returns	1,556,019	521,098	82,276	116,597	322,684	1,698,558	33,420,703	4,013,068	14,286,639	22,696,533	49
	Nontaxable returns: 26/											
50	No adjusted gross income 27/	38,869	26,474	2,134	22,585	3,072	12,334	56,621	57,544	-	105,601	50
51	Under 0.6	41,042	26,193	2,736	5,949	7,821	90,311	3,046,095	38,120	-	3,079,227	51
52	0.6 under 0.75	13,006	6,457	2,042	2,409	6,076	36,691	531,598	14,401	-	543,917	52
53	0.75 under 1	29,580	9,309	3,063	3,460	7,107	46,903	521,277	19,637	-	538,752	53
54	1 under 1.25	34,644	13,937	3,033	3,887	8,445	69,390	623,463	26,519	-	646,492	54
55	1.25 under 1.5	30,680	10,944	4,728	5,155	7,097	48,590	522,225	27,977	-	546,325	55
56	1.5 under 1.75	30,006	9,239	2,389	2,776	4,411	44,247	516,324	25,638	-	540,127	56
57	1.75 under 2	25,091	8,278	4,064	3,460	5,055	45,264	622,952	27,663	-	646,411	57
58	2 under 2.25	18,488	6,880	2,696	4,134	2,032	33,166	381,881	16,970	-	396,422	58
59	2.25 under 2.5	17,457	5,552	(33)	4,808	3,043	35,168	460,094	17,380	-	475,372	59
60	2.5 under 2.75	16,440	7,841	1,358	2,092	4,401	33,469	454,401	13,531	-	464,795	60
61	2.75 under 3	8,615	3,767	-	1,378	(33)	18,260	284,050	9,155	-	291,777	61
62	3 under 3.5	16,249	2,846	2,052	1,805	1,745	37,194	532,879	18,908	-	548,644	62
63	3.5 under 4	9,727	3,450	2,062	(33)	2,706	17,281	259,930	8,199	-	266,067	63
64	4 under 4.5	4,561	3,093	(33)	(33)	(33)	7,492	104,290	3,780	-	107,703	64
65	4.5 or more	5,489	2,680	(33)	(33)	(33)	4,258	66,159	5,352	-	71,199	65
66	Total nontaxable returns	339,944	146,940	34,791	65,943	64,614	580,018	8,984,239	330,774	-	9,268,831	66
67	Grand total	1,895,963	668,038	117,067	182,540	387,298	2,278,576	42,404,942	4,343,842	14,286,639	31,965,364	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	992,890	377,784	78,867	134,073	195,461	1,857,268	36,329,956	2,200,295	10,263,790	28,535,466	68
69	Taxable returns with adjusted gross income of $5,000 or more	903,073	290,254	38,200	48,467	191,837	421,308	6,074,986	2,143,547	4,022,849	3,429,898	69

PART II. - RETURNS WITH ITEMIZED DEDUCTIONS 17/

	Adjusted gross income classes 1/ (Thousands of dollars)	Number of returns	Number of returns with -												
			Deduction for -												
			Contri- butions	Interest	Taxes	Losses from fire, storm, etc.	Medical, dental, etc., expenses	Miscel- laneous deduc- tions	Net income	Net deficit	Tax withheld	Payments on 1950 decla- ration 16/	Tax due at time of filing	Overpayment (refund, or credit on 1951 tax)	
	Taxable returns:														
1	0.6 under 0.75	5,402	3,380	-	2,022	-	2,359	(33)	5,402	-	2,022	(33)	3,370	2,032	1
2	0.75 under 1	71,548	61,771	11,131	54,337	4,381	38,091	24,288	71,548	-	43,810	6,106	30,067	40,470	2
3	1 under 1.25	114,457	104,283	27,060	94,183	7,781	66,479	49,252	114,457	-	84,270	9,813	39,593	74,190	3
4	1.25 under 1.5	124,677	114,457	30,741	98,241	8,762	73,913	53,970	124,677	-	93,746	10,274	38,251	85,078	4
5	1.5 under 1.75	211,155	195,890	58,431	179,991	13,153	121,203	103,846	211,155	-	146,278	20,827	72,398	138,083	5
6	1.75 under 2	259,231	243,898	90,189	230,378	25,642	154,233	142,338	259,231	-	202,310	24,955	71,525	187,369	6
7	2 under 2.25	296,816	276,823	114,563	258,475	27,664	174,906	153,485	296,816	-	236,060	28,668	77,059	219,420	7
8	2.25 under 2.5	341,223	321,497	149,721	308,958	31,698	198,646	198,773	341,223	-	282,676	32,001	77,406	261,795	8
9	2.5 under 2.75	384,857	361,077	185,400	355,208	38,191	218,482	228,920	384,857	-	324,261	35,585	87,146	297,364	9
10	2.75 under 3	420,166	400,709	231,109	391,903	53,039	225,815	272,359	420,166	-	358,918	36,129	96,054	322,417	10
11	3 under 3.5	1,026,623	983,910	639,358	979,945	140,863	557,810	698,829	1,026,623	-	913,113	82,542	200,412	823,832	11
12	3.5 under 4	1,055,123	1,016,523	718,080	1,016,360	152,664	554,715	774,036	1,055,123	-	962,419	79,788	212,302	841,126	12
13	4 under 4.5	936,077	909,309	677,292	914,696	146,632	470,780	703,497	936,077	-	859,930	77,910	210,017	723,334	13
14	4.5 under 5	716,843	701,481	542,947	697,980	114,417	327,697	529,593	716,843	-	659,702	58,432	165,933	550,206	14
15	5 under 6	1,033,154	1,004,822	779,350	1,012,269	196,150	443,428	764,430	1,033,154	-	942,083	115,694	247,312	784,494	15
16	6 under 7	523,336	511,003	395,680	507,790	106,303	212,767	382,890	523,336	-	464,119	79,587	146,893	375,422	16
17	7 under 8	251,086	243,170	192,270	245,920	51,195	89,757	178,890	251,086	-	214,066	57,914	90,700	160,336	17
18	8 under 9	144,395	140,135	103,517	138,934	27,364	49,889	96,464	144,395	-	113,572	45,297	68,178	75,817	18
19	9 under 10	92,963	90,655	65,030	89,712	16,752	29,960	60,992	92,963	-	69,039	36,133	47,232	45,361	19
20	10 under 11	70,355	68,531	48,134	67,960	13,837	21,209	45,955	70,355	-	51,039	31,083	38,716	31,429	20
21	11 under 12	58,033	56,715	39,789	56,055	9,956	16,614	37,798	58,033	-	40,626	28,960	32,937	24,806	21
22	12 under 13	50,498	49,493	33,051	49,044	8,369	13,515	31,939	50,498	-	34,513	27,602	30,323	20,025	22
23	13 under 14	41,568	40,586	27,700	40,374	6,452	10,203	26,159	41,568	-	27,210	25,199	27,230	14,138	23
24	14 under 15	36,692	35,848	23,114	35,734	5,958	7,978	23,223	36,692	-	23,726	24,277	24,454	12,028	24
25	15 under 20	133,997	131,182	82,121	130,495	19,015	25,011	79,856	133,997	-	84,616	97,122	94,577	38,662	25
26	20 under 25	86,071	84,428	50,877	83,992	11,040	12,043	51,569	86,071	-	52,043	70,903	64,054	21,623	26
27	25 under 30	56,809	55,600	31,714	55,338	7,807	6,553	33,055	56,809	-	33,756	49,505	44,612	11,987	27
28	30 under 40	68,733	67,293	37,998	66,567	9,201	6,777	40,766	68,733	-	39,682	62,557	54,646	13,767	28
29	40 under 50	37,400	36,496	20,555	36,513	5,401	3,088	23,020	37,400	-	21,866	35,122	30,306	6,948	29
30	50 under 60	21,667	21,232	11,810	21,159	3,104	1,550	13,794	21,667	-	12,670	20,659	17,795	3,754	30
31	60 under 70	13,728	13,457	7,666	13,396	2,128	811	9,007	13,728	-	8,095	13,228	11,378	2,286	31
32	70 under 80	9,119	8,918	5,088	8,892	1,445	467	6,104	9,119	-	5,427	8,837	7,493	1,552	32
33	80 under 90	6,514	6,396	3,743	6,343	1,130	324	4,517	6,514	-	3,854	6,333	5,333	1,155	33
34	90 under 100	4,657	4,533	2,658	4,554	805	247	3,289	4,657	-	2,763	4,555	3,849	790	34
35	100 under 150	10,951	10,750	6,476	10,701	2,029	431	8,089	10,951	-	6,463	10,753	9,061	1,850	35
36	150 under 200	3,803	3,743	2,321	3,739	736	108	2,984	3,803	-	2,205	3,742	3,116	668	36
37	200 under 250	1,838	1,812	1,164	1,799	404	56	1,509	1,838	-	1,067	1,807	1,452	382	37
38	250 under 300	876	865	562	857	224	17	737	876	-	511	868	691	183	38
39	300 under 400	880	865	581	868	227	11	739	880	-	498	869	702	170	39
40	400 under 500	393	387	286	391	97	4	341	393	-	239	388	307	84	40
41	500 under 750	440	436	291	429	132	3	372	440	-	259	439	345	92	41
42	750 under 1,000	175	170	128	171	57	1	160	175	-	97	175	131	43	42
43	1,000 under 1,500	114	112	78	112	33	2	102	114	-	59	113	81	31	43
44	1,500 under 2,000	41	41	31	40	16	1	40	41	-	20	41	33	8	44
45	2,000 under 3,000	33	32	23	33	14	-	29	33	-	15	33	28	5	45
46	3,000 under 4,000	12	12	7	12	4	-	11	12	-	5	12	10	2	46
47	4,000 under 5,000	9	9	6	7	4	-	8	9	-	3	9	9	-	47
48	5,000 or more	8	8	7	8	2	-	8	8	-	7	8	7	1	48
49	Total taxable returns	8,724,546	8,384,743	5,449,898	8,272,885	1,272,278	4,137,954	5,863,043	8,724,546	-	7,425,728	1,362,864	2,485,524	6,216,615	49
	Nontaxable returns: 26/														
50	No adjusted gross income 27/	404,534	11,349	8,149	14,541	1,522	7,527	3,920	-	404,534	56,621	57,544	-	105,601	50
51	Under 0.6	28,552	19,619	10,053	18,986	(33)	11,648	4,581	17,357	11,195	8,525	3,741	-	11,859	51
52	0.6 under 0.75	44,341	32,823	7,785	27,728	1,362	21,628	8,102	40,560	3,781	14,184	2,776	-	16,276	52
53	0.75 under 1	84,752	64,688	23,107	61,319	3,063	47,984	30,807	79,239	5,513	34,484	5,624	-	40,068	53
54	1 under 1.25	76,592	59,622	18,685	55,598	4,391	41,264	24,671	72,458	4,134	23,313	4,234	-	26,863	54
55	1.25 under 1.5	120,285	93,839	32,999	90,816	4,738	66,292	39,836	117,519	2,766	45,912	8,081	-	52,932	55
56	1.5 under 1.75	106,598	87,923	36,339	79,695	8,792	69,128	45,675	104,853	1,745	47,647	8,438	-	55,054	56
57	1.75 under 2	76,172	61,250	28,281	58,871	4,401	49,586	30,761	73,099	3,073	30,083	8,388	-	38,094	57
58	2 under 2.25	110,707	93,053	49,949	93,984	6,413	74,534	47,033	108,605	2,102	60,146	7,438	-	66,543	58
59	2.25 under 2.5	86,845	76,258	43,586	74,216	10,140	51,704	43,426	85,447	1,398	51,087	6,436	-	56,819	59
60	2.5 under 2.75	73,887	63,633	40,210	62,602	6,790	41,538	41,278	73,173	(33)	44,000	4,392	-	46,994	60
61	2.75 under 3	87,489	76,188	56,035	78,884	7,157	54,043	49,382	87,092	(33)	59,799	6,763	-	65,184	61
62	3 under 3.5	119,581	109,568	84,380	110,575	14,601	76,866	72,081	118,827	(33)	83,142	8,648	-	90,035	62
63	3.5 under 4	73,960	67,407	49,325	65,702	11,201	48,741	53,517	73,592	(33)	52,692	5,456	-	57,097	63
64	4 under 4.5	53,826	49,028	39,382	51,724	10,130	31,304	40,273	53,082	(33)	39,886	3,283	-	42,822	64
65	4.5 or more	47,631	42,954	35,602	41,299	12,429	27,324	33,141	43,539	4,092	31,159	4,855	-	35,712	65
66	Total nontaxable returns	1,595,752	1,009,202	563,867	986,550	107,824	721,111	568,484	1,148,442	447,310	682,680	146,097	-	807,953	66
67	Grand total	10,320,298	9,393,945	6,013,765	9,259,435	1,380,102	4,859,065	6,431,527	9,872,988	447,310	8,108,408	1,508,961	2,485,524	7,024,568	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	7,559,950	6,704,210	4,039,889	6,569,227	872,711	3,906,240	4,502,681	7,112,640	447,310	5,852,195	649,137	1,381,533	5,374,669	68
69	Taxable returns with adjusted gross income of $5,000 or more	2,760,348	2,689,735	1,373,876	2,690,2[illegible]	[illegible]	952,825	1,928,846	2,760,348	-	2,256,213	859,824	1,103,991	1,649,899	69

For footnotes, see pp. 19-20; for extent to which data are estimated, see pp. 5-6

Table 3. - Individual returns for 1950, by taxable and nontaxable returns, by adjusted gross income classes, by marital status and sex of taxpayer: Number of returns, adjusted gross income, exemption, and tax liability

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	All returns: Total number of returns	All returns: Adjusted gross income 13/	All returns: Amount of exemption 14/	All returns: Total tax liability 15/	Joint returns of husbands and wives 34/: Number of returns	Joint returns of husbands and wives 34/: Adjusted gross income 13/	Joint returns of husbands and wives 34/: Amount of exemption 14/	Joint returns of husbands and wives 34/: Tax liability 15/
	Taxable returns:								
1	0.6 under 0.75	368,453	261,501	221,072	2,470	-	-	-	-
2	0.75 under 1	1,201,660	1,049,309	720,996	37,867	-	-	-	-
3	1 under 1.25	1,155,515	1,297,733	693,309	79,410	-	-	-	-
4	1.25 under 1.5	1,507,851	2,083,811	1,176,730	117,669	221,360	312,440	265,632	2,754
5	1.5 under 1.75	1,693,386	2,745,812	1,401,377	179,800	312,030	507,756	374,436	13,415
6	1.75 under 2	1,640,026	3,073,123	1,367,139	233,325	328,163	615,519	393,796	25,305
7	2 under 2.25	2,067,053	4,387,731	2,204,618	290,776	724,261	1,540,684	1,098,638	46,034
8	2.25 under 2.5	2,065,115	4,903,162	2,269,988	357,094	821,610	1,951,438	1,237,633	83,081
9	2.5 under 2.75	2,163,146	5,691,283	2,617,902	416,807	1,000,690	2,638,654	1,626,873	120,737
10	2.75 under 3	2,422,594	6,961,107	3,424,319	474,177	1,405,170	4,039,283	2,535,638	178,837
11	3 under 3.5	4,593,387	14,912,416	7,020,651	1,061,886	3,027,838	9,860,771	5,609,708	526,858
12	3.5 under 4	4,075,219	15,242,570	7,001,100	1,115,355	3,133,447	11,731,990	6,124,832	719,710
13	4 under 4.5	3,300,418	13,988,086	6,085,262	1,078,595	2,760,566	11,705,776	5,564,825	811,108
14	4.5 under 5	2,439,982	11,569,605	4,607,426	965,188	2,134,266	10,123,678	4,318,033	785,815
15	5 under 6	3,025,105	16,486,505	5,789,533	1,502,335	2,747,961	14,983,632	5,514,623	1,310,941
16	6 under 7	1,523,868	9,820,005	2,886,491	999,266	1,400,398	9,027,087	2,763,271	890,467
17	7 under 8	797,054	5,937,515	1,525,013	654,927	734,815	5,473,247	1,464,277	587,552
18	8 under 9	469,495	3,970,911	894,334	472,667	421,549	3,564,791	846,874	408,894
19	9 under 10	299,177	2,831,132	574,950	354,503	267,211	2,527,893	542,341	304,564
20	10 under 11	215,904	2,261,011	417,728	296,894	191,034	2,000,544	392,530	251,657
21	11 under 12	156,347	1,795,883	306,145	246,567	137,349	1,577,998	286,982	206,422
22	12 under 13	125,378	1,563,720	246,200	225,583	109,408	1,364,566	230,236	187,397
23	13 under 14	99,119	1,335,375	195,735	201,507	86,387	1,163,989	182,302	167,225
24	14 under 15	82,366	1,192,951	162,712	186,828	71,897	1,041,371	152,140	154,918
25	15 under 20	256,019	4,396,990	510,469	757,996	221,844	3,811,676	474,704	620,849
26	20 under 25	139,837	3,110,483	282,271	615,381	122,265	2,719,997	263,578	507,930
27	25 under 30	83,645	2,281,381	169,716	505,858	73,166	1,995,577	158,556	417,931
28	30 under 40	91,105	3,126,875	184,005	791,446	79,482	2,728,351	171,557	654,191
29	40 under 50	45,357	2,017,205	91,333	590,640	39,651	1,763,206	85,217	493,295
30	50 under 60	25,064	1,367,067	49,927	446,682	21,790	1,188,377	46,454	373,027
31	60 under 70	15,535	1,003,761	30,520	357,167	13,355	862,910	28,173	296,018
32	70 under 80	9,995	746,954	19,560	281,649	8,598	642,503	18,073	234,589
33	80 under 90	7,083	599,859	13,776	236,089	6,066	513,667	12,701	196,384
34	90 under 100	5,012	474,876	9,621	195,419	4,262	403,798	8,829	160,997
35	100 under 150	11,564	1,386,519	21,937	613,196	9,722	1,165,189	19,967	501,324
36	150 under 200	3,948	676,791	7,370	328,914	3,288	564,209	6,669	267,410
37	200 under 250	1,872	414,803	3,461	209,388	1,527	338,346	3,067	165,609
38	250 under 300	896	244,253	1,591	129,918	707	192,619	1,390	100,516
39	300 under 400	891	304,533	1,577	165,726	684	233,875	1,360	123,646
40	400 under 500	399	177,646	691	97,526	316	140,693	604	75,886
41	500 under 750	446	268,645	779	152,615	342	205,703	665	114,200
42	750 under 1,000	177	150,817	290	87,266	128	108,207	242	60,546
43	1,000 under 1,500	114	138,581	188	82,342	66	80,192	141	43,798
44	1,500 under 2,000	41	72,105	58	44,275	17	29,310	32	16,227
45	2,000 under 3,000	35	83,457	56	48,833	13	30,265	31	15,839
46	3,000 under 4,000	12	41,676	14	25,401	4	14,635	7	7,647
47	4,000 under 5,000	9	39,599	13	25,309	3	13,652	4	9,063
48	5,000 or more	8	57,989	15	34,390	3	19,720	7	10,647
49	Total taxable returns	38,186,682	158,545,122	55,209,968	18,374,922	22,644,709	117,519,784	42,827,648	13,251,260
	Nontaxable returns: 26/								
50	No adjusted gross income 27/	404,534	28/726,202	603,357	-	254,167	28/582,384	481,034	-
51	Under 0.6	3,780,013	1,265,068	3,159,403	-	537,877	197,325	981,188	-
52	0.6 under 0.75	900,559	593,526	1,020,398	-	275,035	185,628	509,137	-
53	0.75 under 1	1,111,097	976,107	1,764,810	-	635,240	559,238	1,157,572	-
54	1 under 1.25	1,335,351	1,506,300	2,175,248	-	819,024	924,482	1,495,036	-
55	1.25 under 1.5	1,077,985	1,463,246	2,047,616	-	777,164	1,058,655	1,588,073	-
56	1.5 under 1.75	1,017,574	1,653,959	2,188,362	-	809,073	1,315,763	1,810,047	-
57	1.75 under 2	1,121,891	2,106,098	2,501,829	-	947,947	1,779,753	2,171,148	-
58	2 under 2.25	712,305	1,514,621	1,856,708	-	650,419	1,383,686	1,717,406	-
59	2.25 under 2.5	798,872	1,898,587	2,140,965	-	732,258	1,740,763	1,984,241	-
60	2.5 under 2.75	744,882	1,941,397	2,053,949	-	698,097	1,819,584	1,939,345	-
61	2.75 under 3	455,174	1,308,381	1,457,438	-	432,655	1,243,896	1,394,457	-
62	3 under 3.5	794,942	2,557,884	2,633,760	-	768,646	2,473,125	2,556,032	-
63	3.5 under 4	373,252	1,394,322	1,376,972	-	365,515	1,365,661	1,353,979	-
64	4 under 4.5	144,611	612,305	576,253	-	140,557	595,519	563,497	-
65	4.5 or more	100,374	537,555	426,028	-	97,707	516,360	421,082	-
66	Total nontaxable returns	14,873,416	29/20,603,154	27,983,096	-	8,941,381	29/16,577,054	22,123,274	-
67	Grand total	53,060,098	29/179,148,276	83,193,064	18,374,922	31,586,090	29/134,096,838	64,950,922	13,251,260
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	45,567,221	29/108,770,403	68,794,985	6,410,419	24,810,782	29/71,605,043	51,273,318	3,313,654
69	Taxable returns with adjusted gross income of $5,000 or more	7,492,877	70,377,873	14,398,079	11,964,503	6,775,308	62,491,795	13,677,604	9,937,606

For footnotes, see pp. 19-20; for extent to which data are estimated, see pp. 5-6.

Table 3. - Individual returns for 1950, by taxable and nontaxable returns, by adjusted gross income classes, by marital status and sex of taxpayer: Number of returns, adjusted gross income, exemption, and tax liability - Continued

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	Separate returns of husbands and wives 35/								
		Men				Women				
		Number of returns	Adjusted gross income 13/	Amount of exemption 14/	Tax liability 15/	Number of returns	Adjusted gross income 13/	Amount of exemption 14/	Tax liability 15/	
	Taxable returns:									
1	0.6 under 0.75	6,403	4,498	3,842	35	15,087	10,698	9,053	104	1
2	0.75 under 1	29,919	26,415	17,951	975	41,947	37,107	25,168	1,393	2
3	1 under 1.25	28,645	32,139	17,187	1,963	48,316	54,771	28,989	3,185	3
4	1.25 under 1.5	44,811	62,017	34,957	3,532	74,179	101,925	52,960	6,291	4
5	1.5 under 1.75	37,102	60,207	28,549	4,314	83,212	134,863	61,605	10,033	5
6	1.75 under 2	38,416	71,480	29,532	5,841	73,740	138,233	54,711	11,709	6
7	2 under 2.25	56,554	120,082	50,508	9,682	91,577	194,392	72,873	17,380	7
8	2.25 under 2.5	68,977	164,592	64,785	13,824	90,955	215,365	73,928	20,106	8
9	2.5 under 2.75	94,248	248,430	93,487	21,724	76,299	200,036	65,989	19,367	9
10	2.75 under 3	94,906	272,625	93,934	25,667	76,002	218,048	62,798	22,671	10
11	3 under 3.5	174,631	567,003	188,137	54,506	85,255	275,325	68,599	30,716	11
12	3.5 under 4	141,277	526,069	156,954	53,628	43,651	162,174	39,438	18,474	12
13	4 under 4.5	85,377	362,291	104,459	37,473	19,510	81,890	17,365	9,884	13
14	4.5 under 5	44,216	209,264	48,302	24,680	13,376	62,709	10,684	8,172	14
15	5 under 6	24,394	130,732	30,390	14,174	8,662	47,616	7,021	6,303	15
16	6 under 7	11,785	75,112	12,881	9,791	3,850	24,663	3,894	3,315	16
17	7 under 8	4,643	34,402	5,068	4,182	1,808	13,901	2,239	1,961	17
18	8 under 9	4,762	40,474	5,664	6,047	2,480	21,020	2,388	3,462	18
19	9 under 10	2,668	25,298	3,071	4,112	2,174	20,677	2,060	3,529	19
20	10 under 11	2,398	25,104	2,772	4,400	1,670	17,508	1,686	3,238	20
21	11 under 12	1,644	18,837	1,883	3,390	1,324	15,191	1,259	2,937	21
22	12 under 13	1,616	20,192	1,628	3,727	954	11,920	863	2,357	22
23	13 under 14	967	12,952	1,144	2,606	1,161	15,485	1,363	3,156	23
24	14 under 15	1,004	14,495	1,146	3,022	792	11,488	791	2,530	24
25	15 under 20	2,832	48,426	3,428	11,174	2,346	40,162	2,325	9,774	25
26	20 under 25	1,484	32,871	1,590	8,865	1,152	25,451	1,129	7,291	26
27	25 under 30	789	21,510	962	6,424	604	16,456	570	5,166	27
28	30 under 40	825	28,109	931	9,438	738	25,511	712	8,915	28
29	40 under 50	403	17,988	437	6,619	386	17,155	390	6,794	29
30	50 under 60	231	12,541	253	5,028	193	10,537	180	4,373	30
31	60 under 70	146	9,409	165	3,937	128	8,304	122	3,633	31
32	70 under 80	94	7,105	106	3,063	91	6,791	89	3,060	32
33	80 under 90	70	5,970	74	2,688	78	6,566	75	2,936	33
34	90 under 100	49	4,655	52	2,101	50	4,755	41	2,264	34
35	100 under 150	128	15,577	137	7,795	125	15,105	123	7,877	35
36	150 under 200	43	7,289	46	3,720	44	7,469	40	4,105	36
37	200 under 250	20	4,463	30	2,490	25	5,567	24	3,243	37
38	250 under 300	17	4,505	23	2,506	11	2,930	8	1,596	38
39	300 under 400	11	3,700	12	2,120	17	5,846	17	3,377	39
40	400 under 500	4	1,850	4	994	10	4,542	9	3,050	40
41	500 under 750	16	9,662	19	5,896	12	7,180	11	4,455	41
42	750 under 1,000	6	5,460	6	3,515	5	4,387	5	2,619	42
43	1,000 under 1,500	15	18,464	15	12,244	6	7,580	5	5,498	43
44	1,500 under 2,000	10	17,405	11	11,325	6	11,321	8	8,250	44
45	2,000 under 3,000	9	20,796	10	12,702	3	6,827	3	4,463	45
46	3,000 under 4,000	4	13,241	4	8,395	-	-	-	-	46
47	4,000 under 5,000	2	8,515	4	5,722	1	4,668	2	2,686	47
48	5,000 or more	2	14,894	4	9,233	-	-	-	-	48
49	Total taxable returns	1,008,573	3,459,115	1,006,554	461,289	864,012	2,332,115	673,612	317,718	49
	Nontaxable returns: 26/									
50	No adjusted gross income 27/	8,368	28/7,815	8,001	-	4,226	28/7,110	2,749	-	50
51	Under 0.6	42,996	16,128	32,469	-	131,888	42,522	93,199	-	51
52	0.6 under 0.75	13,797	9,032	12,307	-	26,182	17,065	22,147	-	52
53	0.75 under 1	13,095	11,416	19,514	-	21,458	18,583	28,139	-	53
54	1 under 1.25	14,790	16,856	19,355	-	24,485	27,535	33,780	-	54
55	1.25 under 1.5	12,762	17,182	20,142	-	12,439	16,872	21,981	-	55
56	1.5 under 1.75	11,093	17,750	22,951	-	9,729	15,909	18,114	-	56
57	1.75 under 2	14,762	27,180	28,581	-	11,737	22,265	23,530	-	57
58	2 under 2.25	5,045	10,724	12,893	-	3,368	7,108	6,868	-	58
59	2.25 under 2.5	5,368	12,883	13,276	-	3,350	7,783	8,035	-	59
60	2.5 under 2.75	7,727	20,077	18,723	-	4,030	10,502	9,874	-	60
61	2.75 under 3	1,687	4,836	4,830	-	(36)	(36)	(36)	-	61
62	3 under 3.5	6,054	19,490	19,560	-	(36)	(36)	(36)	-	62
63	3.5 under 4	1,677	6,217	6,237	-	(36)	(36)	(36)	-	63
64	4 under 4.5	-	-	-	-	-	-	-	-	64
65	4.5 or more	(36)	(36)	(36)	-	(36)	(36)	(36)	-	65
66	Total nontaxable returns	159,946	29/186,772	240,126	-	254,631	29/184,961	273,533	-	66
67	Grand total	1,168,519	29/3,645,887	1,246,680	461,289	1,118,643	29/2,517,076	947,145	317,718	67
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	1,105,428	29/2,913,884	1,172,710	257,844	1,087,737	29/2,072,497	917,693	179,485	68
69	Taxable returns with adjusted gross income of $5,000 or more	63,091	732,003	73,970	203,445	30,906	444,579	29,452	138,233	69

For footnotes, see pp. 19 - 20; for extent to which data are estimated, see pp. 5-6.

Table 3. - Individual returns for 1950, by taxable and nontaxable returns, by adjusted gross income classes, by marital status and sex of taxpayer: Number of returns, adjusted gross income, exemption, and tax liability - Continued

(Adjusted gross income classes and money figures in thousands of dollars)

	Adjusted gross income classes 1/	Returns of single persons							
		Men				Women			
		Number of returns	Adjusted gross income 13/	Amount of exemption 14/	Tax liability 15/	Number of returns	Adjusted gross income 13/	Amount of exemption 14/	Tax liability 15/
	Taxable returns:								
1	0.6 under 0.75	227,312	161,448	136,387	1,548	119,651	84,857	71,791	783
2	0.75 under 1	688,885	600,682	413,331	21,923	440,909	385,105	264,545	13,576
3	1 under 1.25	671,306	754,314	402,784	47,050	407,248	456,509	244,349	27,212
4	1.25 under 1.5	630,640	866,649	430,198	59,664	536,861	740,780	392,983	45,428
5	1.5 under 1.75	612,540	991,221	445,162	75,666	648,502	1,051,765	491,625	76,372
6	1.75 under 2	541,435	1,013,954	390,820	87,933	658,272	1,233,937	498,281	102,537
7	2 under 2.25	560,672	1,189,184	461,838	103,063	633,989	1,343,389	520,762	114,617
8	2.25 under 2.5	515,391	1,223,250	428,398	114,138	568,182	1,348,517	465,244	125,945
9	2.5 under 2.75	516,532	1,357,430	436,691	133,157	475,377	1,246,733	394,862	121,822
10	2.75 under 3	463,705	1,333,049	407,888	134,881	382,811	1,098,102	324,061	112,121
11	3 under 3.5	774,092	2,499,694	691,208	267,170	531,571	1,709,623	462,998	182,636
12	3.5 under 4	490,625	1,830,767	448,430	208,907	266,219	991,570	231,446	114,636
13	4 under 4.5	293,205	1,239,546	274,918	147,763	141,760	598,583	123,697	72,367
14	4.5 under 5	165,271	781,290	160,292	96,489	82,853	392,664	70,114	50,032
15	5 under 6	147,767	799,513	145,102	103,401	96,321	525,012	92,398	67,516
16	6 under 7	66,140	425,697	64,570	58,958	41,695	267,446	41,876	36,735
17	7 under 8	33,841	251,506	31,482	37,346	21,947	164,459	21,946	23,886
18	8 under 9	23,554	199,437	22,240	31,547	17,150	145,189	17,168	22,717
19	9 under 10	15,920	151,016	15,605	25,011	11,204	106,248	11,873	17,287
20	10 under 11	11,290	118,255	10,806	20,496	9,512	99,600	9,934	17,103
21	11 under 12	8,696	99,759	8,360	18,445	7,334	84,098	7,661	15,373
22	12 under 13	7,352	91,650	6,996	17,750	6,048	75,392	6,477	14,352
23	13 under 14	5,868	79,157	5,794	15,875	4,736	63,792	5,132	12,645
24	14 under 15	4,624	66,947	4,388	14,170	4,049	58,650	4,247	12,188
25	15 under 20	15,366	263,029	15,325	61,849	13,631	233,697	14,685	54,350
26	20 under 25	7,748	172,186	7,906	47,715	7,188	159,978	8,068	43,580
27	25 under 30	4,822	131,601	5,005	40,662	4,264	116,237	4,622	35,675
28	30 under 40	5,022	171,951	5,255	59,728	5,038	172,953	5,551	59,174
29	40 under 50	2,441	108,422	2,534	41,742	2,476	110,434	2,755	42,190
30	50 under 60	1,373	74,899	1,429	31,050	1,477	80,713	1,610	33,204
31	60 under 70	914	59,113	959	25,818	992	64,025	1,100	27,761
32	70 under 80	583	43,572	600	19,593	629	46,983	692	21,324
33	80 under 90	424	35,923	446	16,671	445	37,733	479	17,410
34	90 under 100	280	26,571	293	12,918	371	35,097	406	17,139
35	100 under 150	714	85,828	757	43,053	875	104,820	955	53,147
36	150 under 200	260	44,141	275	24,058	313	53,683	340	29,621
37	200 under 250	124	27,381	142	15,401	176	39,046	197	22,645
38	250 under 300	80	21,806	86	11,895	81	22,393	85	13,405
39	300 under 400	70	23,935	68	13,795	109	37,177	120	22,788
40	400 under 500	33	14,855	36	8,377	36	15,706	38	9,219
41	500 under 750	33	20,172	34	11,907	43	25,928	50	16,157
42	750 under 1,000	16	13,461	16	7,689	22	19,302	20	12,897
43	1,000 under 1,500	14	16,379	13	10,048	13	15,966	13	10,754
44	1,500 under 2,000	4	6,669	4	3,678	4	7,400	4	4,795
45	2,000 under 3,000	6	15,448	7	9,418	4	10,121	4	6,411
46	3,000 under 4,000	2	6,700	2	3,864	2	7,100	1	5,495
47	4,000 under 5,000	-	-	-	-	3	12,764	4	7,838
48	5,000 or more	2	16,962	2	10,201	1	6,413	1	4,309
49	Total taxable returns	7,516,994	19,526,419	5,884,882	2,373,481	6,152,394	15,707,689	4,817,270	1,971,174
	Nontaxable returns: 26/								
50	No adjusted gross income 27/	69,326	28/74,985	55,601	-	68,447	28/53,908	55,972	-
51	Under 0.6	1,801,773	602,954	1,191,411	-	1,265,479	406,139	861,137	-
52	0.6 under 0.75	323,424	209,863	253,242	-	262,121	171,938	223,565	-
53	0.75 under 1	191,869	168,001	254,783	-	249,435	218,869	304,802	-
54	1 under 1.25	206,541	232,739	277,370	-	270,511	304,688	349,707	-
55	1.25 under 1.5	128,707	172,530	203,510	-	146,913	198,007	213,910	-
56	1.5 under 1.75	85,310	138,429	161,777	-	102,369	166,108	175,472	-
57	1.75 under 2	72,901	137,377	142,259	-	74,544	139,523	136,311	-
58	2 under 2.25	28,216	59,783	67,276	-	25,257	53,320	52,267	-
59	2.25 under 2.5	33,000	78,256	78,539	-	24,896	58,902	56,874	-
60	2.5 under 2.75	20,894	54,405	52,501	-	14,134	36,829	33,505	-
61	2.75 under 3	12,080	34,656	35,966	-	8,419	24,039	21,187	-
62	3 under 3.5	12,814	41,289	41,770	-	6,401	20,703	13,126	-
63	3.5 under 4	4,028	14,975	12,070	-	1,695	6,251	3,878	-
64	4 under 4.5	3,043	12,658	9,117	-	(36)	(36)	(36)	-
65	4.5 or more	(36)	(36)	(36)	-	(36)	(36)	(36)	-
66	Total nontaxable returns	2,994,601	29/1,890,594	2,837,780	-	2,522,857	29/1,763,773	2,508,381	-
67	Grand total	10,511,595	29/21,417,013	8,722,662	2,373,481	8,675,251	29/17,471,462	7,325,651	1,971,174
68	Taxable returns with adjusted gross income under $5,000 and nontaxable returns	10,146,212	29/17,733,072	8,366,125	1,499,352	8,417,062	29/14,445,907	7,065,139	1,160,084
69	Taxable returns with adjusted gross income of $5,000 or more	365,383	3,683,941	356,537	874,129	258,189	3,025,555	260,512	811,090

For footnotes, see pp. 19-20; for extent to which data are estimated, see pp. 5-6.

Table 4. - Taxable fiduciary returns for 1950, by total income classes: Number of returns, income or loss from each of the sources comprising total income, total income, deductions, balance income, amount distributable to beneficiaries, net income, exemption, and tax liability

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

	Total income classes 37/	Total number of returns	Dividends 38/	Interest 39/	Rents and royalties 6/		Trade or business 40/		Partnership 41/		Sales or exchanges of capital assets 42/		Sales or exchanges of property other than capital assets 10/		Income from other fiduciaries 43/	Miscellaneous income 44/	Total income 45/	Deduction for -			Total deductions	Balance income 49/	Amount distributable to beneficiaries	Net income taxable to fiduciary 50/	Amount of exemption 51/	Tax liability 52/	
					Net profit	Net loss	Net profit	Net loss	Net profit	Net loss	Net gain	Net loss	Net gain	Net loss				Interest 46/	Taxes 47/	Miscellaneous deductions 48/							
1	Under 0.6	8,530	1,139	1,060	251	8	25	11	84	9	210	53	4	1	79	46	2,816	6	44	172	221	2,596	185	2,410	853	271	1
2	0.6 under 0.75	4,384	1,156	651	467	13	213	20	111	12	255	30	9	3	69	109	2,964	6	34	81	122	2,843	234	2,609	1,575	180	2
3	0.75 under 1	7,190	2,411	1,335	1,033	28	413	21	175	15	611	75	21	19	164	256	6,260	20	122	205	347	5,913	597	5,316	2,779	441	3
4	1 under 1.25	6,184	2,727	1,306	1,110	43	481	31	219	6	727	71	37	13	190	295	6,929	35	164	287	486	6,442	858	5,585	2,299	573	4
5	1.25 under 1.5	5,372	2,838	1,384	1,133	32	540	25	243	7	838	59	27	3	207	297	7,380	44	192	314	550	6,830	1,127	5,703	1,952	655	5
6	1.5 under 1.75	4,781	3,022	1,329	1,238	23	503	33	276	7	906	65	39	10	253	324	7,754	46	220	366	633	7,121	1,329	5,792	1,678	715	6
7	1.75 under 2	4,144	3,108	1,291	1,133	20	553	29	324	10	933	57	24	19	225	301	7,759	45	195	364	603	7,155	1,513	5,642	1,411	737	7
8	2 under 2.25	3,865	3,403	1,309	1,107	22	560	33	356	22	1,026	63	30	12	262	298	8,198	47	202	411	660	7,538	1,795	5,743	1,272	779	8
9	2.25 under 2.5	3,418	3,431	1,220	1,142	16	481	24	322	5	1,055	55	30	7	218	312	8,103	54	207	391	652	7,452	1,920	5,532	1,115	773	9
10	2.5 under 2.75	3,250	3,727	1,213	1,099	19	521	40	369	14	1,170	55	41	16	207	310	8,514	58	216	430	704	7,810	2,045	5,765	1,036	831	10
11	2.75 under 3	2,942	3,673	1,279	1,091	14	538	87	400	1	1,059	53	33	5	236	298	8,446	51	225	472	748	7,698	2,093	5,605	923	829	11
12	3 under 3.5	5,100	7,407	2,355	2,108	41	980	38	758	15	2,163	86	56	10	364	524	16,526	119	428	830	1,377	15,149	4,453	10,696	1,559	1,634	12
13	3.5 under 4	4,337	7,470	2,292	1,996	33	959	25	658	23	2,135	85	58	11	344	487	16,222	118	430	833	1,381	14,841	4,722	10,119	1,270	1,610	13
14	4 under 4.5	3,792	7,318	2,306	1,961	24	958	31	723	3	2,157	84	50	13	296	506	16,121	120	386	813	1,319	14,801	4,995	9,806	1,108	1,597	14
15	4.5 under 5	3,208	7,148	2,008	1,797	36	794	94	761	61	2,185	70	43	4	325	423	15,219	125	355	773	1,253	13,966	4,782	9,185	885	1,544	15
16	5 under 6	5,407	14,725	3,802	3,354	83	1,322	47	1,159	13	4,085	98	66	14	575	749	29,581	202	647	1,438	2,286	27,295	9,953	17,342	1,478	3,021	16
17	6 under 7	4,433	14,646	3,495	2,992	68	1,287	63	1,191	8	3,916	104	77	12	617	722	28,686	245	599	1,391	2,235	26,450	9,977	16,473	1,234	2,992	17
18	7 under 8	3,618	13,924	3,160	3,067	64	1,317	44	990	57	3,813	92	53	6	501	575	27,138	225	594	1,384	2,203	24,935	10,228	14,707	937	2,786	18
19	8 under 9	3,074	13,468	3,065	2,657	38	1,010	64	1,343	12	3,647	74	69	22	419	600	26,069	217	512	1,242	1,972	24,097	9,458	14,639	802	2,892	19
20	9 under 10	2,464	12,533	2,594	2,201	47	856	48	1,084	5	3,380	66	52	30	346	519	23,369	145	476	1,145	1,766	21,603	9,139	12,464	626	2,541	20
21	10 under 11	2,266	12,429	2,586	2,625	28	952	58	990	14	3,261	68	49	4	517	514	23,751	194	459	1,093	1,745	22,005	8,935	13,070	591	2,784	21
22	11 under 12	1,988	12,519	2,536	2,007	25	802	23	866	12	3,299	52	65	6	399	470	22,846	170	471	1,083	1,725	21,121	8,825	12,295	492	2,719	22
23	12 under 13	1,639	10,872	2,084	2,253	26	758	64	1,157	29	2,804	42	34	19	336	324	20,441	148	404	974	1,526	18,915	7,868	11,047	416	2,520	23
24	13 under 14	1,402	10,354	1,874	1,762	18	858	38	881	79	2,750	48	39	11	214	373	18,912	151	390	906	1,447	17,465	7,710	9,754	345	2,278	24
25	14 under 15	1,289	10,294	1,962	1,857	17	649	65	721	16	2,588	40	39	3	297	417	18,682	150	399	866	1,415	17,267	7,375	9,892	327	2,400	25
26	15 under 20	4,589	43,800	7,507	8,050	93	3,077	92	3,573	68	11,044	179	101	71	1,058	1,638	79,346	727	1,579	3,755	6,059	73,286	32,810	40,476	1,162	10,580	26
27	20 under 25	2,867	36,360	5,500	6,317	64	2,082	139	3,437	171	9,137	122	163	67	600	957	63,990	635	1,266	3,020	4,921	59,069	27,053	32,016	699	9,403	27
28	25 under 30	2,000	31,335	4,432	5,082	62	1,697	54	2,739	57	7,812	68	61	53	858	966	54,689	564	1,138	2,608	4,310	50,379	23,777	26,602	486	8,605	28
29	30 under 40	2,436	49,890	5,905	6,353	143	2,813	225	3,805	29	12,800	122	127	80	1,444	1,565	84,103	686	1,661	4,071	6,418	77,686	37,308	40,377	576	14,368	29
30	40 under 50	1,375	35,252	3,903	5,807	74	2,154	51	3,426	440	9,367	68	179	39	648	1,146	61,210	668	1,200	2,957	4,825	56,386	26,548	29,837	331	11,790	30
31	50 under 60	889	28,376	2,869	4,093	32	1,751	41	1,739	255	8,726	58	28	28	641	770	48,581	448	1,057	2,510	4,015	44,565	20,962	23,603	204	10,088	31
32	60 under 70	608	24,035	2,283	2,558	56	1,420	401	1,841	69	5,904	36	117	13	555	1,166	39,304	377	772	1,834	2,983	36,321	18,178	18,142	129	8,125	32
33	70 under 80	456	20,075	1,700	2,417	7	860	17	1,959	-	5,695	22	46	16	1,155	365	34,209	403	668	1,596	2,667	31,542	15,958	15,585	94	7,361	33
34	80 under 90	346	17,793	1,595	2,172	37	562	138	888	15	5,645	19	2	8	484	361	29,284	266	574	1,578	2,438	26,847	14,531	12,316	76	5,771	34
35	90 under 100	238	13,937	839	1,700	5	504	-	988	10	4,296	10	1	3	25	293	22,554	198	446	1,129	1,773	20,782	10,409	10,373	53	5,156	35
36	100 under 150	633	44,533	3,371	5,978	35	2,625	256	1,379	18	16,375	35	202	39	1,896	845	76,821	993	1,741	3,586	6,321	70,501	36,107	34,393	139	17,815	36
37	150 under 200	270	28,289	1,739	2,385	52	1,410	30	1,116	5	10,381	15	122	32	696	439	46,444	503	1,004	2,657	4,164	42,280	21,844	20,436	65	11,122	37
38	200 under 250	150	21,482	1,160	1,437	22	647	256	1,158	2	6,921	12	52	24	584	61	33,188	310	570	1,369	2,250	30,938	17,419	13,519	32	7,561	38
39	250 under 300	85	14,110	338	1,131	44	709	130	155	13	6,926	-	-	4	91	41	23,310	534	251	925	1,711	21,599	11,725	9,874	19	5,552	39
40	300 under 400	96	18,561	1,060	3,093	28	558	8	379	16	9,020	4	200	1	515	8	33,335	327	627	2,007	2,961	30,374	14,984	15,391	18	9,037	40
41	400 under 500	37	11,094	347	452	-	496	3	764	-	3,310	4	-	-	61	35	16,551	70	167	975	1,212	15,340	9,384	5,955	7	3,346	41
42	500 under 750	44	15,730	1,026	1,186	32	595	4	764	21	6,605	8	590	-	962	10	27,404	322	374	1,053	1,749	25,655	12,807	12,848	11	8,138	42
43	750 under 1,000	25	15,291	456	915	-	723	-	702	3	2,776	2	9	5	637	42	21,542	110	290	854	1,255	20,287	13,244	7,043	5	4,684	43
44	1,000 under 1,500	12	7,155	177	1,316	20	-	-	-	-	4,398	3	-	-	-	606	13,629	338	125	1,423	1,886	11,743	7,568	4,175	2	2,425	44
45	1,500 under 2,000	6	5,154	30	-	-	-	22	-	58	5,004	-	-	-	-	68	10,177	165	22	141	328	9,849	4,706	5,143	2	2,567	45
46	2,000 under 3,000	11	15,320	70	8	-	6	19	-	-	9,946	-	-	61	-	205	25,474	612	426	410	1,448	24,026	13,885	10,141	2	5,048	46
47	3,000 under 4,000	1	3,283	57	-	-	-	-	-	-	-	1	-	7	-	-	3,332	125	110	126	361	2,971	2,942	29	-	11	47
48	4,000 under 5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48
49	5,000 or more	1	6,583	35	-	-	-	-	-	-	176	-	-	-	-	-	6,794	-	62	269	331	6,463	6,315	149	-	101	49
50	Total	115,252	693,180	95,895	105,891	1,592	43,019	2,942	46,973	1,705	213,237	2,433	3,045	824	20,570	21,636	1,233,957	12,142	24,501	59,115	95,762	1,138,197	522,580	615,614	33,075	208,756	50
51	Taxable returns with total income under $5,000	70,497	59,978	22,338	18,666	372	8,519	542	5,779	210	17,430	961	502	146	3,439	4,786	139,211	894	3,420	6,742	11,056	128,155	32,648	95,508	21,715	13,169	51
52	Taxable returns with total income of $5,000 or more	44,755	633,202	73,557	87,225	1,220	34,500	2,400	41,194	1,495	195,807	1,472	2,543	678	17,131	16,850	1,094,746	11,248	21,081	52,373	84,706	1,010,042	489,932	520,106	11,360	195,587	52

For footnotes, see pp. 19-20.

Table 5. - Taxable fiduciary returns for 1950, by total income classes: Frequency distributions of returns for each specific source of income or loss comprising total income, for each deduction, and for amount distributable to beneficiaries

	Total income classes 37/ (Thousands of dollars)	Total number of returns	Number of returns with - Dividends	Interest	Rents and royalties: Net profit	Rents and royalties: Net loss	Trade or business: Net profit	Trade or business: Net loss	Partnership: Net profit	Partnership: Net loss	Sales or exchanges of capital assets: Net gain	Sales or exchanges of capital assets: Net loss	Sales or exchanges of property other than capital assets: Net gain	Sales or exchanges of property other than capital assets: Net loss	Income from other fiduciaries	Miscellaneous income	Deduction for - Interest	Deduction for - Taxes	Deduction for - Miscellaneous deductions	Total deductions	Amount distributable to beneficiaries	
1	Under 0.6	8,530	4,365	5,482	863	51	80	8	337	25	1,594	475	13	12	324	267	181	1,803	4,295	5,010	944	1
2	0.6 under 0.75	4,384	2,553	2,294	927	57	340	25	213	12	974	187	28	11	146	315	131	870	1,499	1,928	636	2
3	0.75 under 1	7,190	4,293	3,921	1,691	98	532	33	310	26	1,892	398	51	29	282	625	325	2,020	2,773	3,780	1,226	3
4	1 under 1.25	6,184	3,891	3,451	1,467	96	485	39	295	21	1,875	316	60	24	258	580	355	1,966	2,720	3,606	1,363	4
5	1.25 under 1.5	5,372	3,425	3,148	1,296	96	438	29	270	15	1,864	275	52	17	246	526	346	1,921	2,579	3,379	1,397	5
6	1.5 under 1.75	4,781	3,101	2,790	1,195	69	354	18	252	16	1,762	278	56	19	249	493	304	1,829	2,370	3,109	1,403	6
7	1.75 under 2	4,144	2,741	2,482	980	75	345	24	259	15	1,617	224	41	21	206	423	310	1,626	2,167	2,812	1,349	7
8	2 under 2.25	3,865	2,680	2,359	873	52	310	25	263	14	1,601	242	38	17	230	392	302	1,549	2,147	2,684	1,397	8
9	2.25 under 2.5	3,418	2,407	2,160	807	46	244	21	222	8	1,516	213	30	16	189	357	273	1,438	1,915	2,412	1,333	9
10	2.5 under 2.75	3,250	2,347	2,033	755	57	236	20	214	21	1,463	206	31	19	157	365	311	1,364	1,867	2,318	1,312	10
11	2.75 under 3	2,942	2,147	1,904	679	46	224	23	223	10	1,361	199	34	13	155	325	278	1,309	1,780	2,188	1,215	11
12	3 under 3.5	5,100	3,811	3,368	1,184	104	370	32	386	15	2,497	292	49	23	266	551	500	2,411	3,129	3,898	2,218	12
13	3.5 under 4	4,337	3,305	2,919	988	77	313	25	299	15	2,153	295	52	24	214	512	501	2,063	2,738	3,353	2,036	13
14	4 under 4.5	3,792	2,891	2,619	880	62	279	19	285	12	1,991	247	47	31	200	460	436	1,881	2,489	3,004	1,878	14
15	4.5 under 5	3,208	2,509	2,278	736	53	216	14	254	14	1,816	203	31	12	157	359	368	1,591	2,171	2,598	1,629	15
16	5 under 6	5,407	4,411	3,891	1,227	112	318	30	372	21	3,082	343	48	33	275	627	622	2,812	3,667	4,422	2,916	16
17	6 under 7	4,433	3,640	3,204	992	82	273	24	313	13	2,572	301	51	22	215	539	574	2,241	3,059	3,665	2,411	17
18	7 under 8	3,618	2,982	2,604	866	80	223	20	245	23	2,207	231	37	15	160	418	474	1,953	2,567	3,043	2,135	18
19	8 under 9	3,074	2,527	2,270	659	66	168	22	261	14	1,865	194	29	24	124	373	417	1,672	2,217	2,614	1,741	19
20	9 under 10	2,464	2,088	1,844	558	44	137	18	197	12	1,573	172	35	29	119	306	342	1,378	1,809	2,130	1,533	20
21	10 under 11	2,266	1,880	1,708	540	46	125	20	195	20	1,385	173	25	10	112	281	325	1,262	1,634	1,925	1,337	21
22	11 under 12	1,988	1,715	1,560	422	36	97	8	156	17	1,294	145	16	5	91	245	323	1,180	1,532	1,762	1,213	22
23	12 under 13	1,639	1,375	1,261	409	36	88	17	165	17	1,016	107	19	12	77	189	240	946	1,228	1,444	999	23
24	13 under 14	1,402	1,205	1,085	326	22	87	8	106	14	922	101	16	11	55	176	216	837	1,080	1,232	904	24
25	14 under 15	1,289	1,107	971	298	23	61	9	107	7	828	103	17	7	63	192	187	739	969	1,111	792	25
26	15 under 20	4,589	3,944	3,596	1,113	87	252	32	423	39	3,012	396	47	44	209	649	785	2,748	3,571	4,075	3,006	26
27	20 under 25	2,867	2,513	2,253	671	68	126	26	287	23	1,926	237	31	22	114	429	515	1,789	2,317	2,606	1,968	27
28	25 under 30	2,000	1,792	1,599	493	56	97	16	210	14	1,391	153	26	25	97	312	419	1,252	1,634	1,852	1,404	28
29	30 under 40	2,436	2,174	1,927	552	66	122	35	220	29	1,683	227	17	30	107	377	489	1,580	2,008	2,237	1,777	29
30	40 under 50	1,375	1,210	1,083	361	51	86	15	156	15	948	134	15	24	53	236	313	880	1,127	1,269	1,007	30
31	50 under 60	889	809	717	232	21	49	8	83	12	655	85	12	10	35	151	207	616	759	842	642	31
32	60 under 70	608	568	499	127	13	38	5	64	16	444	65	9	8	22	103	149	421	524	581	462	32
33	70 under 80	456	410	353	109	10	16	3	50	-	332	42	6	5	25	71	109	306	392	426	356	33
34	80 under 90	346	321	282	95	14	13	3	25	3	252	31	3	4	14	52	76	231	296	327	283	34
35	90 under 100	238	228	194	66	6	8	-	26	2	176	18	3	2	7	32	71	166	216	232	188	35
36	100 under 150	633	576	516	171	17	50	13	27	10	483	51	9	13	50	89	151	446	561	601	533	36
37	150 under 200	270	257	221	67	10	12	6	21	5	211	25	6	8	17	54	90	212	247	266	223	37
38	200 under 250	150	140	121	35	6	8	4	16	4	116	15	2	4	11	19	46	115	134	144	132	38
39	250 under 300	85	84	69	16	6	4	4	9	3	73	-	-	2	4	9	29	61	77	83	74	39
40	300 under 400	96	92	83	21	9	2	1	7	3	82	7	1	3	7	13	22	73	88	93	79	40
41	400 under 500	37	36	29	7	-	5	1	3	-	29	5	-	-	2	6	11	26	33	35	31	41
42	500 under 750	44	42	36	9	3	2	1	2	3	34	8	1	-	3	7	13	37	40	44	36	42
43	750 under 1,000	25	24	20	7	-	1	-	2	1	19	2	2	1	1	2	6	17	23	25	20	43
44	1,000 under 1,500	12	11	11	7	1	-	-	-	-	9	3	-	-	-	4	6	9	12	12	11	44
45	1,500 under 2,000	6	4	2	-	-	-	1	-	1	6	-	-	-	-	1	2	4	4	4	4	45
46	2,000 under 3,000	11	10	8	2	-	2	1	-	-	11	-	-	1	-	4	6	7	7	10	8	46
47	3,000 under 4,000	1	1	1	-	-	-	-	-	-	-	1	-	1	-	-	1	1	1	1	1	47
48	4,000 under 5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48
49	5,000 or more	1	1	1	-	-	-	-	-	-	1	-	-	-	-	-	-	1	1	1	1	49
50	Total	115,252	84,643	77,227	25,779	2,030	7,236	706	7,830	580	54,613	7,425	1,096	663	5,348	12,516	12,157	51,659	70,473	85,193	49,563	50
51	Taxable returns with total income under $5,000	70,497	46,466	43,208	15,321	1,039	4,766	355	4,082	239	25,976	4,050	613	288	3,279	6,550	4,921	25,641	36,639	46,079	21,336	51
52	Taxable returns with total income of $5,000 or more	44,755	38,177	34,019	10,458	991	2,470	351	3,748	341	28,637	3,375	483	375	2,069	5,966	7,236	26,018	33,834	39,114	28,227	52

For footnotes, see pp. 19-20.

Footnotes

1/ Adjusted gross income classes are based on the amount of adjusted gross income (see note 13), regardless of the amount of net income or net deficit when computed; returns with adjusted gross deficit are designated "No adjusted gross income" without regard to the amount.

2/ Salaries and wages include annuities, pensions, and retirement pay reported in the schedule for salaries, but exclude wages not exceeding $100 per return from which no tax was withheld, reported as other income on Form 1040A (see note 12).

3/ Dividends, foreign and domestic, exclude dividends not exceeding $100 per return reported as other income on Form 1040A (see note 12) and dividends received through partnerships and fiduciaries.

4/ Interest received includes interest on notes, mortgages, bank deposits, and interest (before amortization of bond premium) from corporation bonds and from taxable and partially tax-exempt Government obligations, and also includes partially tax-exempt Government interest received through partnerships and fiduciaries; but excludes interest, not exceeding $100 per return, reported as other income on Form 1040A (see note 12).

5/ Income from annuities and pensions is only the taxable portion of amounts received during the year. Amounts received to the extent of 3 percent of the total cost of the annuity are reported as income for each taxable year, until the aggregate of amounts received and excluded from gross income in this and prior years equals the total cost. Thereafter, entire amounts received are taxable and must be included in adjusted gross income. Annuities, pensions, and retirement pay upon which a tax is withheld may be reported in salaries and wages.

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

7/ Net profit from business is the excess of gross receipts from business or profession over deductions for business expenses and the net operating loss deduction. Conversely, net loss from business is the excess of business expenses and net operating loss deduction over total receipts from business.

8/ Partnership net profit or loss excludes partially tax-exempt interest on Government obligations and net gain or loss from sales of capital assets. In computing partnership profit or loss, charitable contributions are not deductible nor is the net operating loss deduction allowed.

9/ Net gain or loss from sales or exchanges of capital assets is the net gain or the allowable loss used in computing adjusted gross income. Each is the result of combining net short- and long-term capital gain and loss and any capital loss carry-over from the years 1945-49, inclusive, not previously deducted. Deduction for the loss, however, is limited to the amount of such loss, or to the net income (adjusted gross income if tax is determined from the tax table) computed without regard to gains and losses from sales of capital assets, or to $1,000, whichever is smallest.

Sales of capital assets include worthless stocks, worthless bonds if they are capital assets, nonbusiness bad debts, certain distributions from employees' trust plans, and each participant's share of net short- and long-term capital gain and loss received through partnerships and common trust funds.

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

11/ Income from estates and trusts exclude partially tax-exempt interest on Government obligations. (The net operating loss deduction is allowed estates and trusts and is deducted in computing the distributable income.)

12/ Miscellaneous income includes alimony received, prizes, rewards, sweepstakes winnings, gambling profits, recoveries of bad debts or insurance received as reimbursement for medical expenses if deduction for either was taken in a prior year, and taxable income not elsewhere tabulated. For returns with adjusted gross income under $5,000 there are included $31,965,000 of wages not subject to withholding, dividends, and interest, not exceeding in total $100 per return, reported as other income on 661,338 returns, Form 1040A.

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

14/ Amount of exemption, allowed for purposes of both normal tax and surtax, includes $600 per capita exemption for the taxpayer, his spouse, and each dependent, together with additional exemptions for the taxpayer and/or his spouse, of $600 if blind, and $600 if 65 years of age or over.

15/ Tax liability is the net tax payable after deducting tax credits relating to income tax paid at source on interest from tax-free covenant bonds and to income tax paid to a foreign country or possession of the United States. Such credits are reported on returns, Form 1040, with itemized deductions.

16/ Payments on 1950 declaration of estimated tax, reported on returns, Form 1040, include the credit for overpayment of prior year tax as well as the aggregate payments made on the declaration, Form 1040-ES. The frequency of returns showing such payments includes returns showing credit only, cash payments only, and those showing both.

17/ Returns with itemized deductions are long-form returns, Form 1040, on which nonbusiness deductions are itemized; long-form returns, Form 1040, with no deductions filed by spouses of taxpayers who itemized deductions (such spouses are denied the standard deduction); and returns with no adjusted gross income whether or not deductions are itemized.

18/ Contributions, reported on returns with itemized deductions, include each partner's share of charitable contributions of partnerships, but cannot exceed 15 percent of the adjusted gross income.

19/ Interest, reported on returns with itemized deductions, is that paid on personal debts, bank loans, or mortgages, but excludes interest reported in schedules for business and rent income and interest on loans to buy tax-exempt securities or single-premium life insurance and endowment contracts.

20/ Taxes paid, reported on returns with itemized deductions, include personal property taxes, State income taxes, certain retail sales taxes, and real estate taxes except those levied for improvement which tend to increase the value of property. This deduction excludes Federal income taxes; estate, inheritance, legacy, succession and gift taxes; taxes on shares in a corporation which are paid by the corporation without reimbursement from the taxpayer; taxes deducted in the schedules for business and rent income; income taxes paid to a foreign country or possession of the United States if any portion thereof is claimed as tax credit; and Federal social security and employment taxes paid by or for the employee.

21/ Losses resulting from fire, storm, shipwreck, or other casualty, or theft, reported on returns with itemized deductions, are the actual nonbusiness losses sustained, that is, the value of such property less salvage value and insurance or other reimbursement received.

22/ Medical, dental, etc., expenses, reported on returns with itemized deductions, paid for the care of the taxpayer, his spouse, or dependents, not compensated by insurance or otherwise, which exceed 5 percent of the adjusted gross income. The deduction cannot exceed an amount equal to $1,250 multiplied by the number of exemptions other than age and blindness, with a maximum of $2,500, except that on a joint return of husband and wife the maximum is $5,000.

23/ Miscellaneous deductions, reported on returns with itemized deductions, include alimony payments, expenses incurred in the production or collection of taxable income or in the management of property held for the production of taxable income, amortizable bond premium, the taxpayer's share of interest and real estate taxes paid by a cooperative apartment corporation, and gambling losses not exceeding gambling gains reported in income.

24/ Net income reported on long-form returns, Form 1040, which have adjusted gross income in excess of itemized deductions.

25/ Net deficit, reported on nontaxable returns, Form 1040, classified as returns with itemized deductions, consists of adjusted gross deficit on short-form returns and the net deficit on long-form returns resulting from the combination of adjusted gross deficit and itemized deductions or from the excess of itemized deductions over the adjusted gross income. There is a net deficit on 447,310 returns of which 404,534 show adjusted gross deficit and 42,776 show adjusted gross income of various amounts and itemized deductions of larger amounts.

26/ Nontaxable returns are those with no adjusted gross income and those with adjusted gross income which income when reduced by deductions, standard or itemized, and exemptions, results in no tax liability. The 1,1?1,218 nontaxable returns with adjusted gross income and with itemized deductions include 42,776 returns with net deficit.

Footnotes - Continued

27/ Returns with no adjusted gross income are returns showing adjusted gross deficit; that is, returns on which the deductions allowable for the computation of adjusted gross income equal or exceed the gross income (see note 13).

28/ Adjusted gross deficit.

29/ Adjusted gross income less adjusted gross deficit.

30/ The number of returns associated with this item is subject to sampling variation of more than 100 percent. Such items are not shown separately since they are considered too unreliable for general use; however, they are included in totals. For description of sample, see pp. 5-6.

31/ Frequency of returns under $5,000 adjusted gross income excludes returns, Form 1040A, with this source of income. (See note 12.)

32/ Frequency of returns under $5,000 adjusted gross income includes 661,338 returns, Form 1040A, showing other income consisting of wages not subject to withholding, dividends, and interest not exceeding in total $100 per return. (See note 12.)

33/ Number of returns is subject to sampling variation of more than 100 percent and is considered too unreliable for general use; therefore the number is not shown separately but is included in the totals. For description of sample, see pp.5-6.

34/ Joint returns of husbands and wives include returns filed on Form 1040A even though the collector determined the tax on the basis of separate incomes of husband and wife.

35/ Separate returns of husbands and wives include community and noncommunity income returns filed separately by husband and wife; but do not include joint returns, Form 1040A, wherein the collector determined the tax on the separate incomes of husband and wife. Unequal numbers of returns for men and for women result from insufficient information to identify returns of married persons and from the use of samples as a basis of estimating data.

36/ Number of returns is subject to sampling variation of more than 100 percent. The number of returns and data associated with such returns are not shown separately since they are considered too unreliable for general use; however, they are included in totals. For description of sample, see pp. 5-6.

37/ Total income classes are based on the amount of total income tabulated for taxable fiduciary returns (see note 45).

38/ Dividends, foreign and domestic, exclude dividends received through partnerships and other fiduciaries.

39/ Interest received on bank deposits, notes, corporation bonds, taxable and partially tax-exempt Government obligations, and such Government interest received through partnerships and other fiduciaries.

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

41/ Partnership net profit or loss excludes taxable and partially tax-exempt interest on Government obligations, and net gain or loss from sales of capital assets. In computing partnership profit or loss, charitable contributions are not deductible nor is the net operating loss deduction allowed.

42/ Net gain or loss from sales or exchanges of capital assets is the net gain or the allowable loss used in computing the net income taxable to fiduciary. Each is the result of combining net short- and long-term capital gain and loss and any capital loss carry-over from the years 1945-49, inclusive, not previously deducted. Deduction for the loss, however, is limited to the amount of such loss, or to the net income computed without regard to gains and losses from sales of capital assets, or to $1,000, whichever is smallest.

Sales of capital assets include worthless stock, worthless bonds if they are capital assets, nonbusiness bad debts, certain distributions from employees' trust plans, and each participant's share of net short- and long-term capital gain and loss from partnerships and common trust funds.

43/ Income from other fiduciaries excludes taxable and partially tax-exempt interest on Government obligations.

44/ Miscellaneous income includes taxable income from sources other than those tabulated.

45/ Total income is the amount resulting from the combination of net profit or loss from rents and royalties, from trade or business, from partnerships, from sales or exchanges of property, together with income from dividends, interest, other fiduciaries, and from miscellaneous income. (Total income is an approximation of the adjusted gross income tabulated for individual returns.)

46/ Interest is that paid on debts, mortgages, and bank loans; it excludes interest reported in schedules for business and rent income, and interest on indebtedness incurred to buy tax-exempt securities or single-premium life insurance and endowment contracts.

47/ Taxes paid include State income taxes, certain retail sales taxes, and real estate taxes except those levied for improvements which tend to increase the value of property. This deduction excludes Federal income tax, estate, inheritance, legacy, succession, and gift taxes; taxes imposed upon shares in a corporation which are paid by the corporation without reimbursement from the taxpayer; taxes deducted in the schedules for business and rent income; and income taxes paid to a foreign country or possession of the United States if any portion thereof is claimed as a tax credit.

48/ Miscellaneous deductions include the net operating loss deduction, losses resulting from fire, storm, shipwreck, or other casualty, or from theft, not compensated by insurance or otherwise, and other authorized deductions except interest and taxes.

49/ Balance income is the excess of total income over total deductions; that is, income before the amount distributable to beneficiaries is deducted.

50/ Net income taxable to fiduciary is the net income remaining in the hands of the fiduciary after deductions for allowable expenses and amount distributable to beneficiaries.

51/ Amount of exemption is $600 for each estate and $100 for each trust, in the form of a credit against net income for purposes of both normal tax and surtax.

52/ Tax liability after tax credits relating to income tax paid at source on interest from tax-free covenant bonds and to income tax paid to a foreign country or possession of the United States.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 29, 1953.

H-267

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 1 and to mature December 31, 1953, which were offered on September 24, were opened at the Federal Reserve Banks on September 28.

The details of this issue are as follows:

Total applied for - $2,367,114,000
Total accepted - 1,501,118,000 (includes $221,523,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.600 Equivalent rate of discount approx. 1.583% per annum

Range of accepted competitive bids:

High - 99.605 Equivalent rate of discount approx. 1.563% per annum
Low - 99.598 " " " " " 1.590% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	15,821,000	$ 11,821,000
New York	1,846,193,000	1,153,907,000
Philadelphia	41,122,000	20,823,000
Cleveland	22,092,000	19,568,000
Richmond	20,909,000	14,661,000
Atlanta	30,766,000	21,456,000
Chicago	188,987,000	121,966,000
St. Louis	27,020,000	20,669,000
Minneapolis	9,020,000	8,020,000
Kansas City	36,434,000	26,703,000
Dallas	40,906,000	34,142,000
San Francisco	87,844,000	47,382,000
Total	$2,367,114,000	$1,501,118,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Low - 99.598 Equivalent rate of discount approx. 1.590% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 15,821,000	$ 11,821,000
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Dallas	40,906,000	34,142,000
San Francisco	87,844,000	47,382,000
TOTAL	$2,367,114,000	$1,501,118,000

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IMMEDIATE RELEASE
Tuesday, September 29, 1953

H-268

The Treasury Department announced today that the new Series C Treasury Savings Notes which will be made available on October 1, 1953, will have an approximate interest rate of 1.56 percent per annum if held for six months, 1.91 percent for one year, 2.10 percent for eighteen months and 2.21 percent if held for the full two years to maturity.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
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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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 8, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 8, 1953. 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,

TREASURY DEPARTMENT
Washington

H-269

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, October 1, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 8, 1953, in the amount of $1,501,179,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 8, 1953, and will mature January 7, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 5, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, October 1, 1953.

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Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 5, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 8, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 8, 1953. 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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Immediate Release
Wed, Sept 30, 1953

H-270

The Treasury has advised the President today that its studies indicate that the general retail sales tax is in such widespread use by States and other Governmental taxing authorities that ~~it recommends~~ ~~that the Administration believes that~~ this field should not be invaded by the Federal Government.

The Treasury's studies on ~~the~~ a wide range of other tax reforms and methods of taxation will continue, ~~and then and~~ as definite recommendations are reached ~~on other particular problems~~ they will be ~~announced to the public.~~ presented to

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 30, 1953. H-270

Secretary Humphrey today issued the following statement:

"The Treasury has advised the President that its studies indicate that the general retail sales tax is in such widespread use by States and other governmental taxing authorities that the Administration should take the position that this field should not be invaded by the Federal Government.

"The Treasury's studies on the wide range of other tax reforms and methods of taxation will continue, in collaboration with Congressional committees and their staffs."

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RELEASE MORNING NEWSPAPERS,
Tuesday, October 6, 1953.

H-271

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated October 8, 1953, and to mature January 7, 1954, which were offered on October 1, were opened at the Federal Reserve Banks on October 5.

The details of this issue are as follows:

Total applied for - $2,541,451,000
Total accepted - 1,500,620,000 (includes $226,710,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.647 Equivalent rate of discount approx. 1.397% per annum

Range of accepted competitive bids:

High - 99.651 Equivalent rate of discount approx. 1.381% per annum
Low - 99.644 " " " " " 1.408% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 23,421,000	$ 12,421,000
New York	1,891,427,000	1,046,197,000
Philadelphia	37,761,000	18,111,000
Cleveland	35,407,000	26,057,000
Richmond	16,402,000	11,902,000
Atlanta	23,708,000	19,906,000
Chicago	263,333,000	215,183,000
St. Louis	43,790,000	20,000,000
Minneapolis	8,772,000	7,372,000
Kansas City	51,382,000	42,822,000
Dallas	79,151,000	48,376,000
San Francisco	66,897,000	32,273,000
TOTAL	$2,541,451,000	$1,500,620,000

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~~[illegible]~~

~~ALPHA~~

H-272

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, October 6, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 15, 1953, in the amount of $1,500,280,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 15, 1953, and will mature January 14, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Friday, October 9, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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COMPARATIVE REPORT OF ENFORCEMENT ACTIVITIES
FISCAL YEARS ENDED JUNE 30, 1953 AND JUNE 30, 1952

	Fiscal Year 1953 (Preliminary)	Fiscal Year 1952	Increase (+) or Decrease (-) Amount	Per Cent
SEIZURES AND ARRESTS UNITED STATES TOTAL				
Stills	10,697	10,269	+ 428	+ 4.2
Illicit distilled spirits (gallons)	172,951	160,738	+ 12,213	+ 7.6
Mash (gallons)	6,151,082	5,700,599	+ 450,483	+ 7.9
Automobiles and trucks	2,333	2,183	+ 150	+ 6.9
Value of property seized 1/	$3,104,275	$2,817,032	+ $287,243	+ 10.2
Number of persons arrested	9,370	9,851	- 481	- 4.9
14 SOUTHERN STATES				
Stills	10,340	9,912	+ 428	+ 4.3
Mash (gallons)	5,783,453	5,368,642	+ 414,811	+ 7.7
Automobiles and trucks	2,059	1,914	+ 145	+ 7.6
Number of persons arrested	8,514	8,924	- 410	- 4.6
PROSECUTIONS				
Prosecutions recommended	8,250	8,250	-	-
Pre-trial dispositions 2/	2,414	1,923	+ 491	+ 25.5
Indictments returned	6,588	6,109	+ 479	+ 7.8
Defendants indicted in jacketed cases (included above)	409	438	- 29	- 6.6
Prosecutions terminated, total	6,543	6,130	+ 413	+ 6.7
Nol-prossed, quashed or dismissed 2/	805	693	+ 112	+ 16.2
Acquitted	388	315	+ 73	+ 23.2
Convictions, total	5,350	5,122	+ 228	+ 4.5
Pleas guilty	4,748	4,533	+ 215	+ 4.7
Verdicts guilty	602	589	+ 13	+ 2.2
PROSECUTIONS PENDING JUNE 30				
Grand jury action	3,124	3,876	- 752	- 19.4
Trial action	1,657	1,611	+ 46	+ 2.9
Total	4,781	5,487	- 706	- 12.9

1/ Includes value of tax-paid liquors seized except in Floor Stocks Tax seizures.
2/ Includes offers in compromise accepted as follows:

	1953 Number	1953 Amount	1952 Number	1952 Amount
Before indictment	227	$328,461	103	$60,820
After indictment	17	30,544	5	6,000
Total	244	$359,005	108	$66,820

Case 10,776-M (Barney M. Fry, et al.)

This case covered a conspiracy on the part of Fry and eight others in the operation of six or more illicit distilleries in Carroll County, Tennessee. These six distilleries were seized by Federal officers during the period from August 17, 1949 to January 9, 1951, and the investigation in the jacketed case was closed September 18, 1952. On April 6, 1953 at Jackson, Tennessee 11 defendants were tried and six were convicted. Barney Fry and R. J. Adams were sentenced to serve 18 months in prison and pay fines of $1000 each; E. W. Fry was sentenced to serve 18 months and pay a $2500 fine. Two other defendants were sentenced to serve 11 months and 29 days and to pay fines of $500 each, and one defendant was sentenced to serve a year and pay a $250 fine.

Case 11,135-M (Bravo Woodcock, et al.)

This case involved a notorious violator Bravo Woodcock of Pass Christian, Mississippi and six other persons in a conspiracy to operate a number of large illicit distilleries in Harrison County, Mississippi. This conspiracy began in the summer of 1951, the distilleries were seized in November 1951 and January 1952, and the case came to trial at Biloxi, Mississippi on June 15, 1953. The six defendants who entered pleas of guilty were sentenced as follows: Woodcock to pay a $350 fine, together with six months suspension and probation; 7
one defendant to pay $250 fine, another to pay $150 fine, a fourth given a suspended sentence of six months and suspended fines totaling $500, and to pay a $100 fine, a fifth defendant to pay a $500 fine on each of three counts and the sixth being given a six months suspended sentence and probation and suspended fines totaling $1500.

Case 11,190-M (Otis W. Drowdy, et al.)

On May 13, in Federal Court in Augusta, Georgia, 11 co-defendants including the principals Otis W. Drowdy and Wilbur C. Feutralle who had pleaded guilty or had been convicted by a jury on the charge of conspiracy in the manufacture and distribution of moonshine whiskey, were sentenced to a total of eight years imprisonment to be served, $1150 fines to be paid, and eight years probation. These violators operated a number of illicit distilleries in the Southern Judicial District of Georgia from February 1 to October 31, 1952. The seizures included three large steamer type distilleries and eight vehicles, and 21 persons were arrested altogether during the investigation of this case.

illicit alcohol manufacturing and distributing combine headed by DiOrio, which operated a large St. Louis type continuous process illicit alcohol distillery with a five-section 24" column seized in full operation in Middlesex County, New Jersey on February 16, 1952. DiOrio is a notorious New Jersey racketeer and was previously convicted in one of the Division's major conspiracy cases and sentenced to five years' imprisonment. He has been identified with other large-scale illicit alcohol operations since his last conviction.

CINCINNATI REGION

Case 11,137-M (Willis Clay Henry, et al.)

On July 25, 1952 at Lexington, Kentucky, Willis C. Henry and his brother, Oliver, and his nephew Edward Henry were brought to trial in what has been known as the Bank Street Dispensary case. They failed to obtain a basic permit for their wholesale business in distilled spirits, wines and malt beverages in Mt. Sterling, Kentucky. Evidence obtained during the investigation showed that the Henrys had made disposition at wholesale of large quantities of liquor without complying with the law or regulations relating to such business. Willis Henry was found guilty on three of the seven counts of the indictment, was sentenced to serve three years in prison and to pay fines totaling $2500. Oliver Henry was convicted on two counts, was sentenced to serve three years and was fined $1000. Edward Henry was acquitted.

ATLANTA REGION

Case 10,821-M (Frazier Collier, et al.)

Collier, long known as a violator of the internal revenue liquor laws, was reported by investigators to be furnishing automobiles to other violators for the transportation of nontaxpaid whiskey. Investigation disclosed that Collier and ten other men had conspired to distribute illicit liquor in three counties of South Carolina. A number of substantive cases were made involving their violations, during which 1665 gallons of whiskey and 12 vehicles were seized, two of the latter being seized on two different occasions. The ten defendants were brought to trial at Charleston, South Carolina on May 22, 1953, when Collier and seven others entered guilty pleas. One defendant was given a directed verdict of acquittal and the tenth defendant was Nol Prossed because he was serving in the Army. Collier was sentenced to serve 30 months in prison. Another principal J. B. Daniels was sentenced to serve 15 months and the remaining six of the convicted defendants were given 30 month suspended sentences and placed on probation for five years.

Case 10,901-M (John M. Zicarelli, et al.)

On March 17, 1953, Frank R. DePalma and ten co-defendants pleaded guilty in Federal court, Southern District of New York, to the charge of conspiracy to defraud the United States of taxes on distilled spirits and were sentenced to a total of eight years, two months, one day imprisonment to be served, four years imprisonment suspended, fourteen years probation, and fined $2,100. This case relates to the criminal activities of a well-financed illicit alcohol manufacturing syndicate directed by Zicarelli, [redacted] in which twenty other individuals were originally involved, who, beginning in the early summer of 1950 and continuing up until January 3, 1951, operated a 7
large continuous-run type distillery in Sullivan County, Southern District of New York, seized by Investigators of the A&TTD on the latter date. This illegal plant had a daily producing capacity of 566 gallons of alcohol. A number of vehicles used by this combine to transport raw materials to the illicit distillery and the finished product therefrom were seized during the perfection of this case.

PHILADELPHIA REGION

Case 11,050-M (Edward I. Heller, et al.)

This case involved a conspiracy in the operation of an illicit distillery near Westchester, Pennsylvania which was seized on July 26, 1951. This one was a 1100-gallon twin still plant full of mash but not in operation found in a chicken house on a farm. The principals in the conspiracy were Edward I. Heller and Max Potnick, two notorious bootleggers of Philadelphia. Potnick was also known to this service as an important violator of the sugar rationing regulations during the Second World War. No one was present at the still at the time of seizure but seven defendants were arrested after investigation. At the trial of the case on December 10, 1952 at Philadelphia three defendants were given short jail sentences, with additional time suspended, and were placed on probation for two years. Three other defendants were given three months suspended sentences and two years probation.

Case 11,171-M (Angelo DiOrio, et al.)

On May 18, 1953, on pleas of guilty in Federal court in Newark, New Jersey, Angelo (Slim) DiOrio was sentenced to three years imprisonment to be served; Camillo Bordanaro, Louis Failla and Dominick Garzillo were each sentenced to one year and one day imprisonment to be served, fined $500 and each placed on probation for a period of five years, on the charge of conspiracy to defraud the United States of taxes on distilled spirits. Four additional co-defendants indicted in this case, including Anthony Ippolito, are awaiting trial. This case dealt with the criminal activities of a formidable, well-financed and persistent

NEW YORK REGION

Case 11,196-M (Tob.) (Homer Hector LaFontaine)

On March 20, 1953, Homer Hector LaFontaine and George Edward Green were convicted in Federal court, Northern District of New York, on the charge of conspiracy to defraud the United States of taxes on cigarettes and were each sentenced to six months imprisonment to be served and each fined a total of $1,050, $500 of which fine was suspended. The defendants were each placed on probation for three years to begin after the imprisonment term has been served. This case dealt with the criminal operations of a cigarette smuggling syndicate headed by Homer LaFontaine in which a number of Canadian citizens were also involved but not subject to the Internal Revenue laws of the United States, who, during the period from April 15, 1951, to April 22, 1952, manufactured counterfeit "Chesterfield" cigarettes in the Northern District of New York for sale and distribution in the Province of Quebec, Canada. The evidence shows that during the life of this conspiracy this organization produced at least 1,434,000 nontaxpaid cigarettes, resulting in a tax fraud on the revenue of approximately $6,000. One of the outstanding features of the case was the arrest of Edward Green by the Royal Canadian Mounted Police on February 29, 1952, in Montreal, Quebec, for possession of nine counterfeit Canadian $10 bills. The counterfeit money was part of $7,000 in Canadian funds that Green was converting into American currency. It is alleged that the money had been received by Green as payment either for nontaxpaid cigarettes or for the cigarette-making equipment.

Case 10,625-M (Vito Giallo, et al)

On October 31, 1952, six co-defendants including Vito Giallo and Antonio Valenti were convicted in Federal Court, Southern District of New York, on charge of conspiracy to defraud the United States of taxes on distilled spirits and were sentenced by Federal Judge Sylvester J. Ryan to 15½ years' imprisonment, to be served, six years' imprisonment suspended and six years probation. The principals Giallo and Valenti were each sentenced to five years' imprisonment and were remanded to the penitentiary. This case relates to the activities of a persistent and strongly-entrenched illicit alcohol manufacturing and distributing syndicate headed by Vito Giallo who maintained headquarters of the combine at Academy Wire Products on Second Avenue in New York, on Eighty-First Street in Brooklyn, and at Brewster, New York. This mob operated a large St. Louis continuous process illicit alcohol distillery having a mash capacity of approximately 25,000 gallons capable of producing over 600 gallons of nontaxpaid alcohol daily. ~~Bosco was Giallo's chief lieutenant in this operation while Valenti looked after the supply of raw materials. One Julius furnished sugar to this syndicate and is alleged to have operated under the name of Union Syrup Company.~~

As a result of 10,823 investigations conducted by the Alcohol and Tobacco Tax Division of alleged violations of the floor stock tax provisions of the Revenue Act of 1951, 3,559 cases were made; 6,787 gallons of taxpaid liquor valued at $82,982 were seized; and $192,854 in taxes and penalties were collected or recommended for assessment, while offers in compromise in the amount of $167,979 in lieu of criminal and/or civil liability were accepted by the Department of Justice.

During the fiscal year trial action was had in a number of important criminal cases, some of which follow:

BOSTON REGION

Case 11,042-M (Michael Tenore, et al.)

In Federal Court in Concord, New Hampshire, on December 12, 1952, defendant Michael Tenore was convicted and sentenced to pay a fine of $2,500 and to serve two years in prison. This sentence was deferred when five other defendants were sentenced on October 28, 1952, to pay fines running from $100 to $500, one of them being sentenced to serve two years and four others being given suspended prison sentences and probation. This conspiracy case resulted from investigation of the operation of an illicit distillery in Atkinson, New Hampshire. The seizure included a 560-gallon pot still (daily producing capacity 400 gallons) with 335 gallons of spirits, 1300 gallons of mash, quantities of yeast and sugar and a truck. Tenore and three other defendants were arrested on the still premises, and the owner of the premises and a man designated as custodian of the place were arrested later.

In the firearms program a total of 111,285 investigations have been conducted, resulting in the registration with the Commissioner of Internal Revenue of 16,857.

"An intensive investigative program was undertaken in September, 1945, for the purpose of bringing about the registration of machine guns, machine pistols and other firearms coming under the purview of the National Firearms Act," Commissioner Andrews reported. "This program is still in force. It was necessitated by the fact that large numbers of these firearms brought or sent into this country by members of the armed services were finding their way into the hands of criminals, either by illegal sale or theft, and were being utilized in the commission of violent crimes such as killings and robberies.

"For the purposes of this act and its enforcement, Section 2733 of the Internal Revenue Code defines a machine gun as any weapon which shoots, or is designed to shoot, more than one shot, without manual reloading, by a single function of the trigger. The same Section of the Code defines a firearm as a shotgun or rifle having a barrel of less than 18 inches in length, or any other weapon, except a pistol or revolver, from which a shot is discharged by an explosive if such weapon is capable of being concealed on the person, or a machine gun. ~~and~~ It also includes a muffler or silencer for any firearm whether or not such firearm is included within the foregoing definition, but does not include any rifle which is within the foregoing provisions solely by reason of the length of its barrel if the caliber of such rifle is .22 or smaller and if its barrel is 16 inches or more in length."

~~TREASURY DEPARTMENT~~
~~Washington, D.C.~~

Release Ma- minor Newspapers
~~FOR RELEASE~~, OCTOBER 9, 1953

H-273

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Still seizures during fiscal 1953 totaled 10,697 as compared to 10,269 for 1952, an increase of 4.2%, according to the Commissioner. Number of persons arrested was 9,370, a decrease of 4.9%, while the number of automobiles and trucks seized rose nearly 7% to a total of 2,333. Convictions obtained totaled 5,350, an increase of 4.5%.

Automobiles, trucks and other property seized in connection with violations of the ~~laws enforced by the~~ alcohol and tobacco ~~Tax~~ laws ~~Division of the Internal Revenue Service~~ in fiscal 1953 were valued at $3,104,275. The volume of nontax paid liquor traffic, as indicated by gallons of mash seized at illicit distilleries, increased 450,483 gallons or nearly 8% over that of fiscal 1952.

"This upward trend in liquor law violations was first observed in December, 1947," Commissioner Andrews said. "It followed the abandonment of sugar rationing in June of that year but the increase in violations has been confined largely to regions of low income where the demand for cheap spirits is high and to local option areas where taxpaid liquor is not readily available."

TREASURY DEPARTMENT
Washington

H-273

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Automobiles, trucks and other property seized in connection with violations of the laws enforced by the Alcohol and Tobacco Tax Division of the Internal Revenue Service in fiscal 1953 were valued at $3,104,275. The volume of nontax paid liquor traffic, as indicated by gallons of mash seized at illicit distilleries, increased 450,483 gallons or nearly 8% over that of fiscal 1952.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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As a result of 10,823 investigations conducted by the Alcohol and Tobacco Tax Division of alleged violations of the floor stock tax provisions of the Revenue Act of 1951, 3,559 cases were made; 6,787 gallons of taxpaid liquor valued at $82,982 were seized; and $192,854 in taxes and penalties were collected or recommended for assessment, while offers in compromise in the amount of $167,979 in lieu of criminal and/or civil liability were accepted by the Department of Justice.

During the fiscal year trial action was had in a number of important criminal cases, some of which follow:

BOSTON REGION

Case 11,042-M (Michael Tenore, et al.)

In Federal Court in Concord, New Hampshire, on December 12, 1952, defendant Michael Tenore was convicted and sentenced to pay a fine of $2,500 and to serve two years in prison. This sentence was deferred when five other defendants were sentenced on October 28, 1952, to pay fines running from $100 to $500, one of them being sentenced to serve two years and four others being given suspended prison sentences and probation. This conspiracy case resulted from investigation of the operation of an illicit distillery in Atkinson, New Hampshire. The seizure included a 560-gallon pot still (daily producing capacity 400 gallons) with 335 gallons of spirits, 1300 gallons of mash, quantities of yeast and sugar and a truck. Tenore and three other defendants were arrested on the still premises, and the owner of the premises and a man designated as custodian of the place were arrested later.

NEW YORK REGION

Case 11,196-M (Tob.) (Homer Hector LaFontaine)

On March 20, 1953, Homer Hector LaFontaine and George Edward Green were convicted in Federal court, Northern District of New York, on the charge of conspiracy to defraud the United States of taxes on cigarettes and were each sentenced to six months imprisonment to be served and each fined a total of $1,050, $500 of which fine was suspended. The defendants were each placed on probation for three years to begin after the imprisonment term has been served. This case dealt with the criminal operations of a cigarette smuggling syndicate headed by Homer LaFontaine in which a number of Canadian citizens were also involved but not subject to the Internal Revenue laws of the United States, who, during the period from April 15, 1951, to April 22, 1952, manufactured counterfeit "Chesterfield" cigarettes in the Northern District of New York for sale and distribution in the Province of Quebec, Canada. The evidence shows that during the life of this conspiracy this organization produced at least 1,434,000 nontaxpaid cigarettes, resulting in a tax fraud or the revenue of approximately $6,000. One of the outstanding features of the case was the arrest of Edward Green by the Royal Canadian Mounted Police on February 29, 1952, in Montreal, Quebec, for possession of nine counterfeit Canadian $10 bills. The counterfeit money was part of $7,000 in Canadian funds that Green was converting into American currency. It is alleged that the money had been received by Green as payment either for nontaxpaid cigarettes or for the cigarette-making equipment.

Case 10,625-M (Vito Giallo, et al)

On October 31, 1952, six co-defendants including Vito Giallo and Antonio Valenti were convicted in Federal Court, Southern District of New York, on charge of conspiracy to defraud the United States of taxes on distilled spirits and were sentenced by Federal Judge Sylvester J. Ryan to 15½ years' imprisonment, to be served, six years' imprisonment suspended and six years probation. The principals Giallo and Valenti were each sentenced to five years' imprisonment and were remanded to the penitentiary. This case relates to the activities of a persistent and strongly-entrenched illicit alcohol manufacturing and distributing syndicate headed by Vito Giallo who maintained headquarters of the combine at Academy Wire Products on Second Avenue in New York, on Eighty-First Street in Brooklyn, and at Brewster, New York. This mob operated a large St. Louis continuous process illicit alcohol distillery having a mash capacity of approximately 25,000 gallons capable of producing over 600 gallons of nontaxpaid alcohol daily.

Case 10,901-M (John M. Zicarelli, et al.)

On March 17, 1953, Frank R. DePalma and ten co-defendants pleaded guilty in Federal court, Southern District of New York, to the charge of conspiracy to defraud the United States of taxes on distilled spirits and were sentenced to a total of eight years, two months, one day imprisonment to be served, four years imprisonment suspended, fourteen years probation, and fined $2,100. This case relates to the criminal activities of a well-financed illicit alcohol manufacturing syndicate directed by Zicarelli in which twenty other individuals were originally involved, who, beginning in the early summer of 1950 and continuing up until January 3, 1951, operated a large continuous-run type distillery in Sullivan County, Southern District of New York, seized by Investigators of the A&TTD on the latter date. This illegal plant had a daily producing capacity of 566 gallons of alcohol. A number of vehicles used by this combine to transport raw materials to the illicit distillery and the finished product therefrom were seized during the perfection of this case.

PHILADELPHIA REGION

Case 11,050-M (Edward I. Heller, et al.)

This case involved a conspiracy in the operation of an illicit distillery near Westchester, Pennsylvania which was seized on July 26, 1951. This one was a 1100-gallon twin still plant full of mash but not in operation found in a chicken house on a farm. The principals in the conspiracy were Edward I. Heller and Max Potnick, two notorious bootleggers of Philadelphia. Potnick was also known to this service as an important violator of the sugar rationing regulations during the Second World War. No one was present at the still at the time of seizure but seven defendants were arrested after investigation. At the trial of the case on December 10, 1952 at Philadelphia three defendants were given short jail sentences, with additional time suspended, and were placed on probation for two years. Three other defendants were given three months suspended sentences and two years probation.

Case 11,171-M (Angelo DiOrio, et al.)

On May 18, 1953, on pleas of guilty in Federal court in Newark, New Jersey, Angelo (Slim) DiOrio was sentenced to three years imprisonment to be served; Camillo Bordanaro, Louis Failla and Dominick Garzillo were each sentenced to one year and one day imprisonment to be served, fined $500 and each placed on probation for a period of five years, on the charge of conspiracy to defraud the United States of taxes on distilled spirits. Four additional co-defendants indicted in this case, including Anthony Ippolito, are awaiting trial. This case dealt with the criminal activities of a formidable, well-financed and persistent illicit alcohol manufacturing and distributing combine headed by DiOrio, which operated a large St. Louis type continuous process illicit alcohol distillery with a five-section 24" column seized in full operation in Middlesex County, New Jersey on February 16, 1952.

DiOrio is a notorious New Jersey racketeer and was previously convicted in one of the Division's major conspiracy cases and sentenced to five years' imprisonment. He has been identified with other large-scale illicit alcohol operations since his last conviction.

CINCINNATI REGION

Case 11,137-M (Willis Clay Henry, et al.)

On July 25, 1952 at Lexington, Kentucky, Willis C. Henry and his brother, Oliver, and his nephew Edward Henry were brought to trial in what has been known as the Bank Street Dispensary case. They failed to obtain a basic permit for their wholesale business in distilled spirits, wines and malt beverages in Mt. Sterling, Kentucky. Evidence obtained during the investigation showed that the Henrys had made disposition at wholesale of large quantities of liquor without complying with the law or regulations relating to such business. Willis Henry was found guilty on three of the seven counts of the indictment, was sentenced to serve three years in prison and to pay fines totaling $2500. Oliver Henry was convicted on two counts, was sentenced to serve three years and was fined $1000. Edward Henry was acquitted.

ATLANTA REGION

Case 10,821-M (Frazier Collier, et al.)

Collier, long known as a violator of the internal revenue liquor laws, was reported by investigators to be furnishing automobiles to other violators for the transportation of nontaxpaid whiskey. Investigation disclosed that Collier and ten other men had conspired to distribute illicit liquor in three counties of South Carolina. A number of substantive cases were made involving their violations, during which 1665 gallons of whiskey and 12 vehicles were seized, two of the latter being seized on two different occasions. The ten defendants were brought to trial at Charleston, South Carolina on May 22, 1953, when Collier and seven others entered guilty pleas. One defendant was given a directed verdict of acquittal and the tenth defendant was Nol Prossed because he was serving in the Army. Collier was sentenced to serve 30 months in prison. Another principal, J. B. Daniels, was sentenced to serve 15 months and the remaining six of the convicted defendants were given 30 month suspended sentences and placed on probation for five years.

Case 10,776-M (Barney M. Fry, et al.)

This case covered a conspiracy on the part of Fry and eight others in the operation of six or more illicit distilleries in Carroll County, Tennessee. These six distilleries were seized by Federal officers during the period from August 17, 1949 to January 9, 1951, and the investigation in the jacketed case was closed September 18, 1952. On April 6, 1953 at Jackson, Tennessee 11 defendants were tried and six were convicted. Barney Fry and R. J. Adams were sentenced to serve 18 months in prison and pay fines of $1000 each; E. W. Fry was sentenced to serve 18 months and pay a $2500 fine. Two other defendants were sentenced to serve 11 months and 29 days and to pay fines of $500 each, and one defendant was sentenced to serve a year and pay a $250 fine.

Case 11,135-M (Bravo Woodcock, et al.)

This case involved a notorious violator Bravo Woodcock of Pass Christian, Mississippi and six other persons in a conspiracy to operate a number of large illicit distilleries in Harrison County, Mississippi. This conspiracy began in the summer of 1951, the distilleries were seized in November 1951 and January 1952, and the case came to trial at Biloxi, Mississippi on June 15, 1953. The six defendants who entered pleas of guilty were sentenced as follows: Woodcock to pay a $350 fine, together with six months suspension and probation; one defendant to pay $250 fine, another to pay $150 fine, a fourth given a suspended sentence of six months and suspended fines totaling $500, and to pay a $100 fine, a fifth defendant to pay a $500 fine on each of three counts and the sixth being given a six months suspended sentence and probation and suspended fines totaling $1500.

Case 11,190-M (Otis W. Drowdy, et al.)

On May 13, in Federal Court in Augusta, Georgia, 11 co-defendants including the principals Otis W. Drowdy and Wilbur C. Feutralle who had pleaded guilty or had been convicted by a jury on the charge of conspiracy in the manufacture and distribution of moonshine whiskey, were sentenced to a total of eight years imprisonment to be served, $1150 fines to be paid, and eight years probation. These violators operated a number of illicit distilleries in the Southern Judicial District of Georgia from February 1 to October 31, 1952. The seizures included three large steamer type distilleries and eight vehicles, and 21 persons were arrested altogether during the investigation of this case.

COMPARATIVE REPORT OF ENFORCEMENT ACTIVITIES
FISCAL YEARS ENDED JUNE 30, 1953 AND JUNE 30, 1952

	Fiscal Year 1953 (Preliminary)	Fiscal Year 1952	Increase (+) or Decrease (-) Amount	Per Cent
SEIZURES AND ARRESTS UNITED STATES TOTAL				
Stills	10,697	10,269	+ 428	+ 4.2
Illicit distilled spirits (gallons)	172,951	160,738	+ 12,213	+ 7.6
Mash (gallons)	6,151,082	5,700,599	+450,483	+ 7.9
Automobiles and trucks	2,333	2,183	+ 150	+ 6.9
Value of property seized 1/	$3,104,275	$2,817,032	+$287,243	+ 10.2
Number of persons arrested	9,370	9,851	- 481	- 4.9
14 SOUTHERN STATES				
Stills	10,340	9,912	+ 428	+ 4.3
Mash (gallons)	5,783,453	5,368,642	+414,811	+ 7.7
Automobiles and trucks	2,059	1,914	+ 145	+ 7.6
Number of persons arrested	8,514	8,924	- 410	- 4.6
PROSECUTIONS				
Prosecutions recommended	8,250	8,250	-	-
Pre-trial dispositions 2/	2,414	1,923	+ 491	+ 25.5
Indictments returned	6,588	6,109	+ 479	+ 7.8
Defendants indicted in jacketed cases (included above)	409	438	- 29	- 6.6
Prosecutions terminated, total	6,543	6,130	+ 413	+ 6.7
Nol-prossed, quashed or dismissed 2/	805	693	+ 112	+ 16.2
Acquitted	388	315	+ 73	+ 23.2
Convictions, total	5,350	5,122	+ 228	+ 4.5
Pleas guilty	4,748	4,533	+ 215	+ 4.7
Verdicts guilty	602	589	+ 13	+ 2.2
PROSECUTIONS PENDING JUNE 30				
Grand jury action	3,124	3,876	- 752	- 19.4
Trial action	1,657	1,611	+ 46	+ 2.9
Total	4,781	5,487	- 706	- 12.9

1/ Includes value of tax-paid liquors seized except in Floor Stocks Tax seizures.
2/ Includes offers in compromise accepted as follows:

	1953 Number	1953 Amount	1952 Number	1952 Amount
Before indictment	227	$328,461	103	$60,820
After indictment	17	30,544	5	6,000
Total	244	$359,005	108	$66,820

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX MONTH PERIODS ENDED JUNE 30, 1953 AND JUNE 30, 1952, AND THE YEAR ENDED DECEMBER 31, 1952

(Amounts in thousands of dollars)

	6 months ended June 30, 1953	6 months ended June 30, 1952	Year ended Dec. 31, 1952
Capital stock, par value:			
Preferred	$ 5,662	$ 7,460	$ 6,862
Common	2,239,079	2,146,946	2,171,026
TOTAL CAPITAL STOCK 1/	2,244,741	1/ 2,154,406	2/ 2,177,888
Capital funds 1/	7,148,973	1/ 6,783,091	2/ 6,875,134
Earnings from current operations:			
Interest and dividends:			
On U. S. Government obligations	340,704	299,800	633,688
On other securities	85,974	79,588	164,228
Interest and discount on loans	853,754	735,089	1,536,789
Service charges on deposit accounts	73,406	67,322	136,272
Other service charges, commissions, fees, and collection and exchange charges	43,285	38,098	77,772
Trust department	40,590	37,165	80,627
Other current earnings	62,309	61,768	121,191
TOTAL EARNINGS FROM CURRENT OPERATIONS	1,500,022	1,318,830	2,750,567
Current operating expenses:			
Salaries and wages:			
Officers	140,020	128,090	271,744
Employees other than officers	279,874	252,144	535,618
Fees paid to directors and members of executive, discount, and advisory committees	7,294	6,664	14,545
Interest on time deposits (including savings deposits)	143,244	126,089	260,995
Taxes other than on net income	40,652	38,814	78,646
Recurring depreciation on banking house, furniture and fixtures	21,258	18,716	42,205
Other current operating expenses	243,166	216,643	458,061
TOTAL CURRENT OPERATING EXPENSES	875,508	787,160	1,661,814
NET EARNINGS FROM CURRENT OPERATIONS	624,514	531,670	1,088,753

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX MONTH PERIODS ENDED JUNE 30, 1953 AND JUNE 30, 1952, AND THE YEAR ENDED DECEMBER 31, 1952 -- Continued

(Amounts in thousands of dollars)

	6 months ended June 30, 1953	6 months ended June 30, 1952	Year ended Dec. 31, 1952
Recoveries, transfers from valuation reserves, and profits:			
On securities:			
Recoveries	$ 2,449	$ 3,135	$ 6,884
Transfers from valuation reserves	7,994	8,946	14,844
Profits on securities sold or redeemed	7,657	11,696	20,165
On loans:			
Recoveries	8,246	4,985	11,654
Transfers from valuation reserves	3,300	4,382	14,949
All other	7,565	5,914	12,604
TOTAL RECOVERIES, TRANSFERS FROM VALUATION RESERVES AND PROFITS	37,211	39,058	81,100
Losses, charge-offs, and transfers to valuation reserves:			
On securities:			
Losses and charge-offs	23,480	13,071	61,233
Transfers to valuation reserves	13,040	6,774	16,739
On loans:			
Losses and charge-offs	5,875	3,694	11,349
Transfers to valuation reserves	35,030	34,584	83,978
All other	19,016	10,906	29,982
TOTAL LOSSES, CHARGE-OFFS AND TRANSFERS TO VALUATION RESERVES	96,441	69,029	203,281
PROFITS BEFORE INCOME TAXES	565,284	501,699	966,572
Taxes on net income:			
Federal	262,079	213,959	387,963
State	9,617	8,821	17,128
TOTAL TAXES ON NET INCOME	271,696	222,780	405,091
NET PROFITS BEFORE DIVIDENDS	293,588	278,919	561,481
Cash dividends declared:			
On preferred stock	158	208	400
On common stock	127,674	120,397	258,663
TOTAL CASH DIVIDENDS DECLARED	127,832	120,605	259,063
Number of banks 3/	4,881	4,932	4,916
Annual rate of net profits:	Percent	Percent	Percent
To capital funds	8.21	8.22	8.17
Annual rate of cash dividends:			
To capital funds	3.58	3.56	3.77

1/ Averages of amounts reported for the June call date in year indicated and the December call date in the previous year.

2/ Averages of amounts reported for the June and December call dates in year indicated and the December call date in the previous year.

3/ At end of period.

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operating expenses were $427,000,000 for salaries and wages of officers and employees and fees paid to directors, an increase of $40,000,000 over the same period in 1952, and $143,000,000 expended for interest on time deposits, an increase of $17,000,000.

Cash dividends declared on common and preferred stock totaled $128,000,000 in comparison with $121,000,000 in the first half of 1952. The annual rate of cash dividends was 3.58 percent of average capital funds. The cash dividends in the current period were 44 percent of net profits available for the six months. The remaining 56 percent of net profits, or $165,000,000, was retained by the banks in their capital funds.

On June 30, 1953 there were 4,881 national banks in operation, as compared to 4,932 on June 30, 1952.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

H-272

RELEASE MORNING NEWSPAPERS,
Tuesday, Oct 6, 1953

National banks in the United States and possessions had net profits before dividends for the six months ended June 30, 1953 of $293,000,000, which at an annual rate amounts to 8.21 percent of average capital funds, Comptroller of the Currency Ray M. Gidney announced today. Net profits for the six months ended June 30, 1952 were $279,000,000, or 8.22 percent of average capital funds.

Net earnings from operations for the first half of 1953 were $624,000,000, and showed an increase of $93,000,000 over the same period in the previous year. Adding to net earnings from operations profits on securities sold of $8,000,000 and recoveries on loans and securities, etc. (including adjustments in valuation reserves) of $29,000,000 and deducting losses and charge-offs (including current additions to valuation reserves) of $96,000,000 and taxes on net income of $272,000,000, the net profits of the banks before dividends for the first six months in 1953, as noted above, were $14,000,000 more than for the corresponding period in 1952.

Gross earnings were $1,500,000,000, an increase of $181,000,000 over the six months ended June 30, 1952. Principal items of operating earnings in the first half of 1953 were $854,000,000 from interest and discount on loans, an increase of $119,000,000 over 1952, and $341,000,000 from interest on United States Government obligations, an increase of $41,000,000. Other principal operating earnings were $86,000,000 from interest and dividends on securities other than United States Government, and $73,000,000 from service charges on deposit accounts. Operating expenses, excluding taxes on net income, were $876,000,000 as against $787,000,000 in the first half of 1952. Principal

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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(Amounts in thousands of dollars)

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TOTAL CAPITAL STOCK	1/ 2,244,741	1/ 2,154,406	2/ 2,177,888
Capital funds	1/ 7,148,973	1/ 6,783,091	2/ 6,875,134
Earnings from current operations:			
Interest and dividends:			
On U. S. Government obligations	340,704	299,800	633,688
On other securities	85,974	79,588	164,228
Interest and discount on loans	853,754	735,089	1,536,789
Service charges on deposit accounts	73,406	67,322	136,272
Other service charges, commissions, fees, and collection and exchange charges	43,285	38,098	77,772
Trust department	40,590	37,165	80,627
Other current earnings	62,309	61,768	121,191
TOTAL EARNINGS FROM CURRENT OPERATIONS	1,500,022	1,318,830	2,750,567
Current operating expenses:			
Salaries and wages:			
Officers	140,020	128,090	271,744
Employees other than officers	279,874	252,144	535,618
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Recurring depreciation on banking house, furniture and fixtures	21,258	18,716	42,205
Other current operating expenses	243,166	216,643	458,061
TOTAL CURRENT OPERATING EXPENSES	875,508	787,160	1,661,814
NET EARNINGS FROM CURRENT OPERATIONS	624,514	531,670	1,088,753

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EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS IN THE SIX MONTH PERIODS ENDED JUNE 30, 1953 AND JUNE 30, 1952, AND THE YEAR ENDED DECEMBER 31, 1952 -- Continued

(Amounts in thousands of dollars)

	6 months ended June 30, 1953	6 months ended June 30, 1952	Year ended Dec. 31, 1952
Recoveries, transfers from valuation reserves, and profits:			
On securities:			
Recoveries	$ 2,449	$ 3,135	$ 6,884
Transfers from valuation reserves	7,994	8,946	14,844
Profits on securities sold or redeemed	7,657	11,696	20,165
On loans:			
Recoveries	8,246	4,985	11,654
Transfers from valuation reserves	3,300	4,382	14,949
All other	7,565	5,914	12,604
TOTAL RECOVERIES, TRANSFERS FROM VALUATION RESERVES AND PROFITS	37,211	39,058	81,100
Losses, charge-offs, and transfers to valuation reserves:			
On securities:			
Losses and charge-offs	23,480	13,071	61,233
Transfers to valuation reserves	13,040	6,774	16,739
On loans:			
Losses and charge-offs	5,875	3,694	11,349
Transfers to valuation reserves	35,030	34,584	83,978
All other	19,016	10,906	29,982
TOTAL LOSSES, CHARGE-OFFS AND TRANSFERS TO VALUATION RESERVES	96,441	69,029	203,281
PROFITS BEFORE INCOME TAXES	565,284	501,699	966,572
Taxes on net income:			
Federal	262,079	213,959	387,963
State	9,617	8,821	17,128
TOTAL TAXES ON NET INCOME	271,696	222,780	405,091
NET PROFITS BEFORE DIVIDENDS	293,588	278,919	561,481
Cash dividends declared:			
On preferred stock	158	208	400
On common stock	127,674	120,397	258,663
TOTAL CASH DIVIDENDS DECLARED	127,832	120,605	259,063
Number of banks 3/	4,881	4,932	4,916
Annual rate of net profits:	Percent	Percent	Percent
To capital funds	8.21	8.22	8.17
Annual rate of cash dividends:			
To capital funds	3.58	3.56	3.77

1/ Averages of amounts reported for the June call date in year indicated and the December call date in the previous year.

2/ Averages of amounts reported for the June and December call dates in year indicated and the December call date in the previous year.

3/ At end of period.

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STATUTORY DEBT LIMITATION

AS OF September 30, 1953

TREASURY DEPARTMENT
Fiscal Service
Washington, October 9, 19

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 19,507,693,000		
Certificates of indebtedness	26,368,614,000		
Treasury notes	39,216,660,200	$ 85,092,967,200	
Bonds -			
Treasury	73,242,962,450		
Savings (current redemp. value)	57,795,442,750		
Depositary	458,690,000		
Investment series	13,088,398,000	144,585,493,200	
Special Funds -			
Certificates of indebtedness	26,521,603,000		
Treasury notes	14,436,774,900	40,958,377,900	
Total interest-bearing		270,636,838,300	
Matured, interest-ceased		392,666,320	
Bearing no interest:			
War savings stamps	47,099,402		
Excess profits tax refund bonds	1,417,416		
Special notes of the United States:			
Internat'l Monetary Fund series	1,280,000,000	1,328,516,818	
Total		272,358,021,438	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	62,518,136		
Matured, interest-ceased	1,133,275	63,651,411	
Grand total outstanding			272,421,672,849
Balance face amount of obligations issuable under above authority			2,578,327,151

Reconcilement with Statement of the Public Debt September 30, 1953
(Date)
(Daily Statement of the United States Treasury, September 30, 1953)
(Date)

Outstanding -	
Total gross public debt	272,936,996,173
Guaranteed obligations not owned by the Treasury	63,651,411
Total gross public debt and guaranteed obligations	273,000,647,584
Deduct - other outstanding public debt obligations not subject to debt limitation	578,974,735
	272,421,672,849

H-275

STATUTORY DEBT LIMITATION AS OF SEPTEMBER 30, 1953

October 9, 1953

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,507,693,000		
Certificates of indebtedness	26,368,614,000		
Treasury notes	39,216,660,200	$ 85,092,967,200	
Bonds -			
Treasury	73,242,962,450		
Savings (current redemp. value)	57,795,442,750		
Depositary	458,690,000		
Investment series	13,088,398,000	144,585,493,200	
Special Funds -			
Certificates of indebtedness	26,521,603,000		
Treasury notes	14,436,774,900	40,958,377,900	
Total interest-bearing		270,636,838,300	
Matured, interest-ceased		392,666,320	
Bearing no interest:			
War savings stamps	47,099,402		
Excess profits tax refund bonds	1,417,416		
Special notes of the United States:			
Internat'l Monetary Fund series	1,280,000,000	1,328,516,818	
Total		272,358,021,438	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	62,518,136		
Matured, interest-ceased	1,133,275	63,651,411	
Grand total outstanding			272,421,672,849
Balance face amount of obligations issuable under above authority			2,578,327,151

Reconcilement with Statement of the Public Debt September 30, 1953
(Daily Statement of the Unted States Treasury, September 30, 1953)

Outstanding:	
Total gross public debt	272,936,996,173
Guaranteed obligations not owned by the Treasury	63,651,411
Total gross public debt and guaranteed obligations	273,000,647,584
Deduct - other outstanding public debt obligations not subject to debt limitation	578,974,735
	272,421,672,849

H-275

Immediate Release
Friday, Oct 9, 1953

H-276

Secretary Humphrey today announced the appointment of Kenton R. Cravens, Administrator of the Reconstruction Finance Corporation, as Special Assistant to the Secretary of the Treasury to perform the duties and functions of the Secretary in making, servicing and disposing of loans and loan guarantees under the Defense Production Act of 1950, and in making and servicing Federal Civil Defense Loans.

These duties were transferred to the Secretary of the Treasury by Executive Order 10489, dated September 26, 1953 and by the Reconstruction Finance Corporation Liquidation Act, approved July 30, 1953.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, October 9, 1953.

H-276

Secretary Humphrey today announced the appointment of Kenton R. Cravens, Administrator of the Reconstruction Finance Corporation, as Special Assistant to the Secretary of the Treasury to perform the duties and functions of the Secretary in making, servicing and disposing of loans and loan guarantees under the Defense Production Act of 1950, and in making and servicing Federal Civil Defense Loans.

These duties were transferred to the Secretary of the Treasury by Executive Order 10489, dated September 26, 1953 and by the Reconstruction Finance Corporation Liquidation Act, approved July 30, 1953.

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H-277

RELEASE MORNING NEWSPAPERS,
Saturday, October 10, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated October 15, 1953, and to mature January 14, 1954, which were offered on October 6, were opened at the Federal Reserve Banks on October 9.

The details of this issue are as follows:

Total applied for - $2,219,088,000
Total accepted - 1,500,904,000 (includes $224,983,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.637 Equivalent rate of discount approx. 1.438% per annum

Range of accepted competitive bids:

High - 99.684 Equivalent rate of discount approx. 1.250% per annum
Low - 99.634 " " " " " 1.448% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 16,029,000	$ 14,529,000
New York	1,645,628,000	1,063,748,000
Philadelphia	39,167,000	23,567,000
Cleveland	43,783,000	38,133,000
Richmond	14,477,000	12,377,000
Atlanta	25,160,000	23,063,000
Chicago	208,580,000	150,749,000
St. Louis	35,329,000	27,886,000
Minneapolis	17,675,000	13,409,000
Kansas City	53,994,000	50,964,000
Dallas	44,769,000	29,839,000
San Francisco	74,497,000	52,640,000
TOTAL	$2,219,088,000	$1,500,904,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, October 10, 1953.

H-277

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The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 15, 1953, and to mature January 14, 1954, which were offered on October 6, were opened at the Federal Reserve Banks on October 9.

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Low - 99.634 Equivalent rate of discount approx. 1.448% per annum

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Cleveland	43,783,000	38,133,000
Richmond	14,477,000	12,377,000
Atlanta	25,160,000	23,063,000
Chicago	208,580,000	150,749,000
St. Louis	35,329,000	27,886,000
Minneapolis	17,675,000	13,409,000
Kansas City	53,994,000	50,964,000
Dallas	44,769,000	29,839,000
San Francisco	74,497,000	52,640,000
TOTAL	$2,219,088,000	$1,500,904,000

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TREASURY DEPARTMENT

Information Service WASHINGTON, D.C.

H- 278 ~~H-252~~

RELEASE MORNING NEWSPAPERS,
~~Tuesday, September 15, 1953~~.
Thursday, October 15, 1953

During the month of ~~August~~, September, 1953 market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases of ~~$377,400~~, $38,406,800 Secretary Humphrey announced today.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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RELEASE MORNING NEWSPAPERS,
Thursday, October 15, 1953.

H-278

During the month of September, 1953 market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases of $38,406,800, Secretary Humphrey announced today.

oOo

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, 1953, to October 13, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to October 13, 1953
United Kingdom	4,323,457	165,750	1,441,152	165,750
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	-	-	-
Netherlands	68,240	16,947	22,747	16,947
Switzerland	44,388	-	14,796	-
Belgium	38,559	1,099	12,853	1,099
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,298	25,443	24,298
Italy	21,263	-	7,088	-
	5,482,509	447,784	1,599,886	208,094

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Treasury Department
Washington

H-279

IMMEDIATE RELEASE
October 13, 1953
14

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to October 13, 1953, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	-
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	2,459,176
Brazil	618,723	613,651
Union of Soviet Socialist Republics .	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa . .	2,240	-
Netherlands E. Indies.	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa . .	689	-
Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1953, to Oct. 3, 1953

Established Quota (Global)	Imports
70,000,000	86,812

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to October 13, 1953

Established Quota (Global)	Imports
45,656,420	40,245,952

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, October 14, 1953

H-279

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to October 13, 1953, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Impor
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	-	Paraguay	871	-
British India	2,003,483	-	Colombia	124	-
China.	1,370,791	-	Iraq	195	-
Mexico	8,883,259	2,459,176	British East Africa. .	2,240	-
Brazil	618,723	613,651	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics.	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa. .	689	-
			Algeria and Tunisia. .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1953, to Oct. 3, 1953

Established Quota (Global)	Imports
70,000,000	86,812

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to October 13, 1953

Established Quota (Global)	Imports
45,656,420	40,245,952

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, 1953, to October 13, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to October 13, 1953
United Kingdom	4,323,457	165,750	1,441,152	165,750
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	-	-	-
Netherlands	68,240	16,947	22,747	16,947
Switzerland	44,388	-	14,796	-
Belgium	38,559	1,099	12,853	1,099
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,298	25,443	24,298
Italy	21,263	-	7,088	-
	5,482,509	447,784	1,599,886	208,094

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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, 1952, to September 19, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1952, to Sept. 19, 1953
United Kingdom	4,323,457	167,354	1,441,152	166,747
Canada	239,690	239,495	-	-
France	227,420	13,032	75,807	13,032
British India	69,627	66,004	-	-
Netherlands	68,240	15,715	22,747	15,715
Switzerland	44,388	-	14,796	-
Belgium	38,559	12,853	12,853	12,853
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,618	25,443	24,618
Italy	21,263	6,430	7,088	6,430
	5,482,509	545,501	1,599,886	239,395

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Treasury Department
Washington

IMMEDIATE RELEASE
October 13, 1953

H-280

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1952, to September 19, 1953, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	53,664
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	550,127
Union of Soviet Socialist Republics	475,124	-
Argentina	5,203	1,382
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa	2,240	-
Netherlands E. Indies	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa	689	-
Algeria and Tunisia	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1952, to Sept. 19, 1953

Established Quota (Global)	Imports
70,000,000	22,501,346

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to September 19, 1953

Established Quota (Global)	Imports
45,656,420	37,566,909

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, October 14, 1953

H-280

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1952, to September 19, 1953, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	53,664
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	550,127
Union of Soviet Socialist Republics	475,124	-
Argentina	5,203	1,382
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Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa	2,240	-
Netherlands E. Indies	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa	689	-
Algeria and Tunisia	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1952, to Sept. 19, 1953

Established Quota (Global)	Imports
70,000,000	22,501,346

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to September 19, 1953

Established Quota (Global)	Imports
45,656,420	37,566,909

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, 1952, to September 19, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1952, to Sept. 19, 1953
United Kingdom	4,323,457	167,354	1,441,152	166,747
Canada	239,690	239,495	-	-
France	227,420	13,032	75,807	13,032
British India.	69,627	66,004	-	-
Netherlands.	68,240	15,715	22,747	15,715
Switzerland	44,388	-	14,796	-
Belgium	38,559	12,853	12,853	12,853
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany.	76,329	24,618	25,443	24,618
Italy.	21,263	6,430	7,088	6,430
	5,482,509	545,501	1,599,886	239,395

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Treasury Department
Washington

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IMMEDIATE RELEASE
Wed, October ~~13~~ 14, 1953

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, 1953, to October 3, 1953, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of October 3, 1953
Buttons		850,000	Gross	631,463
Cigars		200,000,000	Number	2,459,567
Coconut Oil		448,000,000	Pound	76,590,614
Cordage		6,000,000	Pound	3,262,435
Rice		1,040,000	Pound	2,500
Sugars	(Refined	1,904,000,000	Pound	-
	(Unrefined			1,522,871,553
Tobacco		6,500,000	Pound	2,301,681

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, October 14, 1953

H-281

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, 1953, to October 3, 1953, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of October 3, 1953
Buttons	850,000	Gross	631,463
Cigars	200,000,000	Number	2,459,567
Coconut Oil	448,000,000	Pound	76,590,614
Cordage	6,000,000	Pound	3,262,435
Rice	1,040,000	Pound	2,500
Sugars (Refined / (Unrefined	1,904,000,000	Pound	1,522,871,553
Tobacco	6,500,000	Pound	2,301,681

IMMEDIATE RELEASE
October 13, 1953

H-2

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 3, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 3, 1953
Whole milk, fresh or sour . . .	Calendar year	3,000,000	Gallon	10,371
Cream	Calendar year	1,500,000	Gallon	943
Butter	July 16, 1953-Oct. 31, 1953	5,000,000	Pound	2,443
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish . . .	Calendar year	33,866,287	Pound	30,178,011
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	114,224,233
other	Sept. 15, 1952	798,900,000	Pound	84,529,736
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	200
other	Sept. 15, 1953	60,000,000	Pound	170,425
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	3,835
Cattle, 700 pounds or more each (other than dairy cows) . . .	July 1, 1953-Sept. 30, 1953	120,000	Head	15,528
Cattle, 700 pounds or more each (other than dairy cows) . . .	Oct. 1, 1953-Dec. 31, 1953	120,000	Head	76
Walnuts	Calendar year	5,000,000	Pound	Quota Filled
* Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1952	7,000,000	Pound	5,994,520
* Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1952	4,500,000	Pound	4,181,967
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1953	1,709,000	Pound	6,220
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	-

(*) Imports through September 30, 1953.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, October 14, 1953

H-282

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 3, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 3, 1953
Whole milk, fresh or sour........	Calendar year	3,000,000	Gallon	10,371
Cream	Calendar year	1,500,000	Gallon	943
Butter	July 16, 1953-Oct. 31, 1953	5,000,000	Pound	2,443
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	33,866,287	Pound	30,178,011
White or Irish potatoes:				
certified seed..................	12 months from	150,000,000	Pound	114,224,233
other...........................	Sept. 15, 1952	798,900,000	Pound	84,529,736
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	200
other...........................	Sept. 15, 1953	60,000,000	Pound	170,425
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	3,835
Cattle, 700 pounds or more each (other than dairy cows)	July 1, 1953-Sept. 30, 1953	120,000	Head	15,528
Cattle, 700 pounds or more each (other than dairy cows)	Oct. 1, 1953-Dec. 31, 1953	120,000	Head	76
Walnuts..........................	Calendar year	5,000,000	Pound	Quota Filled
* Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1952	7,000,000	Pound	5,994,520
* Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1952	4,500,000	Pound	4,181,967
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)..........	12 months from July 1, 1953	1,709,000	Pound	6,220
Peanut Oil.......................	12 months from July 1, 1953	80,000,000	Pound	-

(*) Imports through September 30, 1953.

FOR IMMEDIATE RELEASE,

H-283

October ~~13~~ 14, 1953

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953 as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953 to October 13, 1953	Established Quota	Imports May 29, 1953, to Oct. 13, 1953
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,034	4,000,000	3,815,000

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Wednesday, October 14, 1953

H-283

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953, to October 13, 1953	Established Quota	Imports May 29, 1953, to Oct. 13, 195
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
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China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,034	4,000,000	3,815,000

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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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 22, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 22, 1953. 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,

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TREASURY DEPARTMENT
Washington

H-284

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, October 15, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 22, 1953, in the amount of $1,500,620,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 22, 1953, and will mature January 21, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 19, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, October 15, 1953.

H-284

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 22, 1953, in the amount of $1,500,620,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 22, 1953, and will mature January 21, 1954, 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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Others than banking institutions will not be permitted to submit tenders except for their own account. 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 Treasury Department 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 finall. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 22, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 22, 1953. 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

Mr. Kennedy is a member of the faculty of Central States School of Banking at the University of Wisconsin, and the School of Banking of the South at the ~~Baton Rouge,~~ Louisiana State Univ. He has lectured many times on the Government securities market before various national educational groups.

Mr. Kennedy married Lenora Bingham of Ogden, Utah, on November 4, 1925. They have four daughters, and maintain their home in Evanston, Illinois.

oOo

~~FOR~~ Immediate RELEASE

H-285

Treasury Secretary Humphrey today appointed David M. Kennedy, 48, of Chicago, Illinois, an Assistant to the Secretary.

Secretary Humphrey said that Mr. Kennedy will assist and advise Deputy to the Secretary W. Randolph Burgess in Treasury financing and debt management.

At the time of his appointment, Mr. Kennedy was a vice president in the bond department of the Continental-Illinois National Bank and Trust Company at Chicago. Mr. Kennedy will have offices at the Treasury Department in Washington and the Federal Reserve Bank in Chicago.

In April 1930 Mr. Kennedy joined the Board of Governors of The Federal Reserve System, and served in various capacities, including technical assistant in the Division of Bank Operations, and assistant chief for research in Government finance in the Division of Research and Statistics. He also served as special assistant to the Chairman of the Board of Governors of the Federal Reserve System.

A native of Ogden, Utah, Mr. Kennedy is the son of George Kennedy and the late Katherine Johnson Kennedy. He attended the public schools of Utah, ~~and prior to receiving a masters degree from~~ Weber College, ~~at~~ Ogden, Utah, ~~he received an AB and LLB in 1937 from~~ George Washington University, ~~in~~ Washington, D. C., and ~~From 1937 to 1939 he attended~~ the Graduate School of Banking at Rutgers University, New ~~York.~~ Jersey Brunswick,

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, October 14, 1953.

H-285

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At the time of his appointment, Mr. Kennedy was a vice president in the bond department of the Continental Illinois National Bank and Trust Company at Chicago. Mr. Kennedy will have offices at the Treasury Department in Washington and the Federal Reserve Bank in Chicago.

In April 1930 Mr. Kennedy joined the Board of Governors of The Federal Reserve System, and served in various capacities, including technical assistant in the Division of Bank Operations, and assistant chief for research in Government finance in the Division of Research and Statistics. He also served as special assistant to the Chairman of the Board of Governors of the Federal Reserve System.

A native of Ogden, Utah, Mr. Kennedy is the son of George Kennedy and the late Katherine Johnson Kennedy. He attended the public schools of Utah, Weber College, Ogden, Utah, George Washington University, Washington, D. C., and the Graduate School of Banking at Rutgers University, New Brunswick, New Jersey.

Mr. Kennedy is a member of the faculty of Central States School of Banking at the University of Wisconsin, and the School of Banking of the South at the Louisiana State University. He has lectured many times on the Government securities market before various national educational groups.

Mr. Kennedy married Lenora Bingham of Ogden, Utah, on November 4, 1925. They have four daughters, and maintain their home in Evanston, Illinois.

oOo

DAVID M. KENNEDY
Assistant to the Secretary of Treasury

David M. Kennedy was born in Randolph, Utah on July 21, 1905, the son of George Kennedy and the late Katherine Johnson Kennedy.

Mr. Kennedy attended the public schools of Utah, and prior to receiving his masters degree from Weber College, Ogden, Utah, he received an AB degree in 1935 and an LLB degree in 1937 from George Washington University in Washington, D. C. From 1937 to 1939 he attended the Graduate School of Banking at Rutgers University, New Brunswick, New Jersey, and was elected to membership in Pi Gamma Mu, National honorary social science fraternity.

In April 1930 Mr. Kennedy joined the Board of Governors of the Federal Reserve System, and served in various capacities, including technical assistant in the Division of Bank Operations, assistant chief for research in Government finance in the Division of Research and Statistics. He also served as special assistant to the Chairman of the Board of Governors of the Federal Reserve System.

Mr. Kennedy joined the Continental Illinois National Bank and Trust Company at Chicago, Illinois, in October, 1946. He was made vice president in the bond department, a position he held until Treasury Secretary Humphrey named him an Assistant to the Secretary with the duty of assisting and advising in Treasury financing and debt management.

Mr. Kennedy is a member of the faculty of Central States School of Banking at the University of Wisconsin, and the School of Banking of the South at the Louisiana State University. He has lectured many times on the Government securities market before various national educational groups.

Mr. Kennedy belongs to the Church of Jesus Christ of Latter-day Saints, and is a member of Stake Presidency of the Chicago Stake. His clubs include; Union League, University and Banker's, all of Chicago. Mr. Kennedy is also a member of the American Statistical, and American Economic Association.

Mr. Kennedy married Lenora Bingham of Ogden, Utah, on November 4, 1925. They have four daughters; Marilyn (Mrs. Verl Taylor), Barbara (Mrs. Carl Law), Carol, and Patricia.

Mr. and Mrs. Kennedy maintain their home in Evanston, Illinois.

October, 1953. oOo

SUGGESTED TREASURY RELEASE

Immediate Release
Friday Oct 16, 1953

17-286

[redacted] Sales of Series E and H Savings Bonds during the first nine months of 1953 totaled $3,290,169,000, the Treasury announced today. Redemptions of matured E Bonds and unmatured Series E and H Bonds for the same period were $3,138,248,000. Cash sales of E and H Bonds exceeded redemptions of those series (matured and unmatured) by $151,921,000.

Sales of Series E and H Bonds during the first nine months of 1953 were up 23.7 per cent over the $2,660,451,000 sales during the same period of 1952. Total matured and unmatured redemptions of these series in 1953 were one per cent below the $3,162,642,000 total during the first nine months of 1952.

Sales of Series E and H Bonds in September were $343,245,000. That was an increase of 18.2 per cent over the $290,498,000 sold during September 1952.

Total redemptions of matured E bonds and unmatured Series E and H Bonds during September 1953 were $379,402,000. That was 12.5 per cent more than total redemptions in September 1952 of $337,241,000. This increase reflects the heavy Savings Bonds purchases of ten years ago as the War Loan sales reach their maturity dates.

More than 75 per cent of matured Series E Savings Bonds continue to be held by the owners under the optional extension plan. That percentage of retained matured Series E Bonds has held steadily for over two years.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, October 16, 1953.

H-286

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oOo

RELEASE MORNING NEWSPAPERS,
Tuesday, October 20, 1953.

H-287

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 22, 1953, and to mature January 21, 1954, which were offered on October 15, were opened at the Federal Reserve Banks on October 19.

The details of this issue are as follows:

Total applied for - $2,366,309,000
Total accepted - 1,500,549,000 (includes $258,586,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.653/ Equivalent rate of discount approx. 1.372% per annum

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

High - 99.656 Equivalent rate of discount approx. 1.361% per annum
Low - 99.652 " " " " " 1.377% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 38,423,000	$ 30,305,000
New York	1,702,580,000	1,015,310,000
Philadelphia	36,546,000	20,281,000
Cleveland	50,004,000	38,321,000
Richmond	18,001,000	17,703,000
Atlanta	38,203,000	25,850,000
Chicago	215,836,000	175,558,000
St. Louis	55,667,000	32,007,000
Minneapolis	9,420,000	8,804,000
Kansas City	55,569,000	30,065,000
Dallas	49,729,000	41,029,000
San Francisco	96,331,000	65,316,000
TOTAL	$2,366,309,000	$1,500,549,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Atlanta	38,203,000	25,850,000
Chicago	215,836,000	175,558,000
St. Louis	55,667,000	32,007,000
Minneapolis	9,420,000	8,804,000
Kansas City	55,569,000	30,065,000
Dallas	49,729,000	41,029,000
San Francisco	96,331,000	65,316,000
TOTAL	$2,366,309,000	$1,500,549,000

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~~Pending~~ Until the appointment of a National Director, the Savings Bond Division has been under the general supervision of Assistant to the Secretary Theodore W. Braun.

H-288

FOR RELEASE A.M. NEWSPAPERS
Monday, October 19, 1953

Treasury Secretary Humphrey announced today the appointment of Earl O. Shreve of Fort Lauderdale, Florida, as National Director of the Treasury's United States Savings Bonds Division.

A native of Mapleton, Iowa, he received a Bachelor of Science degree in electrical engineering from Iowa State College in 1904, and then joined the General Electric Company at Schenectady, New York. He advanced to Vice President in Charge of Sales and was Vice President in charge of all ~~industrial~~ Customer relations when he retired in 1948.

Mr. Shreve served as President of the Chamber of Commerce of the United States from 1947 to 1949 and is resign~~ed~~ing as a member of its Senior Council ~~to~~ in accepting ~~the~~ appointment with the Treasury.

Mr. Shreve has also been President of Junior Achievement, Inc.; is a member of the National Council of Boy Scouts of America and has been active in the work of the Future Farmers of America.

Mr. Shreve married Miss Annabelle Thompson of Lynn, Massachusetts in 1908. They have two sons and one daughter.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Until the appointment of a National Director, the Savings Bonds Division has been under the general supervision of Assistant to the Secretary Theodore W. Braun.

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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.

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 Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **October 29, 1953**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **October 29, 1953**. 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,

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TREASURY DEPARTMENT
Washington

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FOR RELEASE, MORNING NEWSPAPERS,
Thursday, October 22, 1953 .

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing October 29, 1953 , in the amount of $ 1,500,110,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 29, 1953 , and will mature January 28, 1954 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 26, 1953 . 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, October 22, 1953.

H-289

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The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 29,1953, in the amount of $1,500,110,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 29, 1953, and will mature January 28, 1954, when the face amount will be payable without interest. They will be issued in beaer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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

October 29, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 29, 1953. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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(NOTE: THIS MUST BE HELD STRICT[illegible] CONFIDENCE UNTIL 4 P.M.)

FOR RELEASE AT 7:00 P.M.
FRIDAY, OCTOBER 23, 1953

The Treasury today announced that sale of Series C Treasury Savings Notes is suspended as of 7:00 pm., EST, Friday, October 23, 1953.

(In answer to press queries regarding the suspension of the sale of Series C Savings Notes today, the Treasury said: The suspension is due to two related reasons. The first is that determining the amount of the Treasury financing to be decided next week would be difficult in view of the uncertainties of future daily sales of Treasury savings notes under present conditions. Second the savings note, being one of the "open window," could create a problem in connection with the debt limit on the basis of present sales.)

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-290

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RELEASE MORNING NEWSPAPERS,
Tuesday, October 27, 1953.

H-

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 29, 1953, and to mature January 28, 1954, which were offered on October 22, were opened at the Federal Reserve Banks on October 26.

The details of this issue are as follows:

Total applied for - $2,095,953,000
Total accepted - 1,500,199,000 (includes $222,383,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.692 Equivalent rate of discount approx. 1.220% per annum

Range of accepted competitive bids:

High - 99.697 Equivalent rate of discount approx. 1.199% per annum
Low - 99.688 " " " " " 1.234% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 21,708,000	$ 16,853,000
New York	1,440,228,000	908,138,000
Philadelphia	59,695,000	59,370,000
Cleveland	96,788,000	91,228,000
Richmond	9,534,000	9,084,000
Atlanta	24,758,000	24,758,000
Chicago	221,483,000	185,733,000
St. Louis	18,131,000	18,031,000
Minneapolis	7,090,000	6,590,000
Kansas City	57,271,000	52,849,000
Dallas	35,663,000	31,491,000
San Francisco	103,604,000	96,074,000
Total	$2,095,953,000	$1,500,199,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, October 27,1953.

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TOTAL	$2,095,953,000	$1,500,199,000

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H-292

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Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, **Friday, October 30, 1953**. 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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IMMEDIATE RELEASE,
Monday, October 26, 1953

H-293

Secretary of the Treasury Humphrey announced today that on Wednesday, October 28, the Treasury will offer for cash subscription an issue of $2,000,000,000, or thereabouts, of fully marketable 2-3/4 percent Treasury bonds, to be dated November 9, 1953, and to mature September 15, 1961.

Subscriptions from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account will be received without deposit. A payment of 10% of the amount of bonds subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the bonds subscribed for to cover the 10% deposits required to be paid when subscriptions are entered, and a certification by the submitting bank that no such loan has been made will be required on each subscription entered by it for account of its customers.

The Treasury reserves the right to reject or reduce any subscription, and to make different percentage allotments to various classes of subscribers.

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EFBartelt:hsv 10/26/53

TREASURY DEPARTMENT

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own $50,000,000,000 in these Bonds. The continued and expanding investment in America by Americans through these purchases helps to spread the ownership of the public debt and so contributes to our program whose goal is a sound dollar, as well as to the development of the habits of thrift and savings--virtues which have made America great. We thank the Chief Justice for helping us toemphasize the importance of this program."

oOo

FOR RELEASE 12 NOON
Wednesday, October 28, 1953 H- 294

Chief Justice Warren of the U.S. Supreme Court today administered the oath of office to Earl O. Shreve of Fort Lauderdale, Florida, as National Director of the United States Savings Bonds Division of the Treasury Department.

Treasury Secretary Humphrey introduced the new National Director at the ceremonies attended by Treasury and other government officials and representatives of the many volunteer groups which have aided in the development of the Savings Bonds program.

Mr. Shreve was formerly Vice President of the General Electric Company in charge of sales and customer relations. He is also a past president of the United States Chamber of Commerce.

The Secretary welcomed Mr. Shreve to the Treasury staff cited him as an outstanding sales executive who has come out of retirement to serve the country in the promotion of thrift through the sale of Savings Bonds.

On introducing Chief Justice Warren at the Treasury ceremony, Secretary Humphrey said:

"Chief Justice Warren's taking part in this ceremony is indicative of the support of the Savings Bonds program at the very highest levels of the Government, and we are deeply honored by his presence here. More than 40 million individuals

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> "Chief Justice Warren's taking part in this ceremony is indicative of the support of the Savings Bonds program at the very highest levels of the Government. We are deeply honored by his presence here. More than 40 million individuals own $50 billion in these Bonds. The continued and expanding investment in America by Americans through these purchases helps to spread the ownership of the public debt and so contributes to our goal of sound honest money. It also develops the virtues of thrift and savings--virtues which have made America great. We thank the Chief Justice for helping us to emphasize the importance of this program."

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EARL O. SHREVE
National Director of Treasury's United States Savings Bonds Division

Mr. Shreve was born near Mapleton, Iowa, on October 31, 1881. He attended schools in Spokane, Washington, Idaho, and Charter Oak, Iowa. Mr. Shreve received a B.S. in electrical engineering from Iowa State College at Ames in 1904.

Learning telegraphy on a home made set, Mr. Shreve began his career as station agent for the Chicago, Milwaukee & St. Paul R.R. at Harrisburg, South Dakota. He returned to Iowa to work for an electrical contractor at Marshalltown, and after receiving his degree in electrical engineering was employed by General Electric.

After two years of training with General Electric at Lynn, Massachusetts, and Schenectady, New York, Mr. Shreve was assigned to that company's San Francisco office as a salesman. He received successive promotions until 1926 when he was made manager of the General Electric Industrial Department at Schenectady. In 1929 he was named assistant vice president, and in 1934 vice president in charge of sales. In 1945 Mr. Shreve was moved to New York City as vice president in charge of customer relations.

Mr. Shreve served as a director and vice president of the United States Chamber of Commerce, and in 1947 was elected president of that organization, serving two terms. He was instrumental in promoting the Chamber's programs in national affairs and education.

Mr. Shreve also served as national representative and member of the executive board of the Boy Scouts of America at Schenectady, member of the boys' work committee of the Rotary Club of New York City, and three years as president of Junior Achievement, Inc., of which he is now honorary president and a member of the executive committee.

In 1938 at Iowa State College, Mr. Shreve received the first award of the Marston Medal for Engineering Accomplishment and in 1943 the Merit Award of the Chicago alumni of the college. His alma mater conferred on him the degree of Doctors of Engineering in 1949, and that same year Union College of Schenectady made him an honorary Doctor of Laws.

Mr. Shreve's other public services have included the vice presidency of the American Management Association; thirteen years on the board of the National Electrical Manufacturing Association and a term as its president; vice president of the National Fire Protection Association, and membership in the U. S. national commission for UNESCO.

Mr. Shreve married Miss Annabelle Thompson of Lynn, Massachusetts in 1908. They have two sons, Robert, and Earl, Jr., and one daughter, Mrs. Natalie Crow. Mr. and Mrs. Shreve make their home in Fort Lauderdale, Florida.

Mr. Shreve was sworn in as National Director of the Treasury's United States Savings Bonds Division on October 28, 1953, by Chief Justice Warren of the United States Supreme Court.

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H-295

IMMEDIATE RELEASE, At 5 PM
Wednesday, October 28, 1953.

Secretary of the Treasury Humphrey announced today ~~that the~~ (the closing) subscription books for the current offering of 2-3/4 percent Treasury Bonds of 1961, ~~will be closed~~ at the close of business today.

Subscriptions addressed to a Federal Reserve Bank or Branch, or to the Treasury Department, and placed in the mail before midnight tonight, October 28, will be considered as having been entered before the close of the subscription books.

Announcement of the amount of subscriptions and the basis of allotment will probably be made on Monday, November 2.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE AT 5 P.M.,
Wednesday, October 28, 1953.

H-295

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H-296

RELEASE MORNING NEWSPAPERS,
Saturday, October 31, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated November 5, 1953, and to mature February 4, 1954, which were offered on October 27, were opened at the Federal Reserve Banks on October 30.

The details of this issue are as follows:

Total applied for - $2,066,198,000
Total accepted - 1,500,521,000 (includes $181,912,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.670 Equivalent rate of discount approx. 1.306% per annum

Range of accepted competitive bids:

High - 99.710 Equivalent rate of discount approx. 1.147% per annum
Low - 99.663 " " " " " 1.333% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 24,771,000	$ 23,771,000
New York		1,552,886,000	1,057,814,000
Philadelphia		41,765,000	26,665,000
Cleveland		46,957,000	46,957,000
Richmond		10,761,000	10,661,000
Atlanta		25,692,000	25,692,000
Chicago		203,889,000	158,789,000
St. Louis		17,587,000	17,587,000
Minneapolis		7,803,000	7,703,000
Kansas City		37,590,000	37,490,000
Dallas		28,998,000	26,893,000
San Francisco		67,499,000	60,499,000
	TOTAL	$2,066,198,000	$1,500,521,000

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TOTAL	$2,066,198,000	$1,500,521,000

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And so, knowing all this, we stay strong in arms today -- we keep our economy geared to meet any emergency -- we weigh every military and economic decision -- all in the fervent hope of soon being able to use our strength to serve the needs rather than the fears of all mankind.

A strong economy and a strong defense do not compete with one another -- except in the fairyland of partisan demagogues.

Together -- and only together -- the two promise a strong America, an America that can know true peace.

The search for this peace, however, goes far beyond immediate demands of military defense and a prosperous economy.

This search is impelled by full awareness that this world ultimately must find a way to ease the burden of arms and of fears that now weigh upon men of all nations.

~~The President has spoken this truth graphically~~ -- in these words:

"Every gun that is made, every warship launched, every rocket fired, signifies -- in the final sense -- a THEFT from those who hunger and are not fed, those who are cold and are not clothed...

"The cost of one modern heavy bomber is this: a modern brick school in more than 30 cities.

"It is: two fine, fully equipped hospitals.

"It is some 50 miles of concrete highway.

"We pay for a single fighter plane with a half million bushels of wheat.

"We pay for a single destroyer with new homes that could have housed more than 8,000 people."

These are harsh and sobering facts.

They describe a world spending not merely money alone -- ~~but the sweat~~ of its laborers, the genius of its scientists, the very hopes of its children.

Such a defense does more than take account of the needs of our economy. It depends upon our whole economy -- for the greatest strength, not only for ourselves but for the whole free world, is nothing other than the power and potential of American mass production.

This truth is known throughout the world.

It is known to our enemies -- for their greatest hope lies in an American depression.

It is known to our friends -- for their greatest fear is such a dread event.

How has your present Government applied this knowledge?

In these ways:

First: We have placed our faith firmly in the genius of American initiative and enterprise -- and we have showed that faith by removing ~~from~~ our economic life, needless stifling controls.

Second: We have set the course of the federal government firmly toward the soonest possible balancing of the budget -- as an indispensable battle in any serious war against inflation.

Third: We have redirected our monetary policy and our management of the public debt so as to give the American people their first hope in a decade of having sound, honest American dollars to spend and to save.

Fourth: We have committed ourselves to achieving, within limits dictated by essential defense needs, those reductions in taxes which are indispensable to the vigor of our economic life.

Insert X p.

Such policies and objectives serve not only the needs of our economy but no less the needs of America's defense.

But this is only the beginning.

What must be sought is this: the finding of the ideal middle way between extremes which -- on the one side -- would stupidly cheat our defenses to save money, and -- on the other side -- would amass weapons and strength with an abandon that would wreck our economy -- and hence our nation -- without a gun ever being fired.

This is not merely economic sense. This is military sense, and best of all it's common sense.

We live in an age witnessing a revolution in the technique of arms and armies, and in the creation and production of all weapons for defense.

In such an age, there is one certain way to invite disaster: to commit a nation's whole resources and productive machine today to the abundant production of weapons that may be obsolete tomorrow.

In such an age, there is only one way to avoid disaster: ~~to~~ be ready for the danger of today -- while continuing to develop industrial power that can be swiftly directed to meet a newer and different danger tomorrow.

This, I repeat, is a middle way.

It has its analogy in our foreign policy -- where we steadfastly seek a course that is firm, prudent, and bold without ever being belligerent.

So we seek a defense program that is effective, without being extravagant -- carefully planned, and economically executed.

Third: A society in which no interest of party, of class, of section or of faction can harm two ideals that must ever be beyond selfish or partisan challenge -- the security of the nation and the dignity of the individual.

And Fourth: A nation whose sense of historic purpose recognizes the common bonds of free men everywhere -- knowing that there can be true peace for none, so long as there is no peace for some.

All these things are involved in the quest for peace. For no one of these is attainable without all of the others.

A massive defense would be folly -- if built upon a ruined economy.

A prosperous economy would be worthless if unprepared for attack and on the verge of certain destruction from abroad.

A prosperous, suitably armed nation with friends and allies materially as well as morally linked to each other and with common purpose, can be the hope of free men everywhere, able to defend freedom, if need be, by force.

Arms and productivity, justice and unity -- without any of these -- we cannot know peace.

Let us examine each ~~[illegible]~~ in a little detail.

First: military defense.

This means much more than a matter of size and numbers.

Certainly it begins with a readiness to spend and to sacrifice whatever is necessary -- and I repeat whatever is necessary -- for a logical, ~~xx~~ ordered and balanced defense program.

These then are some of the specific areas in which we have inherited financial problems. ~~We are and will continue to work to solve, or at least improve them.~~ They are ~~As I have noted, the whole financial problem is~~ deeply entwined with both ~~our~~ foreign relations and military ~~problems.~~ decisions. Real solution of each is interwoven with ~~the~~ solution of each of the others. ~~Therefore, the best hope for real reductions in Government spending -- and therefore taxes -- comes from solution to these foreign relations military problems.~~

~~Only with true and lasting peace can we devote more of our energies and resources to the things of peace rather than to the things of war.~~ That is why the achievement of real peace is the supreme purpose of this Administration. ~~and this Government.~~

In the word peace, ~~therefore,~~ are all our dreams and all our fears.

Danger to peace is danger to all.

The prayer for peace is the prayer for America. No government can proclaim it, no Congress can enact it, no group of nations can declare it.

Peace for America demands these things:

__First:__ A __defense__ of the nation strong enough to impress upon any would-be-aggressor the folly of attack.

__Second:__ An economy strong enough not only to sustain such a defense but also to allow Americans to enjoy the fruits of their own toil and genius.

Our entire tax system, however, is being revamped so as to reduce inherited obstacles to growth and incentive and correct unfair provisions and inequalities. This program is the joint undertaking of the Treasury and the Ways and Means and other congressional committees. There are many desirable changes which should be made. We hope to accomplish some of them. So But loss of revenue can only be limited in amount, and each proposal must be carefully evaluated. We cannot afford as much reduction as we all would like immediately, but our ambition is to establish a pattern of reduction on which a modest start can promptly be made with provision for future additional reductions in taxes as rapidly as reductions in expenditures indicate that they are possible.

Tax reduction is desired by all, and over a period is essential to the continued vitality of our entire economy. America, as the land of opportunity for the young, eager for work and ambitious to improve their positions in life, cannot long endure under the repressive tax burdens which we inherited. But taxes can only be reduced as expenditures are curtailed, and expenses can only be cut as consistent with the maintenance of a balanced posture of defense adequate to our needs to meet the dangers with which we are threatened.

Excessive planned deficits were implicit in our inheritance. There was a deficit of over $9 billion in the year before we came in. There was a planned deficit budget for us when we arrived of $9.9 billion for our first year in office. This soon increased to $11.5 billion through overestimating income. Fortunately, we have been able, by untiring efforts of every branch of the government, to cut this deficit to a present estimate of less than $4 billion. Because of this reduction, and only because of it, we have been justified in reducing some of the most burdensome taxation. The excess profits tax will expire on December 31 and will not be renewed. Personal income taxes will be reduced by approximately 10 percent at the same time. That is definitely determined, but when and to what extent further tax reduction can be made effective depends entirely upon the course of future expenditures, in which of course our security is the major element.

~~tax~~ field of taxation is a vital area requiring most careful future planning ~~in this whole financial inheritance problem~~.

I have mentioned the C.O.D. commitment of about $80 billion, for which cash will have to be found on delivery of goods in 1954, 1955, and later. At the same time--2½ years ago--these expenditures were authorized, tax expirations were written into law which will lower government income just when the bulk of the ~~XXXXXXXX~~ C.O.D.'s are coming due. Thus by 1955, when government spending was expected to reach its peak. planned reductions will have begun to reduce government income by an estimated $8 billion annually.

This situation provides the broad framework for the problem which we face in recommending a tax program to the next Congress.

We should note, however, that this administration is cutting taxes. Savings which we have already been able to make allowed us to recommend that the excess profits tax expire on January 1, as well as that the scheduled 10 percent personal income tax reduction go into effect on that date. So it is a matter of record that this administration is cutting taxes.

What and ~~when~~ future tax reductions we will be able to ~~recommend~~ and when will depend largely on what we finally come up with for a spending figure. In the weeks ahead such a figure wi wealth but is taken from the toil and the savings of American citizens who are thus deprived of having that money which they earned to spend for themselves.

~~The instances of extravagance to date are lengthy. Typical perhaps is the $400 million contract for engines for a certain type of aircraft which the Secretary of Defense recently canceled. Until the cancellation, three times as many jet engines as could ever possibly be used were rolling out of the factories for delivery to the Defense Department. A check revealed that original estimates as to the life of these engines had been proven faulty. So a substantial saving has been made by eliminating the delivery of engines which would only clog the warehouses until the aircraft itself had become obsolete. This type of review of all government spending is going on and I am sure will continue to turn up additional areas in which wasteful spending can be eliminated.~~

Fifth is the financial inheritance of an almost staggering tax problem. The inherited obligations that I have cited and current operations of the government can be ~~met~~ paid for only with taxes--or borrowing. If we are to get ~~this~~ our financial operations under control, they must be met with taxes rather than additional deficit financing to the greatest possible extent. Therefore, our inheritance in the

A fourth financial inheritance is the habit of extravagance in government in many places. Some government agencies are of course well run and perform unquestionably essential functions, but there are others which have acquired ~~an air~~ habits of extravagance which must be curtailed. / We are continually probing to see if each activity is really necessary for ~~the~~ good of the American people or if it is merely a self-perpetuating expendit because once established for some alleged special need or experiment objective ~~at the time~~. There is also often extravagance and waste which can and should be eliminated even in the case of indispensable functions.

This administration is trying--and succeeding slowly ~~and partially, I think~~--in generating a new spirit of dollar consciousness on the part of all government personnel, both civilian and military. We believe ~~said~~ that all government agencies must remember that every cent they spend comes not from some unknown pool of

Third, there is the inheritance of what I like to call the C.O.D. orders. This is one of the most troublesome--and least understood--legacies this Administration inherited ~~acquired~~. When the new Administration assumed office, it found on the Government's books some $80 billion of orders placed by the former ~~previous~~ Administration from one to three years previously ~~before~~ for goods which will be ~~are being~~ delivered during this year, next year, and even the year after--and which must be paid for when received. These orders are in general too far committed to reduce or cancel and must be met with payments in cash for which no provision was previously made. This is all in addition to the other expenses of government. Payment for these large C.O.D. orders, for which no money was provided, is a major factor in our present problem of raising cash. It is an important factor in the twin problem of the debt limit. This large C.O.D. inheritance is also, of course, a major reason why it is impossible to balance the budget quickly. ~~overnight.~~

The result of this practice means that now Government borrowing goes up in the fall and comes down in the spring, which ~~will~~ automatically forces ~~at least~~ temporarily increased borrowing for at least a six month's period. ~~this year substantially in excess of the present debt limit.~~

This fixed inheritance from the past, which there is no way to correct ~~in the~~ under present conditions, means that in spite of all we can do, ~~an increase in~~ the present debt limit is too restrictive ~~must be authorized~~.

This condition was foreseen by the President, who in his State of the Union Message two weeks after he had assumed office, noted that before the end of fiscal year 1954 the total government debt might well exceed the debt limit.

By careful handling, and barring any unexpected demand for large additional sums of money, it ~~was~~ now appears that we will barely get through the present period and until the Congress returns in January without exceeding the ceiling. ~~but the matter must have Congressional attention promptly upon their return.~~

We cannot move on both fronts always at the same time. We cannot move too rapidly to dislocate the sensitive balance of our economy and we must always be guided by current market conditions. But our goal is clear and we are constantly working toward it.

Second, there is the problem of the debt limit. This is another financial inheritance which is causing concern. After passage by a large majority of the House, the Senate Finance Committee last August refused to approve the administration's request to raise the ~~$275 billion~~ statutory debt ceiling.

We said then--and we say now--that a higher debt limit will enable the government to better handle its fiscal affairs. It does not in any sense mean that we are not working vigorously for economy. We have demonstrated ~~we believe~~ that we have accomplished reductions in spending as rapidly as we can safely do so.

The existing law requires the payment of the bulk of corporation taxes in the first half of the calendar year. When this law was first enacted a few ~~yer~~ years ago it substantially increased government receipts in the first half of that calendar year, which was the last half of the fiscal year, and served to substantially reduce a budget deficit at that time.

The practice was then inaugurated--and there is no way to correct it now--of issuing tax anticipation notes in the fall when tax collections are ~~were~~ low, against anticipated receipts in the spring when tax collections are ~~were~~ high.

to real freedom in America is true, lasting and durable peace throughout the world. For only in peace--in real peace, can this nation and the other peoples of the world go on to the better things which the economies of nations at peace can produce.

Our financial inheritance, which complicates all our efforts, includes ~~at least six~~ several areas which I would like to discuss tonight.

First, there is the problem of our huge public debt. When the bonds are issued that have just been sold, it will almost reach ~~the~~ $275 billion~~mark~~. The manner in which it has been handled--maturing issues refinanced and new issues placed--in the past twenty years presents a financial inheritance to stagger the stoutest of hearts.

Nearly three-quarters of this debt matures within less than five years or is redeemable at the holder's option. ~~Entirely~~ Too large a proportion is in the hands of banks. We are trying to work our way out of this inherited problem by doing two things which will make this public debt less dangerous to the value of money and to the nation's economy. (1) We are trying to extend the maturity of the debt by placing longer term issues. (2) We are trying to move more of the debt away from the banks and into the hands of private investors.

This quest for peace is complicated by the inheritance, which this administration fell heir to ten short months ago, not only of conditions among nations but of conditions affecting the daily lives of each of us here at home.

This XXXXXXXX inheritance involves matters of foreign relations and the military, as well as financial and economic conditions here in our own country. They are all entwined. I will speak briefly tonight XX principally of our financial and economic XXXXXXXXXXXX inheritance and programs but, as you will see, they are deeply woven into both foreign policy and defense.

It is sometimes hard to realize how closely the world today is knit together; how foreign policy affects military plans and how together they actually determine the course of our economy right here at home. What we do about what may happen in some foreign land may well determine the number and type of jobs which people right here in Philadelphia will have tomorrow. What happens in the valley of the Nile or in Pakistan or on the plains of Turkey may have a real bearing upon the welfare of our farmers in Kansas and Iowa.

Our foreign policy and our military policy can very largely fix the shape and size of our financial commitments and economic policies. The one and only complete answer

H-247

address

Remarks by Secretary Humphrey at Union League Club Dinner, Union League Club, Philadelphia, Pennsylvania, at 7:00 p.m., Friday, October 30, 1953

A SOUND ECONOMY FOR PEACE

¶ Every American wants peace.

¶ We are living in a time not of peace but of peril.

In the world today the physical security that this nation once enjoyed by reason of geography and our two broad oceans has now been jeopardized by the long-range bomber and the awful destructive power of atomic weapons.

Continuing discoveries in the field of science can of course be used either for good or evil. But because these discoveries are also known to others in this world, who may have different objectives we cannot be sure that they will be used only for good -- always.

We must realize that in this time in which we now are living there does exist the possibility of sudden and mass destruction, the swift wiping out of whole cities and populations.

These terrible forces must somehow be brought to the service and the good of the world's people rather than their destruction. This can be done only as a result of a just and durable peace throughout the world.

Our search for this lasting peace cannot succeed on hope alone. We cannot ignore the factual conditions that exist in the world as they may affect our own nation.

TREASURY DEPARTMENT
Washington

FOR RELEASE AT 7:00 P.M.

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Our foreign policy and our military policy can very largely fix the shape and size of our financial commitments and economic policies. The one and only complete answer to real freedom in America is true, lasting and durable peace throughout the world. For only in peace--in real peace--can this nation and the other peoples of the world go on to the better things which the economies of nations at peace can produce.

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Fifth is the financial inheritance of an almost staggering tax problem. The inherited obligations that I have cited and current operations of the government can be paid for only with taxes--or borrowing. If we are to get our financial operations under control, they must be met with taxes rather than additional deficit financing to the greatest possible extent. Therefore, our inheritance in the field of taxation is a vital area requiring most careful future planning.

Tax reduction is desired by all, and over a period is essential to the continued vitality of our entire economy. America, as the land of opportunity for the young, eager for work and ambitious to improve their positions in life, cannot long endure under the repressive tax burdens which we inherited. But taxes can only be reduced as expenditures are curtailed, and expenses can only be cut as consistent with the maintenance of a balanced posture of defense adequate to our needs to meet the dangers with which we are threatened.

Excessive planned deficits were implicit in our inheritance. There was a deficit of over $9 billion in the year we came in. There was a planned deficit budgeted for us when we arrived of $9.9 billion for our first year in office. This soon increased to $11.5 billion through overestimating income. Fortunately, we have been able, by untiring efforts of every branch of the government, to cut this deficit to a present estimate of less than $4 billion. Because of this reduction, and only because of it, we have been justified in reducing some of the most burdensome taxation. The excess profits tax will expire on December 31 and will not be renewed. Personal income taxes will be reduced by approximately 10 percent at the same time. That is definitely determined, but when and to what extent further tax reduction can be made effective depends entirely upon the course of future expenditures, in which of course our security is the major element.

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But this is only the beginning.

What must be sought is this: the finding of the ideal middle way between extremes which--on the one side--would stupidly cheat our defenses to save money, and--on the other side--would amass weapons and strength with an abandon that would wreck our economy--and hence our nation--without a gun ever being fired.

This is not merely economic sense. This is military sense, and best of all it's common sense.

We live in an age witnessing a revolution in the technique of arms and armies, and in the creation and production of all weapons for defense.

In such an age, there is one certain way to invite disaster: to commit a nation's whole resources and productive machine today to the abundant production of weapons that may be obsolete tomorrow.

In such an age, there is only one way to avoid disaster: to be ready for the danger of today--while continuing to develop industrial power that can be swiftly directed to meet a newer and different danger tomorrow.

This, I repeat, is a middle way.

It has its analogy in our foreign policy--where we steadfastly seek a course that is firm, prudent, and bold, without ever being belligerent.

So we seek a defense program that is effective, without being extravagant--carefully planned, and economically executed.

Such a defense does more than take account of the needs of our economy. It depends upon our whole economy--for the greatest strength, not only for ourselves but for the whole free world, is nothing other than the power and potential of American mass production.

This truth is known throughout the world.

It is known to our enemies--for their greatest hope lies in an American depression.

It is known to our friends--for their greatest fear is such a dread event.

How has your present government applied this knowledge?

In these ways:

First: We have placed our faith firmly in the genius of American initiative and enterprise--and we have showed that faith by removing from our economic life, needless stifling controls.

Second: We have set the course of the federal government firmly toward the soonest possible balancing of the budget--as an indispensable battle in any serious war against inflation.

Third: We have redirected the monetary policy and the management of the public debt so as to give the American people their first hope in a decade of having sound, honest American dollars to spend and to save.

Fourth: We have committed ourselves to achieving, within limits dictated by essential defense needs, those reductions in taxes which are indispensable to the vigor of our economic life.

Our policy is fixed and determined. It is flexible only in its execution. Our objective is definite, but our progress toward it realistically recognizes and adjusts to the changing conditions in which we must operate always toward the attainment of the same goal. We have made no change in either policy or objective, notwithstanding reports to the contrary.

Such policies and objectives--serve not only the needs of our economy but no less the needs of America's defense.

A strong economy and a strong defense do not compete with one another--except in the fairyland of partisan demagogues.

Together--and only together--the two promise a strong America, an America that can know true peace.

The search for this peace, however, goes far beyond immediate demands of military defense and a prosperous economy.

This search is impelled by full awareness that this world ultimately must find a way to ease the burden of arms and of fears that now weigh upon men of all nations.

And so, knowing all this, we stay strong in arms today--we keep our economy geared to meet any emergency--we weigh every military and economic decision--all in the fervent hope of soon being able to use our strength to serve the needs rather than the fears of all mankind.

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Mr. Taylor was a member of the American
Expeditionary Forces in World War I.

W.M.G.

Immediate Release
Friday Oct 30, 1953

H-298

Secretary Humphrey today announced the appointment of Daniel A. Taylor of Chicago, as Chief Counsel of the Internal Revenue Service. He will take office on November 9, 1953.

The Chief Counsel of the Internal Revenue Service is an Assistant General Counsel of the Treasury Department.

Mr. Taylor has been in active law practice in Chicago since 1942 and is recognized as an outstanding member of the Tax Bar of that city. He is a member of the American Bar Association, and the Chicago ...

The new Chief Counsel is a "graduate" of the legal Service of the ~~Bureau of~~ Internal Revenue Service, having been appointed as an attorney in 1928. He served as Special Attorney and later as Assistant Head of the Civil Division in the Chief Counsel's Office. ~~Later~~ he subsequently transferred to Chicago where, from 1938 to 1942, he was Assistant Appellate Counsel.

Mr. Taylor was born in Casey County, Kentucky [illegible] years ago and received his law degree in 1921 from ~~the~~ Washington and Lee University in Lexington.

~~He is married and has two children.~~

He was married in 1928 to Margaret Gallagher of Covington, Kentucky. They have two children, Daniel A. Taylor Jr. now serving in the Air Force, and a daughter Jane Carol Taylor, a junior at the College of William & Mary, Williamsburg, Va

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-299

IMMEDIATE RELEASE,
Monday, November 2, 1953.

The Treasury today announced the basis of allotment on subscriptions for the current cash offering of 2-3/4 percent Treasury Bonds of 1961.

Subscriptions in amounts up to and including $10,000, totaling about $22-1/2 million, were allotted in full. Subscriptions from mutual savings banks, insurance companies, pension and retirement funds and State and local governments, aggregating about $1.8 billion, were allotted 24 percent, and subscriptions from all others, including $8-1/4 billion from commercial banks, were allotted 16 percent, but not less than $10,000 on any one subscription.

Preliminary reports received from the Federal Reserve Banks show that subscriptions totaled over $12-1/2 billion, and total allotments will be about $2.2 billion.

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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON 25

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

H-302

IMMEDIATE RELEASE,
Tues., ~~Monday~~, November ~~2~~ 3, 1953

Comptroller of the Currency Ray M. Gidney today announced the promotion of William B. Baker from the position of National Bank Examiner to that of District Chief National Bank Examiner of the Third Federal Reserve District with headquarters at Philadelphia. ~~In the new capacity~~ He will succeed J. Lawrence Bailey who died on October 29.

Mr. Baker, a native of Maryland, was commissioned a National Bank Examiner in 1918, ~~since which time he has creditably filled all assignments given him,~~ and his entire service as an examiner has ~~having~~ been within the Philadelphia district. For a considerable time he has been the senior examiner in that district, in charge of examinations of the larger banks therein.

TREASURY DEPARTMENT

WASHINGTON, D.C.

317

IMMEDIATE RELEASE,
Tuesday, November 3, 1953. H-300

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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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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 Treasury Department 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, 1953** (8) ~~xxx~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **November 12, 1953** ~~xxx~~. 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,

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TREASURY DEPARTMENT
Washington

H-301

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, November 5, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing November 12, 1953, in the amount of $1,500,702,000, 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, 1953, and will mature February 11, 1954, 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 9, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 5, 1953.

H-301

321

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TREASURY DEPARTMENT
Washington

FOR RELEASE AT 7 P.M.,
Friday, November 6, 1953.

Remarks by Treasury Secretary George M. Humphrey at a dinner sponsored by the Republican State Central Committee of Georgia, Biltmore Hotel, Atlanta, Georgia, 7 p.m., Friday, November 6,1953.

INHERITANCE AND ACHIEVEMENT

There are two great goals on which this administration is determined.

First, this nation must--and will--provide the military posture best designed to promote peace in the world.

Second, this nation must--and will--maintain the sound economy and productive power which is the basis for that military strength and leadership for peace.

This administration is soberly and sincerely committed to, and working toward, both of these goals.

We no longer have the physical security, protected by two broad oceans, that this nation once enjoyed. There now exists the possibility of swift and terrible destruction of great cities and their people. The forces which could bring about this swift destruction must somehow, some day, be brought to the service and good of mankind rather than to its destruction.

So the goal of peace--real, lasting peace--must always be continuously sought for the good of all. In the meantime and as a means to that end we must be militarily strong. Equally and at the same time the maintenance of a healthy, productive economy, without which a strong defense is impossible, must also command its full measure of consideration in all that we plan and do.

In his State of the Union Message two weeks after assuming office, President Eisenhower described six areas in which this administration would strive to develop a fiscal and economic policy to reinforce military strength and at the same time make more secure the nation's economic health and resources.

These objectives were:

First, to reduce the planned deficits of the previous administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to meet the huge costs of our defense;

Third, to properly manage the burden of our inheritance of debt and obligations;

Fourth, to check the menace of inflation;

Fifth, to work toward the earliest possible reduction of the tax burden, remove inequalities, cover omissions and reconstruct the tax laws to lessen their restrictive effect upon the vigorous growth of our economy;

Sixth, to remove the strait jacket of wage, price, and other controls and directives which then held the country hidebound and make constructive plans to encourage the initiative of free citizens.

An honest look at the ten-month record of this administration shows some very substantial progress toward the achievement of these objectives.

I should like to consider them tonight and try to put in perspective exactly what progress has been made.

Before this, however, let us look at some of the heavy burden of inheritance to which this administration fell heir in the fiscal and economic field.

This inheritance included (1) the huge public debt, (2) the restrictive debt limit, (3) $81 billion in C.O.D. orders, (4) extravagance in government, (5) the staggering tax burden, (6) a rigidly controlled economy, and (7) on top of it all, a war of stalemate daily taking the lives of American boys in Korea.

A brief look at each of these inheritances will develop the difficult conditions confronting us when our start was made to reach the objectives set forth in the State of the Union Message.

The public debt. The public debt is now practically at the limit of $275 billion. In addition to inheriting a debt of enormous size, we also inherited a debt that had been badly managed.

Nearly three-quarters of the debt we inherited in January matures within less than five years or is redeemable at the holder's option.

Too large a proportion of this debt is in the hands of banks rather than distributed to long-term investors.

Both of these conditions affect the supply of credit. They are inflationary. They have contributed to cheapening the value of the dollar.

Pegging the price of government securities and the manner of refinancing and placing of new issues by the past administration have been important contributing causes to the inflation which resulted in the heartless theft of hard-earned savings from millions of Americans as the dollar declined from 100 cents to 52 cents in purchasing power in the short span of only the last 14 years.

And ironically enough, this same policy which produced inflation and devalued the dollar resulted in our paying so much more for what we bought that we now have much more total debt to carry and eventually pay than would otherwise have been the case.

The debt limit. This is a financial inheritance which gives us great concern. The present law requires the payment of the great bulk of corporation taxes in the first half of the calendar year. When first enacted a few years ago, this law substantially increased government receipts in the first half of that particular calendar year. This was the last half of the then current fiscal year, and so this disproportionately larger collection of taxes was used to substantially reduce a budget deficit in that year.

The practice then began of issuing tax anticipation bills in the fall when tax collections were low against expected receipts the following spring when corporate tax collections were high. This means that government borrowing temporarily goes up in the fall and comes down in the spring, and so automatically forces increased borrowing over at least a six-month period. This fixed inheritance has made the present debt limit too restrictive.

When we asked the Congress last summer to raise the debt limit, we pointed out that the change would enable the government to handle its fiscal affairs in more orderly, business-like fashion, doing what we should do at the time when we should do it, without technical limitations on planning and carrying out the best possible fiscal policies. This still holds true, and we are being hurt by this limitation in the meantime.

The danger of this specific inheritance was foreseen by the President, who, only two weeks after taking office last January, in the same State of the Union Message, stated that before the end of the fiscal year 1954 the total government debt might well exceed the existing debt limit.

The C.O.D. orders. When this administration came into office, it found about $81 billion of orders placed by the former administration from one to three years previously for goods to be delivered this year, next year, and even the year after--all to be paid for when delivered, without providing money for the payment.

This 81-billion-dollar legacy without provision for its payment now creates a most burdensome factor in raising cash to pay the government's bills. These C.O.D. orders must, of course, be paid for in addition to all the current expenses of the government. They increase the problem of the debt limit as well as the difficulty of balancing the budget quickly.

Extravagance in government. A habit of extravagance in some government agencies is part of the burden of our financial inheritance.

Some government agencies perform vital functions and are well run.

Others have acquired habits of extravagance over the past twenty years of free and easy spending.

This administration is determined to cut out careless spending. First, we must continually review every activity of government to see if it is actually necessary. Second, we must continue to review necessary activities of government to see that extravagance and waste are eliminated in the running of indispensable agencies, both civilian and military. Third, we are trying to develop more dollar-consciousness on the part of all government employees, both in and out of uniform.

All our efforts in cutting out extravagance are based on the simple knowledge that every dollar the government spends comes not from some mysterious pool of wealth but from the toil and savings of American citizens who deserve and expect a full dollar's worth for every dollar taken from them to support their government.

The tax burden. Our inheritance in the field of taxation is a staggering one.

It is staggering because of its size, due to inherited obligations and the deficit financing of recent years.

It is staggering because of inequalities and deliberately restrictive provisions, which, in addition to the very size of the tax program, inhibit growth and incentive and deter initiative and development of a vigorous free economy.

In 17 of the 20 fiscal years from 1933 to 1952, the government operated with a deficit. Conversely, in only three of those twenty years did the government live within its income.

So, excessive planned deficits were a part of our inheritance-- and tax burden. The fiscal year 1953, in which we entered office, ended with a deficit of more than $9 billion. There was a planned deficit budgeted by the previous administration for us of nearly $10 billion for fiscal 1954, which, it soon became evident, would be more than $11 billion because the income had been overestimated.

Total appropriations authorized from fiscal year 1950 through fiscal year 1953, plus those requested in the 1954 Truman budget, provided for spending which would exceed the income in those five years by nearly $100 billion. At the same time, tax expirations were being written into law to lower government income. By 1955, when they planned for government spending to reach its peak, planned tax reductions would have begun to reduce government income by almost $8 billion annually. The deficits that would have been incurred under this program would have been so large that we might well never have recovered from the burdens thus piled on us.

Controls. The country was throttled with controls--controls over prices and wages, with all manner of directives and directions issued by bureaus and boards from Washington, affecting, restricting and directing the daily lives and activities of every citizen and family in the land.

War in Korea. In addition to and overshadowing all else was the grim conflict in Korea, taking the lives of American boys in a stalemate that had been dragging endlessly, hopelessly, but not bloodlessly, on and on for nearly three long horrible years for almost every home in this land. The financial burden of Korea alone piling deficit on deficit, debt on debt, and tax on tax, built up commitments to continue for years in advance.

These, then, were some of the inheritances which we found on the government's doorstep when we moved in last January. These were the burdens and the hard financial facts which we fell heir to and to which the President addressed himself in the State of the Union Message when he took office.

Briefly now, what has this administration done in the ten short months it has been at it and what has its record of progress been?

(1) Deficits and the balanced budget. The first step toward balancing the budget was a tremendous effort to get previously planned spending under control.

Little could be done about expenditures during fiscal 1953, which was all programmed and more than half gone.

But a thorough review of all future military and civilian programs was immediately undertaken.

No program is too large to be challenged. No operation is too small to be thoroughly examined.

These reviews have not yet been finished. Conditions were worse than we expected so that they have not developed as rapidly as we had originally hoped. But progress has been made.

By August of this year this administration had cut planned expenditures for the fiscal year 1954 by more than $6 billion under the January estimate of the previous administration. This plus $800 million of income gained from the six-month extension of the excess profits tax has resulted in cutting a prospective deficit from more than $11 billion to less than $4 billion, according to present estimates.

It is true that this does not provide an administrative budget in balance for 1954--but it is still a real saving of billions of dollars and not far from a cash budget balance. And more important the taxpayers of America will have these billions of dollars in their own pockets to spend for themselves instead of having the government spending it for them.

Significant, too, is the reduction by $10 billion of new authorizations for spending in this fiscal year--that is a reduction in authority to place orders, which will result in reduced spending by that amount in future years.

This is an important turning point in government finance. For the first time in recent years estimates now provide for less spending in the current year than in the year just passed.

Much remains to be done but progress has been made and more will be made as each day and each week goes by.

More than 70 percent of our spending is for military defense or in foreign or atomic programs. Under such circumstances the reason for not moving faster is obvious. We are eager to make sure that savings are only made with extreme care, knowing fully the great peril in which we live in this atomic age.

(2) Meeting the costs of defense. This administration is determined to develop, a proper posture of balanced defense, which will provide not only for our security today but for tomorrow and thereafter for as long as may be required until we find the way to real and lasting peace. We can and must spend whatever we have to spend to defend ourselves.

We also know however that the real defense of America will not result simply from the spending of huge amounts of money.

We know that any program for defense must be measured not by its cost but by its wisdom.

The continuing almost unbelievable developments in science and production techniques of the present age prohibit a static defense, committed to old-fashioned strategy, served by obsolete weapons.

We are continually, currently reviewing our defense programs to make sure that they are efficiently planned mobile and flexible to face the threats of the future as well as the present.

(3) Management of the Debt. This administration plans to do two things ~~which will make this~~ huge debt less inflationary and less dangerous to the value of money and to the nation's economy. First, at every appropriate time we will extend the maturity of the debt by placing longer-term issues. Second, as rapidly as possible we will move more of the debt away from the banks and into the hands of long-term investors.

We cannot always move on both fronts at the same time. We must be careful not to dislocate thesensitive balance of our economy and we must always be guided by current market conditions. But our goal is clear and we are working toward it.

In February, owners of $9 billion maturing certificates were given the chance to exchange their holdings for a bond of six years maturity instead of the usual one-year certificate. In April, the Treasury offered a 30-year bond--the first marketable long-term bond since 1945. In September, a $3\frac{1}{2}$-year note was offered, and in October a new cash offering of eight-year bonds was made.

The net result of our debt management so far in 1953 has been to finance a huge inherited deficit without any increase in bank holdings of government securities, and hence without any increase in inflationary pressures due to that cause. Ownership of government securities by investors outside the banks, in fact, increased by $4 billion the first nine months of the year, while the holdings of commercial and Federal Reserve Banks declined by about a half billion dollars.

In helping to spread the debt, we are also encouraging the widest possible ownership of savings bonds. We note with pride that the sales of Series E and H savings bonds so far this year are higher than in any year since 1946.

Our policy is fixed and determined. It is flexible only in its execution. While our objective is definite, our progress toward it realistically recognizes and adjusts to the changing conditions in which we operate.

We have made no change in either policy or objective. Our goal has been and will continue to be a stable economy for a healthy economy--for the military and economic security of all.

(4) The menace of inflation. It is a matter of cold--and tragic--record that the purchasing power of the dollar declined from 100 cents in 1939 to 52 cents in January 1953. Even since 1946, after the end of World War II, the value of the dollar has dropped from 74 to 52 cents.

This has been a cruel hardship upon the millions of Americans who have saved money either in savings deposits, in insurance, or in retirement fraternal and pension plans.

This administration is committed to do all it can to halt further inflation, which is a long word for this decline in the purchasing power of a dollar.

The monthly reports on the consumers price index are eloquent proof that the trend has been halted. There has been a change of only one-half of one cent in 1939 dollars in the purchasing power of the dollar in the past year. This is real proof of stability.

Every fractional new high in the consumers price index receives interested public attention. From 1946 to 1952 this index increased from 80 to 114, a total of 34 points in just the 6 years. In marked contrast however during the past year it has increased only one point which is only 1% this year. Here again is the most convincing proof that a turn has been made and that temporarily at least stability has been achieved at a high level of productivity and employment.

(5) Tax Reductions. This administration is reducing taxes. Because we have reduced expenses and only because we have made these reductions in spending, the excess profits tax will expire on December 31 and individual income taxes will go down an average of 10 percent at the same time. Let no one be deceived. No tax reduction whenever planned could be justified otherwise.

Additional tax reduction is desired by all and is essential to the continued growth of our economy.

This nation, as the land of opportunity for the young--eager for work and ambitious to better themselves--can't long endure as such under the restrictive taxes which we inherited.

But taxes can be further reduced only as expenditures are further reduced. And expenditures can be reduced only as consistent with maintaining a defense adequate to meet the dangers which confront us.

Our entire tax system is being revised to remove wherever practical inherited obstacles to growth and incentive. This is a joint undertaking of the Treasury and the Ways and Means and other committees of the Congress. There are many changes which could well be made. But loss of revenue must be carefully evaluated.

We cannot afford as much reduction as we would all like immediately. But we will set a pattern of reduction on which a modest start will promptly be made, with provision for additional future reductions in taxes as rapidly as reductions in expenditures--consistent with security--indicate that they are justified.

(6) Encouraging initiative. Needless and stifling controls were lifted almost as soon as we assumed office. They had not kept down the cost of living. They were curbing vital American initiative and enterprise.

Lifting of controls was a calculated risk. The loud cries that the end of controls would mean runaway inflation died out almost as quickly as the controls themselves were ended.

This administration believes that the average American can do more for himself--if he is allowed to do so--than the government can do for him. Competitive enterprise, free initiative--the courage to take a chance--the opportunity to better oneself by effort--constructive work and invention--these have made America great.

It is the collective effort of 160 million Americans, each for himself striving to improve his lot, advance his children, and improve the position of each succeeding generation, that all taken together has been a power to create more things for more people, for higher and higher standards of living for all, than ever has been known in this world before.

Opportunity is the rightful heritage of our children. It must be protected and guarded and handed on.

Korea: Shooting and bloodshed in Korea are ended, at least for the time being, and the tension in the homes throughout America is lessened. In its place our every effort is at work to fashion a lasting, sound and equitable peace, and substitute reconstruction for destruction in that war-torn land. It is our fervent hope that out of it may come a permanent and constructive settlement.

Conclusion. This then was our inheritance of fiscal burdens accumulated over 20 years.

These are our objectives.

Our accomplishments are real. They are a good start toward substantial progress, have yet far to go, but are far enough already to give us pride in the past few months of effort and real hope for greater things to come.

If only real peace can result in Korea to dissipate anxiety for our sons it will also help to relieve our financial pressures and may even be a first step toward accomplishing the real and lasting peace so craved throughout the world.

May Divine Providence guide us ever toward peace and give us the strength, the wisdom and the courage to realistically face facts as we see them and act vigorously with fear or favor for none.

TREASURY DEPARTMENT

Information Service WASHINGTON, D. C.

FOR RELEASE
Tuesday, November 17, 1953

Press Service
No. H-303

The Treasury Department today made public a series of tabulations which will appear in the report "Statistics of Income for 1950, Part 2," compiled from corporation income tax returns. These data are prepared under the direction of Commissioner of Internal Revenue T. Coleman Andrews.

SUMMARY DATA

The number of corporation income tax returns for 1950 is 665,992, of which 426,283 show net income of $44,140,741,000, while 203,031 show deficit of $1,527,437,000, and 36,678 have no income data (inactive corporations). As compared with corporation income tax returns for 1949, the net income reflects an increase of 44 percent and the deficit shows a decrease of 36 percent.

The income and excess profits tax liability reported on these returns for 1950 is $17,316,932,000, representing an increase of 76 percent as compared with the tax liability for 1949, which consisted of income tax only. The excess profits tax portion of the tax liability for 1950 amounts to $1,387,444,000, reported on 50,301 returns. The amounts of income tax and excess profits tax do not take into account any credit claimed for income and profits taxes paid to a foreign country or United States possession.

A comparison of the 1950 returns with the 1949 returns is provided in the following summary:

Corporation income tax returns, 1/ 1950 and 1949: Summary data

(Money figures in thousands of dollars)

	1950	1949	Increase or decrease (-)	
			Number or amount	Percent
Total number of returns	665,992	649,957	16,035	2
Returns with net income: 2/				
Number of returns	426,283	384,772	41,511	11
Net income 2/	44,140,741	30,576,517	13,564,224	44
Tax liability:				
Income tax 3/	15,929,488	9,817,308	6,112,180	62
Excess profits tax 4/	1,387,444	-	1,387,444	100
Total	17,316,932	9,817,308	7,499,624	76
Returns with no net income: 2/				
Number of returns	203,031	230,070	-27,039	-12
Deficit 2/	1,527,437	2,381,680	-854,243	-36
Number of returns of inactive corporations	36,678	35,115	1,563	4

For footnotes, see pp. 25-26.

Allowance of the net operating loss deduction reduced the net income for tax computation by $344,847,000 on 53,957 returns filed for 1950, as compared with $196,304,000 on 39,709 returns filed for 1949. See note 25, page 26.

RETURNS INCLUDED

The returns included in this release are the corporation income tax returns filed for the calendar year ending December 31, 1950, a fiscal year ending within the period July 1950 through June 1951, and a part year with the greater portion of the accounting period in 1950.

The data are from corporation income tax returns, Form 1120; life insurance company income tax returns, Form 1120L; and mutual insurance company income tax returns, Form 1120M. Included for this purpose in addition to returns filed by domestic corporations are the returns filed by foreign corporations engaged in business within the United States. The complete report, Statistics of Income for 1950, Part 2, will contain more detailed statistics from corporation income tax returns as well as data from personal holding company returns, Form 1120H.

The statistics are compiled from the returns as filed, prior to revisions that may be made as a result of audit by the Internal Revenue Service and prior to changes resulting from carry-backs, after the returns were filed. Data from amended returns and tentative returns are not included in the tabulations.

CHANGES IN LAW AFFECTING CORPORATION RETURNS

The Revenue Act of 1950, the Excess Profits Tax Act of 1950, and the Revenue Act of 1951 provide for certain changes in the Internal Revenue Code which affect the comparability of the figures tabulated from the 1950 returns with those from the 1949 returns. The most significant changes are as follows:

(1) Increase in income tax rates and imposition of excess profits tax. - (a) The Revenue Act of 1950 increases corporate income tax rates for the calendar year 1950 to 42 percent (a normal tax rate of 23 percent, and a surtax rate of 19 percent applicable to net income in excess of $25,000); and for taxable years beginning after June 30, 1950, to 45 percent (a normal tax rate of 25 percent, and a surtax rate of 20 percent on net income in excess of $25,000).

(b) The Excess Profits Tax Act of 1950 imposes a tax at the rate of 30 percent on excess profits, effective July 1, 1950. As in the case of World War II excess profits tax, the taxpayer is given the choice of the higher of two alternative bases in determining what proportion, if any, of its income is to be subjected to excess profits tax. The primary credit is an average earnings credit, based on the average income for 3 out of the 4 years 1946 to 1949. The alternative is a credit based on a rate of return on invested capital. The act also increases the surtax rate under the regular corporate income tax by 2 percentage points, effective with respect to taxable years beginning on or after July 1, 1950, making a total income and profits tax rate of 77 percent when fully effective (25 percent normal tax, plus 22 percent surtax, plus an additional 30 percent upon that part of the income representing excess profits). However, the aggregate income and excess profits taxes are limited to a 62 percent ceiling rate, applied to the excess profits net income. This act is only partially effective for taxable years beginning before and ending after July 1, 1950 (including the calendar year 1950); for such years, corporations pay a prorated amount of excess profits tax and are unaffected by the 2-point rate increase, mentioned above. Accordingly, for the calendar year 1950, the maximum combined rate is approximately 57 percent (23 percent normal tax, plus 19 percent surtax, plus approximately 15 percent upon that part of the income representing excess profits) and the ceiling rate is approximately 52 percent.

The method of computing the 1950 income and excess profits tax differs from the World War II tax computation in that excess profits are subject to both income tax and excess profits tax, whereas for 1942 through 1945, excess profits tax rates were substantially higher and excess profits were excluded from the income tax base. Thus the excess profits tax collected for 1942 through 1945 included a substantial amount of tax which, in the absence of the excess profits tax, would have been collected as income tax.

(c) The Revenue Act of 1951 increases the normal tax rate from 25 to 30 percent; leaves unchanged the surtax rate of 22 percent; and makes provision for an 18 percent ceiling on excess profits tax. For large corporations subject to the general combined normal and surtax rate of almost 52 percent, the new ceiling amounts to approximately 70 percent. These rates apply to all corporations with taxable years beginning after March 31, 1951; thus, the fiscal year returns for taxable years ending within the period between April 1, 1951, and June 30, 1951, are the only returns included in this report which are affected by these rates.

(2) Proration of taxes in the case of fiscal year taxpayers. - Corporations filing returns for taxable years beginning before July 1, 1950, and ending after June 30, 1950 (other than calendar year 1950) are required to compute two, or, in some instances, three tentative taxes as follows: one under the provisions applicable prior to July 1, 1950; a second under the provisions applicable to the period from July 1, 1950, through March 31, 1951; and a third under the provisions applicable beginning April 1, 1951. The tentative taxes are then prorated on the basis of the number of days in the accounting period before July 1, 1950, the number of days after June 30, 1950, and before April 1, 1951, and the number

of days after March 31, 1951, respectively. The prorated portions of the tentative taxes are then combined to determine the actual liability, which is the amount tabulated in this report. Such fiscal year taxpayers are unaffected by the 2-point surtax rate increase, provided by the Excess Profits Tax Act of 1950.

Corporations filing returns for taxable years beginning on or after July 1, 1950, and before April 1, 1951 (other than calendar year 1951) are required to compute two tentative taxes: one under the provisions applicable to the period from July 1, 1950, through March 31, 1951; the other under the provisions applicable beginning April 1, 1951. The tentative taxes are then prorated on the basis of the number of days in the accounting period before April 1, 1951, and the number of days after March 31, 1951, respectively. The prorated portions of the two tentative taxes are then combined to determine the actual liability, which is the amount tabulated in this report. Such fiscal year taxpayers are affected by the 2-point surtax rate increase, provided by the Excess Profits Tax Act of 1950.

(3) Credits of corporations. - In lieu of exemptions, percentage credits are provided under the 1950 Act rate structure for dividends received from public utilities on certain preferred stock, for dividends paid by a public utility on certain preferred stock, and for Western Hemisphere trade corporations.

(4) Amortization of emergency facilities. - Provision is made in the 1950 Act for the amortization over a 60-month period of emergency facilities constructed or acquired after December 31, 1949, and certified as necessary in the national defense.

Taxpayers selling emergency facilities on which special amortization deductions are taken are required to pay tax at ordinary rates, rather than at capital gains rates, on the difference between the special amortization deductions and ordinary depreciation.

(5) Lengthening of the carry-forward for net operating losses. - Provision is made in the 1950 Act to reduce the carry-back of net operating losses to one year and to lengthen the carry-forward to five years, effective for taxable years beginning after December 31, 1949, in which losses occur.

CLASSIFICATIONS PRESENTED

The first two tables of this release show data from corporation income tax returns, classified by industrial groups. The industrial classification is based on the business activity reported on the return. When multiple businesses are reported on a return, the classification is determined by the business activity which accounts for the largest percentage of total receipts. Therefore, the industrial groups do not reflect pure industry classifications. There is no change in the groups between 1949 and 1950.

In analyzing the data compiled from returns classified as "Life insurance companies," it should be noted that such insurance companies, in reporting their income for tax purposes, are required to include only their investment income, i.e., interest, dividends, and rents. In lieu of deductions for reserve earnings, deferred dividends, and interest paid, life insurance companies are allowed a "reserve and other policy liability credit" equal to a flat proportion of net investment income less tax-exempt interest. This credit is deducted after arriving at net income and is reported only on returns with net income. An amendment introduced by the Revenue Act of 1950 lowered the credit ratio for 1949 and 1950, pending further revisions in the method of taxing life insurance companies. For 1950 the credit ratio is .9063 and for normal tax purposes the aggregate amount of reserve and other policy liability credit is $1,570,622,801. As an offset to this credit, adjustment for certain nonlife insurance reserves is reported in total amount of $14,702,766. The latter adjustment, which is made in order to include in the tax base the interest received on nonlife insurance reserves, applies only to life insurance companies deriving a portion of their income from contracts other than life insurance, annuities, or noncancellable health and accident insurance.

Table 3 shows data from returns with balance sheets, classified according to size of total assets as of December 31, 1950, or close of fiscal year nearest thereto. The total assets classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization, and bad debts.

The classification of the returns by net income and deficit classes, shown in table 4, and the classification by returns with net income and returns with no net income, shown in tables 2 and 4, are based on the amount of net income or deficit which is the difference between the total income and the total deductions as reported on the return, exclusive of the net operating loss deduction.

DATA PREVIOUSLY RELEASED

A tabulation, prepared from consolidated income tax returns filed for 1950 by affiliated corporations, was included with other tabulations in a preliminary report dated May 29, 1953, and is omitted from this release. Table 1-A of the preliminary report shows by major industrial groups the number of consolidated income tax returns filed by affiliated corporations, with the corresponding amount of total compiled receipts, net income, income tax, excess profits tax, total tax, and dividends paid. Although the above-mentioned table is not shown here, the data from consolidated returns are included in all tables of this release.

Table 2 and Part II of table 3, shown in a preliminary release dated May 20, 1953 (Press Service No. H-124) and also in the preliminary report mentioned in preceding paragraph, show number of returns, net income, excess profits net income, excess profits credit, adjusted excess profits net income, income tax, excess profits tax, and total tax computed from 50,200 corporation income tax returns with excess profits tax liability. In table 2, these data are shown by major and minor industrial groups, while, in Part II of table 3, these data are shown by net income classes and by method of credit computation.

Although the two tables, mentioned just above, are not shown in this release, data from the 50,200 returns, showing excess profits tax liability, are included in all tables of this release.

Table 1. - Corporation income tax returns, 1/ 1950, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend

(Money figures in thousands of dollars)

			Major industrial groups 5/														
			Agriculture, forestry, and fishery				Mining and quarrying							Manufacturing			
		All industrial groups	Total agriculture, forestry, and fishery	Farms and agricultural services	Forestry	Fishery	Total mining and quarrying	Metal mining	Anthracite mining	Bituminous coal and lignite mining	Crude petroleum and natural gas production	Nonmetallic mining and quarrying	Construction	Total manufacturing	Beverages	Food and kindred products	
1	Number of returns 6/	629,314	8,300	7,561	294	445	9,056	820	218	1,996	4,129	1,893	27,694	115,872	3,178	11,000	1
	Receipts:																
2	Gross sales 7/	374,406,271	1,553,380	1,507,132	20,632	25,616	6,981,202	1,210,240	396,929	2,041,069	2,551,523	781,441	532,176	212,947,124	5,519,212	31,662,994	2
3	Gross receipts from operations 8/	65,475,261	431,735	402,976	7,228	21,531	1,275,907	39,626	78,786	314,533	761,790	81,172	10,825,538	3,872,165	21,583	159,482	3
	Interest on Government obligations (less amortizable bond premium):																
4	Wholly taxable 9/	1,553,724	2,035	1,905	82	48	10,012	3,786	448	2,262	2,817	699	2,191	141,116	1,961	5,766	4
5	Subject to surtax only 10/	176,213	191	185	6	-	238	36	26	102	37	37	47	2,664	38	171	5
6	Wholly tax-exempt 11/	218,006	145	143	1	1	433	106	1	86	211	29	259	3,812	114	392	6
7	Other interest	4,556,998	3,875	3,654	138	83	14,185	3,031	1,106	2,173	6,538	1,337	5,080	174,768	3,357	15,792	7
8	Rents 12/	3,561,997	17,105	16,684	315	106	34,175	4,110	6,053	12,247	9,167	2,598	26,885	283,435	4,052	21,610	8
9	Royalties 13/	467,856	8,209	8,125	84	-	52,535	2,190	7,140	13,939	28,040	1,226	1,537	156,071	1,210	6,644	9
10	Excess of net short-term capital gain over net long-term capital loss 14/	31,994	536	469	64	3	1,368	271	1	64	1,020	12	497	6,673	309	1,163	10
11	Excess of net long-term capital gain over net short-term capital loss 14/	1,096,754	35,192	24,044	10,827	321	58,672	3,615	899	11,504	38,066	4,588	24,429	404,833	5,340	25,021	11
12	Net gain, sales other than capital assets 15/	539,013	2,878	2,438	415	25	8,751	97	188	949	7,253	264	3,586	15,732	554	2,233	12
13	Dividends, domestic corporations 16/	2,459,921	45,005	44,915	43	47	96,902	25,936	10,283	10,155	49,411	1,117	12,050	920,085	5,597	25,003	13
14	Dividends, foreign corporations 17/	643,651	3,156	3,153	3	-	3,990	2,247	-	57	1,648	38	4,548	482,946	3,007	40,263	14
15	Other receipts	2,942,410	27,523	25,972	1,028	523	70,188	9,150	1,038	11,677	42,605	5,718	122,956	891,513	32,265	93,671	15
16	Total compiled receipts 18/	458,130,069	2,130,965	2,041,795	40,866	48,304	8,608,558	1,304,441	502,898	2,420,817	3,500,126	880,276	11,561,779	220,302,937	5,598,599	32,060,205	16
	Deductions:																
17	Cost of goods sold 19/	284,699,346	1,086,851	1,049,002	17,567	20,282	4,378,267	709,257	346,288	1,552,307	1,312,874	457,541	420,459	156,427,372	3,496,512	26,163,761	17
18	Cost of operations 19/	36,557,834	209,179	195,259	3,168	10,752	820,455	27,412	55,209	221,959	469,571	46,304	8,867,006	2,216,740	10,134	74,236	18
19	Compensation of officers	26/7,606,840	50,354	47,781	950	1,623	98,440	6,160	3,541	26,488	37,615	24,636	404,294	2,711,911	50,824	222,889	19
20	Rent paid on business property	3,866,220	31,216	30,840	60	316	43,040	3,053	2,275	10,244	22,877	4,591	43,094	846,582	12,975	84,197	20
21	Repairs 20/	3,750,011	34,974	33,003	134	1,837	109,775	12,914	11,525	43,720	15,853	25,763	54,877	2,840,218	39,049	255,887	21
22	Bad debts	755,114	2,221	2,133	37	51	5,286	514	204	1,162	2,352	1,054	11,416	172,861	2,641	18,335	22
23	Interest paid	3,211,895	16,551	15,473	682	396	66,544	3,773	3,478	10,646	43,921	4,726	27,516	627,599	23,090	77,358	23
24	Taxes paid 21/	9,013,184	33,744	31,354	1,367	1,023	259,988	50,541	12,532	50,496	127,155	19,264	121,341	4,225,769	690,063	322,230	24
25	Contributions or gifts 22/	252,366	936	910	7	19	3,344	224	235	712	1,561	612	5,594	131,467	3,056	9,883	25
26	Depreciation	7,858,130	65,309	62,165	772	2,372	360,023	34,448	11,333	83,423	190,677	40,142	180,812	3,426,824	87,201	317,657	26
27	Depletion	1,709,330	3,375	2,153	1,216	6	607,474	121,074	10,438	59,922	388,254	27,786	1,205	996,566	826	1,418	27
28	Amortization 23/	43,341	110	109	1	-	2,533	126	4	28	2,253	122	108	16,876	34	851	28
29	Advertising	4,096,963	11,122	10,986	54	82	7,609	151	890	1,628	2,658	2,282	27,890	2,314,632	181,867	462,217	29
30	Amounts contributed under pension plans, etc. 24/	1,660,915	2,582	2,531	26	25	28,732	4,117	678	9,338	13,523	1,076	11,780	1,049,882	12,462	61,273	30
31	Net loss, sales other than capital assets 15/	223,443	2,498	2,063	290	145	13,240	1,034	108	3,015	8,146	937	3,386	75,020	4,444	7,086	31
32	Other deductions	49,993,827	285,301	272,256	3,169	9,876	713,152	48,256	21,997	182,517	370,700	89,682	818,725	18,497,271	521,194	2,592,325	32
33	Total compiled deductions	27/415,298,759	1,836,323	1,758,018	29,500	48,805	7,517,902	1,023,054	480,735	2,257,605	3,009,990	746,518	10,999,503	196,577,590	5,136,372	30,671,603	33
34	Compiled net profit or net loss (16 less 33)	42,831,310	294,642	283,777	11,366	28/501	1,090,656	281,387	22,163	163,212	490,136	133,758	562,276	23,725,347	462,227	1,388,602	34
35	Net income or deficit 2/ (34 less 6)	42,613,304	294,497	283,634	11,365	28/502	1,090,223	281,281	22,162	163,126	489,925	133,729	562,017	23,721,535	462,113	1,388,210	35
36	Net operating loss deduction 25/	344,847	7,359	6,805	236	318	9,799	681	174	1,728	6,079	1,137	12,283	148,241	4,603	14,327	36
37	Income tax 3/	15,929,488	97,462	93,168	3,604	690	430,570	105,467	6,934	67,620	196,225	54,324	228,683	9,564,912	195,933	573,938	37
38	Excess profits tax 4/	1,387,444	5,317	5,283	14	20	16,911	3,465	143	1,805	6,577	4,921	18,028	1,071,954	8,823	37,211	38
39	Total tax	17,316,932	102,779	98,451	3,618	710	447,481	108,932	7,077	69,425	202,802	59,245	246,711	10,636,866	204,756	611,149	39
40	Compiled net profit less total tax (34 less 39)	25,514,378	191,863	185,326	7,748	29/1,211	643,175	172,455	15,086	93,787	287,334	74,513	315,565	13,088,481	257,471	777,453	40
	Dividends paid:																
41	Cash and assets other than own stock	11,552,963	106,530	103,631	2,626	273	552,755	157,513	14,855	62,927	274,898	42,562	82,667	6,061,896	108,740	382,375	41
42	Corporation's own stock	1,292,460	4,795	4,795	-	-	10,524	5	45	4,028	4,755	1,691	27,872	799,657	5,070	47,559	42

For footnotes, see pp. 25-26.

Table 1. - Corporation income tax returns, 1/ 1950, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

Major industrial groups 5/ - Continued

Manufacturing - Continued

		Tobacco manufactures	Textile-mill products	Apparel and products made from fabrics	Lumber and wood products, except furniture	Furniture and fixtures	Paper and allied products	Printing, publishing, and allied industries	Chemicals and allied products	Petroleum and coal products	Rubber products	Leather and products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products, except ordnance, machinery, and transportation equipment	Machinery, except transportation equipment and electrical	
1	Number of returns 6/	200	5,794	14,315	5,750	4,493	2,608	12,970	7,387	662	666	2,780	4,246	2,963	9,673	9,915	1
	Receipts:																
2	Gross sales 7/	3,204,361	12,789,592	7,861,114	5,109,463	2,968,560	6,838,692	6,199,444	16,029,187	18,743,915	3,974,684	3,160,228	4,950,420	17,887,567	10,732,387	15,355,777	2
3	Gross receipts from operations 8/	3,134	239,993	434,616	173,311	23,155	14,070	470,492	74,880	537,294	6,035	13,333	30,595	766,511	67,112	296,874	3
	Interest on Government obligations (less amortizable bond premium):																
4	Wholly taxable 9/	167	6,482	1,255	2,693	1,214	5,288	4,444	15,116	10,776	1,850	612	4,083	16,947	4,632	10,945	4
5	Subject to surtax only 10/	47	130	62	72	5	134	329	134	113	15	74	141	138	202	302	5
6	Wholly tax-exempt 11/	44	454	17	117	17	299	223	464	95	11	29	121	80	157	482	6
7	Other interest	1,083	8,328	2,137	2,869	918	8,217	5,521	14,466	17,081	1,730	1,267	2,909	32,372	4,807	15,441	7
8	Rents 12/	3,354	16,130	5,223	9,678	2,224	6,867	18,177	16,418	98,597	3,238	1,846	5,226	18,761	12,545	14,228	8
9	Royalties 13/	19	2,687	5,375	4,368	706	3,204	11,289	26,797	25,446	5,035	234	3,304	7,570	3,932	21,313	9
10	Excess of net short-term capital gain over net long-term capital loss 14/	8	1,641	64	553	11	48	304	388	401	178	16	110	118	312	270	10
11	Excess of net long-term capital gain over net short-term capital loss 14/	2,042	24,671	2,976	136,822	3,175	24,177	10,627	22,751	45,617	3,041	1,605	7,628	18,032	12,944	21,145	11
12	Net gain, sales other than capital assets 15/	118	857	699	1,138	562	356	863	568	3,355	48	140	128	496	865	1,212	12
13	Dividends, domestic corporations 16/	4,352	20,805	3,633	7,202	2,057	11,825	26,301	163,382	394,642	15,095	1,742	11,794	63,030	18,717	25,639	13
14	Dividends, foreign corporations 17/	144	2,337	333	86	1,805	24,437	7,630	52,979	125,457	30,612	166	23,693	14,976	22,416	27,756	14
15	Other receipts	5,988	63,206	27,925	37,344	15,766	30,676	58,276	50,083	97,388	14,470	15,462	27,854	40,151	55,300	75,000	15
16	Total compiled receipts 18/	3,224,861	13,177,313	8,345,429	5,435,716	3,039,877	6,968,290	6,813,919	16,467,613	20,100,177	4,056,042	3,196,764	5,068,004	18,866,751	10,936,528	15,866,384	16
	Deductions:																
17	Cost of goods sold 19/	2,563,308	10,060,751	6,305,514	3,780,160	2,225,767	4,774,660	4,189,523	10,240,881	13,736,983	2,881,645	2,563,575	3,193,833	13,461,439	7,702,138	10,348,312	17
18	Cost of operations 19/	980	153,993	341,809	86,169	8,094	3,072	239,521	31,196	355,185	552	8,199	18,846	403,814	38,524	34,138	18
19	Compensation of officers	9,600	177,925	255,333	100,761	88,327	98,125	234,491	178,022	34,051	24,866	65,981	92,712	126,958	261,517	280,847	19
20	Rent paid on business property	2,162	38,418	71,243	16,039	18,135	23,220	66,686	52,315	134,646	14,307	18,634	17,363	54,560	42,552	56,850	20
21	Repairs 20/	4,607	130,094	15,602	43,175	17,693	145,703	31,694	256,545	283,704	62,745	17,969	106,755	530,092	137,499	229,830	21
22	Bad debts	282	5,507	7,582	6,204	4,250	3,870	20,906	12,595	23,104	4,528	2,281	5,060	8,434	10,365	10,763	22
23	Interest paid	23,062	39,389	20,225	15,740	7,400	22,108	21,322	45,139	73,656	11,552	8,325	14,438	83,431	25,315	43,057	23
24	Taxes paid 21/	115,382	201,329	88,072	80,791	41,478	111,261	98,763	217,107	423,872	133,987	39,692	82,489	292,324	150,291	261,722	24
25	Contributions or gifts 22/	570	16,039	7,201	3,345	2,585	5,435	8,049	7,438	3,870	1,443	2,688	3,195	9,859	8,262	11,945	25
26	Depreciation	12,184	186,599	41,101	93,379	29,845	138,777	99,657	358,231	543,390	58,791	21,710	117,328	370,072	140,061	285,386	26
27	Depletion	-	24	16	125,945	121	5,340	57	22,083	761,816	30	121	3,162	67,918	186	627	27
28	Amortization 23/	9	90	51	25	17	1,059	42	2,287	1,225	269	66	194	6,767	491	1,009	28
29	Advertising	99,243	65,276	65,510	12,955	27,551	27,953	42,011	451,002	91,019	39,082	27,623	31,087	38,348	93,332	162,099	29
30	Amounts contributed under pension plans, etc. 24/	6,596	31,998	7,773	6,805	4,462	30,936	30,862	94,505	111,963	14,984	6,447	19,109	182,613	40,291	88,618	30
31	Net loss, sales other than capital assets 15/	154	5,530	1,842	2,305	742	2,128	3,573	2,398	5,175	840	818	2,046	5,905	14,424	3,633	31
32	Other deductions	94,856	824,898	837,021	404,508	323,380	566,339	1,141,820	1,722,558	1,694,670	371,653	253,068	612,101	750,158	1,036,747	2,003,139	32
33	Total compiled deductions	2,934,081	11,936,614	8,066,675	4,778,386	2,799,847	5,960,595	6,229,967	13,695,180	18,278,478	3,621,274	3,039,197	4,217,698	16,452,501	9,718,985	13,822,173	33
34	Compiled net profit or net loss (16 less 33)	290,780	1,240,699	278,754	657,330	240,030	1,007,695	584,952	2,772,433	1,821,699	434,768	157,567	850,306	2,414,250	1,217,543	2,044,211	34
35	Net income or deficit 2/ (34 less 6)	290,736	1,240,245	278,737	657,213	240,013	1,007,396	584,729	2,771,069	1,821,604	434,757	157,538	850,185	2,414,170	1,217,386	2,043,729	35
36	Net operating loss deduction 25/	491	7,452	6,597	9,149	4,275	4,496	5,853	7,423	5,078	1,086	2,993	3,142	6,435	10,617	15,012	36
37	Income tax 3/	120,400	507,463	119,249	244,990	97,698	411,101	235,436	1,108,061	603,308	174,393	65,004	347,253	998,196	501,377	840,607	37
38	Excess profits tax 4/	11,019	30,812	6,202	22,616	10,797	41,043	12,734	150,748	13,405	22,131	3,534	46,915	132,170	57,197	79,266	38
39	Total tax	131,419	538,295	125,451	267,606	108,495	452,144	248,170	1,258,809	616,713	196,524	68,538	394,168	1,130,366	558,574	919,873	39
40	Compiled net profit less total tax (34 less 39)	159,361	702,404	153,303	389,724	131,535	555,551	336,782	1,513,624	1,204,986	238,244	89,029	456,138	1,283,884	658,969	1,124,338	40
	Dividends paid:																
41	Cash and assets other than own stock	95,980	254,544	49,852	107,589	44,117	197,441	153,895	772,969	951,297	73,950	39,561	182,738	527,246	241,515	442,719	41
42	Corporation's own stock	7,592	30,297	17,901	86,719	12,238	88,646	22,100	47,440	65,352	13,173	1,406	20,257	108,935	36,540	62,613	42

For footnotes, see pp. 25-26.

Table 1. - Corporation income tax returns, 1/ 1950, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Manufacturing - Continued						Public utilities					Trade					
														Wholesale			Retail	
		Electrical machinery and equipment	Transportation equipment, except motor vehicles	Motor vehicles and equipment, except electrical	Ordnance and accessories	Scientific instruments; photographic equipment; watches, clocks	Other manufacturing	Total public utilities	Transportation	Communication	Electric and gas utilities	Other public utilities	Total trade	Total wholesale	Commission merchants	Other wholesalers	Total retail	
1	Number of returns 6/	3,127	982	1,276	57	1,915	9,693	26,277	18,891	4,227	1,261	1,898	209,339	68,857	9,588	59,269	125,498	1
	Receipts:																	
2	Gross sales 7/	10,394,984	3,525,725	18,486,684	259,056	2,292,580	4,980,498	299,456	229,226	11,420	56,725	2,085	150,466,171	75,830,698	3,276,857	72,553,841	67,305,832	2
3	Gross receipts from operations 8/	61,895	470,447	13,003	309	7,359	36,682	30,786,756	18,576,255	4,447,440	7,573,759	189,302	2,730,119	1,790,811	759,914	1,030,897	786,106	3
	Interest on Government obligations (less amortizable bond premium):																	
4	Wholly taxable 9/	7,129	3,529	32,910	202	1,201	1,714	28,581	17,565	4,814	6,030	172	20,382	8,441	1,024	7,417	11,189	4
5	Subject to surtax only 10/	74	20	374	1	26	62	705	649	33	16	7	665	268	32	236	301	5
6	Wholly tax-exempt 11/	190	316	124	7	26	33	1,848	362	42	1,429	15	751	341	29	312	372	6
7	Other interest	13,895	7,233	10,033	792	1,856	2,664	111,753	63,688	10,247	37,299	519	117,284	46,133	8,085	38,048	66,261	7
8	Rents 12/	7,605	3,894	5,208	110	1,751	6,693	407,832	349,101	28,174	29,023	1,534	233,547	53,572	4,870	48,702	161,442	8
9	Royalties 13/	12,783	5,185	4,159	18	2,497	2,294	9,061	5,923	887	2,105	146	19,636	15,597	1,125	14,472	2,974	9
10	Excess of net short-term capital gain over net long-term capital loss 14/	451	63	179	-	10	76	1,044	788	24	231	1	7,773	5,146	778	4,368	2,261	10
11	Excess of net long-term capital gain over net short-term capital loss 14/	14,732	3,512	7,372	79	1,752	9,772	68,938	54,001	4,204	8,633	2,100	100,323	52,406	4,153	48,253	40,323	11
12	Net gain, sales other than capital assets 15/	152	120	594	-	64	612	8,146	6,920	632	480	114	12,760	3,795	462	3,333	7,929	12
13	Dividends, domestic corporations 16/	51,119	14,301	41,865	1,247	4,896	5,841	243,964	102,179	84,818	54,757	2,210	99,808	54,118	12,041	42,077	39,633	13
14	Dividends, foreign corporations 17/	12,196	3,709	76,533	120	8,618	3,971	12,887	2,496	1,485	8,906	-	74,833	64,570	1,652	62,918	10,056	14
15	Other receipts	35,940	21,436	54,451	504	12,118	26,240	155,957	109,471	10,543	30,512	5,431	1,218,692	467,057	59,813	407,244	687,636	15
16	Total compiled receipts 18/	10,613,145	4,059,490	18,733,489	262,445	2,334,754	5,077,152	32,136,928	19,518,624	4,604,763	7,809,905	203,636	155,102,744	78,392,953	4,130,835	74,262,118	69,122,315	16
	Deductions:																	
17	Cost of goods sold 19/	7,334,540	2,810,856	13,514,975	169,421	1,444,260	3,464,558	204,483	155,923	7,212	40,004	1,344	121,212,122	65,785,303	3,020,833	62,764,470	49,612,755	17
18	Cost of operations 19/	16,327	365,155	7,071	-	2,111	19,656	18,893,797	12,689,614	2,325,281	3,795,822	83,080	1,391,292	890,019	240,686	649,333	440,908	18
19	Compensation of officers	101,402	32,653	57,248	2,681	49,353	165,345	278,300	207,316	28,366	37,931	4,687	2,664,558	1,150,831	135,475	1,015,356	1,356,856	19
20	Rent paid on business property	34,587	16,116	22,880	502	13,171	35,025	800,305	680,315	68,287	48,980	2,723	1,484,506	266,760	24,481	242,279	1,149,382	20
21	Repairs 20/	115,805	59,687	217,632	8,067	29,996	40,118	63,061	47,768	6,966	6,467	1,860	345,929	100,586	3,370	97,216	223,550	21
22	Bad debts	7,967	1,663	3,983	143	3,307	8,952	37,981	16,507	13,155	8,181	138	232,759	88,099	5,643	82,456	129,684	22
23	Interest paid	24,964	8,409	15,672	1,422	6,627	14,998	994,695	462,011	142,209	373,791	16,684	288,322	134,395	9,000	125,395	137,206	23
24	Taxes paid 21/	222,435	69,151	427,065	5,332	67,231	82,912	1,966,662	969,022	300,760	677,555	19,325	1,271,748	489,594	19,559	470,035	706,905	24
25	Contributions or gifts 22/	5,128	1,675	12,121	575	3,112	4,178	14,182	4,406	2,671	6,991	114	64,917	27,098	2,260	24,838	34,891	25
26	Depreciation	148,097	55,428	208,168	4,548	36,704	65,510	2,001,410	883,507	406,549	692,385	18,969	881,408	278,831	13,767	265,064	543,148	26
27	Depletion	153	38	621	292	1	4,691	36,092	14,836	4	21,211	41	18,665	16,954	599	16,355	1,272	27
28	Amortization 23/	275	1,054	152	1	133	175	19,444	19,337	86	21	-	1,833	450	41	409	1,212	28
29	Advertising	165,103	11,145	87,803	2,590	52,992	76,874	95,212	56,407	21,982	16,549	274	1,357,665	337,386	17,881	319,505	956,732	29
30	Amounts contributed under pension plans, etc. 24/	94,630	19,651	134,487	3,680	21,071	13,678	269,007	38,865	142,520	87,172	450	172,613	60,894	5,721	55,173	104,078	30
31	Net loss, sales other than capital assets 15/	2,981	2,457	3,040	22	977	2,492	26,573	10,893	2,709	12,459	512	23,743	7,719	1,292	6,427	13,508	31
32	Other deductions	921,643	233,996	724,613	18,186	302,640	645,962	2,101,866	1,190,480	403,945	485,044	22,397	17,375,205	5,957,857	447,755	5,510,102	10,480,288	32
33	Total compiled deductions	9,196,037	3,689,134	15,437,531	217,462	2,033,686	4,645,124	27,803,070	17,447,207	3,872,702	6,310,563	172,598	148,787,285	75,592,776	3,948,363	71,644,413	65,892,375	33
34	Compiled net profit or net loss (16 less 33)	1,417,108	370,356	3,295,958	44,983	301,068	432,028	4,333,858	2,071,417	732,061	1,499,342	31,038	6,315,459	2,800,177	182,472	2,617,705	3,229,940	34
35	Net income or deficit 2/ (34 less 6)	1,416,918	370,040	3,295,834	44,976	301,042	431,995	4,332,010	2,071,055	732,019	1,497,913	31,023	6,314,708	2,799,836	182,443	2,617,393	3,229,568	35
36	Net operating loss deduction 25/	8,732	16,685	1,573	387	2,288	9,547	40,910	33,260	6,424	880	346	68,212	36,885	3,956	32,929	26,880	36
37	Income tax 3/	576,273	149,114	1,373,182	18,303	125,157	178,456	1,727,836	835,834	280,818	600,102	11,082	2,430,707	1,073,904	66,352	1,007,552	1,249,728	37
38	Excess profits tax 4/	83,939	13,126	251,530	2,783	14,929	19,024	35,912	26,427	1,955	7,448	82	187,862	90,052	5,426	84,626	90,492	38
39	Total tax	660,212	162,240	1,624,712	21,086	140,086	197,480	1,763,748	862,261	282,773	607,550	11,164	2,618,569	1,163,956	71,778	1,092,178	1,340,220	39
40	Compiled net profit less total tax (34 less 39)	756,896	208,116	1,671,246	23,897	160,982	234,548	2,570,110	1,209,156	449,288	891,792	19,874	3,696,890	1,636,221	110,694	1,525,527	1,889,720	40
	Dividends paid:																	
41	Cash and assets other than own stock	311,979	110,543	847,695	10,072	79,263	76,816	1,649,023	468,792	356,646	808,985	14,600	1,144,774	480,212	33,798	446,414	618,930	41
42	Corporation's own stock	29,062	3,763	16,279	-	59,339	18,368	94,134	11,898	3,136	77,098	2,002	225,163	130,236	8,029	122,207	86,191	42

For footnotes, see pp. 25-26.

Table 1. - Corporation income tax returns, 1/ 1950, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

	Major industrial groups 5/ - Continued																
	Trade - Continued										Finance, insurance, real estate, and lessors of real property						
	Retail - Continued											Finance					
	Food	General merchandise	Apparel and accessories	Furniture and house furnishings	Automotive dealers and filling stations	Drug stores	Eating and drinking places	Building materials and hardware	Other retail trade	Trade not allocable	Total finance, insurance, real estate, and lessors of real property	Total finance	Banks and trust companies	Credit agencies other than banks	Holding and other investment companies	Security and commodity-exchange brokers and dealers	
1 Number of returns 6/	9,193	7,631	16,412	11,489	23,778	5,355	15,500	14,238	21,902	14,984	171,841	36,966	14,810	13,114	7,514	1,528	1
Receipts:																	
2 Gross sales 7/	13,516,273	15,638,602	5,103,138	2,950,690	17,260,298	1,540,225	2,026,468	4,492,069	4,778,069	7,329,641	147,294	101,148	-	85,470	15,678	-	2
3 Gross receipts from operations 8/	60,171	60,025	59,703	46,211	338,180	11,984	69,970	39,853	100,009	153,202	7,831,354	1,618,698	655,060	798,113	54,368	111,157	3
Interest on Government obligations (less amortizable bond premium):																	
4 Wholly taxable 9/	574	5,902	1,172	706	1,146	115	246	591	737	752	1,343,679	865,885	839,578	4,777	14,910	6,620	4
5 Subject to surtax only 10/	16	167	11	19	38	-	12	13	25	96	171,579	161,175	159,535	116	527	997	5
6 Wholly tax-exempt 11/	65	72	16	32	106	2	24	40	15	38	210,549	150,796	146,058	415	1,871	2,452	6
7 Other interest	2,456	22,712	2,504	6,067	19,368	845	515	5,409	6,385	4,890	4,115,601	2,575,747	2,087,525	387,109	90,869	10,244	7
8 Rents 12/	10,786	65,981	26,917	5,749	17,712	5,490	8,568	7,132	13,107	18,533	2,329,560	139,349	118,165	3,626	15,190	2,368	8
9 Royalties 13/	637	473	71	75	405	97	184	603	429	1,065	204,459	68,869	2,090	148	66,520	111	9
10 Excess of net short-term capital gain over net long-term capital loss 14/	315	28	43	127	1,334	10	131	119	154	366	12,675	8,041	3,253	548	3,547	693	10
11 Excess of net long-term capital gain over net short-term capital loss 14/	5,314	5,446	2,176	1,736	12,234	880	2,006	5,795	4,736	7,594	356,373	219,627	61,055	12,580	135,813	10,179	11
12 Net gain, sales other than capital assets 15/	537	344	458	605	2,521	237	909	1,131	1,187	1,036	479,864	69,720	3,374	2,668	3,337	60,341	12
13 Dividends, domestic corporations 16/	3,438	12,346	7,027	1,291	4,839	3,781	1,479	2,553	2,879	6,057	1,009,934	709,349	17,813	14,832	665,860	10,844	13
14 Dividends, foreign corporations 17/	1,969	7,889	2	4	24	24	50	5	89	207	54,617	50,569	458	3,489	46,463	159	14
15 Other receipts	27,307	176,928	87,345	131,303	107,654	14,086	14,735	55,022	73,256	63,999	307,281	131,332	43,006	36,293	42,946	9,087	15
16 Total compiled receipts 18/	13,629,858	15,996,915	5,290,583	3,144,615	17,765,859	1,577,776	2,125,297	4,610,335	4,981,077	7,587,476	18,574,819	6,870,305	4,136,970	1,350,184	1,157,899	225,252	16
Deductions:																	
17 Cost of goods sold 19/	10,936,731	10,263,591	3,341,996	1,925,899	14,115,037	1,051,424	1,125,800	3,447,265	3,405,012	5,814,064	109,408	81,929	-	68,875	13,054	-	17
18 Cost of operations 19/	39,952	16,757	26,779	15,168	220,433	4,466	37,984	24,701	54,668	60,365	28,400	24,158	-	-	24,158	-	18
19 Compensation of officers	86,331	122,402	156,998	126,904	409,177	41,771	80,411	150,697	182,165	156,871	26/947,367	545,144	413,586	62,848	24,611	44,099	19
20 Rent paid on business property	120,807	301,148	264,376	72,083	121,364	53,152	98,060	25,717	92,675	68,364	278,838	89,572	54,414	24,505	3,680	6,973	20
21 Repairs 20/	44,122	61,729	13,866	8,570	34,867	6,523	22,876	12,630	18,367	21,793	170,631	27,148	22,689	2,947	996	516	21
22 Bad debts	4,934	26,648	14,334	18,943	25,831	559	797	17,089	20,549	14,976	272,620	253,615	182,586	54,320	15,844	865	22
23 Interest paid	13,645	28,905	10,179	13,329	32,038	3,739	6,626	13,487	15,258	16,721	1,109,123	645,514	361,735	202,473	70,278	11,028	23
24 Taxes paid 21/	96,755	224,659	59,141	36,855	113,899	21,571	45,611	47,009	61,405	75,249	891,386	208,448	157,169	28,922	15,103	7,254	24
25 Contributions or gifts 22/	4,646	10,575	3,918	2,297	7,182	670	712	2,577	2,314	2,928	24,189	14,800	10,625	1,678	2,170	327	25
26 Depreciation	93,077	122,293	50,074	22,360	95,575	16,161	48,532	39,891	55,185	59,429	585,201	102,047	77,386	11,479	10,778	2,404	26
27 Depletion	15	28	7	6	90	144	13	935	34	439	45,145	10,405	174	27	9,832	372	27
28 Amortization 23/	52	93	169	85	353	38	124	42	256	171	436	57	-	22	35	-	28
29 Advertising	74,264	356,228	137,058	88,442	166,714	20,633	16,542	27,557	69,294	63,547	119,020	72,929	47,639	21,606	687	2,997	29
30 Amounts contributed under pension plans, etc. 24/	17,799	67,819	4,867	1,420	4,427	1,838	1,154	1,640	3,114	7,641	92,665	67,649	57,263	6,721	1,541	2,124	30
31 Net loss, sales other than capital assets 15/	1,495	3,499	1,059	611	2,754	381	1,487	770	1,452	2,516	68,753	21,389	14,324	2,560	4,134	371	31
32 Other deductions	1,773,134	3,152,718	1,018,153	673,167	1,561,907	305,746	610,464	543,232	841,767	937,060	7,901,711	2,067,876	1,380,677	463,623	119,691	103,885	32
33 Total compiled deductions	13,307,759	14,759,092	5,102,974	3,006,139	16,911,648	1,528,816	2,097,193	4,355,239	4,823,515	7,302,134	27/12,644,893	4,232,680	2,780,267	952,606	316,592	183,215	33
34 Compiled net profit or net loss (16 less 33)	322,099	1,237,823	187,609	138,476	854,211	48,960	28,104	255,096	157,562	285,342	5,929,926	2,637,625	1,356,703	397,578	841,307	42,037	34
35 Net income or deficit 2/ (34 less 6)	322,034	1,237,751	187,593	138,444	854,105	48,958	28,080	255,056	157,547	285,304	5,719,377	2,486,829	1,210,645	397,163	839,436	39,585	35
36 Net operating loss deduction 25/	1,660	2,100	3,454	3,726	4,798	665	3,505	2,295	4,677	4,447	39,704	10,888	1,901	5,856	1,383	1,748	36
37 Income tax 3/	133,273	509,317	71,460	49,307	307,639	17,669	17,963	85,355	57,745	107,075	1,214,064	668,105	408,817	155,435	92,992	10,861	37
38 Excess profits tax 4/	9,667	42,491	1,737	1,856	24,720	523	673	5,741	3,084	7,318	41,659	21,904	14,799	5,688	677	740	38
39 Total tax	142,940	551,808	73,197	51,163	332,359	18,192	18,636	91,096	60,829	114,393	1,255,723	690,009	423,616	161,123	93,669	11,601	39
40 Compiled net profit less total tax (34 less 39)	179,159	686,015	114,412	87,313	521,852	30,768	9,468	164,000	96,733	170,949	4,674,203	1,947,616	933,087	236,455	747,638	30,436	40
Dividends paid:																	
41 Cash and assets other than own stock	65,358	302,092	42,673	15,562	102,532	14,027	12,543	37,298	26,845	45,632	1,778,190	1,267,768	415,397	110,876	732,643	8,852	41
42 Corporation's own stock	12,478	6,564	7,478	4,358	38,133	1,307	1,335	9,304	5,234	8,736	115,343	75,320	52,076	6,325	16,095	824	42

For footnotes, see pp. 25-26.

Table 1. - Corporation income tax returns, 1/ 1950, by major industrial groups: Number of returns, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Finance, insurance, real estate, and lessors of real property - Continued					Services										
		Insurance carriers and agents															
		Total insurance carriers and agents	Insurance carriers	Insurance agents and brokers	Real estate, except lessors of real property other than buildings	Lessors of real property, except buildings	Total services	Hotels and other lodging places	Personal services	Business services	Automotive repair services and garages	Miscellaneous repair services, hand trades	Motion pictures	Amusement, except motion pictures	Other services, including schools	Nature of business not allocable	
1	Number of returns 6/	10,497	2,686	7,811	118,942	5,436	55,233	6,302	11,628	11,372	4,373	2,587	5,881	6,740	6,350	5,702	1
	Receipts:																
2	Gross sales 7/	17,151	17,151	-	28,995	-	1,411,721	496,195	323,047	183,911	102,522	99,682	79,815	65,207	61,342	67,747	2
3	Gross receipts from operations 8/	5,022,373	4,578,830	443,543	1,190,283	-	7,689,262	877,407	1,205,421	2,155,999	287,628	196,516	1,746,215	561,778	658,298	32,425	3
	Interest on Government obligations (less amortizable bond premium):																
4	Wholly taxable 9/	460,710	460,238	472	12,898	4,186	5,440	1,270	317	1,457	106	77	1,214	425	574	288	4
5	Subject to surtax only 10/	9,916	9,899	17	380	108	112	15	11	49	4	-	7	8	18	12	5
6	Wholly tax-exempt 11/	58,760	58,730	30	819	174	164	5	15	61	3	-	9	3	68	45	6
7	Other interest	1,487,117	1,485,080	2,037	50,060	2,677	13,511	2,672	565	3,659	420	44	3,374	1,050	1,727	941	7
8	Rents 12/	144,836	142,236	2,600	1,897,022	148,353	225,864	128,718	4,270	19,778	16,981	546	42,182	9,096	4,293	3,594	8
9	Royalties 13/	362	289	73	4,852	130,376	15,830	332	494	5,870	82	67	5,819	2,361	805	518	9
10	Excess of net short-term capital gain over net long-term capital loss 14/	714	676	38	3,646	274	1,334	205	31	177	721	23	45	118	14	94	10
11	Excess of net long-term capital gain over net short-term capital loss 14/	25,591	24,414	1,177	103,179	7,976	41,824	7,534	2,733	8,260	6,780	1,897	11,165	2,053	1,402	6,170	11
12	Net gain, sales other than capital assets 15/	2,071	1,792	279	406,873	1,200	6,324	709	687	603	894	68	1,946	1,123	294	972	12
13	Dividends, domestic corporations 16/	267,075	261,471	5,604	30,439	3,071	31,157	5,563	1,312	9,261	230	17	12,619	927	1,228	1,016	13
14	Dividends, foreign corporations 17/	2,818	2,301	517	1,190	40	6,657	176	12	1,249	-	-	5,097	27	96	17	14
15	Other receipts	30,755	14,211	16,544	130,545	14,649	144,088	19,212	8,797	31,221	4,767	1,722	45,797	15,788	16,784	4,212	15
16	Total compiled receipts 18/	7,530,249	7,057,318	472,931	3,861,181	313,084	9,593,288	1,540,013	1,547,712	2,421,555	421,138	300,659	1,955,304	659,964	746,943	118,051	16
	Deductions:																
17	Cost of goods sold 19/	12,841	12,841	-	14,638	-	811,534	268,388	165,928	126,081	66,343	64,259	49,593	33,329	37,613	48,850	17
18	Cost of operations 19/	-	-	-	4,242	-	4,116,609	320,192	668,125	1,244,897	135,634	131,230	1,038,520	288,728	289,283	14,356	18
19	Compensation of officers	26/124,238	26/21,964	102,274	271,150	6,835	444,752	32,829	97,015	149,396	24,389	18,141	38,708	27,299	56,975	6,864	19
20	Rent paid on business property	59,637	42,611	17,026	124,252	5,377	336,467	69,498	43,840	43,931	32,721	5,451	93,888	26,179	20,959	2,172	20
21	Repairs 20/	2,533	1,749	784	138,664	2,286	129,409	56,712	18,945	12,769	5,694	1,408	17,536	10,704	5,641	1,137	21
22	Bad debts	8,430	5,780	2,650	10,301	274	19,122	2,621	3,481	4,876	975	752	2,484	1,026	2,907	848	22
23	Interest paid	9,831	7,929	1,902	413,272	40,506	78,895	31,854	6,859	6,984	4,578	730	19,359	5,560	2,971	2,650	23
24	Taxes paid 21/	174,353	165,533	8,820	476,890	31,695	239,270	69,770	35,132	30,826	11,269	5,426	47,411	25,964	13,472	3,276	24
25	Contributions or gifts 22/	2,349	1,500	849	6,809	231	7,648	1,516	1,176	1,438	292	85	1,250	1,282	609	89	25
26	Depreciation	42,763	36,851	5,912	426,747	13,644	352,702	85,541	53,216	64,340	35,254	5,454	64,230	30,155	14,512	4,441	26
27	Depletion	145	124	21	824	33,771	678	257	191	67	15	2	6	105	35	130	27
28	Amortization 23/	29	-	29	346	4	1,969	85	89	15	20	5	1,472	119	164	32	28
29	Advertising	17,171	10,847	6,324	28,831	89	162,836	27,176	24,742	16,452	3,687	2,847	55,969	15,386	16,577	977	29
30	Amounts contributed under pension plans, etc. 24/	21,520	19,040	2,480	3,090	406	33,462	760	1,563	19,105	164	375	7,490	609	3,396	192	30
31	Net loss, sales other than capital assets 15/	1,129	814	315	43,938	2,297	8,839	2,979	1,070	1,209	380	170	733	1,123	1,175	1,391	31
32	Other deductions	4,647,337	4,384,244	263,093	1,152,217	34,281	2,276,860	471,466	368,421	535,918	70,903	50,117	384,847	150,860	244,328	23,736	32
33	Total compiled deductions	27/5,124,306	27/4,711,827	412,479	3,116,211	171,696	9,021,052	1,441,644	1,489,793	2,258,304	392,318	286,452	1,823,496	618,428	710,617	111,141	33
34	Compiled net profit or net loss (16 less 33)	2,405,943	2,345,491	60,452	744,970	141,388	572,236	98,369	57,919	163,251	28,820	14,207	131,808	41,536	36,326	6,910	34
35	Net income or deficit 2/ (34 less 6)	2,347,183	2,286,761	60,422	744,151	141,214	572,072	98,364	57,904	163,190	28,817	14,207	131,799	41,533	36,258	6,865	35
36	Net operating loss deduction 25/	3,167	2,429	738	24,437	1,212	15,828	2,491	2,030	2,838	782	591	3,247	2,055	1,794	2,511	36
37	Income tax 3/	239,435	220,145	19,290	250,544	55,980	230,868	39,990	21,906	61,714	9,504	6,064	52,551	22,285	16,854	4,386	37
38	Excess profits tax 4/	7,885	6,931	954	10,393	1,477	9,662	1,344	757	4,029	400	304	793	813	1,222	139	38
39	Total tax	247,320	227,076	20,244	260,937	57,457	240,530	41,334	22,663	65,743	9,904	6,368	53,344	23,098	18,076	4,525	39
40	Compiled net profit less total tax (34 less 39)	2,158,623	2,118,415	40,208	484,033	83,931	331,706	57,035	35,256	97,508	18,916	7,839	78,464	18,438	18,250	2,385	40
	Dividends paid:																
41	Cash and assets other than own stock	254,253	232,883	21,370	170,832	85,337	172,226	26,268	14,948	43,392	3,850	2,479	56,015	16,579	8,695	4,902	41
42	Corporation's own stock	25,804	24,628	1,176	12,082	2,137	14,754	2,952	1,254	2,185	3,176	185	1,221	2,277	1,504	218	42

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend

PART I. - ALL RETURNS WITH BALANCE SHEETS

(Money figures in thousands of dollars)

		Major industrial groups 5/															
			Agriculture, forestry, and fishery				Mining and quarrying							Manufacturing			
		All industrial groups	Total agriculture, forestry, and fishery	Farms and agricultural services	Forestry	Fishery	Total mining and quarrying	Metal mining	Anthracite mining	Bituminous coal and lignite mining	Crude petroleum and natural gas production	Nonmetallic mining and quarrying	Construction	Total manufacturing	Beverages	Food and kindred products	
1	Number of returns with balance sheets 30/	569,961	7,094	6,457	251	366	8,045	671	109	1,743	3,704	1,728	25,344	100,537	3,000	10,282	1
	Assets:																
2	Cash 31/	71,017,774	176,097	163,740	9,019	3,338	1,031,139	238,650	31,668	209,276	444,514	107,031	661,029	13,370,369	264,738	1,016,300	2
3	Notes and accounts receivable	110,256,045	213,095	193,501	13,409	6,095	1,324,422	261,427	45,421	295,821	598,835	122,918	2,687,180	22,214,862	400,383	1,810,331	3
4	Less: Reserve for bad debts	1,618,159	1,937	1,818	93	26	12,199	898	869	3,029	4,985	2,418	17,626	461,045	8,893	35,806	4
5	Inventories	54,496,128	321,620	310,114	8,265	3,241	642,043	160,450	27,305	107,130	279,848	68,150	614,405	33,008,073	1,058,654	3,261,359	5
6	Investments, Government obligations 32/	109,822,025	138,022	128,850	6,663	2,509	891,851	337,224	33,508	161,479	302,740	56,894	129,547	12,200,595	134,868	411,000	6
7	Other investments 33/	96,760,151	183,134	167,442	9,486	6,206	1,205,366	257,023	125,308	218,199	617,379	76,857	372,489	12,327,904	349,444	781,096	7
8	Gross capital assets 34/ (except land)	209,097,750	1,366,669	1,314,180	49,697	32,792	10,107,019	1,866,867	535,430	1,966,733	4,955,825	782,165	1,638,038	81,149,891	1,747,858	6,504,436	8
9	Less: Reserves	74,283,473	556,302	520,998	16,630	9,674	4,846,289	1,139,902	286,281	903,713	2,169,772	346,021	702,318	36,890,484	575,072	2,642,178	9
10	Land	9,875,693	333,834	317,730	14,273	1,822	133,776	29,941	3,416	22,760	49,194	28,465	89,016	2,117,312	68,752	273,883	10
11	Other assets	12,944,414	54,763	50,429	1,950	2,384	276,446	84,330	23,770	45,740	99,407	23,109	189,101	2,563,079	114,009	239,629	11
12	Total assets 35/	598,369,248	2,259,895	2,114,269	96,939	48,687	10,844,474	2,115,702	538,745	2,120,306	5,172,091	896,640	5,600,861	141,590,976	3,563,741	11,620,650	12
	Liabilities:																
13	Accounts payable	31,297,068	288,243	266,004	16,925	5,314	884,200	122,675	48,005	188,292	466,655	58,573	1,117,174	12,075,545	434,258	903,518	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	15,844,613	146,621	141,828	2,106	2,687	255,090	33,073	6,832	35,513	150,889	27,883	378,985	4,583,645	123,571	858,051	14
15	Maturity 1 year or more	65,718,784	246,055	215,146	21,376	9,533	1,629,321	81,609	91,219	260,659	1,121,688	74,146	433,770	12,269,465	510,270	1,230,332	15
16	Other liabilities	261,899,343	140,470	121,510	17,144	1,816	800,624	220,806	28,437	151,741	340,446	68,134	1,262,019	14,729,614	284,499	881,000	16
17	Capital stock, preferred	14,905,585	42,672	39,607	2,599	406	277,501	51,200	20,504	53,521	114,843	37,703	83,354	6,604,633	149,941	738,532	17
18	Capital stock, common	79,310,039	750,277	704,539	36,560	15,100	2,404,866	594,705	137,706	450,979	986,900	228,486	827,420	28,897,839	454,214	2,410,547	18
19	Surplus reserves	12,410,022	116,382	114,771	505	1,106	360,709	64,300	15,500	78,157	154,867	47,885	113,828	6,393,638	89,577	496,668	19
20	Surplus and undivided profits 36/	124,950,570	651,656	601,668	32,550	17,438	4,704,500	1,037,747	217,325	942,603	2,122,359	384,466	1,565,447	56,412,027	1,562,250	4,215,274	20
21	Less: Deficit 37/	7,967,676	128,461	91,704	31,035	4,842	481,487	91,463	26,903	47,069	285,356	30,636	111,116	1,267,030	44,845	113,272	21
22	Total liabilities 35/	598,369,248	2,259,895	2,114,269	96,939	48,687	10,844,474	2,115,702	538,745	2,120,306	5,172,091	896,640	5,600,861	141,590,976	3,563,741	11,620,650	22
	Receipts:																
23	Gross sales 7/	370,249,365	1,508,717	1,465,694	20,482	22,541	6,007,083	1,207,834	393,415	2,018,857	2,510,274	777,303	518,669	211,027,329	5,466,125	30,971,724	23
24	Gross receipts from operations 8/	64,417,262	407,479	380,562	6,317	20,600	1,237,030	30,303	78,371	290,364	743,240	77,552	10,545,352	3,800,341	20,756	148,088	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	1,537,843	1,909	1,859	82	48	9,986	3,766	448	2,252	2,802	698	2,132	140,503	1,042	5,717	25
26	Subject to surtax only 10/	175,387	186	180	6	-	237	36	26	102	36	37	46	2,658	38	170	26
27	Wholly tax-exempt 11/	216,034	145	143	1	1	432	106	1	85	211	29	259	3,795	114	391	27
28	Other interest	4,520,263	3,758	3,540	129	83	13,062	3,031	1,106	2,166	6,351	1,298	4,945	173,047	3,302	15,691	28
29	Rents 12/	3,432,705	16,105	15,714	285	106	33,320	4,094	6,053	11,966	8,625	2,562	26,485	281,717	4,017	21,190	29
30	Royalties 13/	456,402	5,489	5,405	84	-	51,028	2,177	7,128	13,894	27,511	1,218	1,522	155,436	1,208	6,012	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	31,004	506	439	64	3	1,208	271	1	64	950	12	482	6,596	307	1,151	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	1,036,969	31,041	21,294	10,290	257	57,682	3,613	699	11,362	37,243	4,575	23,789	394,759	4,745	24,041	32
33	Net gain, sales other than capital assets 15/	491,338	2,677	2,263	396	18	6,177	75	166	942	6,711	261	3,505	14,357	510	1,772	33
34	Dividends, domestic corporations 16/	2,433,808	44,835	44,745	43	47	96,834	25,936	10,283	10,142	49,356	1,117	12,033	918,232	5,597	24,977	34
35	Dividends, foreign corporations 17/	640,916	3,156	3,153	3	-	3,968	2,247	-	57	1,646	38	4,548	460,881	3,007	38,762	35
36	Other receipts	2,883,925	25,022	23,634	866	522	69,462	9,139	1,033	11,534	42,186	5,569	118,430	880,972	32,040	91,393	36
37	Total compiled receipts 18/	452,523,211	2,051,006	1,968,631	39,048	44,226	8,492,829	1,301,048	498,952	2,702,797	3,437,144	872,298	11,262,097	219,271,012	5,533,717	31,363,159	37
	Deductions:																
38	Cost of goods sold 19/	281,414,015	1,054,211	1,019,301	17,476	17,434	4,338,305	707,026	343,633	1,536,950	1,295,161	454,735	410,149	154,934,679	3,452,838	25,500,618	38
39	Cost of operations 19/	35,957,766	194,121	181,401	2,439	10,277	795,600	27,135	54,934	211,742	457,006	44,183	8,048,830	2,173,011	9,757	68,182	39
40	Compensation of officers	20/7,456,839	47,996	45,435	879	1,582	95,804	6,134	3,303	25,674	36,503	24,100	393,189	2,670,887	50,013	218,885	40
41	Rent paid on business property	3,797,644	30,330	29,009	52	298	41,010	3,050	2,261	10,074	22,152	4,373	41,819	838,029	12,801	82,727	41
42	Repairs 20/	3,708,206	33,747	31,872	125	1,750	108,953	12,903	11,506	43,342	15,715	25,487	53,700	2,825,383	30,679	252,605	42
43	Bad debts	744,845	2,140	2,057	37	46	5,203	514	204	1,141	2,311	1,033	11,110	170,674	2,609	17,931	43
44	Interest paid	3,154,194	15,036	14,607	650	379	64,320	3,727	3,473	10,540	42,290	4,290	26,012	621,610	22,820	75,656	44
45	Taxes paid 21/	8,898,752	32,030	29,025	1,276	938	256,046	50,601	12,434	49,588	125,329	19,094	117,929	4,191,669	601,428	317,522	45
46	Contributions or gifts 22/	249,666	820	803	7	18	3,321	224	235	703	1,551	608	5,521	130,705	3,026	9,605	46
47	Depreciation	7,754,430	61,882	59,062	721	2,099	353,025	34,403	11,259	81,599	186,700	39,064	176,204	3,402,170	86,129	311,961	47
48	Depletion	1,691,813	2,610	1,490	1,114	6	596,431	120,735	10,424	59,038	378,677	27,557	1,196	992,006	826	1,418	48
49	Amortization 23/	43,143	107	106	1	-	2,520	126	4	18	2,253	119	92	16,823	34	851	49
50	Advertising	4,041,090	10,936	10,803	54	79	7,542	151	690	1,603	2,632	2,266	27,269	2,280,026	100,325	448,198	50
51	Amounts contributed under pension plans, etc. 24/	1,654,713	2,562	2,514	26	22	28,663	4,117	678	9,305	13,405	1,068	11,729	1,046,772	12,404	60,270	51
52	Net loss, sales other than capital assets 15/	190,656	2,194	1,863	225	106	10,854	864	108	2,950	6,361	571	2,951	62,659	3,227	6,088	52
53	Other deductions	49,228,658	273,265	261,166	3,016	9,083	698,853	47,906	21,321	177,285	362,344	87,917	788,407	18,203,050	515,330	2,522,106	53
54	Total compiled deductions	27/409,907,722	1,764,513	1,692,298	28,090	44,117	7,406,859	1,020,396	476,757	2,221,552	2,950,990	737,174	10,717,077	194,664,041	5,072,246	29,994,793	54
55	Compiled net profit or net loss (37 less 54)	42,535,489	287,392	276,333	10,950	109	1,085,970	281,252	22,195	161,245	486,154	135,114	545,020	23,607,571	461,471	1,368,366	55
56	Net income or deficit 2/ (55 less 27)	42,318,555	287,247	276,190	10,949	108	1,085,538	281,146	22,194	161,160	485,953	135,085	544,761	23,603,776	461,357	1,367,075	56
57	Net operating loss deduction 25/	332,432	6,741	6,238	221	282	9,086	679	172	1,652	5,466	1,117	10,727	145,344	4,453	14,010	57
58	Income tax 3/	15,789,124	94,195	90,101	3,468	626	425,920	105,195	6,886	66,463	193,251	54,125	220,614	9,506,629	194,779	564,434	58
59	Excess profits tax 4/	1,378,526	5,159	5,125	14	20	16,766	3,444	130	1,790	6,407	4,915	17,186	1,068,100	8,796	36,787	59
60	Total tax	17,167,650	99,354	95,226	3,482	646	442,686	108,639	7,016	68,253	199,738	59,040	237,800	10,574,729	203,575	601,221	60
61	Compiled net profit less total tax (55 less 60)	25,367,839	188,038	181,107	7,468	29/537	643,284	172,613	15,179	92,992	286,426	76,074	307,220	13,032,842	257,896	767,145	61
	Dividends paid:																
62	Cash and assets other than own stock	11,470,729	105,829	102,931	2,625	273	540,634	157,513	14,855	62,724	271,044	42,498	81,361	6,037,152	108,550	373,733	62
63	Corporation's own stock	1,209,065	4,752	4,752	-	-	10,524	5	45	4,026	4,755	1,691	27,833	798,809	4,910	47,549	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART I. - ALL RETURNS WITH BALANCE SHEETS - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Manufacturing - Continued															
		Tobacco manufactures	Textile-mill products	Apparel and products made from fabrics	Lumber and wood products, except furniture	Furniture and fixtures	Paper and allied products	Printing, publishing, and allied industries	Chemicals and allied products	Petroleum and coal products	Rubber products	Leather and products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products, except ordnance, machinery, and transportation equipment	Machinery, except transportation equipment and electrical	
1	Number of returns with balance sheets 30/	187	5,570	13,411	5,310	4,264	2,545	12,093	6,964	629	650	2,673	4,027	2,870	9,468	9,511	1
	Assets:																
2	Cash 31/	102,467	766,506	313,555	339,222	135,624	505,502	537,061	1,316,267	1,304,607	223,809	119,786	429,056	1,437,343	760,017	1,259,690	2
3	Notes and accounts receivable	486,945	1,380,273	831,645	519,217	335,263	683,425	915,001	1,709,216	2,470,341	564,240	353,311	557,455	1,661,398	1,202,734	2,193,355	3
4	Less: Reserve for bad debts	2,924	26,224	19,816	9,486	9,439	16,380	30,324	48,089	33,588	12,820	7,794	12,656	36,121	27,766	54,867	4
5	Inventories	1,641,208	2,522,068	1,478,179	718,550	477,401	769,582	581,331	2,428,440	2,062,117	544,455	609,662	617,299	2,406,601	1,684,536	3,596,549	5
6	Investments, Government obligations 32/	13,555	433,707	68,219	196,364	51,903	460,056	298,485	1,346,160	1,195,719	180,704	43,507	383,135	1,564,821	372,785	903,409	6
7	Other investments 33/	62,309	545,049	154,176	216,014	58,828	545,904	577,818	1,456,810	3,358,389	153,899	96,874	206,776	783,861	322,399	692,936	7
8	Gross capital assets 34/ (except land)	295,556	4,508,409	603,216	1,900,970	573,252	3,544,587	2,519,619	7,747,724	17,149,999	1,247,446	405,077	2,619,185	11,464,527	3,072,006	5,217,369	8
9	Less: Reserves	126,078	1,914,842	246,281	697,133	238,140	1,453,320	863,177	3,372,782	8,575,868	657,047	192,928	1,152,193	6,063,552	1,288,787	2,277,710	9
10	Land	9,633	78,611	23,440	76,764	23,649	79,688	125,566	210,094	350,933	19,387	14,107	73,087	169,377	117,322	149,260	10
11	Other assets	15,181	131,875	63,297	98,209	29,290	158,151	160,496	232,444	199,793	17,442	40,975	69,046	185,506	124,234	193,872	11
12	Total assets 35/	2,497,852	8,425,432	3,269,630	3,358,691	1,437,631	5,277,195	4,821,876	13,026,284	19,482,442	2,281,515	1,482,577	3,790,210	13,573,761	6,339,480	11,873,863	12
	Liabilities:																
13	Accounts payable	60,206	651,129	634,771	261,044	172,326	317,115	486,842	960,728	1,686,296	219,207	193,988	242,609	1,417,655	645,877	1,184,168	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	304,711	412,518	319,409	142,466	71,531	91,681	133,628	266,790	216,956	16,772	103,657	57,815	105,036	186,395	242,943	14
15	Maturity 1 year or more	600,621	540,799	196,832	229,153	98,906	541,866	440,473	1,074,547	2,358,343	363,127	98,248	278,222	1,318,274	368,956	795,382	15
16	Other liabilities	168,369	671,080	286,486	342,727	158,218	510,896	564,441	1,561,381	803,262	266,323	121,486	408,934	1,560,667	663,606	1,235,977	16
17	Capital stock, preferred	228,031	427,055	155,580	65,586	47,315	339,464	275,928	834,753	307,027	198,443	82,488	137,011	846,696	243,908	579,851	17
18	Capital stock, common	476,935	1,566,959	703,025	849,901	315,153	1,003,784	844,644	2,438,046	5,447,135	306,047	297,969	951,724	3,033,283	1,321,857	2,536,457	18
19	Surplus reserves	44,698	411,570	55,871	93,331	35,989	198,825	198,487	566,442	961,179	158,276	72,891	167,322	490,845	277,790	711,738	19
20	Surplus and undivided profits 36/	618,583	3,800,577	984,548	1,427,543	566,564	2,300,554	2,000,502	5,396,302	7,767,755	766,323	530,613	1,581,186	4,831,341	2,734,874	4,685,107	20
21	Less: Deficit 37/	4,302	56,255	66,892	53,060	28,371	26,990	123,069	72,705	65,511	13,003	18,763	34,613	30,036	103,783	97,760	21
22	Total liabilities 35/	2,497,852	8,425,432	3,269,630	3,358,691	1,437,631	5,277,195	4,821,876	13,026,284	19,482,442	2,281,515	1,482,577	3,790,210	13,573,761	6,339,480	11,873,863	22
	Receipts:																
23	Gross sales 7/	3,173,575	12,725,167	7,738,950	4,997,053	2,940,661	6,740,960	6,168,183	15,941,658	18,714,011	3,973,443	3,140,633	4,917,183	17,829,926	10,645,896	15,221,593	23
24	Gross receipts from operations 8/	3,088	238,087	420,385	114,655	22,851	13,992	457,029	73,541	536,361	6,030	12,666	27,013	765,603	65,581	293,918	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	167	6,458	1,239	2,577	1,207	5,235	4,428	15,064	10,762	1,850	577	4,080	16,931	4,805	10,905	25
26	Subject to surtax only 10/	47	130	62	68	5	134	328	134	113	15	74	141	138	202	302	26
27	Wholly tax-exempt 11/	44	454	17	116	17	299	209	464	95	11	28	121	80	157	482	27
28	Other interest	891	8,299	2,113	2,819	907	8,207	5,502	14,413	17,036	1,730	1,255	2,878	32,366	4,750	15,354	28
29	Rents 12/	3,215	15,903	5,084	9,586	2,212	6,825	18,076	16,325	98,591	3,238	1,831	5,179	18,723	12,500	14,079	29
30	Royalties 13/	19	2,680	5,373	4,341	706	3,196	11,225	26,721	25,446	5,035	234	3,302	7,570	3,906	20,950	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	8	1,638	60	541	11	48	300	385	401	175	16	105	118	306	251	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	2,039	23,942	2,799	129,016	2,916	24,169	10,388	21,807	39,390	3,037	1,496	7,577	17,714	12,432	20,386	32
33	Net gain, sales other than capital assets 15/	50	787	521	1,072	550	354	811	544	3,355	47	135	113	427	744	1,149	33
34	Dividends, domestic corporations 16/	4,318	20,797	3,629	7,160	2,055	11,824	26,243	162,845	394,642	15,095	1,726	10,821	62,978	18,697	25,594	34
35	Dividends, foreign corporations 17/	144	2,337	333	86	1,505	24,058	7,630	52,799	125,457	30,612	166	23,693	14,978	22,411	27,756	35
36	Other receipts	5,784	62,248	26,935	36,704	15,428	30,373	57,926	49,824	97,154	14,453	15,346	27,595	40,000	54,817	73,441	36
37	Total compiled receipts 18/	3,193,389	13,108,927	8,207,500	5,305,794	2,991,031	6,869,674	6,768,278	16,376,524	20,062,814	4,054,771	3,176,183	5,029,801	18,807,552	10,847,204	15,726,160	37
	Deductions:																
38	Cost of goods sold 19/	2,540,760	10,009,596	6,204,485	3,702,039	2,189,538	4,694,848	4,168,382	10,184,625	13,713,029	2,880,583	2,547,057	3,170,539	13,418,777	7,639,875	10,252,320	88
39	Cost of operations 19/	960	152,970	331,777	80,849	7,940	3,035	232,483	30,352	354,577	552	7,660	16,541	403,174	37,659	32,641	39
40	Compensation of officers	9,587	176,689	250,345	98,536	86,951	97,569	231,465	176,463	33,867	24,829	65,278	91,787	126,003	258,542	278,090	40
41	Rent paid on business property	2,114	38,109	69,464	14,466	17,814	23,066	65,877	51,860	134,634	14,289	18,446	17,118	53,850	41,982	56,485	41
42	Repairs 20/	4,481	129,438	15,351	41,530	17,501	144,899	31,392	254,834	283,463	62,735	17,844	106,193	589,195	136,452	229,105	42
43	Bad debts	280	5,450	7,311	6,177	4,109	3,845	20,769	12,506	23,170	4,528	2,231	4,973	8,412	10,223	10,444	43
44	Interest paid	23,681	39,169	19,820	15,444	7,205	21,755	21,147	44,802	73,466	11,519	8,267	14,206	83,243	25,066	42,731	44
45	Taxes paid 21/	112,674	199,979	87,407	78,115	40,780	110,216	97,847	214,745	423,436	133,976	39,373	81,785	291,502	148,920	260,421	45
46	Contributions or gifts 22/	576	15,991	7,088	3,275	2,565	5,409	8,018	7,385	3,877	1,441	2,678	3,173	9,648	8,196	11,898	46
47	Depreciation	11,927	184,157	40,352	91,248	29,290	137,213	98,838	356,472	542,675	58,782	21,578	116,284	369,252	146,760	282,833	47
48	Depletion	-	24	16	121,861	121	5,315	57	22,866	761,481	30	121	3,148	67,918	186	827	48
49	Amortization 23/	9	90	51	25	17	1,659	42	2,286	1,225	269	66	188	6,767	449	1,008	49
50	Advertising	99,093	65,133	64,716	12,687	26,859	27,666	41,735	447,672	90,942	39,081	27,494	30,857	38,324	92,664	158,710	50
51	Amounts contributed under pension plans, etc. 24/	6,584	31,879	7,685	6,759	4,435	30,551	30,830	94,296	111,948	14,964	8,447	19,001	182,568	48,872	88,210	51
52	Net loss, sales other than capital assets 15/	140	4,915	1,363	1,592	620	2,058	1,755	2,117	5,035	797	786	1,670	2,485	14,060	3,165	52
53	Other deductions	93,057	819,060	820,632	394,205	317,828	562,957	1,130,131	1,711,549	1,691,199	371,541	250,831	505,808	745,934	1,026,059	1,986,514	53
54	Total compiled deductions	2,905,923	11,872,649	7,927,863	4,668,808	2,753,473	5,872,061	6,180,768	13,614,830	18,248,024	3,619,936	3,018,157	4,183,271	16,397,052	9,635,965	13,695,402	54
55	Compiled net profit or net loss (37 less 54)	287,466	1,236,278	279,637	636,986	237,558	997,613	587,510	2,761,694	1,814,790	434,835	158,026	846,530	2,410,500	1,211,239	2,030,758	55
56	Net income or deficit 2/ (55 less 27)	287,422	1,235,824	279,620	636,870	237,541	997,314	587,301	2,761,230	1,814,695	434,824	157,998	846,409	2,410,420	1,211,082	2,030,276	56
57	Net operating loss deduction 25/	490	7,375	6,433	8,920	4,183	4,472	5,727	7,185	4,979	1,086	2,880	3,081	6,276	10,498	14,496	57
58	Income tax 3/	118,966	505,136	117,695	236,680	96,267	407,063	234,794	1,103,794	601,321	174,382	64,837	345,768	995,236	498,404	834,657	58
59	Excess profits tax 4/	11,019	30,711	6,147	21,860	10,502	40,819	12,703	150,721	13,318	22,131	3,521	46,860	131,810	56,851	78,921	59
60	Total tax	129,985	535,847	123,842	258,540	106,769	447,882	247,497	1,254,515	614,639	196,513	68,358	392,628	1,127,046	555,255	913,578	60
61	Compiled net profit less total tax (55 less 60)	157,481	700,431	155,795	378,446	130,789	549,731	340,013	1,507,179	1,200,151	238,322	89,668	453,902	1,283,452	655,984	1,117,180	61
	Dividends paid:																
62	Cash and assets other than own stock	95,149	253,758	44,434	105,944	43,862	195,843	153,604	772,819	950,541	73,950	38,395	182,204	526,754	240,458	442,061	62
63	Corporation's own stock	7,592	29,887	17,831	85,719	12,238	88,646	22,097	47,394	65,276	13,173	1,406	20,257	108,852	36,548	62,613	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART I. - ALL RETURNS WITH BALANCE SHEETS - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Manufacturing - Continued						Public utilities					Trade				
														Wholesale			
		Electrical machinery and equipment	Transportation equipment, except motor vehicles	Motor vehicles and equipment, except electrical	Ordnance and accessories	Scientific instruments; photographic equipment; watches, clocks	Other manufacturing	Total public utilities	Transportation	Communication	Electric and gas utilities	Other public utilities	Total trade	Total wholesale	Commission merchants	Other wholesalers	
1	Number of returns with balance sheets 30/	2,983	910	1,229	54	1,837	9,070	22,973	17,050	3,201	1,132	1,590	193,496	65,249	8,839	56,410	1
	Assets:																
2	Cash 31/	655,721	355,466	1,032,010	43,555	157,258	294,809	3,177,565	2,012,168	212,631	920,146	32,620	5,547,410	2,418,046	311,081	2,106,965	2
3	Notes and accounts receivable	1,361,954	594,552	1,134,914	23,156	380,447	636,326	3,066,297	1,946,985	253,538	830,739	35,035	14,499,693	8,150,629	808,030	7,342,599	3
4	Less: Reserve for bad debts	21,870	5,609	11,076	1,113	9,355	19,649	40,570	8,234	4,736	26,404	1,196	431,614	172,649	15,724	156,925	4
5	Inventories	1,882,739	987,734	2,135,388	62,933	555,420	925,868	1,908,817	949,733	171,928	770,540	16,616	17,393,890	7,912,683	180,919	7,731,764	5
6	Investments, Government obligations 32/	624,953	239,439	2,969,012	14,372	177,069	116,753	2,163,423	1,447,804	330,728	372,824	12,067	1,318,191	588,416	63,591	524,825	6
7	Other investments 33/	856,369	221,031	521,583	55,396	110,462	200,481	8,095,095	4,495,985	1,325,653	2,225,833	47,624	3,240,277	1,755,991	234,539	1,521,452	7
8	Gross capital assets 34/ (except land)	2,294,597	1,374,859	4,318,765	109,600	817,369	1,113,465	76,889,320	35,619,393	12,121,161	28,082,802	1,065,964	12,353,064	3,804,513	193,090	3,611,423	8
9	Less: Reserves	924,945	735,645	2,047,506	37,897	356,014	451,389	20,004,080	10,563,299	3,442,816	5,793,233	204,732	4,555,692	1,402,793	57,914	1,344,879	9
10	Land	60,368	44,682	79,654	3,050	21,525	44,480	558,977	246,810	22,462	272,828	16,877	1,230,880	302,178	15,700	286,478	10
11	Other assets	112,258	141,300	134,326	2,969	29,193	69,584	3,394,128	2,279,928	447,812	641,338	25,050	1,163,363	441,731	42,680	399,051	11
12	Total assets 35/	6,902,144	3,217,809	10,267,070	276,021	1,883,374	2,930,728	79,208,972	38,427,273	11,438,361	28,297,413	1,045,925	51,759,462	23,798,745	1,775,992	22,022,753	12
	Liabilities:																
13	Accounts payable	875,401	322,724	812,402	25,874	145,632	321,775	2,747,446	1,954,542	183,496	580,509	28,899	9,213,455	5,396,382	543,134	4,853,248	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	145,746	92,359	468,363	2,638	56,999	163,610	885,342	376,501	92,187	394,656	21,998	3,901,443	2,341,894	117,228	2,224,666	14
15	Maturity 1 year or more	472,668	123,083	241,571	33,704	128,588	225,500	28,912,340	12,214,673	4,270,300	11,962,022	465,345	3,951,430	1,689,761	122,004	1,567,757	15
16	Other liabilities	1,010,941	557,117	2,049,699	22,893	279,786	319,826	5,915,961	3,385,857	928,969	1,531,516	69,619	4,590,774	1,928,489	142,810	1,785,679	16
17	Capital stock, preferred	186,340	123,901	415,223	20,550	78,540	122,470	4,272,564	1,314,519	204,500	2,668,442	85,103	1,543,990	631,894	42,344	589,550	17
18	Capital stock, common	1,342,756	523,381	1,039,738	25,556	395,852	612,876	20,761,309	9,062,043	4,337,037	7,140,598	221,631	9,973,655	4,168,561	313,240	3,855,321	18
19	Surplus reserves	416,719	159,070	602,106	26,875	67,839	89,530	1,211,865	606,263	62,967	521,809	20,826	1,313,715	543,193	31,439	511,754	19
20	Surplus and undivided profits 36/	2,510,134	1,403,607	4,696,370	118,940	755,720	1,157,954	15,541,023	10,387,007	1,397,441	3,607,925	148,650	18,001,782	7,437,011	515,063	6,921,948	20
21	Less: Deficit 37/	58,561	87,433	58,402	1,009	25,582	82,813	1,038,878	874,132	38,536	110,064	16,146	730,782	338,440	51,270	287,170	21
22	Total liabilities 35/	6,902,144	3,217,809	10,267,070	276,021	1,883,374	2,930,728	79,208,972	38,427,273	11,438,361	28,297,413	1,045,925	51,759,462	23,798,745	1,775,992	22,022,753	22
	Receipts:																
23	Gross sales 7/	10,347,774	3,519,904	18,403,460	259,034	2,277,714	4,922,701	291,784	222,608	11,143	55,996	2,037	148,401,377	74,902,307	3,211,606	71,690,701	23
24	Gross receipts from operations 8/	60,409	463,981	12,947	309	7,161	35,010	30,532,816	18,440,258	4,436,047	7,469,691	186,820	2,619,748	1,730,744	735,200	995,544	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	7,118	3,529	32,908	202	1,188	1,704	28,412	17,485	4,800	5,955	172	20,142	8,313	999	7,314	25
26	Subject to surtax only 10/	74	20	374	1	26	62	702	648	31	16	7	665	268	32	236	26
27	Wholly tax-exempt 11/	190	316	124	7	26	33	1,834	361	42	1,416	15	677	339	27	312	27
28	Other interest	13,886	7,226	10,032	792	1,849	2,649	105,102	57,182	10,203	37,200	517	115,508	45,250	7,939	37,311	28
29	Rents 12/	7,587	3,880	5,194	110	1,730	6,642	404,122	345,804	27,904	28,903	1,511	229,890	52,756	4,781	47,975	29
30	Royalties 13/	12,768	5,185	4,159	18	2,491	2,291	9,041	5,919	871	2,105	146	19,251	15,274	1,119	14,155	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	451	62	179	-	10	73	1,020	764	24	231	1	7,581	5,075	772	4,303	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	14,659	3,466	7,062	79	1,623	9,376	64,820	51,998	4,131	6,729	1,962	95,404	49,939	3,907	46,032	32
33	Net gain, sales other than capital assets 15/	151	85	594	-	63	523	7,636	6,654	614	256	112	11,621	3,602	455	3,147	33
34	Dividends, domestic corporations 16/	51,119	14,301	41,865	1,247	4,896	5,806	243,146	101,517	84,816	54,604	2,209	96,959	51,550	11,258	40,292	34
35	Dividends, foreign corporations 17/	12,196	3,709	76,533	120	8,618	3,971	12,886	2,495	1,485	8,906	-	74,825	64,562	1,644	62,918	35
36	Other receipts	35,481	21,346	54,382	504	12,061	25,728	153,864	108,337	10,167	30,010	5,350	1,201,162	459,428	58,630	400,798	36
37	Total compiled receipts 18/	10,563,863	4,047,010	18,649,813	262,423	2,319,456	5,016,569	31,857,185	19,362,030	4,592,278	7,702,018	200,859	152,894,810	77,389,407	4,038,369	73,351,038	37
	Deductions:																
38	Cost of goods sold 19/	7,300,930	2,806,913	13,441,917	169,401	1,434,589	3,421,020	201,613	153,696	7,099	39,505	1,313	119,523,778	64,978,930	2,963,062	62,015,868	38
39	Cost of operations 19/	16,029	359,059	7,056	-	2,013	18,645	16,749,918	12,605,691	2,319,977	3,742,238	82,012	1,323,490	854,581	232,099	622,482	39
40	Compensation of officers	100,517	32,363	57,027	2,661	48,867	163,333	272,382	202,655	27,810	37,390	4,527	2,610,957	1,134,293	131,653	1,002,640	40
41	Rent paid on business property	34,230	16,036	22,714	500	13,034	34,413	793,264	673,981	68,072	48,530	2,681	1,457,388	262,491	23,923	238,568	41
42	Repairs 20/	115,531	59,607	217,428	8,067	29,861	39,102	60,480	45,734	6,603	6,383	1,760	339,952	99,087	3,264	95,823	42
43	Bad debts	7,899	1,666	3,966	143	3,295	8,747	37,792	16,408	13,102	8,148	134	228,626	86,498	5,505	80,993	43
44	Interest paid	24,892	8,274	15,646	1,422	6,590	14,787	980,195	452,858	141,996	368,744	16,597	283,167	132,114	8,615	123,499	44
45	Taxes paid 21/	221,730	69,002	426,665	5,332	66,969	81,845	1,951,606	984,480	299,797	668,158	19,171	1,250,408	481,091	19,125	461,966	45
46	Contributions or gifts 22/	5,125	1,675	12,117	575	3,111	4,163	13,931	4,241	2,661	6,916	113	64,251	26,784	2,208	24,576	46
47	Depreciation	147,623	55,261	207,918	4,548	38,429	64,650	1,982,595	874,966	405,900	682,992	18,737	865,838	274,911	13,385	261,526	47
48	Depletion	148	38	621	292	1	4,691	36,048	14,809	4	21,194	41	18,650	16,951	599	16,352	48
49	Amortization 23/	275	1,053	152	1	132	174	19,434	19,334	84	16	-	1,811	448	41	407	49
50	Advertising	163,644	11,090	87,497	2,588	52,801	76,350	93,687	55,011	21,956	16,453	267	1,341,888	332,994	17,625	315,369	50
51	Amounts contributed under pension plans, etc. 24/	94,595	19,651	134,419	3,680	21,031	13,673	267,701	38,732	142,503	86,021	445	171,995	60,555	5,646	54,909	51
52	Net loss, sales other than capital assets 15/	2,902	2,423	2,976	22	541	2,122	25,558	10,232	2,665	12,265	396	20,469	6,886	909	5,977	52
53	Other deductions	915,707	232,679	721,941	18,173	300,849	638,988	2,059,282	1,157,603	400,320	479,613	21,746	17,119,544	5,864,527	433,355	5,431,172	53
54	Total compiled deductions	9,151,777	3,676,780	15,360,062	217,405	2,020,113	4,586,683	27,545,486	17,290,431	3,860,549	6,224,566	169,940	146,622,210	74,613,141	3,861,014	70,752,127	54
55	Compiled net profit or net loss (37 less 54)	1,412,086	370,230	3,289,751	45,018	299,343	429,886	4,311,699	2,071,599	731,729	1,477,452	30,919	6,272,600	2,776,266	177,355	2,598,911	55
56	Net income or deficit 2/ (55 less 27)	1,411,896	369,914	3,289,627	45,011	299,317	429,853	4,309,865	2,071,238	731,687	1,476,036	30,904	6,271,923	2,775,927	177,328	2,598,599	56
57	Net operating loss deduction 25/	8,582	16,660	1,567	367	2,236	9,362	40,335	32,768	6,374	876	317	65,384	35,624	3,736	31,888	57
58	Income tax 3/	574,194	148,813	1,370,425	18,303	124,211	176,468	1,716,773	833,368	280,548	591,829	11,008	2,406,953	1,062,950	64,125	998,825	58
59	Excess profits tax 4/	83,907	13,086	251,295	2,783	14,824	18,728	35,551	26,174	1,943	7,352	82	185,709	88,729	4,985	83,744	59
60	Total tax	658,101	161,899	1,621,720	21,086	139,035	195,196	1,752,324	859,562	282,491	599,181	11,090	2,592,662	1,151,679	69,110	1,082,569	60
61	Compiled net profit less total tax (55 less 60)	753,985	208,331	1,668,031	23,932	160,308	234,690	2,559,375	1,212,037	449,238	878,271	19,829	3,679,938	1,624,587	108,245	1,516,342	61
	Dividends paid:																
62	Cash and assets other than own stock	311,829	110,336	847,665	10,072	79,210	76,181	1,639,963	468,071	356,453	800,852	14,587	1,134,679	474,896	32,975	441,921	62
63	Corporation's own stock	29,062	3,763	16,279	-	59,339	18,366	93,219	11,898	2,271	77,048	2,002	224,804	130,070	8,029	122,041	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART I. - ALL RETURNS WITH BALANCE SHEETS - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued																
		Trade - Continued											Finance, insurance, real estate, and lessors of real property					
		Retail												Finance				
		Total retail	Food	General merchandise	Apparel and accessories	Furniture and house furnishings	Automotive dealers and filling stations	Drug stores	Eating and drinking places	Building materials and hardware	Other retail trade	Trade not allocable	Total finance, insurance, real estate, and lessors of real property	Total finance	Banks and trust companies	Credit agencies other than banks	Holding and other investment companies	
1	Number of returns with balance sheets 30/	114,477	8,106	7,067	15,201	10,785	22,367	4,652	12,612	13,494	20,093	13,770	151,540	34,016	14,550	11,424	6,602	1
	Assets:																	
2	Cash 31/	2,884,958	363,687	901,875	293,398	105,007	717,096	65,458	90,745	158,161	189,531	244,406	46,104,450	42,477,698	41,034,904	802,529	522,803	2
3	Notes and accounts receivable	5,505,876	232,643	1,733,959	501,028	785,064	820,651	53,164	48,304	630,885	700,178	843,188	65,151,445	62,812,940	53,592,319	8,144,306	760,734	3
4	Less: Reserve for bad debts	233,895	5,128	122,442	15,238	25,682	21,457	1,087	314	17,352	24,995	25,070	622,053	601,398	470,302	112,709	17,823	4
5	Inventories	8,459,323	894,852	2,556,219	816,817	624,375	1,418,153	262,158	86,550	884,217	815,982	1,021,884	19,947	14,395	-	9,912	2,140	5
6	Investments, Government obligations 32/	693,100	88,404	406,927	54,008	24,682	83,055	6,951	15,120	25,428	37,625	36,675	92,745,614	71,137,218	69,649,093	218,068	826,795	6
7	Other investments 33/	1,309,927	110,953	496,306	153,241	71,645	195,814	25,336	49,939	81,573	125,120	174,359	70,125,907	15,731,721	5,839,102	816,137	8,557,633	7
8	Gross capital assets 34/ (except land)	7,709,521	1,234,976	2,418,415	612,939	251,590	1,170,944	223,540	607,910	500,521	688,686	839,030	19,879,745	2,375,274	1,408,186	212,240	697,724	8
9	Less: Reserves	2,811,032	422,247	920,307	240,426	98,327	331,643	68,238	230,153	203,694	274,992	341,867	4,419,233	421,417	199,574	73,697	120,262	9
10	Land	840,368	92,409	304,216	32,342	29,460	202,497	7,619	45,750	71,123	54,952	88,334	4,650,658	226,643	114,668	29,222	67,663	10
11	Other assets	670,673	101,307	205,561	56,486	34,420	124,432	18,708	38,757	30,264	60,718	50,959	4,987,484	1,273,266	840,036	197,878	210,123	11
12	Total assets 35/	25,028,819	2,641,856	7,980,729	2,365,495	1,807,034	4,373,557	573,609	752,608	2,161,126	2,372,805	2,931,898	298,623,964	195,026,340	171,808,432	10,243,886	11,507,530	12
	Liabilities:																	
13	Accounts payable	3,266,190	526,727	802,464	401,511	250,570	396,242	88,606	122,612	274,984	402,474	550,883	3,171,429	1,455,440	-	800,557	293,571	13
	Bonds, notes, mortgages payable:																	
14	Maturity less than 1 year	1,361,973	119,468	192,680	102,143	174,562	368,817	17,839	48,515	160,809	179,140	197,576	5,234,339	3,925,734	-	3,195,898	307,040	14
15	Maturity 1 year or more	2,021,999	227,626	582,997	177,707	139,620	311,678	77,140	137,745	144,770	222,716	239,670	16,508,430	4,829,472	-	3,137,228	1,461,379	15
16	Other liabilities	2,429,708	208,702	781,200	192,503	247,144	497,026	36,402	70,446	144,481	251,804	232,577	233,641,826	161,324,217	159,238,294	990,948	1,007,777	16
17	Capital stock, preferred	821,858	123,666	365,557	113,223	45,046	44,204	17,842	17,696	34,224	60,320	90,238	1,808,301	1,270,194	71,514	344,020	815,814	17
18	Capital stock, common	5,173,601	424,828	1,534,754	482,267	391,952	861,588	119,311	204,923	392,732	561,246	631,493	13,941,418	7,919,307	3,586,100	897,613	3,333,592	18
19	Surplus reserves	705,099	82,796	365,853	32,802	49,724	92,292	12,693	6,781	28,165	33,993	65,423	2,646,523	2,361,302	1,210,515	262,995	816,999	19
20	Surplus and undivided profits 36/	9,587,830	962,980	3,379,827	906,572	643,075	1,886,000	212,858	208,003	606,977	730,738	976,941	25,291,240	13,853,375	7,800,946	952,578	4,875,938	20
21	Less: Deficit 37/	339,439	34,937	24,603	43,233	36,459	34,370	9,082	62,113	26,016	69,626	52,903	3,619,542	1,912,701	98,937	337,951	1,424,580	21
22	Total liabilities 35/	25,028,819	2,641,856	7,980,729	2,365,495	1,807,034	4,373,557	573,609	752,608	2,161,126	2,372,805	2,931,898	298,623,964	195,026,340	171,808,432	10,243,886	11,507,530	22
	Receipts:																	
23	Gross sales 7/	66,298,402	13,310,992	15,598,454	5,040,357	2,802,939	16,936,430	1,489,909	1,914,009	4,427,657	4,677,655	7,200,668	145,272	100,716	-	85,470	15,246	23
24	Gross receipts from operations 8/	740,846	52,266	59,128	58,347	43,587	828,615	10,443	55,910	38,679	93,871	148,158	7,753,106	1,595,558	637,307	794,275	53,872	24
	Interest on Government obligations (less amortizable bond premium):																	
25	Wholly taxable 9/	11,093	567	5,898	1,151	704	1,112	114	238	380	729	736	1,328,996	853,319	827,715	4,602	14,383	25
26	Subject to surtax only 10/	301	16	167	11	19	38	-	12	13	25	96	170,771	160,421	158,796	114	514	26
27	Wholly tax-exempt 11/	300	65	72	16	32	34	2	24	40	15	38	209,584	150,159	145,512	403	1,798	27
28	Other interest	65,439	2,443	22,684	2,457	6,025	18,883	823	508	5,354	6,282	4,819	4,088,996	2,554,118	2,073,869	380,431	89,724	28
29	Rents 12/	158,937	10,298	65,756	26,612	5,645	17,209	5,349	8,202	6,970	12,896	18,197	2,220,424	136,819	116,393	3,440	14,636	29
30	Royalties 13/	2,952	635	471	62	75	404	97	181	601	426	1,025	197,461	65,970	2,073	145	63,641	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	2,183	299	29	40	127	1,307	10	113	115	149	323	12,147	7,813	3,107	533	3,480	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	38,133	5,189	5,036	2,072	1,679	11,599	800	1,667	5,578	4,219	7,332	333,958	210,408	58,299	10,693	131,564	32
33	Net gain, sales other than capital assets 15/	7,020	436	328	391	547	2,846	160	657	1,074	1,081	999	436,715	66,721	3,314	2,473	3,174	33
34	Dividends, domestic corporations 16/	39,362	3,396	12,343	7,024	1,272	4,659	3,781	1,478	2,541	2,868	6,047	989,935	691,175	16,885	14,812	648,722	34
35	Dividends, foreign corporations 17/	10,056	1,969	7,889	2	4	24	24	50	5	89	207	53,958	49,918	344	3,489	45,926	35
36	Other receipts	678,610	26,552	176,418	86,232	129,650	105,186	13,776	14,123	54,347	72,326	63,124	291,694	128,752	42,027	35,578	42,645	36
37	Total compiled receipts 18/	68,053,634	13,415,117	15,956,007	5,224,774	3,092,305	17,427,786	1,525,288	1,997,172	4,543,554	4,872,631	7,451,769	18,233,017	6,771,867	4,085,641	1,336,458	1,129,325	37
	Deductions:																	
38	Cost of goods sold 19/	48,835,894	10,763,857	10,232,759	3,298,235	1,892,523	13,846,062	1,014,917	1,060,163	3,396,612	3,330,766	5,708,954	108,541	81,704	-	68,875	12,829	38
39	Cost of operations 19/	411,676	33,909	16,230	26,110	13,900	214,497	3,267	29,342	24,032	50,389	57,233	28,296	24,054	-	-	24,054	39
40	Compensation of officers	1,323,217	83,106	120,873	154,316	124,649	402,327	38,942	73,473	148,151	177,380	153,447	26/920,237	538,284	409,219	61,534	23,941	40
41	Rent paid on business property	1,127,755	118,319	300,244	261,010	70,703	118,416	51,638	92,128	25,034	90,263	67,142	270,604	87,250	52,709	24,178	3,536	41
42	Repairs 20/	219,432	43,262	61,594	13,709	8,379	34,174	6,345	21,617	12,445	17,907	21,433	159,147	26,818	22,490	2,890	927	42
43	Bad debts	127,655	4,802	26,543	14,141	18,664	25,174	509	757	16,894	20,171	14,473	269,943	251,995	181,750	53,611	15,812	43
44	Interest paid	134,609	13,166	28,807	10,065	13,128	31,316	3,874	6,235	13,288	14,930	16,444	1,083,564	639,501	358,572	200,413	69,628	44
45	Taxes paid 21/	695,248	95,232	224,194	58,452	36,267	111,709	20,837	42,358	46,244	59,955	74,067	862,395	205,176	155,254	28,354	14,416	45
46	Contributions or gifts 22/	34,572	4,596	10,562	3,883	2,273	7,120	640	675	2,551	2,272	2,895	23,762	14,696	10,577	1,671	2,141	46
47	Depreciation	532,525	91,088	121,923	49,525	21,977	93,814	15,722	45,476	39,296	53,704	58,402	565,376	100,967	76,745	11,317	10,525	47
48	Depletion	1,260	15	28	7	6	90	144	8	933	29	439	44,074	10,304	174	27	9,751	48
49	Amortization 23/	1,192	52	91	164	85	346	38	118	42	256	171	404	56	-	21	35	49
50	Advertising	946,224	72,971	355,665	135,236	87,171	164,077	20,230	15,820	27,159	67,895	62,670	115,836	71,493	46,508	21,368	668	50
51	Amounts contributed under pension plans, etc. 24/	103,839	17,703	67,811	4,861	1,417	4,380	1,833	1,127	1,639	3,088	7,601	91,796	66,851	56,512	6,691	1,536	51
52	Net loss, sales other than capital assets 15/	11,284	1,284	3,368	775	540	2,206	249	922	698	1,242	2,299	57,524	19,419	13,626	2,125	3,311	52
53	Other deductions	10,333,848	1,751,726	3,148,463	1,006,145	662,354	1,532,167	297,846	576,159	535,143	825,845	921,169	7,782,931	2,028,493	1,354,617	457,816	114,709	53
54	Total compiled deductions	64,840,230	13,095,088	14,717,155	5,036,634	2,954,036	16,587,855	1,476,831	1,966,378	4,290,161	4,716,092	7,168,839	27/12,384,430	4,167,061	2,738,753	940,091	307,819	54
55	Compiled net profit or net loss (37 less 54)	3,213,404	320,029	1,237,852	188,140	138,269	839,931	48,457	30,794	253,393	156,539	282,930	5,848,587	2,604,806	1,346,888	395,567	821,506	55
56	Net income or deficit 2/ (55 less 27)	3,213,104	319,964	1,237,780	188,124	138,237	839,897	48,455	30,770	253,353	156,524	282,892	5,639,003	2,454,647	1,201,376	395,164	819,708	56
57	Net operating loss deduction 25/	25,801	1,567	2,056	3,353	3,598	4,624	609	3,212	2,183	4,399	4,139	37,524	10,543	1,895	5,684	1,236	57
58	Income tax 3/	1,238,769	132,071	508,955	70,797	48,824	301,754	17,366	17,468	84,691	56,841	105,234	1,187,677	660,544	405,604	154,109	90,420	58
59	Excess profits tax 4/	89,938	9,650	42,474	1,691	1,838	24,403	523	650	5,717	2,992	7,042	40,367	21,744	14,763	5,623	661	59
60	Total tax	1,328,707	141,721	551,429	72,488	50,662	326,157	17,891	18,118	90,408	59,833	112,276	1,228,044	682,288	420,367	159,732	91,081	60
61	Compiled net profit less total tax (55 less 60)	1,884,697	178,308	686,423	115,652	87,607	513,774	30,566	12,676	162,985	96,706	170,654	4,620,543	1,922,518	926,521	235,835	730,425	61
	Dividends paid:																	
62	Cash and assets other than own stock	614,566	65,197	301,956	41,342	15,418	100,762	13,931	12,467	37,011	26,464	45,215	1,748,471	1,251,188	408,288	107,817	726,617	62
63	Corporation's own stock	86,007	12,478	6,556	7,391	4,324	38,104	1,307	1,335	9,279	5,284	8,727	114,429	74,973	51,776	6,284	16,089	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART I. - ALL RETURNS WITH BALANCE SHEETS - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued: Finance, insurance, real estate, and lessors of real property - Continued						Services									
		Finance - Continued	Insurance carriers and agents														
		Security and commodity-exchange brokers and dealers	Total insurance carriers and agents	Insurance carriers	Insurance agents and brokers	Real estate, except lessors of real property other than buildings	Lessors of real property, except buildings	Total services	Hotels and other lodging places	Personal services	Business services	Automotive repair services and garages	Miscellaneous repair services, hand trades	Motion pictures	Amusement, except motion pictures	Other services, including schools	Nature of business not allocable
1	Number of returns with balance sheets 30/	1,440	9,171	2,190	6,981	103,872	4,401	47,634	5,566	10,414	10,071	3,053	2,300	5,400	4,004	5,136	4,098
	Assets:																
2	Cash 31/	117,462	2,522,024	2,355,471	166,553	1,014,661	90,067	913,180	133,455	77,390	243,721	29,417	14,617	249,349	65,819	79,412	35,636
3	Notes and accounts receivable	316,581	590,904	208,876	388,028	1,646,819	94,702	1,024,505	95,839	114,362	408,462	40,107	41,234	171,544	37,076	115,051	75,336
4	Less: Reserve for bad debts	564	5,574	2,313	3,261	14,161	920	28,844	2,061	2,525	7,081	621	799	9,618	665	5,404	1,671
5	Inventories	2,343	5,470	5,470	-	82	-	570,117	54,412	72,843	53,505	19,044	28,682	309,270	10,017	22,254	16,316
6	Investments, Government obligations 32/	443,262	21,193,894	21,176,148	17,746	320,292	94,210	222,225	26,788	16,772	51,450	3,558	6,895	64,677	25,300	26,785	12,557
7	Other investments 33/	518,849	51,478,784	51,376,451	102,333	2,703,556	211,846	1,048,494	148,004	57,320	313,664	17,143	3,333	478,866	41,751	38,213	71,485
8	Gross capital assets 34/ (except land)	57,124	697,703	606,226	91,477	13,306,679	3,420,009	5,551,061	1,846,303	770,918	703,532	274,161	51,533	1,231,344	444,209	229,061	132,943
9	Less: Reserves	27,894	47,039	28,560	18,479	3,523,326	427,451	2,204,300	765,710	337,095	264,341	94,677	20,114	555,257	161,266	86,930	24,685
10	Land	15,000	25,305	18,801	6,504	4,153,893	244,017	737,324	306,293	43,979	22,886	44,633	2,743	226,031	69,346	20,413	23,916
11	Other assets	25,229	3,046,989	3,001,260	45,729	624,937	142,292	290,821	60,627	41,122	67,430	13,265	3,684	50,437	26,686	18,550	17,229
12	Total assets 35/	1,466,492	79,514,460	78,717,830	796,630	20,213,432	3,869,732	8,052,583	1,913,960	855,106	1,593,518	346,050	131,808	2,174,643	570,273	459,225	359,061
	Liabilities:																
13	Accounts payable	361,312	400,028	6,745	402,283	1,203,906	103,055	612,898	118,396	87,753	255,692	34,065	20,645	176,811	47,811	63,525	87,578
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	422,796	64,681	42,209	22,472	1,210,066	33,858	439,303	105,579	49,996	64,307	41,392	8,313	110,900	31,479	27,247	19,865
15	Maturity 1 year or more	210,865	46,558	17,939	28,619	10,007,424	1,624,976	1,716,877	662,532	119,366	187,336	67,510	11,557	465,969	112,727	49,880	51,096
16	Other liabilities	87,198	71,023,137	70,956,670	66,467	1,141,432	153,040	788,321	122,875	66,799	281,627	24,370	18,900	158,875	58,754	58,171	30,734
17	Capital stock, preferred	38,846	40,108	21,154	18,954	352,689	145,310	254,374	76,190	31,702	49,193	11,923	1,656	48,691	13,830	21,109	18,136
18	Capital stock, common	102,002	1,210,115	1,102,684	107,431	3,439,116	1,372,880	1,579,400	333,659	233,873	293,058	59,389	31,388	337,362	173,530	117,270	107,767
19	Surplus reserves	70,793	29,531	11,214	18,317	221,704	33,906	246,506	33,943	8,297	94,161	3,280	1,630	73,348	9,653	24,284	8,876
20	Surplus and undivided profits 36/	223,913	6,962,737	6,815,159	147,578	3,760,214	714,914	2,676,761	547,226	301,702	450,697	98,263	37,888	901,000	107,659	154,326	105,534
21	Less: Deficit 37/	51,233	271,435	255,944	15,491	1,123,199	312,207	462,035	106,440	42,382	82,843	12,142	8,169	98,313	55,179	56,567	128,325
22	Total liabilities 35/	1,466,492	79,514,460	78,717,830	796,630	20,213,432	3,869,732	8,052,583	1,913,960	855,106	1,593,518	346,050	131,808	2,174,643	570,273	459,225	359,061
	Receipts:																
23	Gross sales 7/	-	17,151	17,151	-	27,405	-	1,363,093	488,361	316,445	181,794	99,461	98,919	79,018	62,952	60,043	64,642
24	Gross receipts from operations 8/	110,104	5,001,193	4,568,279	432,914	1,156,355	-	7,401,503	854,204	1,172,234	2,131,940	277,355	195,536	1,720,590	532,574	617,160	28,997
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	6,619	458,980	458,510	470	12,524	4,173	5,312	1,174	309	1,457	105	74	1,201	423	569	261
26	Subject to surtax only 10/	997	9,876	9,859	17	366	100	110	15	11	48	4	-	7	7	18	12
27	Wholly tax-exempt 11/	2,446	58,560	58,530	30	601	174	163	5	15	61	3	-	9	3	67	45
28	Other interest	10,094	1,483,912	1,481,951	1,961	48,337	2,629	13,257	2,580	550	3,606	420	44	3,328	1,030	1,699	798
29	Rents 12/	2,350	143,771	141,290	2,481	1,795,961	143,073	217,261	122,580	4,112	16,854	16,489	536	41,702	8,834	4,174	3,471
30	Royalties 13/	111	356	289	67	4,637	126,498	15,781	327	490	5,869	78	67	5,815	2,331	804	403
31	Excess of net short-term capital gain over net long-term capital loss 14/	698	714	676	38	3,350	270	1,304	184	31	177	718	23	45	118	13	70
32	Excess of net long-term capital gain over net short-term capital loss 14/	9,862	25,398	24,292	1,106	90,631	7,521	38,003	6,713	2,229	9,037	6,668	511	10,780	1,902	1,163	5,718
33	Net gain, sales other than capital assets 15/	57,760	2,037	1,707	250	366,829	1,128	5,818	655	573	556	842	66	1,871	1,015	240	852
34	Dividends, domestic corporations 16/	10,756	266,073	260,498	5,575	29,649	3,038	30,857	5,462	1,298	9,254	230	16	12,461	896	1,220	977
35	Dividends, foreign corporations 17/	159	2,818	2,301	517	1,182	40	6,657	176	12	1,249	-	-	5,097	27	96	17
36	Other receipts	8,502	29,796	13,652	16,144	116,753	14,393	139,632	16,046	8,556	30,686	4,679	1,672	44,862	14,660	15,651	3,667
37	Total compiled receipts 18/	220,443	7,500,636	7,039,065	461,570	3,656,670	303,045	9,349,741	1,501,202	1,505,866	2,393,563	407,052	295,464	1,926,906	626,772	702,917	110,015
	Deductions:																
38	Cost of goods sold 19/	-	12,841	12,841	-	13,998	-	796,926	264,775	162,184	124,661	64,318	62,637	40,229	32,696	36,806	46,414
39	Cost of operations 19/	-	-	-	-	4,242	-	4,030,926	311,072	651,243	1,234,739	130,904	124,466	1,026,865	274,156	277,701	17,674
40	Compensation of officers	43,590	20/120,462	20/21,856	98,606	255,050	6,441	430,290	31,826	93,465	146,166	23,273	17,479	37,862	26,999	54,590	6,417
41	Rent paid on business property	6,627	59,084	42,543	16,541	116,903	5,207	324,338	66,721	42,286	43,061	31,628	5,216	91,733	23,736	20,619	1,963
42	Repairs 20/	511	2,508	1,746	762	127,638	2,163	125,871	55,506	10,426	12,585	5,462	1,192	17,223	10,111	5,346	1,063
43	Bad debts	822	8,267	5,768	2,499	9,413	266	18,626	2,880	3,398	4,801	940	716	2,466	997	2,758	731
44	Interest paid	10,898	9,561	7,725	1,836	395,662	38,620	77,006	30,945	6,646	6,825	4,482	699	19,187	5,376	2,846	1,675
45	Taxes paid 21/	7,162	173,521	164,936	8,585	452,675	31,023	232,770	68,021	34,204	30,343	10,821	5,240	46,498	24,703	12,046	2,966
46	Contributions or gifts 22/	307	2,328	1,500	828	6,512	226	7,265	1,476	1,135	1,427	266	63	1,243	1,247	366	60
47	Depreciation	2,300	42,427	36,678	5,749	408,846	13,136	342,570	63,492	51,550	63,202	34,280	4,001	62,619	28,668	13,848	4,080
48	Depletion	352	145	124	21	747	32,803	673	254	190	67	15	2	6	105	34	125
49	Amortization 23/	-	29	29	-	315	4	1,920	84	60	15	19	5	1,430	116	163	32
50	Advertising	2,949	16,939	10,826	6,113	27,332	72	157,596	26,403	24,135	15,647	3,500	2,745	54,598	14,563	15,614	911
51	Amounts contributed under pension plans, etc. 24/	2,112	21,508	19,032	2,476	3,033	404	33,303	718	1,550	19,003	164	308	7,480	581	3,363	182
52	Net loss, sales other than capital assets 15/	357	1,124	814	310	34,962	1,989	7,370	2,225	889	1,120	204	143	595	1,002	1,112	870
53	Other deductions	101,361	4,633,362	4,375,887	257,475	1,008,125	32,961	2,194,129	457,059	356,565	526,732	60,131	46,615	379,114	140,599	219,374	21,100
54	Total compiled deductions	179,598	27/5,104,106	27/4,702,276	401,830	2,947,576	165,687	8,781,562	1,402,877	1,447,894	2,230,723	378,677	272,654	1,797,088	584,784	666,695	101,514
55	Compiled net profit or net loss (37 less 54)	40,845	2,396,529	2,336,789	59,740	709,094	138,158	568,149	98,405	57,971	162,860	28,375	12,810	129,718	41,988	36,022	8,501
56	Net income or deficit 2/ (55 less 27)	38,399	2,337,969	2,278,259	59,710	708,403	137,984	567,996	98,400	57,956	162,799	28,372	12,810	129,709	41,986	35,966	8,456
57	Net operating loss deduction 26/	1,728	3,122	2,426	696	22,778	1,081	14,986	2,318	1,903	2,731	752	503	3,166	1,858	1,677	2,326
58	Income tax 3/	10,411	236,753	217,747	19,006	235,653	54,727	226,183	39,219	21,544	61,326	9,755	5,596	51,341	21,653	16,299	4,180
59	Excess profits tax 4/	697	7,864	6,923	941	9,287	1,472	9,551	1,344	753	4,007	356	303	763	786	1,200	137
60	Total tax	11,108	244,617	224,670	19,947	244,940	56,199	235,734	40,563	22,297	65,333	9,601	5,899	52,104	22,439	17,499	4,317
61	Compiled net profit less total tax (55 less 60)	29,737	2,151,912	2,112,119	39,793	464,154	81,959	332,415	57,842	35,674	97,527	18,774	6,911	77,614	19,550	18,523	4,184
	Dividends paid:																
62	Cash and assets other than own stock	8,466	253,769	232,455	21,314	158,661	84,633	170,366	25,591	14,767	43,262	3,566	2,479	56,533	16,534	8,614	4,274
63	Corporation's own stock	824	25,804	24,628	1,176	11,954	1,690	14,583	2,952	1,094	2,166	3,175	166	1,221	2,277	1,404	112

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART II. - RETURNS WITH NET INCOME 2/

(Money figures in thousands of dollars)

		Major industrial groups 5/															
			Agriculture, forestry, and fishery				Mining and quarrying							Manufacturing			
		All industrial groups	Total agriculture, forestry, and fishery	Farms and agricultural services	Forestry	Fishery	Total mining and quarrying	Metal mining	Anthracite mining	Bituminous coal and lignite mining	Crude petroleum and natural gas production	Nonmetallic mining and quarrying	Construction	Total manufacturing	Beverages	Food and kindred products	
1	Number of returns with balance sheets 30/	400,914	4,522	4,169	173	180	4,695	197	97	1,023	2,185	1,193	16,905	76,860	1,723	6,888	1
	Assets:																
2	Cash 31/	69,316,127	160,641	149,203	9,312	2,126	932,518	227,701	25,869	194,823	381,296	102,829	600,027	13,002,739	245,517	923,904	2
3	Notes and accounts receivable	106,384,908	182,543	168,191	10,728	3,624	1,187,199	251,874	36,312	260,366	522,875	115,772	2,255,739	21,272,023	377,721	1,564,555	3
4	Less: Reserve for bad debts	1,536,307	1,623	1,517	87	19	9,082	896	862	2,574	2,385	2,365	13,278	437,392	7,277	32,884	4
5	Inventories	51,593,191	291,908	281,596	7,877	2,435	585,052	150,707	22,721	96,677	250,965	63,982	485,728	31,594,060	1,012,530	2,941,337	5
6	Investments, Government obligations 32/	108,648,949	135,467	126,348	6,617	2,502	870,981	336,154	27,652	149,893	300,953	56,329	124,156	12,136,561	129,453	403,185	6
7	Other investments 33/	93,968,764	157,091	148,960	4,065	4,066	1,165,474	235,592	121,407	198,870	557,824	71,781	323,556	12,055,396	333,287	720,726	7
8	Gross capital assets 34/ (except land)	192,817,492	1,211,123	1,156,114	36,615	18,394	8,362,018	1,496,316	435,838	1,657,310	4,083,249	689,305	1,310,743	78,010,862	1,478,560	5,678,293	8
9	Less: Reserves	69,408,469	495,552	476,385	13,264	5,903	4,065,337	927,097	213,950	756,384	1,843,500	324,406	570,863	35,603,089	463,907	2,270,081	9
10	Land	8,388,105	280,420	266,808	12,445	1,167	90,062	8,099	3,171	15,797	39,364	23,631	70,253	1,996,934	55,374	242,703	10
11	Other assets	11,720,118	44,229	41,807	1,417	1,005	215,297	66,280	21,520	35,376	72,330	19,791	153,701	2,369,682	96,533	214,572	11
12	Total assets 35/	571,892,878	1,966,247	1,861,125	75,725	29,397	9,354,182	1,844,730	479,678	1,850,154	4,362,971	816,649	4,739,762	136,397,776	3,257,791	10,386,310	12
	Liabilities:																
13	Accounts payable	27,877,077	247,041	230,462	13,875	2,704	681,618	98,917	32,719	126,980	376,360	46,642	877,797	12,155,223	401,668	784,645	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	13,659,708	113,245	111,310	662	1,273	165,772	21,723	5,473	24,539	93,308	20,729	280,961	4,003,720	102,737	706,272	14
15	Maturity 1 year or more	56,807,721	175,478	154,200	17,613	3,665	1,236,058	52,546	78,956	225,504	820,523	58,529	284,682	11,287,132	444,232	1,062,822	15
16	Other liabilities	257,834,659	125,707	110,210	14,304	1,193	698,983	193,723	21,276	131,679	292,512	59,793	1,046,287	14,283,335	263,825	760,620	16
17	Capital stock, preferred	13,774,754	34,580	32,681	1,723	176	234,529	47,340	10,557	46,943	95,971	33,718	68,436	6,341,729	139,598	697,331	17
18	Capital stock, common	72,635,231	628,687	593,895	27,326	7,466	1,919,538	433,790	126,879	383,527	785,582	189,760	658,346	27,356,614	354,433	2,065,578	18
19	Surplus reserves	11,757,441	115,208	113,650	483	1,075	308,327	57,834	14,299	72,867	118,411	44,916	104,419	6,250,219	84,961	425,077	19
20	Surplus and undivided profits 36/	120,442,610	581,573	547,334	21,422	12,817	4,314,227	973,468	203,193	858,514	1,905,406	373,646	1,437,438	55,117,884	1,475,037	3,913,265	20
21	Less: Deficit 37/	2,896,323	55,272	32,617	21,663	972	204,870	34,611	13,674	20,399	125,102	11,084	18,604	398,080	8,700	29,300	21
22	Total liabilities 35/	571,892,878	1,966,247	1,861,125	75,725	29,397	9,354,182	1,844,730	479,678	1,850,154	4,362,971	816,649	4,739,762	136,397,776	3,257,791	10,386,310	22
	Receipts:																
23	Gross sales 7/	350,857,683	1,385,799	1,348,456	18,832	18,511	6,262,443	1,146,891	301,461	1,764,278	2,301,900	747,913	451,195	201,528,569	5,051,881	27,060,150	23
24	Gross receipts from operations 8/	58,449,687	337,582	319,202	5,124	13,256	992,075	32,029	56,185	213,955	624,139	65,767	9,113,380	3,388,825	13,821	126,815	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	1,516,530	1,944	1,816	81	47	9,650	3,774	371	2,079	2,739	687	1,977	139,075	1,828	5,285	25
26	Subject to surtax only 10/	174,073	172	166	6	-	175	24	23	58	35	35	41	2,592	32	158	26
27	Wholly tax-exempt 11/	214,433	140	138	1	1	431	106	1	84	211	29	249	3,744	114	387	27
28	Other interest	4,465,587	3,336	3,174	112	50	12,954	2,994	969	1,959	5,743	1,289	4,233	168,918	3,088	14,726	28
29	Rents 12/	3,011,102	13,900	13,544	265	91	29,885	3,996	5,798	10,109	7,652	2,330	21,525	266,563	2,953	17,990	29
30	Royalties 13/	426,999	5,109	5,034	75	-	46,225	1,984	5,366	12,796	24,876	1,203	1,458	151,174	1,205	6,372	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	28,389	479	412	64	3	982	268	1	51	650	12	393	6,079	278	1,095	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	997,670	30,089	19,660	10,237	192	51,727	3,330	797	10,461	32,677	4,462	21,116	374,059	4,073	22,480	32
33	Net gain, sales other than capital assets 15/	441,177	2,294	1,898	392	4	2,851	56	25	560	1,965	245	2,196	11,210	305	1,252	33
34	Dividends, domestic corporations 16/	2,415,324	44,520	44,437	42	41	96,109	25,873	10,271	9,801	49,055	1,109	11,760	915,474	5,460	24,229	34
35	Dividends, foreign corporations 17/	637,346	3,154	3,151	3	-	3,896	2,195	-	17	1,646	38	4,380	478,692	2,996	37,060	35
36	Other receipts	2,642,631	21,445	20,509	680	256	61,389	8,465	648	9,720	37,316	5,240	109,324	829,772	28,563	82,649	36
37	Total compiled receipts 18/	426,278,631	1,849,963	1,781,597	35,914	32,452	7,570,792	1,231,985	381,916	2,035,928	3,090,604	830,359	9,743,227	208,264,746	5,116,597	27,400,648	37
	Deductions:																
38	Cost of goods sold 19/	265,505,649	951,754	922,922	15,198	13,634	3,854,213	666,116	257,308	1,318,076	1,180,099	432,614	353,553	146,969,223	3,231,961	22,090,665	38
39	Cost of operations 19/	32,249,777	149,845	141,586	1,942	6,317	618,632	21,503	35,600	146,848	378,271	36,410	7,412,245	1,869,956	4,948	53,610	39
40	Compensation of officers	26/6,641,083	39,406	37,541	656	1,209	78,408	5,542	2,245	19,942	28,299	22,380	329,657	2,426,966	40,551	191,892	40
41	Rent paid on business property	3,340,677	27,986	27,786	40	160	30,628	2,706	2,010	8,179	13,748	3,985	32,690	752,745	9,896	73,135	41
42	Repairs 20/	3,497,749	29,451	28,369	97	985	98,424	10,754	10,797	39,199	13,699	23,975	44,493	2,735,923	34,470	210,740	42
43	Bad debts	652,217	1,603	1,560	22	21	3,633	480	160	867	1,154	972	8,177	147,322	1,789	14,851	43
44	Interest paid	2,776,690	12,338	11,604	541	193	48,247	3,057	2,913	8,851	29,741	3,685	19,884	565,118	19,976	64,549	44
45	Taxes paid 21/	8,324,657	28,202	26,538	1,068	596	228,857	44,261	10,160	42,642	113,529	18,265	98,268	3,990,208	600,384	287,267	45
46	Contributions or gifts 22/	247,569	807	783	7	17	3,231	221	229	680	1,497	604	5,416	130,209	3,001	9,635	46
47	Depreciation	7,076,578	51,267	49,625	543	1,099	298,073	31,034	8,995	67,718	153,899	36,427	141,723	3,232,155	70,813	271,257	47
48	Depletion	1,634,087	2,155	1,346	809	-	548,300	116,723	8,647	56,925	338,551	27,454	1,163	989,029	814	1,323	48
49	Amortization 23/	40,762	102	101	1	-	2,467	86	4	11	2,247	119	82	16,534	2	848	49
50	Advertising	3,767,200	9,129	9,024	49	56	6,682	144	842	1,453	2,159	2,084	22,472	2,173,002	160,491	412,329	50
51	Amounts contributed under pension plans, etc. 24/	1,616,972	2,483	2,438	23	22	26,403	3,780	492	8,190	12,875	1,066	11,551	1,028,586	11,838	47,235	51
52	Net loss, sales other than capital assets 15/	92,134	523	476	21	26	4,166	226	35	1,926	1,577	402	1,584	34,140	1,576	3,755	52
53	Other deductions	44,896,018	232,784	224,528	2,457	5,799	558,015	37,690	15,517	137,105	287,708	79,995	632,215	17,135,100	434,957	2,248,352	53
54	Total compiled deductions	27/382,359,819	1,539,835	1,486,227	23,474	30,134	6,408,379	944,323	355,954	1,858,612	2,559,053	690,437	9,115,173	184,196,216	4,627,467	25,981,443	54
55	Compiled net profit (37 less 54)	43,918,812	310,128	295,370	12,440	2,318	1,162,413	287,662	25,962	177,316	531,551	139,922	628,054	24,068,530	489,130	1,419,205	55
56	Net income 2/ (55 less 27)	43,704,379	309,988	295,232	12,439	2,317	1,161,982	287,556	25,961	177,232	531,340	139,893	627,805	24,064,786	489,016	1,418,818	56
57	Net operating loss deduction 25/	332,432	6,741	6,238	221	282	9,086	679	172	1,652	5,466	1,117	10,727	145,344	4,453	14,016	57
58	Income tax 3/	15,789,124	94,195	90,101	3,468	626	425,920	105,195	6,886	66,463	193,251	54,125	220,614	9,506,629	194,779	564,434	58
59	Excess profits tax 4/	1,378,526	5,159	5,125	14	20	16,766	3,444	130	1,790	6,487	4,915	17,186	1,068,100	8,796	36,787	59
60	Total tax	17,167,650	99,354	95,226	3,482	646	442,686	108,639	7,016	68,253	199,738	59,040	237,800	10,574,729	203,575	601,221	60
61	Compiled net profit less total tax (55 less 60)	26,751,162	210,774	200,144	8,958	1,672	719,727	179,023	18,946	109,063	331,813	80,882	390,254	13,493,801	285,555	817,984	61
	Dividends paid:																
62	Cash and assets other than own stock	11,384,344	104,822	102,034	2,542	246	539,258	157,411	14,669	61,935	262,779	42,464	80,040	6,006,930	107,978	357,413	62
63	Corporation's own stock	1,275,934	4,573	4,573	-	-	7,608	-	45	3,556	2,459	1,548	26,266	794,725	4,834	46,934	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART II. - RETURNS WITH NET INCOME 2/ - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Manufacturing - Continued															
		Tobacco manufactures	Textile-mill products	Apparel and products made from fabrics	Lumber and wood products, except furniture	Furniture and fixtures	Paper and allied products	Printing, publishing, and allied industries	Chemicals and allied products	Petroleum and coal products	Rubber products	Leather and products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products, except ordnance, machinery, and transportation equipment	Machinery, except transportation equipment and electrical	
1	Number of returns with balance sheets 30/	122	4,289	8,351	4,069	3,065	2,119	8,575	4,723	494	531	1,802	3,011	2,343	7,297	6,949	1
	Assets:																
2	Cash 31/	101,517	749,441	280,880	328,834	129,848	501,406	514,475	1,304,248	1,297,735	223,100	108,543	423,957	1,428,781	744,983	1,229,058	2
3	Notes and accounts receivable	484,987	1,335,137	732,564	495,608	312,866	672,690	843,565	1,677,266	2,453,114	562,055	317,575	542,774	1,645,456	1,160,665	2,115,992	3
4	Less: Reserve for bad debts	2,820	25,274	17,320	8,658	8,746	16,207	26,422	46,617	33,198	12,783	7,189	12,337	35,769	26,613	52,621	4
5	Inventories	1,634,057	2,427,030	1,320,642	684,977	438,722	756,245	532,975	2,385,492	2,044,495	540,881	546,982	600,707	2,383,816	1,617,717	3,452,541	5
6	Investments, Government obligations 32/	13,349	429,568	60,788	194,802	51,092	459,556	289,573	1,343,460	1,195,170	180,702	40,976	381,932	1,563,109	371,241	897,616	6
7	Other investments 33/	61,507	533,468	135,890	205,671	54,522	542,883	542,137	1,445,123	3,353,051	153,746	87,654	198,609	780,197	310,932	675,551	7
8	Gross capital assets 34/ (except land)	290,817	4,306,580	509,046	1,805,701	516,489	3,490,930	2,307,244	7,640,794	17,027,026	1,235,690	349,876	2,540,329	11,379,207	2,929,394	4,966,931	8
9	Less: Reserves	123,909	1,833,489	208,354	660,495	216,161	1,429,680	788,453	3,338,208	8,542,636	652,172	169,418	1,124,992	6,034,980	1,232,279	2,161,819	9
10	Land	9,237	73,874	21,218	68,679	20,625	78,649	116,761	204,430	347,641	19,252	12,720	69,434	165,976	111,869	140,437	10
11	Other assets	14,695	122,715	50,892	92,059	25,395	156,361	141,774	219,770	197,587	16,665	25,001	64,820	182,408	114,072	177,398	11
12	Total assets 35/	2,483,437	8,119,050	2,886,246	3,207,228	1,324,652	5,212,833	4,473,629	12,835,758	19,339,985	2,267,136	1,312,720	3,685,233	13,458,201	6,101,981	11,441,084	12
	Liabilities:																
13	Accounts payable	59,083	605,707	534,182	234,204	149,081	302,476	429,128	923,980	1,674,210	214,912	166,535	225,391	1,392,422	572,051	1,120,265	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	302,559	373,112	271,463	126,961	59,056	85,962	107,514	247,831	205,571	15,485	85,124	46,953	91,093	157,607	202,145	14
15	Maturity 1 year or more	599,455	489,755	162,583	190,165	78,372	526,013	349,103	1,038,629	2,281,656	359,846	68,174	258,956	1,294,657	324,068	712,152	15
16	Other liabilities	167,925	654,280	255,140	331,619	150,049	506,283	521,841	1,550,535	783,792	265,473	112,924	401,580	1,551,527	644,722	1,203,636	16
17	Capital stock, preferred	225,248	407,596	133,050	59,582	41,448	337,112	254,050	818,985	301,718	197,334	69,636	131,317	842,847	227,107	553,318	17
18	Capital stock, common	471,302	1,475,251	568,786	789,036	271,778	984,693	756,380	2,363,079	5,430,929	301,168	260,963	911,106	3,001,944	1,242,304	2,408,826	18
19	Surplus reserves	44,592	408,080	53,541	91,330	35,548	197,237	192,740	565,166	956,181	158,072	62,491	166,127	489,659	275,937	700,827	19
20	Surplus and undivided profits 36/	615,410	3,719,176	919,605	1,404,601	547,727	2,283,875	1,907,511	5,345,419	7,758,175	764,119	491,814	1,556,603	4,804,626	2,677,428	4,563,558	20
21	Less: Deficit 37/	2,137	13,907	12,104	20,270	8,407	10,818	44,638	17,866	52,247	9,273	4,941	12,800	10,574	19,243	23,643	21
22	Total liabilities 35/	2,483,437	8,119,050	2,886,246	3,207,228	1,324,652	5,212,833	4,473,629	12,835,758	19,339,985	2,267,136	1,312,720	3,685,233	13,458,201	6,101,981	11,441,084	22
	Receipts:																
23	Gross sales 7/	3,156,137	12,277,963	6,825,117	4,800,583	2,740,765	6,660,276	5,685,181	15,714,886	18,595,338	3,951,268	2,807,263	4,801,389	17,698,206	10,341,893	14,747,875	23
24	Gross receipts from operations 8/	3,073	218,670	280,274	99,835	20,284	11,770	372,757	69,129	534,735	5,941	10,864	24,970	763,984	57,805	286,442	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	167	6,393	1,101	2,554	1,191	5,233	4,228	15,023	10,754	1,849	550	4,058	16,897	4,775	10,750	25
26	Subject to surtax only 10/	47	128	57	65	5	129	325	128	110	15	74	138	130	197	300	26
27	Wholly tax-exempt 11/	44	441	16	114	17	299	203	451	90	11	27	120	80	155	481	27
28	Other interest	865	8,104	1,927	2,742	849	8,178	4,519	14,203	16,917	1,725	895	2,842	32,316	4,624	14,955	28
29	Rents 12/	3,067	15,042	4,136	8,978	1,879	6,687	16,856	15,494	98,430	3,203	1,433	4,885	18,484	11,580	12,987	29
30	Royalties 13/	7	2,648	5,258	4,255	666	3,191	9,132	26,618	25,419	5,033	184	3,266	7,557	3,837	20,369	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	8	1,602	52	369	6	48	276	352	401	175	8	102	117	274	173	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	2,027	23,077	2,230	127,973	2,693	24,075	9,596	21,381	39,345	2,949	1,354	7,447	17,582	12,055	18,720	32
33	Net gain, sales other than capital assets 15/	25	617	267	937	278	339	512	406	3,328	34	54	102	265	501	849	33
34	Dividends, domestic corporations 16/	4,309	20,632	3,566	7,059	1,913	11,808	26,010	162,748	394,611	15,095	1,630	10,658	62,925	18,587	25,454	34
35	Dividends, foreign corporations 17/	144	2,337	333	85	1,505	23,995	7,594	52,773	125,457	30,612	163	23,691	14,978	22,411	27,749	35
36	Other receipts	5,739	58,641	24,216	34,862	14,314	29,793	47,966	48,357	96,283	14,361	14,107	26,562	39,267	52,322	70,064	36
37	Total compiled receipts 18/	3,175,659	12,636,295	7,148,550	5,090,411	2,786,365	6,785,821	6,185,155	16,141,949	19,941,218	4,032,271	2,838,606	4,910,230	18,672,788	10,531,016	15,237,168	37
	Deductions:																
38	Cost of goods sold 19/	2,526,692	9,616,050	5,445,989	3,535,168	2,025,749	4,629,644	3,801,302	10,023,207	13,615,547	2,862,455	2,258,559	3,078,068	13,305,670	7,392,226	9,875,813	38
39	Cost of operations 19/	955	139,456	218,969	69,681	5,932	1,231	185,075	27,545	353,486	474	6,207	15,212	401,817	31,297	28,089	39
40	Compensation of officers	8,990	163,455	205,481	92,303	78,337	94,177	202,334	164,970	32,618	23,978	56,454	86,617	121,748	242,363	255,558	40
41	Rent paid on business property	1,972	33,787	52,111	13,159	14,867	21,733	55,397	48,363	134,319	14,015	14,891	16,065	52,875	37,608	51,777	41
42	Repairs 20/	4,416	125,764	13,183	39,640	16,375	143,815	28,503	253,586	281,516	62,423	15,932	104,451	586,339	133,863	224,523	42
43	Bad debts	271	4,487	5,629	5,631	3,528	3,594	14,337	11,697	22,523	4,511	1,816	4,637	8,173	9,362	9,156	43
44	Interest paid	23,581	35,686	15,949	13,730	5,925	21,134	17,834	42,639	71,787	11,327	5,648	13,151	82,164	20,867	37,533	44
45	Taxes paid 21/	112,300	192,474	73,989	74,727	37,468	108,846	89,312	211,629	421,966	133,570	35,424	79,344	288,679	143,222	250,799	45
46	Contributions or gifts 22/	575	15,952	7,010	3,265	2,550	5,393	7,949	7,358	3,877	1,441	2,611	3,161	9,646	8,175	11,876	46
47	Depreciation	11,757	175,204	33,152	85,323	26,281	134,665	89,823	351,165	535,966	58,263	19,024	112,101	365,670	138,558	269,102	47
48	Depletion	-	24	16	121,196	119	5,257	38	22,848	759,650	30	121	3,128	67,894	167	777	48
49	Amortization 23/	9	90	28	22	14	1,658	20	2,278	1,225	269	63	187	6,767	306	990	49
50	Advertising	98,654	62,501	58,030	11,949	24,817	27,403	36,406	435,476	90,698	38,921	25,680	29,846	38,085	89,599	152,722	50
51	Amounts contributed under pension plans, etc. 24/	6,570	31,363	7,321	6,733	4,382	30,502	30,382	94,093	111,725	14,954	8,181	18,964	182,368	48,432	87,798	51
52	Net loss, sales other than capital assets 15/	130	2,981	578	891	388	1,493	1,073	1,615	4,935	334	607	1,015	1,672	2,567	1,968	52
53	Other deductions	90,570	774,364	687,448	365,966	289,552	550,988	997,950	1,661,149	1,680,388	368,436	217,951	488,345	733,103	979,365	1,905,659	53
54	Total compiled deductions	2,887,442	11,373,638	6,824,883	4,439,384	2,536,284	5,781,533	5,557,735	13,359,618	18,122,226	3,595,401	2,669,169	4,054,292	16,252,870	9,277,977	13,164,140	54
55	Compiled net profit (37 less 54)	288,217	1,262,657	323,667	651,027	250,081	1,004,288	627,420	2,782,331	1,818,992	436,870	169,437	855,938	2,419,918	1,253,039	2,073,028	55
56	Net income 2/ (55 less 27)	288,173	1,262,216	323,651	650,913	250,064	1,003,989	627,217	2,781,880	1,818,902	436,859	169,410	855,818	2,419,838	1,252,884	2,072,547	56
57	Net operating loss deduction 25/	490	7,375	6,433	8,920	4,183	4,472	5,727	7,185	4,979	1,086	2,880	3,081	6,276	10,498	14,496	57
58	Income tax 3/	118,966	505,136	117,695	236,680	96,267	407,063	234,794	1,103,794	601,321	174,382	64,837	345,768	995,238	498,404	834,657	58
59	Excess profits tax 4/	11,019	30,711	6,147	21,860	10,502	40,819	12,703	150,721	13,318	22,131	3,521	46,860	131,810	56,851	78,921	59
60	Total tax	129,985	535,847	123,842	258,540	106,769	447,882	247,497	1,254,515	614,639	196,513	68,358	392,628	1,127,048	555,255	913,578	60
61	Compiled net profit less total tax (55 less 60)	158,232	726,810	199,825	392,487	143,312	556,406	379,923	1,527,816	1,204,353	240,357	101,079	463,310	1,292,870	697,784	1,159,450	61
	Dividends paid:																
62	Cash and assets other than own stock	95,102	252,666	43,525	104,758	43,760	195,774	152,292	772,047	950,382	73,931	38,006	182,016	525,503	240,002	441,139	62
63	Corporation's own stock	7,592	29,698	17,415	85,674	12,218	88,646	21,530	47,340	65,276	13,173	1,337	19,949	108,847	36,442	62,059	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART II. - RETURNS WITH NET INCOME 2/ - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued															
		Manufacturing - Continued						Public utilities					Trade				
														Wholesale			
		Electrical machinery and equipment	Transportation equipment, except motor vehicles	Motor vehicles and equipment, except electrical	Ordnance and accessories	Scientific instruments; photographic equipment; watches, clocks	Other manufacturing	Total public utilities	Transportation	Communication	Electric and gas utilities	Other public utilities	Total trade	Total wholesale	Commission merchants	Other wholesalers	
1	Number of returns with balance sheets 30/	2,102	551	866	37	1,229	5,724	15,233	10,949	2,318	919	1,047	141,842	49,472	6,062	43,410	1
	Assets:																
2	Cash 31/	646,100	331,804	1,013,188	43,501	150,015	281,854	2,968,710	1,862,383	208,486	867,946	29,895	5,267,039	2,276,556	283,019	1,993,537	2
3	Notes and accounts receivable	1,330,980	564,989	1,102,713	22,640	366,464	589,647	2,859,091	1,786,427	243,883	800,004	28,777	13,622,973	7,677,633	732,864	6,944,769	3
4	Less: Reserve for bad debts	20,758	5,227	10,311	1,110	8,905	18,346	38,357	7,075	4,462	26,055	765	407,454	160,855	14,056	146,799	4
5	Inventories	1,825,863	939,584	2,073,878	62,563	524,436	846,590	1,841,818	904,465	170,652	751,180	15,521	16,284,440	7,480,620	158,407	7,322,213	5
6	Investments, Government obligations 32/	623,636	236,168	2,966,450	14,372	176,495	113,868	2,119,283	1,409,273	328,576	370,174	11,260	1,282,639	572,196	60,915	511,281	6
7	Other investments 33/	841,632	211,824	517,442	55,395	106,849	187,300	7,691,044	4,371,977	1,322,802	1,950,197	46,068	3,015,871	1,633,853	218,868	1,414,985	7
8	Gross capital assets 34/ (except land)	2,234,346	1,260,276	4,191,427	108,753	769,887	993,266	73,464,595	33,162,654	12,048,171	27,259,783	993,987	11,233,383	3,499,395	167,295	3,332,100	8
9	Less: Reserves	899,277	674,056	2,004,898	37,787	332,343	403,695	19,083,931	9,889,188	3,416,520	5,593,102	185,121	4,152,304	1,296,658	51,563	1,245,095	9
10	Land	58,788	39,416	76,661	3,028	20,307	39,855	509,184	209,378	19,767	265,843	14,196	1,153,850	282,103	13,459	268,644	10
11	Other assets	106,725	131,796	130,066	2,890	26,005	59,483	3,205,225	2,129,236	443,458	609,905	22,626	1,016,025	370,716	36,205	334,511	11
12	Total assets 35/	6,748,035	3,036,574	10,056,616	274,245	1,799,210	2,689,822	75,536,662	35,939,530	11,364,813	27,255,875	976,444	48,316,462	22,335,559	1,605,413	20,730,146	12
	Liabilities:																
13	Accounts payable	848,110	301,642	780,746	25,596	133,691	275,498	2,458,242	1,713,010	173,353	548,760	23,119	8,310,904	4,957,105	471,314	4,485,791	13
	Bonds, notes, mortgages payable:																
14	Maturity less than 1 year	118,329	74,421	443,710	2,410	45,101	132,304	750,815	294,570	82,619	355,186	16,440	3,524,172	2,171,699	101,338	2,070,361	14
15	Maturity 1 year or more	449,291	104,242	170,921	33,380	109,743	178,917	27,388,725	11,107,073	4,250,832	11,587,217	443,603	3,438,044	1,489,915	105,816	1,384,099	15
16	Other liabilities	995,243	535,298	2,037,991	22,630	269,311	297,091	5,410,630	2,996,180	924,560	1,423,950	65,940	4,336,300	1,824,758	123,908	1,700,850	16
17	Capital stock, preferred	174,005	113,279	411,497	20,500	72,789	112,392	3,938,116	1,137,859	199,697	2,517,227	83,333	1,402,532	563,307	35,789	527,518	17
18	Capital stock, common	1,291,582	473,678	1,009,764	24,842	374,133	525,059	19,873,065	8,363,590	4,302,190	7,012,803	194,482	8,872,574	3,749,129	265,900	3,483,229	18
19	Surplus reserves	411,509	154,908	595,582	26,875	67,308	86,471	1,024,565	546,721	61,909	396,484	19,451	1,265,837	521,211	30,089	491,122	19
20	Surplus and undivided profits 36/	2,473,441	1,331,021	4,610,443	118,505	732,111	1,104,414	15,060,086	10,080,464	1,389,721	3,455,312	134,589	17,397,437	7,180,332	493,365	6,686,967	20
21	Less: Deficit 37/	13,475	51,915	4,028	493	4,977	22,324	367,582	299,937	20,068	41,064	6,513	231,338	121,897	22,106	99,791	21
22	Total liabilities 35/	6,748,035	3,036,574	10,056,616	274,245	1,799,210	2,689,822	75,536,662	35,939,530	11,364,813	27,255,875	976,444	48,316,462	22,335,559	1,605,413	20,730,146	22
	Receipts:																
23	Gross sales 7/	10,153,367	3,397,562	18,026,375	258,171	2,192,689	4,584,234	237,194	172,240	10,595	52,812	1,547	139,683,489	70,593,955	2,933,026	67,660,929	23
24	Gross receipts from operations 8/	56,946	383,018	11,675	309	6,411	29,297	28,962,372	17,149,486	4,381,884	7,257,151	173,851	2,311,448	1,530,260	655,543	874,717	24
	Interest on Government obligations (less amortizable bond premium):																
25	Wholly taxable 9/	7,098	3,474	32,859	202	1,164	1,642	27,679	17,022	4,757	5,739	161	19,324	7,956	948	7,008	25
26	Subject to surtax only 10/	73	20	374	1	26	60	654	609	27	14	4	626	258	30	228	26
27	Wholly tax-exempt 11/	189	315	124	7	26	33	1,801	330	41	1,415	15	658	338	26	312	27
28	Other interest	13,625	7,007	9,792	792	1,792	2,435	100,414	55,248	10,045	34,629	492	111,038	43,211	7,733	35,478	28
29	Rents 12/	7,303	3,351	4,978	108	1,546	5,193	387,782	332,427	27,668	26,402	1,285	209,903	48,633	4,169	44,464	29
30	Royalties 13/	12,500	5,114	4,096	17	2,415	2,015	8,797	5,795	859	2,092	51	18,460	14,848	996	13,852	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	447	58	171	-	9	58	926	671	24	230	1	6,913	4,534	708	3,826	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	14,362	3,298	6,981	79	1,591	8,691	61,556	48,795	4,074	6,727	1,960	89,981	47,805	3,631	44,174	32
33	Net gain, sales other than capital assets 15/	85	67	556	-	50	381	5,849	5,060	502	211	76	9,402	2,687	413	2,274	33
34	Dividends, domestic corporations 16/	51,025	14,215	41,862	1,247	4,882	5,549	240,878	101,161	84,707	52,801	2,209	95,942	50,996	11,166	39,830	34
35	Dividends, foreign corporations 17/	12,195	3,631	76,520	120	8,618	3,725	12,761	2,419	1,436	8,906	-	74,562	64,359	1,643	62,716	35
36	Other receipts	33,702	19,308	52,954	503	11,574	23,665	135,784	95,054	9,378	27,779	3,573	1,118,035	427,781	50,789	376,992	36
37	Total compiled receipts 18/	10,362,917	3,840,438	18,269,317	261,556	2,232,793	4,666,978	30,184,447	17,986,317	4,535,997	7,476,908	185,225	143,749,781	72,837,621	3,670,821	69,166,800	37
	Deductions:																
38	Cost of goods sold 19/	7,144,162	2,701,888	13,110,213	168,656	1,371,025	3,158,514	158,508	113,104	6,833	37,609	962	112,436,716	61,115,954	2,702,997	58,412,957	38
39	Cost of operations 19/	15,360	287,815	6,192	-	1,553	15,052	17,692,524	11,712,981	2,295,418	3,609,900	74,225	1,119,960	721,844	197,634	524,210	39
40	Compensation of officers	93,335	28,217	53,076	2,610	43,661	144,241	233,071	167,583	25,402	35,981	4,105	2,344,700	1,038,540	114,485	924,055	40
41	Rent paid on business property	31,516	14,260	20,715	483	11,309	28,492	737,250	625,214	65,493	44,059	2,484	1,280,568	234,517	19,844	214,673	41
42	Repairs 20/	114,293	56,533	211,064	8,064	29,427	37,003	43,826	32,163	4,561	5,835	1,267	312,907	92,477	2,837	89,640	42
43	Bad debts	6,683	1,386	3,751	137	2,091	7,282	29,821	9,817	12,278	7,618	108	205,044	75,873	4,278	71,595	43
44	Interest paid	23,155	7,302	12,137	1,408	5,510	12,126	921,477	410,956	141,238	353,684	15,599	250,345	118,357	7,561	110,796	44
45	Taxes paid 21/	217,946	64,387	421,169	5,314	65,181	74,811	1,866,534	896,451	297,968	653,945	18,170	1,168,082	458,776	17,340	441,436	45
46	Contributions or gifts 22/	5,114	1,675	12,115	575	3,108	4,147	13,658	4,109	2,655	6,781	113	63,813	26,666	2,188	24,478	46
47	Depreciation	143,575	50,862	193,872	4,505	34,204	57,013	1,863,538	780,948	401,348	664,573	16,669	778,079	250,504	11,535	238,969	47
48	Depletion	8	38	621	292	1	4,667	34,904	14,743	4	20,142	15	18,443	16,784	599	16,185	48
49	Amortization 23/	264	1,053	151	1	132	157	19,335	19,245	76	14	-	1,538	411	36	375	49
50	Advertising	160,822	10,418	83,326	2,551	51,119	71,159	84,647	47,272	21,243	15,881	251	1,249,242	308,745	15,252	293,493	50
51	Amounts contributed under pension plans, etc. 24/	94,528	18,976	134,297	3,680	20,961	13,303	262,043	36,357	142,264	82,992	430	169,535	59,133	5,376	53,757	51
52	Net loss, sales other than capital assets 15/	2,405	479	2,402	22	241	813	19,541	5,022	2,251	12,071	197	11,062	3,435	446	2,989	52
53	Other deductions	876,963	209,215	690,882	18,012	284,436	581,047	1,787,142	947,992	377,795	443,476	17,879	15,795,161	5,430,643	377,943	5,052,700	53
54	Total compiled deductions	8,930,129	3,454,504	14,955,983	216,310	1,923,961	4,209,827	25,767,819	15,823,957	3,796,827	5,994,561	152,474	137,205,195	69,952,659	3,480,351	66,472,308	54
55	Compiled net profit (37 less 54)	1,432,788	385,934	3,313,334	45,246	308,832	457,151	4,416,628	2,162,360	739,170	1,482,347	32,751	6,544,586	2,884,962	190,470	2,694,492	55
56	Net income 2/ (55 less 27)	1,432,599	385,619	3,313,210	45,239	308,806	457,118	4,414,827	2,162,030	739,129	1,480,932	32,736	6,543,928	2,884,624	190,444	2,694,180	56
57	Net operating loss deduction 25/	8,582	16,660	1,567	387	2,236	9,362	40,335	32,768	6,374	876	317	65,364	35,624	3,736	31,888	57
58	Income tax 3/	574,194	148,813	1,370,425	18,303	124,211	176,468	1,716,773	833,368	280,546	591,829	11,008	2,406,953	1,062,950	64,125	998,825	58
59	Excess profits tax 4/	83,907	13,086	251,295	2,783	14,824	18,728	35,551	26,174	1,943	7,352	82	185,709	88,729	4,985	83,744	59
60	Total tax	658,101	161,899	1,621,720	21,086	139,035	195,196	1,752,324	859,562	282,491	599,181	11,090	2,592,662	1,151,679	69,110	1,082,569	60
61	Compiled net profit less total tax (55 less 60)	774,687	224,035	1,691,614	24,160	169,797	261,955	2,664,304	1,302,798	456,679	883,166	21,661	3,951,924	1,733,283	121,360	1,611,923	61
	Dividends paid:																
62	Cash and assets other than own stock	311,410	106,988	847,291	10,072	78,882	75,993	1,625,001	463,619	356,376	790,468	14,538	1,127,935	471,398	32,724	438,674	62
63	Corporation's own stock	29,034	3,620	16,279	-	59,330	17,498	93,092	11,819	2,225	77,048	2,000	223,306	129,186	8,026	121,160	63

For footnotes, see pp. 25-26.

Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART II. - RETURNS WITH NET INCOME 2/ - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued																
		Trade - Continued											Finance, insurance, real estate, and lessors of real property					
		Retail												Finance				
		Total retail	Food	General merchandise	Apparel and accessories	Furniture and house furnishings	Automotive dealers and filling stations	Drug stores	Eating and drinking places	Building materials and hardware	Other retail trade	Trade not allocable	Total finance, insurance, real estate, and lessors of real property	Total finance	Banks and trust companies	Credit agencies other than banks	Holding and other investment companies	
1	Number of returns with balance sheets 30/	82,555	5,020	5,433	10,648	8,035	19,062	3,330	5,896	11,328	13,803	9,815	112,129	28,070	14,088	8,036	4,929	1
	Assets:																	
2	Cash 31/	2,763,419	354,490	891,901	264,782	95,784	702,168	62,325	74,756	151,718	165,495	227,064	45,573,648	42,213,072	40,882,629	745,620	483,592	2
3	Notes and accounts receivable	5,163,835	212,006	1,709,167	445,548	710,341	787,787	48,694	36,224	603,064	611,004	781,505	64,131,510	62,174,474	53,384,640	7,888,787	660,167	3
4	Less: Reserve for bad debts	223,196	4,650	121,426	13,937	23,240	20,132	1,022	250	16,623	21,916	23,403	610,992	593,778	469,178	107,774	16,379	4
5	Inventories	7,852,653	860,779	2,498,432	785,414	553,598	1,348,270	236,043	59,746	830,735	679,636	951,167	18,611	13,085	-	9,912	830	5
6	Investments, Government obligations 32/	676,312	37,515	405,520	49,839	23,395	82,103	6,658	12,208	24,824	34,250	34,131	91,775,068	70,615,363	69,397,525	207,589	745,083	6
7	Other investments 33/	1,241,338	105,573	491,134	140,868	64,359	187,873	23,967	39,819	77,345	110,400	140,680	68,571,584	15,041,508	5,809,107	716,927	8,087,872	7
8	Gross capital assets 34/ (except land)	6,978,253	1,122,911	2,368,013	531,297	221,646	1,105,954	199,532	390,413	465,038	573,449	755,735	14,934,737	1,932,288	1,397,108	115,436	371,688	8
9	Less: Reserves	2,546,128	382,239	905,804	208,551	82,755	319,995	78,816	150,337	190,700	226,931	309,518	3,656,296	356,750	197,492	35,475	100,390	9
10	Land	790,864	86,900	301,297	29,776	26,568	193,893	7,117	35,144	66,016	44,153	80,883	3,678,240	199,057	113,375	15,327	57,272	10
11	Other assets	601,672	94,006	199,560	47,369	28,941	117,692	16,814	22,917	26,561	47,812	43,637	4,494,394	1,126,714	835,135	176,384	99,154	11
12	Total assets 35/	23,299,022	2,487,291	7,837,794	2,072,405	1,618,637	4,185,613	521,312	520,640	2,037,978	2,017,352	2,681,881	288,910,504	192,365,033	171,152,849	9,732,733	10,388,889	12
	Liabilities:																	
13	Accounts payable	2,862,617	487,193	770,149	320,204	209,091	366,075	75,120	67,839	247,849	317,097	491,182	2,536,428	1,287,034	-	724,140	223,329	13
	Bonds, notes, mortgages payable:																	
14	Maturity less than 1 year	1,178,551	106,351	180,200	77,744	148,181	338,803	13,386	23,562	146,621	143,703	173,922	4,536,005	3,574,215	-	3,096,513	223,563	14
15	Maturity 1 year or more	1,746,304	200,279	562,263	152,088	118,153	266,781	69,271	75,087	127,063	175,319	201,825	11,762,060	4,038,448	-	2,982,115	918,698	15
16	Other liabilities	2,294,427	197,950	771,704	173,777	223,567	485,560	33,053	47,421	138,529	222,866	217,115	231,325,575	160,171,481	158,590,233	878,660	633,443	16
17	Capital stock, preferred	755,811	118,508	360,701	92,524	38,493	41,177	16,907	10,483	31,103	45,915	83,414	1,543,201	1,100,746	65,100	308,239	692,366	17
18	Capital stock, common	4,579,551	369,125	1,484,894	389,668	330,396	798,625	100,452	123,538	543,481	439,372	543,894	12,119,804	7,211,985	3,534,232	731,462	2,870,056	18
19	Surplus reserves	688,249	82,357	364,277	30,499	44,737	91,413	12,514	5,380	27,371	29,701	56,377	2,463,067	2,235,700	1,200,501	251,206	768,807	19
20	Surplus and undivided profits 36/	9,288,598	940,001	3,352,895	844,257	515,898	1,803,211	203,285	177,627	784,072	667,352	928,507	24,097,485	13,468,291	7,765,180	873,046	4,626,722	20
21	Less: Deficit 37/	95,086	14,473	9,289	8,356	9,879	8,032	2,676	10,297	8,111	23,973	14,355	1,473,121	722,867	2,397	112,648	568,095	21
22	Total liabilities 35/	23,299,022	2,487,291	7,837,794	2,072,405	1,618,637	4,185,613	521,312	520,640	2,037,978	2,017,352	2,681,881	288,910,504	192,365,033	171,152,849	9,732,733	10,388,889	22
	Receipts:																	
23	Gross sales 7/	62,404,884	12,693,401	15,348,924	4,460,550	2,603,422	16,361,471	1,348,843	1,327,975	4,217,069	4,043,229	6,684,650	137,956	98,196	-	85,470	12,726	23
24	Gross receipts from operations 8/	651,655	38,393	56,103	52,289	35,394	313,701	9,480	35,945	35,501	74,849	129,533	7,107,024	1,568,486	633,688	781,980	53,572	24
	Interest on Government obligations (less amortizable bond premium):																	
25	Wholly taxable 9/	10,696	523	5,877	1,054	677	1,085	105	185	555	635	672	1,312,226	844,812	824,924	4,349	12,473	25
26	Subject to surtax only 10/	285	13	165	9	16	36	-	9	13	24	83	169,730	159,848	158,652	83	389	26
27	Wholly tax-exempt 11/	282	63	72	13	31	34	2	13	40	14	38	207,225	148,621	144,323	375	1,696	27
28	Other interest	63,272	2,370	22,514	2,303	5,520	18,385	802	365	5,190	5,823	4,555	4,052,447	2,526,379	2,064,063	366,169	86,376	28
29	Rents 12/	144,757	8,778	64,180	24,168	4,989	15,907	5,000	5,327	6,256	10,152	16,513	1,906,727	133,648	114,771	3,163	13,991	29
30	Royalties 13/	2,663	604	300	60	75	376	96	167	590	395	949	182,503	58,947	1,856	138	56,888	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	2,067	297	21	40	126	1,240	8	106	108	121	312	11,480	7,485	3,101	462	3,319	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	35,318	4,440	5,295	1,754	1,615	11,096	732	1,393	5,365	3,628	6,858	327,942	208,210	58,208	10,483	130,019	32
33	Net gain, sales other than capital assets 15/	5,848	349	301	277	434	2,050	105	545	987	800	867	403,098	62,412	3,248	2,287	2,578	33
34	Dividends, domestic corporations 16/	38,950	3,371	12,191	6,965	1,259	4,632	3,773	1,449	2,517	2,793	5,996	979,961	687,165	16,851	14,699	645,270	34
35	Dividends, foreign corporations 17/	10,000	1,969	7,889	2	4	24	24	-	5	83	203	53,395	49,523	337	3,489	45,538	35
36	Other receipts	631,037	24,628	172,894	77,329	119,692	100,524	12,731	9,897	51,708	61,634	59,217	259,706	121,278	41,130	32,713	40,653	36
37	Total compiled receipts 18/	64,001,714	12,779,199	15,696,726	4,626,813	2,773,254	16,830,561	1,381,701	1,383,376	4,325,904	4,204,180	6,910,446	17,111,420	6,675,010	4,065,152	1,305,860	1,105,488	37
	Deductions:																	
38	Cost of goods sold 19/	46,033,713	10,272,167	10,053,934	2,906,741	1,688,049	13,357,250	915,095	735,840	3,231,944	2,872,693	5,287,049	101,327	78,101	-	68,875	9,226	38
39	Cost of operations 19/	355,785	23,821	15,060	24,371	10,429	203,212	2,591	16,994	21,632	37,675	42,331	26,593	23,843	-	-	23,843	39
40	Compensation of officers	1,169,103	69,325	113,668	128,844	108,813	386,255	32,111	46,413	138,039	145,635	137,057	26/844,710	522,010	405,840	56,845	21,387	40
41	Rent paid on business property	987,533	107,559	292,759	220,685	60,462	109,683	45,834	60,226	21,367	68,958	58,518	231,264	83,503	52,031	22,671	2,999	41
42	Repairs 20/	200,640	40,346	60,729	11,857	7,439	32,565	5,807	15,034	11,771	15,092	19,790	130,286	26,287	22,349	2,702	837	42
43	Bad debts	116,176	4,193	25,626	12,601	16,502	23,249	422	449	15,850	17,284	12,995	242,665	230,282	179,223	48,264	2,106	43
44	Interest paid	117,822	11,756	27,655	8,510	11,060	27,861	3,254	3,905	11,928	11,893	14,166	901,953	586,255	355,741	192,087	31,404	44
45	Taxes paid 21/	640,503	89,523	220,439	51,586	32,513	107,209	18,872	27,337	43,446	49,578	68,803	754,379	200,357	154,363	27,019	12,512	45
46	Contributions or gifts 22/	34,279	4,553	10,549	3,837	2,248	7,095	629	622	2,527	2,219	2,868	23,359	14,670	10,575	1,657	2,135	46
47	Depreciation	474,981	82,468	119,259	42,214	18,897	88,712	13,958	28,727	36,405	44,341	52,594	450,195	94,546	76,076	10,485	5,833	47
48	Depletion	1,228	14	28	7	6	76	143	3	924	27	431	39,517	7,636	126	27	7,139	48
49	Amortization 23/	995	39	83	142	66	327	31	52	35	220	132	315	12	-	11	1	49
50	Advertising	882,737	69,597	346,590	119,751	77,739	158,371	18,831	10,983	25,069	55,806	57,760	105,844	69,714	46,206	20,371	554	50
51	Amounts contributed under pension plans, etc. 24/	102,969	17,542	67,634	4,735	1,310	4,320	1,822	1,068	1,596	2,942	7,433	89,748	66,533	56,417	6,649	1,460	51
52	Net loss, sales other than capital assets 15/	6,540	672	2,813	429	283	1,168	94	237	423	421	1,087	18,747	14,224	13,180	384	514	52
53	Other deductions	9,519,823	1,652,253	3,091,734	878,651	584,852	1,467,571	269,552	378,467	500,542	696,201	844,695	7,055,638	1,967,969	1,343,931	436,888	98,607	53
54	Total compiled deductions	60,644,827	12,445,828	14,448,560	4,414,961	2,620,668	15,974,924	1,329,046	1,326,357	4,063,498	4,020,985	6,607,709	27/11,016,540	3,985,942	2,716,058	894,935	220,557	54
55	Compiled net profit (37 less 54)	3,356,887	333,371	1,248,166	211,852	152,586	855,637	52,655	57,019	262,406	183,195	302,737	6,094,880	2,689,068	1,349,094	410,925	884,931	55
56	Net income 2/ (55 less 27)	3,356,605	333,308	1,248,094	211,839	152,555	855,603	52,653	57,006	262,366	183,181	302,699	5,887,655	2,540,447	1,204,771	410,550	883,235	56
57	Net operating loss deduction 25/	25,601	1,567	2,056	3,353	3,598	4,624	609	3,212	2,183	4,399	4,139	37,524	10,543	1,895	5,684	1,236	57
58	Income tax 3/	1,238,769	132,071	508,955	70,797	48,824	301,754	17,368	17,468	84,691	56,841	105,234	1,187,677	660,544	405,604	154,109	90,420	58
59	Excess profits tax 4/	89,938	9,650	42,474	1,691	1,838	24,403	523	650	5,717	2,992	7,042	40,367	21,744	14,763	5,623	661	59
60	Total tax	1,328,707	141,721	551,429	72,488	50,662	326,157	17,891	18,118	90,408	59,833	112,276	1,228,044	682,288	420,367	159,732	91,081	60
61	Compiled net profit less total tax (55 less 60)	2,028,180	191,650	696,737	139,364	101,924	529,480	34,764	38,901	171,998	123,362	190,461	4,866,836	2,006,780	928,727	251,193	793,850	61
	Dividends paid:																	
62	Cash and assets other than own stock	611,869	65,021	301,786	41,045	15,236	100,069	13,831	12,286	36,725	25,870	44,668	1,730,879	1,244,337	407,583	105,664	723,047	62
63	Corporation's own stock	85,462	12,406	6,530	7,222	4,264	37,988	1,282	1,314	9,255	5,201	8,658	112,331	74,691	51,706	6,261	15,900	63

For footnotes, see pp. 25-26.

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Table 2. - Corporation income tax returns with balance sheets, 1/ 1950, by major industrial groups - Part I, all returns; Part II, returns with net income: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend - Continued

PART II. - RETURNS WITH NET INCOME 2/ - Continued

(Money figures in thousands of dollars)

		Major industrial groups 5/ - Continued																
		Finance, insurance, real estate, and lessors of real property - Continued						Services										
		Finance - Continued	Insurance carriers and agents															
		Security and commodity-exchange brokers and dealers	Total insurance carriers and agents	Insurance carriers	Insurance agents and brokers	Real estate, except lessors of real property other than buildings	Lessors of real property, except buildings	Total services	Hotels and other lodging places	Personal services	Business services	Automotive repair services and garages	Miscellaneous repair services, hand trades	Motion pictures	Amusement, except motion pictures	Other services, including schools	Nature of business not allocable	
1	Number of returns with balance sheets 30/	1,017	7,097	1,895	5,202	73,982	2,980	27,818	3,372	6,152	6,215	2,555	1,369	3,148	2,239	2,768	910	1
	Assets:																	
2	Cash 31/	101,231	2,425,401	2,275,646	149,755	860,639	74,536	790,453	115,556	67,864	218,377	26,521	11,906	210,730	74,464	65,035	20,352	2
3	Notes and accounts receivable	240,880	551,659	208,733	342,926	1,331,394	73,983	838,722	81,986	92,042	352,785	33,319	31,150	124,170	28,348	94,922	35,108	3
4	Less: Reserve for bad debts	447	5,102	2,295	2,807	11,632	480	17,884	1,703	2,037	5,983	530	615	1,490	620	4,906	245	4
5	Inventories	2,343	5,470	5,470	-	56	-	480,560	46,439	61,737	43,135	15,233	21,790	268,398	7,084	16,744	11,014	5
6	Investments, Government obligations 32/	265,166	20,772,811	20,756,244	16,567	294,141	92,753	195,123	22,986	15,086	44,360	3,409	6,767	57,578	24,124	20,811	9,671	6
7	Other investments 33/	427,602	51,264,880	51,175,682	89,198	2,080,620	184,576	936,985	132,131	48,605	287,095	13,713	2,338	396,924	32,315	23,864	31,763	7
8	Gross capital assets 34/ (except land)	48,056	661,487	588,711	72,776	9,904,646	2,436,316	4,242,466	1,485,165	582,785	545,557	233,043	36,700	902,714	290,715	165,787	47,565	8
9	Less: Reserves	23,393	43,070	28,143	14,927	2,919,880	336,596	1,764,855	636,709	248,764	210,527	82,194	14,041	401,883	108,120	62,617	16,242	9
10	Land	13,083	22,188	17,029	5,159	3,287,995	169,000	595,223	257,522	34,477	17,284	37,558	2,049	183,398	48,258	14,677	13,939	10
11	Other assets	16,041	2,938,844	2,900,084	38,760	370,860	57,976	216,652	53,207	30,507	47,333	10,191	2,629	42,811	19,265	10,709	4,913	11
12	Total assets 35/	1,090,562	78,594,568	77,897,161	697,407	15,198,839	2,752,064	6,513,445	1,556,580	682,304	1,339,416	290,263	100,673	1,783,350	415,833	345,026	157,838	12
	Liabilities:																	
13	Accounts payable	339,565	355,519	6,545	348,974	844,493	49,382	594,725	80,487	59,786	212,779	26,046	22,236	125,149	28,454	39,788	15,099	13
	Bonds, notes, mortgages payable:																	
14	Maturity less than 1 year	254,139	60,540	42,204	18,336	884,600	16,650	278,070	60,307	33,368	45,791	31,985	4,369	66,679	16,919	18,652	6,948	14
15	Maturity 1 year or more	137,635	36,997	16,594	20,403	6,790,575	896,040	1,218,696	505,156	78,265	141,715	68,722	8,219	332,225	56,147	28,247	16,846	15
16	Other liabilities	69,145	70,198,080	70,145,775	52,305	848,896	107,118	596,299	93,468	52,842	222,952	18,701	14,886	108,401	43,171	41,878	11,543	16
17	Capital stock, preferred	35,041	36,382	20,186	16,196	282,355	123,718	205,738	66,198	23,869	40,056	11,327	945	37,472	8,140	17,731	5,893	17
18	Capital stock, common	76,235	1,128,129	1,037,776	90,353	2,663,347	1,116,343	1,159,320	255,158	169,048	195,196	45,073	20,851	281,311	114,783	77,900	47,283	18
19	Surplus reserves	15,186	27,713	11,045	16,668	175,293	24,361	224,199	31,647	5,546	87,986	3,202	1,460	65,207	8,257	20,894	1,600	19
20	Surplus and undivided profits 36/	203,343	6,774,619	6,635,373	139,246	3,263,386	591,189	2,372,283	506,270	269,736	410,157	90,334	28,755	786,079	157,136	123,816	64,197	20
21	Less: Deficit 37/	39,727	23,411	18,337	5,074	554,106	172,737	135,885	42,111	10,156	17,216	5,127	1,048	19,173	17,174	23,880	11,571	21
22	Total liabilities 35/	1,090,562	78,594,568	77,897,161	697,407	15,198,839	2,752,064	6,513,445	1,556,580	682,304	1,339,416	290,263	100,673	1,783,350	415,833	345,026	157,838	22
	Receipts:																	
23	Gross sales 7/	-	17,151	17,151	-	22,609	-	1,115,736	411,406	251,678	153,546	77,828	76,072	63,406	38,670	43,130	55,302	23
24	Gross receipts from operations 8/	99,246	4,573,523	4,199,650	373,873	965,015	-	6,213,766	716,111	916,524	1,867,861	237,027	147,743	1,415,747	415,405	497,348	23,215	24
	Interest on Government obligations (less amortizable bond premium):																	
25	Wholly taxable 9/	3,066	451,844	451,402	442	11,444	4,126	4,436	920	265	1,265	102	72	1,005	352	455	219	25
26	Subject to surtax only 10/	724	9,477	9,461	16	301	104	72	9	11	30	4	-	7	5	6	11	26
27	Wholly tax-exempt 11/	2,227	57,762	57,732	30	670	172	141	5	13	44	3	-	9	3	64	44	27
28	Other interest	9,771	1,481,929	1,480,158	1,771	41,756	2,383	11,639	2,295	460	3,246	304	38	3,000	860	1,436	608	28
29	Rents 12/	1,723	140,876	138,862	2,014	1,511,484	120,719	171,869	96,834	3,132	15,065	12,705	422	34,335	5,887	3,489	2,948	29
30	Royalties 13/	65	336	271	65	3,822	119,398	12,856	259	462	3,641	76	19	5,475	2,264	660	417	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	603	696	661	35	3,141	158	1,085	182	20	162	545	20	42	103	11	52	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	9,500	24,449	23,369	1,080	88,038	7,245	35,682	6,371	1,979	7,420	6,428	492	10,263	1,750	979	5,518	32
33	Net gain, sales other than capital assets 15/	54,299	1,776	1,576	200	337,908	1,002	3,778	438	354	401	678	56	1,004	673	174	499	33
34	Dividends, domestic corporations 16/	10,345	260,925	255,517	5,408	28,858	3,013	29,762	5,446	1,254	9,159	230	13	12,066	819	775	918	34
35	Dividends, foreign corporations 17/	159	2,656	2,150	506	1,176	40	6,489	176	12	1,248	-	-	4,930	27	96	17	35
36	Other receipts	6,782	26,002	12,144	13,858	99,135	13,291	104,267	15,613	6,757	18,452	4,022	974	37,271	9,089	12,089	2,909	36
37	Total compiled receipts 18/	198,510	7,049,402	6,650,104	399,298	3,115,357	271,651	7,711,578	1,256,065	1,182,921	2,081,540	339,952	225,921	1,588,560	475,907	560,712	92,677	37
	Deductions:																	
38	Cost of goods sold 19/	-	12,841	12,841	-	10,385	-	640,997	222,477	128,737	105,142	49,937	48,565	40,160	19,505	26,474	39,358	38
39	Cost of operations 19/	-	-	-	-	2,750	-	3,350,070	257,988	507,156	1,079,992	109,408	97,413	854,727	216,500	226,886	9,952	39
40	Compensation of officers	37,938	26/103,002	26/18,982	84,020	214,486	5,212	339,543	24,904	69,964	123,559	18,252	13,174	29,025	18,760	41,905	4,622	40
41	Rent paid on business property	5,802	51,857	38,244	13,613	93,050	2,854	246,526	52,196	29,941	34,979	25,841	3,721	70,783	15,274	13,791	1,020	41
42	Repairs 20/	399	2,009	1,367	642	100,102	1,888	101,614	46,492	14,248	11,039	4,761	786	13,252	6,944	4,092	825	42
43	Bad debts	689	7,460	5,493	1,967	4,830	93	13,556	2,074	2,681	3,062	767	544	1,894	802	1,732	396	43
44	Interest paid	7,023	8,356	6,867	1,489	282,739	24,603	56,477	23,618	4,538	5,184	3,643	447	13,539	3,531	1,977	851	44
45	Taxes paid 21/	6,463	160,896	153,458	7,438	368,071	25,055	187,803	56,276	26,122	25,956	9,135	4,055	38,070	18,054	10,135	2,324	45
46	Contributions or gifts 22/	303	2,276	1,461	815	6,215	198	6,996	1,434	1,094	1,399	279	76	1,136	1,230	348	80	46
47	Depreciation	2,152	40,399	35,664	4,735	306,172	9,078	258,625	65,300	38,378	49,854	29,127	3,533	43,793	18,731	9,909	2,923	47
48	Depletion	344	145	124	21	700	31,036	486	101	173	57	15	2	2	103	33	90	48
49	Amortization 23/	-	28	-	28	275	-	388	30	72	8	18	1	199	27	33	1	49
50	Advertising	2,583	15,347	10,176	5,171	20,743	40	115,592	21,754	18,628	10,094	2,923	2,115	39,957	10,531	9,590	590	50
51	Amounts contributed under pension plans, etc. 24/	2,007	20,224	17,843	2,381	2,598	393	26,459	686	1,466	13,752	145	225	6,626	420	3,139	164	51
52	Net loss, sales other than capital assets 15/	146	230	150	80	3,760	533	2,246	752	333	375	106	43	161	338	138	125	52
53	Other deductions	88,543	4,196,778	3,984,449	212,329	866,627	24,264	1,686,808	364,638	266,870	438,890	53,694	34,078	282,543	85,864	160,231	13,155	53
54	Total compiled deductions	154,392	27/4,621,848	27/4,287,119	334,729	2,283,503	125,247	7,034,186	1,140,720	1,110,401	1,903,342	308,051	208,778	1,435,867	416,614	510,413	76,476	54
55	Compiled net profit (37 less 54)	44,118	2,427,554	2,362,985	64,569	831,854	146,404	677,392	115,345	72,520	178,198	31,901	17,143	152,693	59,293	50,299	16,201	55
56	Net income 2/ (55 less 27)	41,891	2,369,792	2,305,253	64,539	831,184	146,232	677,251	115,340	72,507	178,154	31,898	17,143	152,684	59,290	50,235	16,157	56
57	Net operating loss deduction 25/	1,728	3,122	2,426	696	22,778	1,081	14,986	2,318	1,903	2,731	752	583	3,166	1,856	1,677	2,325	57
58	Income tax 3/	10,411	236,753	217,747	19,006	235,653	54,727	226,183	39,219	21,544	61,326	9,205	5,596	51,341	21,653	16,299	4,180	58
59	Excess profits tax 4/	697	7,864	6,923	941	9,287	1,472	9,551	1,344	753	4,007	396	303	763	785	1,200	137	59
60	Total tax	11,108	244,617	224,670	19,947	244,940	56,199	235,734	40,563	22,297	65,333	9,601	5,899	52,104	22,438	17,499	4,317	60
61	Compiled net profit less total tax (55 less 60)	33,010	2,182,937	2,138,315	44,622	586,914	90,205	441,658	74,782	50,223	112,865	22,300	11,244	100,589	36,855	32,800	11,884	61
	Dividends paid:																	
62	Cash and assets other than own stock	8,043	250,180	228,976	21,204	152,044	84,318	166,414	24,300	14,372	42,416	3,510	2,377	55,006	16,024	8,409	3,065	62
63	Corporation's own stock	824	25,187	24,067	1,120	10,756	1,698	13,922	2,940	1,039	2,133	3,175	182	915	2,056	1,482	111	63

For footnotes, see pp. 25-26.

Table 3. - Corporation income tax returns with balance sheets, 1/ 1950, by total assets classes: Number of returns, assets and liabilities, compiled receipts, compiled deductions, compiled net profit or net loss, net income or deficit, net operating loss deduction, income tax, excess profits tax, total tax, compiled net profit less total tax, and dividends paid by type of dividend

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

			Total assets classes 35/										
		Total	Under 50	50 under 100	100 under 250	250 under 500	500 under 1,000	1,000 under 5,000	5,000 under 10,000	10,000 under 50,000	50,000 under 100,000	100,000 and over	
1	Number of returns with balance sheets 30/	569,961	236,854	101,645	111,503	49,735	29,093	30,643	4,987	4,217	596	688	1
	Assets:												
2	Cash 31/	71,017,774	658,299	784,823	1,760,066	1,720,636	2,180,881	8,809,308	4,881,984	11,233,402	4,989,179	33,999,196	2
3	Notes and accounts receivable	110,256,945	1,036,429	1,558,001	3,921,086	4,043,212	4,698,430	15,650,795	7,895,581	17,216,540	7,238,046	46,998,825	3
4	Less: Reserve for bad debts	1,618,159	20,578	30,693	77,348	89,041	87,958	229,516	117,269	272,299	125,134	568,323	4
5	Inventories	54,496,128	938,520	1,475,281	3,604,912	3,503,110	3,824,130	8,973,867	3,857,214	8,706,613	3,658,802	15,953,679	5
6	Investments, Government obligations 32/	109,822,025	33,687	76,885	271,465	446,623	1,049,305	10,555,637	7,935,481	18,521,101	8,188,160	62,743,681	6
7	Other investments 33/	96,760,151	228,481	344,624	974,221	1,129,505	1,729,496	5,785,191	3,330,113	9,893,779	6,003,281	67,341,460	7
8	Gross capital assets 34/ (except land)	209,097,750	2,724,707	3,605,687	8,345,711	7,735,814	8,380,550	20,325,770	9,433,475	26,533,193	15,366,848	106,645,995	8
9	Less: Reserves	74,283,473	1,058,903	1,264,527	2,892,840	2,770,645	3,090,004	7,623,568	3,669,957	10,065,863	5,121,503	36,725,663	9
10	Land	9,875,693	321,187	524,129	1,260,547	1,146,829	1,111,233	2,046,134	666,981	1,185,107	309,925	1,303,621	10
11	Other assets	12,944,414	219,652	243,125	518,754	498,792	541,696	1,161,648	553,855	1,724,650	1,047,494	6,434,748	11
12	Total assets 35/	598,369,248	5,081,481	7,317,335	17,686,574	17,364,835	20,337,759	65,455,266	34,767,458	84,676,223	41,555,098	304,127,219	12
	Liabilities:												
13	Accounts payable	31,297,968	1,037,016	1,177,740	2,567,745	2,389,714	2,456,607	4,991,294	1,910,173	4,508,377	1,823,654	8,435,648	13
	Bonds, notes, mortgages payable:												
14	Maturity less than 1 year	15,844,613	482,299	549,321	1,249,204	1,228,471	1,348,440	3,444,906	1,135,886	2,162,898	770,383	3,472,805	14
15	Maturity 1 year or more	65,718,784	835,034	1,243,119	3,194,930	2,934,444	3,054,929	6,589,823	2,405,667	7,375,155	5,145,011	32,940,672	15
16	Other liabilities	261,899,343	547,972	564,334	1,408,119	1,703,714	3,112,026	22,665,291	15,908,818	36,785,767	17,683,047	161,520,255	16
17	Capital stock, preferred	14,905,585	113,851	133,471	366,969	419,494	554,755	1,590,631	794,655	2,449,299	1,539,264	6,943,196	17
18	Capital stock, common	79,310,039	2,339,173	2,318,045	4,557,445	3,830,338	3,882,075	8,853,438	3,779,167	9,219,083	4,796,201	35,735,074	18
19	Surplus reserves	12,410,022	31,669	52,752	173,641	235,509	349,942	1,304,846	794,535	2,166,764	976,794	6,323,570	19
20	Surplus and undivided profits 36/	124,950,570	1,130,266	1,898,977	5,045,960	5,286,691	6,260,624	17,336,412	8,484,367	20,787,284	9,574,851	49,145,138	20
21	Less: Deficit 37/	7,967,676	1,435,799	620,424	877,439	663,540	681,639	1,321,375	445,810	778,404	754,107	389,139	21
22	Total liabilities 35/	598,369,248	5,081,481	7,317,335	17,686,574	17,364,835	20,337,759	65,455,266	34,767,458	84,676,223	41,555,098	304,127,219	22
	Receipts:												
23	Gross sales 7/	370,249,365	8,647,181	11,991,203	29,351,748	28,510,621	29,417,542	63,542,245	24,617,305	55,447,486	22,468,578	96,255,456	23
24	Gross receipts from operations 8/	64,417,262	3,236,200	2,720,983	5,025,743	4,196,419	3,994,887	8,235,624	2,811,611	6,843,346	3,719,248	23,633,201	24
	Interest on Government obligations (less amortizable bond premium):												
25	Wholly taxable 9/	1,537,843	1,798	2,538	7,064	9,835	18,012	156,215	107,543	243,780	109,959	881,099	25
26	Subject to surtax only 10/	175,387	53	92	370	368	1,140	7,582	7,406	22,978	11,985	123,413	26
27	Wholly tax-exempt 11/	216,934	61	97	341	617	2,080	28,831	21,307	40,942	16,754	105,904	27
28	Other interest	4,520,263	11,613	17,013	55,609	63,129	89,286	479,827	278,746	622,487	274,496	2,628,057	28
29	Rents 12/	3,432,795	255,109	292,287	615,949	464,422	389,272	293,456	97,947	203,610	105,757	714,986	29
30	Royalties 13/	456,402	15,127	9,211	21,632	26,900	27,193	74,371	33,463	136,246	26,877	85,382	30
31	Excess of net short-term capital gain over net long-term capital loss 14/	31,004	1,859	1,392	3,570	3,308	3,183	7,505	1,863	2,965	1,989	3,370	31
32	Excess of net long-term capital gain over net short-term capital loss 14/	1,035,969	24,995	24,203	59,719	67,153	81,066	203,479	99,345	208,436	73,300	194,273	32
33	Net gain, sales other than capital assets 15/	491,338	57,984	49,799	96,982	67,379	64,521	82,770	13,068	44,630	4,003	10,202	33
34	Dividends, domestic corporations 16/	2,433,808	3,706	7,092	20,519	28,093	51,201	224,195	128,435	418,678	276,163	1,275,726	34
35	Dividends, foreign corporations 17/	640,916	334	63	1,500	943	2,177	12,684	10,155	76,066	61,392	475,602	35
36	Other receipts	2,883,925	124,630	141,047	323,928	297,855	311,498	554,127	202,206	405,328	98,261	425,045	36
37	Total compiled receipts 18/	452,523,211	12,380,650	15,257,020	35,584,674	33,737,042	34,453,058	73,902,911	28,430,400	64,716,978	27,248,762	126,811,716	37
	Deductions:												
38	Cost of goods sold 19/	281,414,615	6,448,159	9,288,850	23,134,808	22,563,649	23,196,034	49,532,895	18,697,231	41,631,045	16,761,642	70,160,302	38
39	Cost of operations 19/	35,957,766	1,817,243	1,617,909	3,186,237	2,747,791	2,609,299	4,972,569	1,535,253	3,423,923	1,704,111	12,343,431	39
40	Compensation of officers	7,456,839	864,537	768,220	1,407,698	1,041,264	846,296	1,270,872	322,368	480,325	118,332	336,927	40
41	Rent paid on business property	3,797,644	366,587	248,766	390,728	288,720	255,218	455,063	164,988	357,382	190,827	1,079,365	41
42	Repairs 20/	3,708,296	78,451	80,469	167,870	154,278	157,401	420,740	220,937	628,598	298,293	1,501,259	42
43	Bad debts	744,845	26,728	35,198	75,847	66,475	57,078	129,214	42,207	98,431	32,304	181,363	43
44	Interest paid	3,154,194	53,258	73,027	181,039	166,146	170,664	409,710	161,459	389,697	226,004	1,323,190	44
45	Taxes paid 21/	8,898,752	197,247	215,867	461,981	432,156	461,370	1,167,383	585,519	1,282,915	632,273	3,462,041	45
46	Contributions or gifts 22/	249,666	3,152	4,998	14,798	17,435	21,401	55,639	21,390	42,966	12,041	55,846	46
47	Depreciation	7,754,430	215,547	243,212	504,853	444,364	448,445	1,000,233	392,921	973,423	477,056	3,054,376	47
48	Depletion	1,691,813	3,982	4,362	12,629	17,102	31,516	120,750	68,540	278,921	115,234	1,038,777	48
49	Amortization 23/	43,143	754	694	1,681	1,262	1,062	853	730	4,602	1,085	30,420	49
50	Advertising	4,041,690	115,174	121,285	268,408	255,058	272,188	646,556	307,334	707,838	273,465	1,074,384	50
51	Amounts contributed under pension plans, etc. 24/	1,654,713	1,973	2,628	8,576	14,810	29,546	142,755	88,636	263,997	123,574	978,218	51
52	Net loss, sales other than capital assets 15/	190,658	23,407	9,993	16,405	14,083	13,711	42,955	12,069	19,515	5,024	33,496	52
53	Other deductions	49,228,658	2,105,017	2,103,837	4,380,443	3,907,735	3,890,955	7,959,201	3,178,138	7,223,802	3,072,021	11,407,509	53
54	Total compiled deductions	409,987,722	12,321,216	14,819,315	34,214,001	32,132,328	32,462,184	68,327,388	25,799,720	57,807,380	24,043,286	108,060,904	54
55	Compiled net profit or net loss (37 less 54)	42,535,489	59,434	437,705	1,370,673	1,604,714	1,990,874	5,575,523	2,630,680	6,909,598	3,205,476	18,750,812	55
56	Net income or deficit 2/ (55 less 27)	42,318,555	59,373	437,608	1,370,332	1,604,097	1,988,794	5,546,692	2,609,373	6,868,656	3,188,722	18,644,908	56
57	Net operating loss deduction 25/	332,432	47,883	34,472	54,711	34,829	32,251	50,638	16,595	22,905	21,082	17,066	57
58	Income tax 3/	15,789,124	77,566	135,815	419,407	567,440	762,135	2,203,620	1,030,665	2,661,505	1,199,533	6,731,438	58
59	Excess profits tax 4/	1,378,526	363	2,459	28,885	53,715	67,450	186,873	85,837	216,488	97,876	638,580	59
60	Total tax	17,167,650	77,929	138,274	448,292	621,155	829,585	2,390,493	1,116,502	2,877,993	1,297,409	7,370,018	60
61	Compiled net profit less total tax (55 less 60)	25,367,839	29/18,495	299,431	922,381	983,559	1,161,289	3,185,030	1,514,178	4,031,605	1,908,067	11,380,794	61
	Dividends paid:												
62	Cash and assets other than own stock	11,470,729	74,139	88,708	224,443	259,269	352,492	1,111,168	598,271	1,886,734	959,401	5,916,104	62
63	Corporation's own stock	1,289,065	3,728	12,156	48,393	60,738	84,739	246,418	71,947	192,805	118,247	449,894	63

For footnotes, see pp. 25-26.

Table 4. - Corporation income tax returns, 1/ 1950, by net income and deficit classes, for returns with net income and returns with no net income: Number of returns, and net income or deficit; also, for returns with net income: Total tax, income tax, and excess profits tax

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

Net income and deficit classes 2/	Returns with net income 2/					Returns with no net income 2/	
	Number of returns	Net income 2/	Total tax	Income tax 3/	Excess profits tax 4/	Number of returns	Deficit 2/
Under 1	80,317	33,050	6,253	6,249	4	92,078	27,203
1 under 2	40,176	58,772	11,417	11,417	-	26,440	38,341
2 under 3	28,287	69,861	13,974	13,971	3	16,221	39,931
3 under 4	21,878	75,957	15,512	15,512	-	11,190	38,817
4 under 5	17,820	79,918	16,494	16,494	-	8,236	36,858
5 under 10	58,142	419,384	89,186	89,155	31	21,697	153,205
10 under 15	34,241	421,169	91,990	91,933	57	9,281	113,002
15 under 20	25,215	437,797	97,440	97,282	158	4,970	85,699
20 under 25	24,713	555,877	126,771	126,355	416	2,894	64,547
25 under 50	37,151	1,293,807	376,251	355,657	20,594	5,706	196,476
50 under 100	24,181	1,689,930	617,481	572,656	44,825	2,650	181,533
100 under 250	18,527	2,872,620	1,150,208	1,064,687	85,521	1,198	178,154
250 under 500	7,215	2,496,855	1,029,702	952,714	76,988	273	92,736
500 under 1,000	3,989	2,775,818	1,150,471	1,062,499	87,972	127	88,902
1,000 under 5,000	3,437	7,135,473	2,931,323	2,714,792	216,531	64	117,572
5,000 under 10,000	472	3,275,777	1,331,721	1,233,571	98,150	1	5,003
10,000 and over	522	20,448,676	8,260,594	7,504,400	756,194	5	69,458
Total	426,283	44,140,741	38/17,316,932	38/15,929,488	1,387,444	203,031	1,527,437
No income data (inactive corporations)	-	-	-	-	-	36,678	-

For footnotes, see pp. 25-26.

Footnotes for tables in this release

1/ The information contained in this release is compiled from the returns as filed, prior to revisions that may be made as a result of audit by the Internal Revenue Service and prior to changes resulting from carry-backs after the returns were filed.

2/ "Net income" or "Deficit" is the difference between the total income and the total deductions reported, exclusive of the net operating loss deduction. See note 25.

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

4/ The excess profits tax, imposed by the Excess Profits Tax Act of 1950, takes effect as of July 1, 1950. The tax is imposed on the adjusted excess profits net income at the rate of 30 percent. The aggregate income and excess profits taxes are limited to a 62 percent ceiling rate, applied to the corporation's excess profits net income. For taxable years beginning before and ending after July 1, 1950, corporations pay a prorated amount of excess profits tax, depending on the number of days in the portion of the taxable year subsequent to June 30, 1950. For the calendar year 1950, the maximum combined rate is approximately 57 percent (23 percent normal tax, plus 19 percent surtax, plus approximately 15 percent upon that part of the income representing excess profits) and the ceiling rate is approximately 52 percent. Throughout this report, the amount of excess profits tax tabulated is <u>after</u> limitation and <u>before</u> credit for foreign taxes paid.

5/ The industrial classification is based on the business activity reported on the return. When multiple businesses are reported on a return, the classification is determined by the business activity which accounts for the largest percentage of total receipts. Therefore, the industrial groups do not reflect pure industry classifications.

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

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

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

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

10/ "Interest received on Government obligations, subject to surtax only" consists of interest on United States savings bonds and Treasury bonds owned in principal amount of over $5,000 issued prior to March 1, 1941, reported as item 9(a), page 1, Form 1120; and interest on obligations of instrumentalities of the United States (other than obligations of Federal land banks, joint stock land banks, and Federal intermediate credit banks) issued prior to March 1, 1941, reported as item 9(b), page 1, Form 1120.

11/ "Interest received on Government obligations, wholly tax-exempt" consists of interest on obligations of States, Territories, or political subdivisions thereof, the District of Columbia, and United States possessions; obligations of the United States issued on or before September 1, 1917; all postal savings bonds; Treasury notes issued prior to December 1, 1940; Treasury bills issued prior to March 1, 1941; United States savings bonds and Treasury bonds owned in principal amount of $5,000 or less issued prior to March 1, 1941; and obligations issued prior to March 1, 1941, by Federal land banks, joint stock land banks, and Federal intermediate credit banks. Interest from such sources is reported under item 19(a), (b), and (c) of schedule M, page 4, Form 1120.

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

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

14/ Capital gain or loss is the amount of gain or loss arising from the sale or exchange of capital assets. (A net loss from this source is not deductible for the current year, but may be carried over and applied against capital gains in the five succeeding taxable years to the extent not allowed as a deduction against any net capital gains of any taxable year intervening between the taxable year in which the net capital loss was sustained and the taxable year to which carried.) The term "Capital assets" means property held by the taxpayer (whether or not connected with trade or business), but excludes (1) stock in trade or other property which would properly be included in inventory if on hand at the close of the taxable year, (2) property held primarily for sale to customers in the ordinary course of trade or business, (3) property used in trade or business, of a character which is subject to the allowance for depreciation, (4) Government obligations issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding one year from the date of issue, and (5) real property used in the trade or business of the taxpayer. Beginning 1942 gains and losses from (a) sale or exchange of depreciable property and real property, used in the trade or business and held for more than 6 months, and from (b) involuntary conversion of such property and of capital assets held for more than 6 months are treated as long-term capital gains and losses, if the gains exceed the losses. If the losses exceed the gains, the net loss is deductible as an ordinary loss. For taxable years beginning after December 31, 1941, "short-term" applies to gains or losses on the sale or exchange of capital assets held six months or less; "long-term" applies to gains or losses on capital assets held over six months.

15/ "Net gain or loss, sales other than capital assets" is the net amount of gain or loss arising from the sale or exchange of depreciable and real property used in trade or business and short-term noninterest-bearing Government obligations issued on or after March 1, 1941, on a discount basis. If the property used in trade or business has been held for more than 6 months, special treatment of the gain or loss is provided as described in note 14 above.

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

17/ "Dividends, foreign corporations" is the amount reported in column 4, schedule E, page 2, Form 1120, and is not used for the computation of dividends received credit.

Footnotes for tables in this release - Continued

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

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

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

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

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

23/ Amount shown as "Amortization" is the deduction, provided by section 124 A(b) of the Internal Revenue Code, with respect to the amortization over a 60-month period of emergency facilities, constructed or acquired after December 31, 1949, and certified as necessary in the national defense.

24/ "Amounts contributed under pension plans, etc.," consists of deductions claimed under section 23(p) of the Internal Revenue Code for amounts contributed by employers under pension, annuity, stock-bonus, or profit-sharing plans, or other deferred compensation plans.

25/ The net operating loss deduction tabulated herein is the amount originally reported, consisting only of the net operating loss carry-over reduced by certain adjustments, and does not take into account whatever revisions may subsequently be made as the result of any carry-back of net operating loss from the succeeding tax year. For any taxable year beginning after December 31, 1941, and before January 1, 1950, a net operating loss could be carried back to the two preceding taxable years and could be included in computing the net operating loss deduction for each such preceding taxable year. The net operating loss for any such taxable year was first used as a carry-back and, to the extent not so used, could be used as a carry-over to (a) the two succeeding years if the net operating loss occurred in a taxable year beginning prior to January 1, 1948, or (b) the three succeeding years if the net operating loss occurred in a taxable year beginning after December 31, 1947, and before January 1, 1950. Effective for taxable years beginning after December 31, 1949, in which losses occur, provision is made to reduce the carry-back of net operating loss to one year and to lengthen the carry-forward to five years.

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

27/ See note 26.

28/ Compiled net loss or deficit.

29/ Compiled net loss after total tax payment.

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

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

32/ Amount shown as "Investments, Government obligations" consists of obligations of the United States or agency or instrumentality thereof as well as obligations of States, Territories, and political subdivisions thereof, the District of Columbia, and United States possessions. See note 33.

33/ Where investments are not segregated as between "Government obligations" and "Other," the entire amount is included in "Other investments."

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

35/ Assets and liabilities are tabulated as of December 31, 1950, or close of fiscal year nearest thereto. Total assets classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization, and bad debts. Adjustments are made in tabulating the data as follows: (1) Reserves, when shown under liabilities, are used to reduce corresponding asset accounts, and "Total assets" and "Total liabilities" are decreased by the amount of such reserves, and (2) a deficit in surplus, shown under assets, is transferred to liabilities, and "Total assets" and "Total liabilities," are decreased by the amount of the deficit.

36/ Amount shown as "Surplus and undivided profits" consists of paid-in or capital surplus and earned surplus and undivided profits. See note 37.

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

38/ Included in the total, but not in the detail, under "Income tax" and "Total tax," is $144,000 of tax reported on returns with no net income. (See note 3.)

TREASURY DEPARTMENT
Washington

FOR RELEASE 1 P.M.,
Monday, November 9, 1953.

Remarks by Secretary of the Treasury Humphrey
at luncheon of Detroit Economic Club,
Sheraton-Cadillac Hotel, Detroit, Michigan,
at about 1:00 p.m., Monday, November 9, 1953

OUR ECONOMY AND PEACE

We live today in a difficult time.

The world is shadowed by the fear of war and destruction.

Freedom itself is at stake.

Today America is called upon to save the freedom that we cherish.

What principles should rule and guide us as we strive to save the heritage we have?

We must face our task soberly.

We must face it patiently and resolutely and we must face it with confidence.

We are sober because we can see no problem that can be solved in an easy way. We do not for an instant see Soviet aggression as some obliging kind of demon that can be disposed of by speaking a phrase or indicating a threat. We do not dream that--here in our own land--the farmer can be helped, the worker protected, the consumer relieved, or the businessman encouraged--by the golden promises of the demagogue.

We are patient and resolute for like reasons. We are realists. We scorn panaceas. We respect the fortitude, the courage, the staying-power of the American people. We show that respect by always speaking the plain truth, as we know it.

And we are confident for precisely this same reason: we believe in the people. We believe in the ingenuity and the industry of the American as resources that no nation on earth can match. We believe in his capacity to work, to save, to invent, to sacrifice, to create, to dream good dreams--and to bring them to true life.

To do all these things, the people need but one thing once more: a government they can trust--a government worthy of that trust.

That is the kind of government to which we are pledged.

That is the kind of government which we will give.

With this state of mind, we are dedicated instantly and inevitably to achieving a certain state of the nation.

What is this state of the nation we seek?

What do we see to be the great and urgent tasks before us?

I believe they can all be summarized in one statement: a sound economy sustaining a sturdy defense against the enemies of freedom--inspired by a political leadership that is spiritually strong and honest.

Let us analyze this statement.

In the final sense, the health of our economy counts for much more than profits or wages. We assess it not merely in terms of gross national income, balanced budgets, equitable taxes, fair interest rates. We look to it for more than homes and cars, washing machines and television sets. We see our economy as the first line of defense for every freedom that we cherish.

No other purpose is worthy of us at this time in history.

No other purpose--material or selfish or partisan--guides this government.

Now what have we done to serve this purpose?

We have a more stable economy than we have had in many years--free and uncontrolled.

The alarming legacy from the past, inherited by the present administration ten months ago, was arbitrarily ruled by needless controls.

We lifted those controls. They were raised almost as quickly as the voices of mourners crying that it could never be done without wrecking the economy. You all remember that debate. Yet within a matter of weeks, the debate was as dead as the controls

This was not done by magic or oratory. It was done by applying sound, honest financial policies, freeing natural correctives which safely guarded the whole price structure. The proof of their success is that over the period of a year--when this major overhauling of our economy was achieved--the cost of living moved less than one-half of one percent. This was the disaster which our critics had prophesied.

The financial policies making this possible have had a single, simple focus and aim: to give the American people honest American money

The only thing remarkable about this policy is that many critics and a few demagogues should think it remarkable.

The fact that they do is a sad commentary upon the habits of financial thinking acquired over the last twenty years

But the people themselves are not amazed. Honesty is an old American habit. So is saving. So is individual initiative So is industry So is working with hands and brain. So is freedom. And two decades of financial double-talk have not changed these fundamental characteristics one single bit.

Honest money--the dollar that buys a dollar's worth of goods--is not created by wish or promise or fiat.

It depends upon three things: sound budget policy, a sound Federal Reserve System, and sound debt management.

We have worked toward achieving all of these.

First: We are on our way toward getting the budget of the federal government under control as rapidly as expenditures for adequate defense permit. We concentrate on this purpose because we know that indefinite deficit financing spurs the forces of inflation and eventually cheats every family in the nation. Knowing this elemental truth, we have cut the prospective deficit for the current fiscal year from more than $11 billion to less than $4 billion.

But the next year is even more difficult. The best estimates that we now have show that if our spending continues at the present rate it will exceed our estimated income after termination of the excess profits tax and reduction of individual taxes effective December 31st by between $8 and $9 billion.

There are only four alternatives:

We can accept an $8 or $9 billion deficit in fiscal 1955.

We can cut expenses.

We can raise additional taxes, or

We can have a combination of the three.

The solution of this dilemma is our most urgent problem at this time.

The answer is simple to state but terribly hard to accomplish. We must first find and then maintain that delicate balance between security from attack from abroad with a strong and vigorous economy here at home. We must balance the cost of adequate military security with the capability of a strong economy to pay the bill. And this must all be reckoned not on the basis of a short and all out effort for a limited period of time but for the long pull not knowing when or if ever the critical moment may appear.

It means the creation of a fluid mobile continually modern and effective system of defense and the control of its cost within limits which the country can long afford to maintain.

It means an aggressive dynamic economy for that is the very foundation of any sustained military strength.

It means military planning and the control of all governmental expenditures so carefully balanced that we obtain the adequate posture of defense that we require for our security within the limit of our means.

Second: The Federal Reserve System is free to ensure effective monetary policy. For many years the Federal Reserve's supporting of government securities at par, to preserve artifically low interest rates, invited banks and other holders of government bonds to sell their bonds--making the debt almost like currency. This, of course, was a sure way to encourage inflation. Today, the Federal Reserve System is free to use its power to provide a supply of credit to meet the requirements of natural demand and avoid excesses leading toward either inflation or deflation.

And Third: We have a program to meet the problem of debt management imposed upon us by the inheritance of a total debt of more than $273 billion of which nearly three-fourths matures within less than five years. We have offered the first long-term loan in twenty years and will continue to extend the maturities of refinancing operations whenever and to whatever extent appropriate conditions will permit.

Rates of interest are currently determined by changing market conditions fluctuating both up and down with the supply and demand for money. Partisan critics have loudly deplored any increase in interest rates as if they benefitted only the few and defrauded most of the people. Nothing could be further from the truth. There are more savers than borrowers in America--more people who benefit from higher interest than those who pay it. These beneficiaries are the 45 million families--the 122 million people--who have invested in savings accounts, life insurance, pensions, annuities, government bonds, mortgages, fraternal and mutual institutions and many other forms of investment for savings.

These, then, are the ways we have sought to make America's economy strong with honest money.

What does the result of such a policy mean?

It means a check in the trend of dollars that continue to buy less and less in clothes, in food, in homes.

It means savings--savings not only to give individual families better security, health and education but also to give the nation the indispensable resources to build factories, expand mills, develop mines, drill oil wells, and erect power plants. Savings make jobs, and are essential for the high productivity of American labor and our increasingly higher and higher standards of living.

It means--in cheaper costs to state and local governments--the chance to build more of the highways, the hospitals, the schools which are the priceless monuments of a nation prosperously at peace.

All these are our resources for the saving of freedom.

They are--in the largest sense--but some of the reasons for holding confidence in our economic future.

They are part of the answer to those who see-or pretend to see-threatening disaster in our economy, especially if the margin of defense industries is cut.

Neither American business nor American labor needs war to be prosperous.

Our population is increasing--by thousands of new-born each day--at a rate of close to 15% in a decade.

The needs and wants of Americans are increasing no less swiftly. Every American family wants more opportunity and a better and fuller life for each succeeding generation.

And our capacity to meet these needs--as we stand on the threshold of an atomic age for the good of mankind instead of for evil--is beyond the imagination of most of us living today.

As the threat of aggression recedes, our huge expenditures for defense can decline.

But this does not mean that we are headed for a depression.

In our great and growing economy, adjustments are constantly going on. Wherever these adjustments are required, let's face them with confidence and correct them: keep our eyes open and not believe in blind faith; seek out the soft spot and see what can be done about it.

Government spending must be reduced. But tremendous amounts of money will still be pumped into the economy by the government because only relatively small reductions can be made quickly. Likewise, it is the definite policy of this administration, through tax reduction, to return to the people for them to spend for themselves all real savings in government spending which can be reasonably anticipated. This we are doing with the expiration of the excess profits tax and the 10 percent reduction in individual income tax which will become effective on January 1st.

The reduction of taxes is a determined purpose of this administration. The sooner it is done, the sooner the consuming community can quicken its demands upon the productive capacity of the whole nation. And the potential increase in these demands through tax relief, as fast as our defense needs permit, is the surest stimulant to continued progress and a high level of activity.

The great additions to producing capacity which have been stimulated by government action over the past few years are now becoming available. The volume of goods we can now produce is far greater than ever before. Lower percentage levels of operation in some lines will develop more material than we have ever had, and it may well be that in some cases this output may be all that the country needs for a while. But does this mean catastrophe?

Our volume of production and employment can be higher than ever, and we may still have some capacity in reserve. High volume but good supply means competition, efficiency, and more value for the consumer's dollar. Surely we haven't reached the point in this country so that all we can see is calamity if the day of allocations and the ordertaker is passing.

It cannot be that Americans fear a free competitive economy. It is in such an economy that we grew great. A little more production, a little more selling, a little more effort and ingenuity have given us higher and higher standards of living. Surely we are not fearful that we cannot do it again.

I can assure you that this Administration is dedicated to the maintenance of a high level of employment and production and will always pursue policies to foster that end.

This is the kind of economy we are striving to encourage: healthy and imaginative, fortified with sound currency, confident of the prudence of its government, and ready for the exciting challenges of tomorrow. Such an economy is equipped and alert to meet--and to live by--the simple truth that America is the world's greatest unfinished business.

I remind you again: this American economy--healthy, vital, daring--is our first line of defense for freedom itself. For a fact that cannot be too often repeated is this: America's greatest defense against any enemy is the power and potential of American mass production.

This is indeed a plain truth. And yet general awareness of it would free us from a great deal of that kind of partisan debate which today generates more heat than light.

We know that a sick American economy would fulfill the Communist dream of conquest just as surely as disaster on the battlefield.

We know that the strictly military defense of America does not result simply from the spending of huge amounts of money. It is of much more importance to know how well planned and how efficiently the expenditures are made and how fully we get our money's worth.

Our security depends upon economic strength, guarded and directed to sustain a defense program whose worth can be measured not by its cost but by its wisdom.

We live in an age witnessing a revolution in scientific and production techniques. In such an age, the surest formula for defeat would be a static defense--committed to old-fashioned strategy--served by obsolete weapons.

For greater emphasis I repeat here what I have said before.

There would be not defense but disaster in a military program that scorned the resources and problems of our economy--erecting majestic defenses and battlements for the protection of a country that was bankrupt and a people who were impoverished.

There would be not defense but disaster in so massive a program of arms production that our strength and resources might become exhausted and we would lose the capacity to continue the effort--so that tomorrow's threat would have to be met with yesterday's weapons.

To all those who pretend that these problems can be solved by a dramatic slogan--to all those who give the people choices between false alternatives--we say that the essential truths are simply these:

First: We know that a healthy economy is America's surest source of strength in meeting any enemy.

Second: We know that a high level of employment and industrial activity is essential for the maintenance of such an economy.

Third: We know that no such economy could be assured without the health of honest money, economical government, and sound monetary policy.

Fourth: We know that a balanced but adequate defense program, fluid and imaginative, mobile and elastic, will and must be supported by whatever appropriations logic and necessity demand.

We hold these truths not as some preconceived economic axioms--or theories of which we are prisoners--but as simple, common-sense rules for achieving true national security.

Of all these truths, this Administration is deeply aware.

We are aware, no less, that the economic problems we must meet do not end at our shores.

Our trade in the world--and the world's trade with us--are essential parts of the strength all of us need to stay free. Our own industries are vitally dependent upon raw materials from the most distant parts of the earth. Our farms as well as industry need markets abroad--without which our whole farm economy could be gravely dislocated--even while many foreign nations are increasing hugely their own production of grains and other foodstuffs.

What happens in the valley of the Nile, on the plains of Turkey, or in Pakistan may affect our farms in Kansas and Iowa. What happens in Malaya or the Belgian Congo may affect our industries and our defense program.

And so our defense of ourselves inevitably involves the conditions obtaining in many areas--seemingly distant and strange, yet really vital and near.

These, too, are truths by which we must live in this difficult period. By them we must be guided in all our judgments and actions, as the chosen servants of America at such a time.

But above all these matters, I venture to suggest that one challenge rises to tower over all others. We must provide that moral leadership, that steadfastness of spirit and mind, which alone can make us worthy of the high commission that history has conferred upon us.

We must care more for truth than for success.

We must care more for the hopes of the people than the votes of the people.

We must always worry more about our problems than the headlines.

We must scorn the glib promise, the false phrase, the shallow excuse, and the clever evasion. Let these be the devices only of those who hunger for power.

Let our ambition be but one: justice and security for America.

Born of a brave past, we have nothing to fear of the future.

If worthy of the present, the future will be ours--with a freedom of peace and productivity beyond the dreams of our fathers--worthy of the hopes of our sons.

oOo

IMMEDIATE RELEASE,
Friday, November 6, 1953.

H-305

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of 2-3/4 percent Treasury Bonds of 1961.

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

Federal Reserve District		Total Subscriptions	Total Allotments
Boston		$ 687,047,500	$ 131,543,000
New York		5,010,871,500	902,754,000
Philadelphia		428,960,000	73,275,000
Cleveland		703,284,000	118,611,500
Richmond		487,777,000	86,428,500
Atlanta		680,652,000	113,866,500
Chicago		1,797,365,000	302,936,500
St. Louis		448,132,000	75,776,500
Minneapolis		234,709,000	40,233,000
Kansas City		391,443,500	67,209,000
Dallas		477,097,000	78,082,500
San Francisco		1,195,168,500	197,419,000
Government Investment Accounts			50,000,000
	TOTAL	$12,542,507,000	$2,238,135,000

Allotments by investor classes were as follows:

Investor Class	Allotments (In millions of dollars)
Individuals, partnerships, & pers. trust accts.	$ 101.5
Savings banks	164.5
Insurance companies	186.7
Dealers and brokers	170.5
Pension and retirement funds	65.3
Commercial banks	1,299.0
All others	163.2
Unclassified	37.4
Total	$2,188.1
Government Investment Accounts	50.0
Grand Total	$2,238.1

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, November 6, 1953.

H-305

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Grand Total.....	$2,238.1

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Mr. Taylor, a Kentuckian by birth, joined the Revenue Service as an attorney in 1928. He gained promotion to Assistant Head of the Civil Division in the Chief Counsel's Office, and subsequently to Assistant Appellate Counsel in Chicago. He went into private practice in 1942.

He is a graduate of Washington and Lee University law school at Lexington, Virginia, and a veteran of World War I.

H-306

IMMEDIATE RELEASE
Monday, November 9, 1953

Daniel A. Taylor was sworn in as Chief Counsel of the Internal Revenue Service at a ceremony today (10:00 a. m.) at the Internal Revenue building. Kenneth W. Gemmill, Assistant to the Secretary, Who has been acting Chief Counsel since June, ~~and Head of the Treasury's Legal Advisory Staff,~~ administered the oath of office.

The ceremony included remarks by Under Secretary of the Treasury Marion B. Folsom and Internal Revenue Commissioner T. Coleman Andrews.

Under Secretary Folsom ~~who supervises the operations of the Revenue Service,~~ said the appointment of Mr. Taylor completed a new team of directing heads for the Service. He recalled Mr. Taylor's work with the Service in several important capacities over a period of fourteen years, and said Mr. Taylor thereafter won recognition in private practice as a leading member of the tax bar of Chicago.

"We ~~have complete confidence in his qualifications, and~~ regard him as an excellent addition to the new staff of Revenue Service officials," the Under Secretary said.

"The appointment of Mr. Taylor equips the Internal Revenue Service with a most capable ~~General~~ Chief Counsel and one in whom we have every faith," Commissioner Andrews said.

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RELEASE MORNING NEWSPAPERS,
Tuesday, November 10, 1953.

H-307

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated November 12, 1953, and to mature February 11, 1954, which were offered on November 5, were opened at the Federal Reserve Banks on November 9.

The details of this issue are as follows:

Total applied for - $2,198,501,000
Total accepted - 1,500,316,000 (includes $255,685,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.626 Equivalent rate of discount approx. 1.482% per annum

Range of accepted competitive bids:

High - 99.700 Equivalent rate of discount approx. 1.187% per annum
Low - 99.621 " " " " " 1.499% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 23,408,000	$ 20,828,000
New York	1,622,190,000	1,015,430,000
Philadelphia	33,142,000	18,142,000
Cleveland	38,019,000	38,019,000
Richmond	15,485,000	13,985,000
Atlanta	30,728,000	29,188,000
Chicago	226,812,000	181,767,000
St. Louis	35,916,000	28,616,000
Minneapolis	12,873,000	12,773,000
Kansas City	54,923,000	51,133,000
Dallas	30,353,000	30,153,000
San Francisco	74,652,000	60,282,000
TOTAL	$2,198,501,000	$1,500,316,000

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TOTAL	$2,198,501,000	$1,500,316,000

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IMMEDIATE RELEASE
Monday, November 9, 1953

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Secretary Humphrey announced that the Treasury today purchased from the Federal Reserve System and retired $500 million of 2-1/8 percent Treasury notes maturing December 1, 1953. Payment was made in effect by the use of gold which was part of the Treasury General Fund balance. The use of gold in this way to retire Government securities held by the Federal Reserve System has no effect on bank reserves and therefore is neither inflationary nor deflationary.

This completes the program contemplated in connection with the sale of $2.2 billion of 2-3/4% 7 year and 10 month bonds, delivery of which today would have otherwise carried the national debt up to or beyond the legal limit.

A substantial excess of expenditures over receipts during the next two months is expected to reduce the Treasury balance to the low operating level of about $2 billion early in January. Normally, the Treasury would have taken larger advantage of present very favorable market conditions to borrow enough money to maintain a more adequate balance. Since this is impossible under the present public debt ceiling, it is necessary to put to use a substantial part of the gold in the Treasury General Fund.

The technical procedure was to pay for the securities from Treasury balances in the Federal Reserve banks. The balances were then restored by the deposit of gold certificates

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STATUTORY DEBT LIMITATION

AS OF October 31, 1953

TREASURY DEPARTMENT
Fiscal Service
Washington, Nov. 13 1953

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$ 19,509,020,000		
Certificates of indebtedness	26,385,334,000		
Treasury notes	39,993,527,900	$ 85,887,881,900	
Bonds -			
Treasury	73,239,348,800		
Savings (current redemp. value)	57,775,453,978		
Depositary	454,121,000		
Investment series	12,939,481,000	144,408,404,778	
Special Funds -			
Certificates of indebtedness	26,512,416,000		
Treasury notes	14,375,283,900	40,887,699,900	
Total interest-bearing		271,183,986,578	
Matured, interest-ceased		296,206,220	
Bearing no interest:			
United States Saving Stamps	47,523,279		
Excess profits tax refund bonds	1,356,536		
Special notes of the United States:			
Internat'l Monetary Fund series	1,280,000,000	1,328,879,815	
Total		272,809,072,613	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	64,819,886		
Matured, interest-ceased	1,119,100	65,938,986	
Grand total outstanding			272,875,011,599
Balance face amount of obligations issuable under above authority			2,124,988,401

Reconcilement with Statement of the Public Debt October 31, 1953
(Date)

(Daily Statement of the United States Treasury, October 30, 1953)
(Date)

Outstanding -	
Total gross public debt	273,386,221,023
Guaranteed obligations not owned by the Treasury	65,938,986
Total gross public debt and guaranteed obligations	273,452,160,009
Deduct - other outstanding public debt obligations not subject to debt limitation	577,148,410
	272,875,011,599

H-309

STATUTORY DEBT LIMITATION
AS OF OCTOBER 31, 1953

November 12, 1953

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H-309

Immediate

~~Suggested Treasury Press Release~~

Tuesday, Nov 10, 1953

H-310

Sales of Series E and H Savings Bonds during the first ten months of 1953 totalled $3,647,000,000, the Treasury announced today. Redemptions of matured E bonds and unmatured Series E and H Bonds for the same period were $3,491,000,000. Cash sales of E and H Bonds exceeded redemptions of those series (matured and unmatured) by $156,000,000.

Sales of Series E and H Bonds during the first ten months of 1953 were up 23 per cent over the $2,970,000,000 sales during the same period of 1952. Total matured and unmatured redemptions of these series in 1953 were only $3,000,000 above the $3,488,000,000 total redeemed during the first ten months of 1952.

Sales of Series E and H Bonds in October were $356,791,000, an increase of 15 per cent over the $309,658,000 sold during October, 1952, and $13,500,000 above sales in Sept. ~~Thus the second consecutive month this set an eight-year record for purchases of Savings Bonds of the series sold only to individuals, as compared with the like month in any year since 1945.~~

Total redemptions of matured E Bonds and unmatured Series E and H Bonds during October ~~1953~~ were $352,829,000 and were 9 per cent more than total redemptions of $324,957,000 in October, 1952. This increase reflects ~~the~~ larger maturing due to heavy Savings Bonds purchases of ten years ago ~~as the War Loan sales reach their maturity dates.~~

At the end of October, 1953, approximately ~~[illegible] or~~ 75 per cent of the series E bonds so far matured continued to be held by the owners under the optional extension plan. ~~That percentage of matured Series E Bonds retained has held fairly steadily for two and a half years since the E Bonds began maturing May 1, 1951.~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, November 10, 1953. H-310

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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.

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 Treasury Department 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 19, 1953**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **November 19, 1953**. 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,

~~XXXXXXXXX~~

~~XXXXX~~

TREASURY DEPARTMENT
Washington

H-311

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, November 12, 1953 .
~~XXX~~

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing November 19, 1953 , in the amount of $ 1,501,428,000 , 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 19, 1953 , and will mature February 18, 1954 , 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 16, 1953 . 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

365

RELEASE MORNING NEWSPAPERS,
Thursday, November 12, 1953.

H-311

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The other side of the shield is that with good convertible money through the free world, markets now nearly closed will be opened to American goods, the total volume of trade will be stimulated, and our mutual building up of greater economic strength will increase our power to resist aggression.

when our friends overseas become able through increases in productivity, through more careful attention to costs and, more importantly, through sound monetary and fiscal practices -- to balance their international accounts and overcome their foreign exchange problems I do not believe that the American exporter will be driven from world markets. With our enterprise and our productivity and our marketing ability Americans will win a fair share of any market which is open in the manner which convertibility implies.

It is the opposite of the situation of recent years, when an unlimited demand for American goods was financed, in large part, by American dollars taken from American taxpayers. Is the American foreign trader ready for this kind of a world?

There seems to me reason for confidence.

It means a world in which a foreign country's goods can compete with American goods in its own domestic market, in the United States market, and in third markets throughout the world. Convertibility means, therefore, a situation in which the American exporter faces a much keener type of competition than he has faced thus far in the post-war period.

It is important for American traders to recognize, as we enter into a period when convertibility becomes more possible, that the word "convertibility" is only a sort of shorthand phrase which is intended to depict a certain kind of world. It means a world in which foreign countries have succeeded in balancing their international accounts, and have every prospect of keeping them in balance.

But the crucial steps toward the goal of convertibility will have to be taken by those countries themselves, through increases of efficiency, and through a concentrated effort to expand exports of goods and services, and more importantly by a constant vigilance with regard to internal financial stability, our foreign friends can improve their competitive position in world trade, and also attract an increasing amount of private American investment.

The increase of American tourist expenditures, already substantial, may be expected to continue. We will continue to buy foreign gold as it is offered to us, and gold production is increasing overseas. All of these things should, through time, strengthen the position of friendly nations overseas.

As I have said earlier, the Randall Commission is studying this general problem of our tariff barriers. In addition to whatever we may do about our tariffs there are other developments which may assist our foreign friends in stabilizing and freeing their currencies. An expanding American economy will require more raw materials and foodstuffs from abroad.

I do not know when and how the return to convertibility will be achieved. It will certainly not come from unilateral action taken only by the United States. More specifically, it would not be realistic to expect that this goal can be achieved by reduction of United States tariffs alone. The complete elimination of each and every American tariff would not be sufficient to launch the world on a new era of stable and lasting convertibility.

Throughout the post-war period the reestablishment of conditions of convertibility and non-discriminatory multilateral trade has been a major aim of the U. S. Government and it has continuously had the support, in those endeavors, of groups like the National Foreign Trade Council. While it would be rash to make any prediction into the future, it seems apparent that today our foreign friends are closer to achieving that convertibility than at any time since the end of the war.

I am sure that this is a question which will be of major concern to the Randall Commission, and I shall not attempt here to anticipate the findings of that group.

My third and last question -- and I think it presents a real challenge -- is this: Is the American foreign trader ready for convertibility of foreign currencies?

This policy leads to additional burdens upon the Treasury, to unbalanced budgets, to the inflationary forces which ultimately will cripple our economy. But the alternative, if we are to continue to expand our exports, is to accept the goods and services which foreign countries, in free and fair competition, are able to sell in our market and competing markets abroad.

My second question is this: Are the members of this group, and the American public as a whole, ready to accept a balancing of the international accounts of the United States?

We have only two alternatives. We can maintain a high level of exports by continuing to pour out vast sums of the taxpayers' money in the form of grants and credits to foreign countries

We recognize that our very size in the economic picture makes even a mild recession here a matter of concern to foreign countries, and we are resolved to do our best to maintain a healthy, stable and growing economy here since we know that it benefits us as much as it does our foreign friends. In this process there will be periods of tight money as well as easy money and even at the best some fluctuations in business volume. They are the earmarks of a dynamic economy.

We appear to be entering a period of increasingly competitive world trade in which each country's power to compete will rest on its industrial costs and the soundness or unsoundness of its internal fiscal and monetary policies. We are committed to a policy of sound money in the United States -- we will not be inflexible in the conduct of our monetary and economic affairs, but we seek to avoid either a crippling inflation or an equally crippling deflation in this country.

Having said that, let me make one thing clear. It is not, and it never can be, the policy of this country to inflate the American economy as an offset to inflation abroad. To put it another way, there is no sound way of assuring a large American demand for foreign goods regardless of their price.

I know that you have all seen evidences of this fear. Countries which believe that their exports may suddenly decline because of a recession in this country are inhibited from taking the courageous steps which would be beneficial both to them and to us. For this reason, a continuing high and reasonably stable level of economic activity in the United States is perhaps the best contribution we can make to the world economy.

Problems Ahead

Now as to the prospects for the immediate future. I will touch upon three problems, which I should like to put in the form of questions which have to be answered.

The first question is this: Are our friends overseas justified in fearing a recession in this country which will disrupt their efforts to maintain a healthy level of exports?

In summary, the major countries of the free world are pledged to follow orderly international exchange practice throughout the free world, including the United States, there has appeared a vigorous trend toward halting the creeping inflation which followed war inflation and trade balances have shown marked improvement. We may hope that these favorable developments can be continued and strengthened.

We are well justified, however, in taking some encouragement from improvement which has occurred. A part of it, at least, is firmly based on sound monetary and fiscal practices and improved competitive ability.

It would not be prudent for us to bank too much upon this gain, for two reasons: In the first place, some of the financial gains of the recent past have resulted from those very restrictions on the import of dollar goods which we seek to eliminate. Secondly, we all know that similar gain in the past have been rapidly dissipated by a relaxation of efforts to withstand internal inflation.

My second reason for optimism is that in the past year the vexing problems of trade IM ~~un~~balance and exchange difficulties have eased considerably. Europe as a whole -- the keystone of the free world economy outside of this Continent -- has attained a measure of stability which has permitted it to balance its dollar accounts and even to build up reserves considerably, this in the face of increased expenditures for defense.

Country after country has demonstrated at one time or another that a sound budget and prudent control of the money supply and credit facilities, with realistic interest rates, leads rapidly and directly to an expanding international trade. It is an important lesson to have learned.

But here again, there is reason for hope. In the first place there is today, a much more widespread understanding, not only on the part of those in positions of responsibility but also among the general public that unsound internal monetary practices lead to foreign exchange difficulties. There is a rapidly spreading recognition of the fact that sound money at home leads to a strong currency abroad, and to a stable and prosperous international trade.

As I say, these problems remain. Internal inflation and the related overstimulation of demand have created exchange difficulties -- sometimes called "the dollar shortage" -- which still persist in many countries of the world. Whereas competitive devaluation was the curse of the 1930's, inflation has been the curse of the post-war period.

The problem which faces the American trader today is not so much the ed prospect of competitive devaluations, but the problem of inflation and overvalued foreign currencies, which lead to balance of payments difficulties and force countries to take arbitrary and sudden steps, in both the trade and exchange field, to shut out the goods of ~~hard~~ free currency countries.

Unstable and regimented currencies still remain, however, a foremost problem for the international trader. In the period since the war this problem of unstable currencies has in some respects been exactly the opposite of that which troubled us in the 1930's.

in 1953 we have improved considerably upon that mechanism. Fifty-five countries of the world are now joined together in the monetary fund with the stated purpose of avoiding competitive devaluations and erratic exchange movements. This organization exerts a constant beneficent pressure and stimulus towards honest international money.

In 1953 we have improved considerably upon that mechanism. Fifty-five countries of the world are now joined together in the Monetary Fund with the stated purpose of avoiding competitive devaluations and erratic exchange movements. This organization exerts a constant beneficent pressure and stimulus towards honest international money.

That is good for monetary stability through the world. It is good for honest money.

The second thing which gave me encouragement in 1938 was the Tripartite Agreement, which was designed to place a check on competitive devaluations, avoid arbitrary and erratic exchange movements and promote a fuller mutual understanding among the participants.

The first was the fact that the U. S. Treasury had maintained the dollar at a fixed gold value for nearly 5 years. The maintenance of this stable value had unquestionably lessened the confusion and disorder among currencies and facilitated trade. The power in the law for the administration to change the value of the dollar has now expired and the dollar is more firmly committed to the present gold value.

Currency Stability

Now as to unstable currencies. When I appeared before this group in 1938 I observed that we were perhaps finding our way out of the morass of competitive devaluations which was the curse of the depression years. There is as much reason and I hope better reason to be optimistic in 1953. Fifteen years ago I was encouraged by two things.

But we have rejected in principle the most arbitrary kinds of trade restrictions; we are continuing to chip away at the barriers through our Trade Agreements Program; and we are undertaking a dispassionate and objective study of the kind of world trade policy which best fits the position of our country.

The Commission on Foreign Economic Policy, whose membership is drawn from the Congress and the general public, and which has the benefit of the leadership of Mr. Clarence Randall, is now engaged in an intensive review of this very subject.

Trade barriers are still with us and they present complex problems.

This statement is, if anything, more forcefully applicable to our position in 1955 than it was in 1[illegible]. Our relative economic strength has [illegible] increased tremendously. What is called for, I believe, is a complete new look at our trade and investment policy to ascertain how we can best conduct ourselves in the light of our preponderant economic strength. This is precisely what President Eisenhower has set about to do.

The third reason for hope for the future lies in the open-minded approach to the trade problem which we are undertaking under the leadership of the President. In 1938 I pointed out that in the circumstances then existing, typified by the great strength of the United States, the most favorable development for the United States would be one "in which, with an expanding total trade, our imports of foreign goods would gain relative to our exports."

We should always be ready to review the facts carefully. But at the same time, it is only fair to look at the record and to realize, from figures such as those cited, that the United States has taken a leading part in trying to free the world from unnecessary trade restrictions.

This has been done gradually and realistically, piece-by-piece, without any serious damage to American business, but on the contrary to its benefit.

I know that our friends in foreign countries will say that the United States still has excessive tariffs; particularly on certain types of manufactured goods.

In 1952 more than one-half our imports were subject to duties of 10 percent or less; without the Trade Agreements Program the figure would have been one-third of our total imports. In 1952 only 6 percent of our imports carried duties of more than 30 percent -- without the Trade Agreements Program the figure would have been 25 percent of our imports.

If the Trade Agreements Program had not been in effect the study estimates that our tariffs in 1952 would have amounted to 10 percent of the value of our total imports and more than 24 percent of the value of our dutiable imports. With the Trade Agreements Program in effect, however, the 1952 rates were in fact only half as high -- 5 percent of total imports and 12 percent of dutiable imports.

The Commission has found that during the period of the Trade Agreements Program duties have been reduced on commodities accounting for 90 percent of the total value of our dutiable imports. Rates have been reduced on more than 3,000 items.

Our exporters have benefited by the reduction of tariffs abroad. Foreign exporters have benefited by reduction of tariffs here. Consumers in both areas have benefited through lower costs.

The general public, here or overseas, does not fully appreciate the extent to which the United States has played its part in this cooperative effort. The facts are shown in a recent short study on this subject made by the Tariff Commission in Washington.

The second reason for hope is that our Trade Agreements Program, which I cited as a favorable development in 1938, has continued to chip away at unnecessary trade restrictions here and abroad. The mutual give and take of tariff negotiations under this program has further reduced the barriers which hamper foreign trade.

Those of you who were actively is engaged in world trade before the war will recall that the nations which had been foremost in developing these techniques were declaring them to be "the way of the future" and many other nations, resorting to these devices in self-defense, were coming to think that they would necessarily become the cornerstones of world trading practices. Now, at least, we in the free world abjure them in principle.

First, most of the important nations of the free world have declared their intention to do away with quotas and barter deals and similar administrative restraints upon trade at the earliest possible moment should not under-estimate this development.

Today, in 1953, the quota and the barter deal are still with us, and are widespread. In one large and unfortunate sector of the world these devices and many more are, furthermore, used as instruments of political aggression.

We have, however, made progress since 1938, in spite of war.

Trade Barriers

As to trade barriers, we were faced in 1938 with the prospect that new techniques of restricting trade -- the Hitlerian barter deals and quota systems -- might become permanent, and dominate the world trading picture. It seemed possible that all semblance of a single world market might disappear and that the individual trader might be reduced to case-by-case attempts to plac[e] an order here and an order there, with n[o] prospect of continuity or stability of policy.

But I found the 1938 statement timely for it dealt with the two major economic problems of the world today -- unstable currencies and trade barriers. These two were then and are now the two great economic obstacles to progress.

TRADE CHANGES AND MONETARY POLICY

After I had accepted the invitation to appear here today I decided, with some trepidation, to read a statement which I made to this same organization just 15 years ago this month. You can understand my trepidation. In the decade and a half that has elapsed since that time many things have happened. Great changes have come over the world.

For Release at 3 P.M.
Monday, November 16, 1953

Treasury Department
Washington

An address by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the 2nd General Session, International Finance, 40th National Foreign Trade Convention, at the Waldorf-Astoria Hotel, New York City, 3:00 PM, Monday, November 16, 1953.

H-312

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Washington

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An address by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the 2nd General Session, International Finance, 40th National Foreign Trade Convention, at the Waldorf-Astoria Hotel, New York City, 3:00 PM, Monday, November 16, 1953.

TRADE CHANGES AND MONETARY POLICY

After I had accepted the invitation to appear here today I decided, with some trepidation, to read a statement which I made to this same organization just 15 years ago this month. You can understand my trepidation. In the decade and a half that has elapsed since that time many things have happened. Great changes have come over the world.

But I found the 1938 statement timely for it dealt with the two major economic problems of the world today--unstable currencies and trade barriers. These two were then and are now the two great economic obstacles to progress.

Trade Barriers

As to trade barriers, we were faced in 1938 with the prospect that new techniques of restricting trade--the Hitlerian barter deals and quota systems--might become permanent, and dominate the world trading picture. It seemed possible that all semblance of a single world market might disappear, and that the individual trader might be reduced to case-by-case attempts to place an order here and an order there, with no prospect of continuity or stability of policy. Today, in 1953, the quota and the barter deal are still with us, and are widespread. In one large and unfortunate sector of the world these devices and many more are, furthermore, used as instruments of political aggression.

We have, however, made progress since 1938, in spite of war. First, most of the important nations of the free world have declared their intention to do away with quotas and barter deals and similar administrative restraints upon trade at the earliest possible moment. We should not under-estimate this development. Those of you who were actively engaged in world trade before the war will recall that the nations which had been foremost in developing these techniques were declaring them to be "the way of the future" and many other nations, resorting to these devices in self-defense, were coming to think that they would necessarily become the cornerstones of world trading practices. Now, at least, we in the free world abjure them in principle.

The second reason for hope is that our Trade Agreements Program, which I cited as a favorable development in 1938, has continued to chip away at unnecessary trade restrictions here and abroad. The mutual give and take of tariff negotiations under this program has further reduced the barriers which hamper foreign trade. Our exporters have benefited by the reduction of tariffs abroad. Foreign exporters have benefited by reduction of tariffs here. Consumers in both areas have benefited through lower costs.

The general public, here or overseas, does not fully appreciate the extent to which the United States has played its part in this cooperative effort. The facts are shown in a recent short study on this subject made by the Tariff Commission in Washington. The Commission has found that during the period of the Trade Agreements Program duties have been reduced on commodities accounting for 90 percent of the total value of our dutiable imports. Rates have been reduced on more than 3,000 items. If the Trade Agreements Program had not been in effect the study estimates that our tariffs in 1952 would have amounted to 10 percent of the value of our total imports and more than 24 percent of the value of our dutiable imports. With the Trade Agreements Program in effect, however, the 1952 rates were in fact only half as high-- 5 percent of total imports and 12 percent of dutiable imports. In 1952 more than one-half our imports were subject to duties of 10 percent or less; without the Trade Agreements Program the figure would have been one-third of our total imports. In 1952 only 6 percent of our imports carried duties of more than 30 percent--without the Trade Agreements Program the figure would have been 25 percent of our imports. This has been done gradually and realistically, piece-by-piece, without any serious damage to American business, but on the contrary to its benefit.

I know that our friends in foreign countries will say that the United States still has excessive tariffs; particularly on certain types of manufactured goods. We should always be ready to review the facts carefully. But at the same time, it is only fair to look at the record and to realize, from figures such as those cited, that the United States has taken a leading part in trying to free the world from unnecessary trade restrictions.

The third reason for hope for the future lies in the open-minded approach to the trade problem which we are undertaking under the leadership of the President. In 1938 I pointed out that in the circumstances then existing, typified by the great strength of the United States, the most favorable development for the United States would be one "in which, with an expanding total trade, our imports of foreign goods would gain relative to our exports." This statement is, if anything, more forcefully applicable to our position in 1953 than it was in 1938. Our relative economic strength has increased tremendously. What is called for, I believe, is a complete new look at our trade and investment policy to ascertain how we can best conduct ourselves in the light of our preponderant economic strength. This is precisely what President Eisenhower has set about to do. The Commission on Foreign Economic Policy, whose membership is drawn from the Congress and the general public, and which has the benefit of the leadership of Mr. Clarence Randall, is now engaged in an intensive review of this very subject.

Trade barriers are still with us and they present complex problems. But we have rejected in principle the most arbitrary kinds of trade restrictions; we are continuing to chip away at the barriers through our Trade Agreements Program; and we are undertaking a dispassionate and objective study of the kind of world trade policy which best fits the position of our country.

Currency Stability

Now as to unstable currencies. When I appeared before this group in 1938 I observed that we were perhaps finding our way out of the morass of competitive devaluations which was the curse of the depression years. There is as much reason and I hope better reason to be optimistic in 1953. Fifteen years ago I was encouraged by two things. The first was the fact that the U. S. Treasury had maintained the dollar at a fixed gold value for nearly 5 years. The maintenance of this stable value had unquestionably lessened the confusion and disorder among currencies and facilitated trade. The power in the law for the administration to change the value of the dollar has now expired and the dollar is more firmly committed to the present gold value. That is good for monetary stability through the world. It is good for honest money.

The second thing which gave me encouragement in 1938 was the Tripartite Agreement, which was designed to place a check on competitive devaluations, avoid arbitrary and erratic exchange movements and promote a fuller mutual understanding among the participants. In 1953 we have improved considerably upon that mechanism. Fifty-five countries of the world are now joined together in the Monetary Fund with the stated purpose of avoiding competitive devaluations and erratic exchange movements. This organization exerts a constant beneficent pressure and stimulus towards honest international money.

Unstable and regimented currencies still remain, however, a foremost problem for the international trader. In the period since the war this problem of unstable currencies has in some respects been exactly the opposite of that which troubled us in the 1930's. The problem which faces the American trader today is not so much the prospect of competitive devaluations, but the problem of inflation and overvalued foreign currencies, which lead to balance of payments difficulties and force countries to take arbitrary and sudden steps, in both the trade and exchange field, to shut out the goods of free currency countries.

As I say, these problems remain. Internal inflation and the related overstimulation of demand have created exchange difficulties--sometimes called "the dollar shortage"--which still persist in many countries of the world. Whereas competitive devaluation was the curse of the 1930's, inflation has been the curse of the post-war period.

But here again there is reason for hope. In the first place there is today a much more widespread understanding, not only on the part of those in positions of responsibility, but also among the general public, that unsound internal monetary practices lead to foreign exchange difficulties. There is a rapidly spreading recognition of the fact that sound money at home leads to a strong currency abroad, and to a stable and prosperous international trade. Country after country has demonstrated at one time or another that a sound budget and prudent control of the money supply and credit facilities, with realistic interest rates, leads rapidly and directly to an expanding international trade. It is an important lesson to have learned.

My second reason for optimism is that in the past year the vexing problems of trade imbalance and exchange difficulties have eased considerably. Europe as a whole--the keystone of the free world economy outside of this Continent--has attained a measure of stability which has permitted it to balance its dollar accounts and even to build up reserves considerably, this in the face of increased expenditures for defense. It would not be prudent for us to bank too much upon this gain, for two reasons: In the first place, some of the financial gains of the recent past have resulted from those very restrictions on the import of dollar goods which we seek to eliminate. Secondly, we all know that similar gains in the past have been rapidly dissipated by a relaxation of efforts to withstand internal inflation. We are well justified, however, in taking some encouragement from improvement which has occurred. A part of it, at least, is firmly based on sound monetary and fiscal practices and improved competitive ability.

In summary, the major countries of the free world are pledged to follow orderly international exchange practices; throughout the free world, including the United States, there has appeared a vigorous trend toward halting the creeping inflation which followed war inflation and trade balances have shown marked improvement. We may hope that these favorable developments can be continued and strengthened.

Problems Ahead

Now as to the prospects for the immediate future. I will touch upon three problems, which I should like to put in the form of questions which have to be answered.

The first question is this: Are our friends overseas justified in fearing a recession in this country which will disrupt their efforts to maintain a healthy level of exports?

I know that you have all seen evidences of this fear. Countries which believe that their exports may suddenly decline because of a recession in this country are inhibited from taking the courageous steps which would be beneficial both to them and to us. For this reason, a continuing high and reasonably stable level of economic activity in the United States is perhaps the best contribution we can make to the world economy.

Having said that, let me make one thing clear. It is not, and it never can be, the policy of this country to inflate the American economy as an offset to inflation abroad. To put it another way, there is no sound way of assuring a large American demand for foreign goods regardless of their price. We appear to be entering a period of increasingly competitive world trade in which each country's power to compete will rest on its industrial costs and the soundness or unsoundness of its internal fiscal and monetary policies. We are committed to a policy of sound money in the United States--we will not be inflexible in the conduct of our monetary and economic affairs, but we seek to avoid either a crippling inflation or an equally crippling deflation in this country. We recognize that our very size in the economic picture makes even a mild recession here a matter of concern to foreign countries, and we are resolved to do our best to maintain a healthy, stable and growing economy here since we know that it benefits us as much as it does our foreign friends. In this process there will be periods of tight money as well as easy money and even at the best some fluctuations in business volume. They are the earmarks of a dynamic economy.

My second question is this: Are the members of this group, and the American public as a whole, ready to accept a balancing of the international accounts of the United States?

We have only two alternatives. We can maintain a high level of exports by continuing to pour out vast sums of the taxpayers' money in the form of grants and credits to foreign countries. This policy leads to additional burdens upon the Treasury, to unbalanced budgets, to the inflationary forces which ultimately will cripple our economy. But the alternative, if we are to continue to expand our exports, is to accept the goods and services which foreign countries, in free and fair competition, are able to sell in our market and competing markets abroad. I am sure that this is a question which will be of major concern to the Randall Commission, and I shall not attempt here to anticipate the findings of that group.

My third and last question--and I think it presents a real challenge--is this: Is the American foreign trader ready for convertibility of foreign currencies?

Throughout the post-war period the reestablishment of conditions of convertibility and non-discriminatory multilateral trade has been a major aim of the U. S. Government and it has continuously had the support, in those endeavors, of groups like the National Foreign Trade Council. While it would be rash to make any predictions into the future, it seems apparent that today our foreign friends are closer to achieving that convertibility than at any time since the end of the war. I do not know when and how the return to convertibility will be achieved. It will certainly not come from unilateral action taken only by the United States. More specifically, it would not be realistic to expect that this goal can be achieved by reduction of United States tariffs alone. The complete elimination of each and every American tariff would not be sufficient to launch the world on a new era of stable and lasting convertibility.

As I have said earlier, the Randall Commission is studying this general problem of our tariff barriers. In addition to whatever we may do about our tariffs there are other developments which may assist our foreign friends in stabilizing and freeing their currencies. An expanding American economy will require more raw materials and foodstuffs from abroad. The increase of American tourist expenditures, already substantial, may be expected to continue. We will continue to buy foreign gold as it is offered to us, and gold production is increasing overseas. All of these things should, through time, strengthen the position of friendly nations overseas.

But the crucial steps toward the goal of convertibility will have to be taken by those countries themselves. Through increases of efficiency, through a concentrated effort to expand exports of goods and services, and more importantly by a constant vigilance with regard to internal financial stability, our foreign friends can improve their competitive position in world trade, and also attract an increasing amount of private American investment.

It is important for American traders to recognize, as we enter into a period when convertibility becomes more possible, that the word "convertibility" is only a sort of shorthand phrase which is intended to depict a certain kind of world. It means a world in which foreign countries have succeeded in balancing their international accounts, and have every prospect of keeping them in balance. It means a world in which a foreign country's goods can compete with American goods in its own domestic market, in the United States market, and in third markets throughout the world. Convertibility means, therefore, a situation in which the American exporter faces a much keener type of competition than he has faced thus far in the post-war period. It is the opposite of the situation of recent years, when an unlimited demand for American goods was financed, in large part, by American dollars taken from American taxpayers. Is the American foreign trader ready for this kind of a world?

There seems to me reason for confidence. When our friends overseas become able--through increases in productivity, through more careful attention to costs and, more importantly, through sound monetary and fiscal practices--to balance their international accounts and overcome their foreign exchange problems, I do not believe that the American exporter will be driven from world markets. With our enterprise and our productivity and our marketing ability Americans will win a fair share of any market which is open in the manner which convertibility implies.

The other side of the shield is that with good convertible money through the free world, markets now nearly closed will be opened to American goods, the total volume of trade will be stimulated, and our mutual building up of greater economic strength will increase our power to resist aggression.

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FOR IMMEDIATE RELEASE,

November 10, 1953 12

H-313

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour authorized to be entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953, to November 10, 1953	Established Quota	Imports May 29, 1953, to November 10
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	46	5,000	100
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,080	4,000,000	3,815,100

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, November 12, 1953

H-313

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Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	46	5,000	100
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,080	4,000,000	3,815,100

Treasury Department
Washington

H-314

IMMEDIATE RELEASE

Tuesday,
November ~~10~~ 12, 1953

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, 1953, to October 31, 1953, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit Of Quantity	Imports as of October 31, 1953
Buttons	850,000	Gross	662,960
Cigars	200,000,000	Number	2,494,267
Coconut Oil	448,000,000	Pound	86,924,315
Cordage	6,000,000	Pound	3,408,753
Rice	1,040,000	Pound	2,500
(Refined			-
Sugars	1,904,000,000	Pound	
(Unrefined			1,636,228,064
Tobacco	6,500,000	Pound	2,451,611

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, November 12, 1953

H-314

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Tobacco	6,500,000	Pound	2,451,611

Treasury Department
Washington

H-315

IMMEDIATE RELEASE
Thursday,
November ~~10~~ 12, 1953

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 31, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 31, 1953
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	11,255
Cream	Calendar year	1,500,000	Gallon	1,008
Butter	July 16, 1953- Oct. 31, 1953	5,000,000	Pound	3,068
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	33,866,287	Pound	Quota Filled
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	149,020
other	Sept. 15, 1953	60,000,000	Pound	3,994,601
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	3,997
Cattle, 700 pounds or more each (other than dairy cows)	Oct. 1, 1953- Dec. 31, 1953	120,000	Head	535
Walnuts	Calendar year	5,000,000	Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	418,800
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)...........	12 months from July 1, 1953	1,709,000	Pound	6,320
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, November 12, 1953

H-315

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Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090

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, 1953, to November 10, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to November 10, 1953
United Kingdom	4,323,457	198,478	1,441,152	198,478
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	-	-	-
Netherlands	68,240	16,947	22,747	16,947
Switzerland	44,388	-	14,796	-
Belgium	38,559	1,099	12,853	1,099
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,298	25,443	24,298
Italy	21,263	-	7,088	-
	5,482,509	480,512	1,599,886	240,822

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

H- 316

IMMEDIATE RELEASE
November 10, 1953

Monday, 12

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to November 10, 1953, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	-	Paraguay	871	-
British India	2,003,483	-	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	2,654,630	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa . .	689	-
			Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1953, to October 31, 1953

Established Quota (Global)	Imports
70,000,000	347,173

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to November 10, 1953

Established Quota (Global)	Imports
45,656,420	42,299,798

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, November 12, 1953

H-316

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
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Haiti	237	-
Ecuador	9,333	-

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Iraq	195	-
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Barbados	-	-
1/ Other British W. Indies	21,321	-
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2/ Other British W. Africa	16,004	-
3/ Other French Africa	689	-
Algeria and Tunisia	-	-

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France	227,420	-	75,807	-
British India.	69,627	-	-	-
Netherlands.	68,240	16,947	22,747	16,947
Switzerland.	44,388	-	14,796	-
Belgium.	38,559	1,099	12,853	1,099
Japan.	341,535	-	-	-
China.	17,322	-	-	-
Egypt.	8,135	-	-	-
Cuba	6,544	-	-	-
Germany.	76,329	24,298	25,443	24,298
Italy.	21,263	-	7,088	-
	5,482,509	480,512	1,599,886	240,822

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

at 3 P.M. H-317

IMMEDIATE RELEASE,
Monday, November 16, 1953.

Secretary of the Treasury Humphrey announced today that the subscription books will open on Wednesday, November 18, for the exchange of the 2-1/8 percent Treasury notes maturing on December 1, 1953, in the amount of $10 billion.

Holders of the maturing notes will be offered a choice of exchanging them for 1-7/8 percent notes maturing December 15, 1954, or 2-1/2 percent bonds maturing December 15, 1958. The bonds will be an additional amount of the issue dated February 15, 1953.

Subscriptions will be received par for par in the case of the new notes, and at par and accrued interest from June 15, 1953, in the case of the bonds. The collection of accrued interest is necessary to make the bonds freely interchangeable with those already outstanding.

The subscription books will close at the close of business Friday, November 20. Any subscription addressed to a Federal Reserve Bank or Branch or to the Treasury Department and placed in the mail before midnight November 20 will be considered as timely.

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November 4, 1953

MEMORANDUM TO: Mr. Bartelt

The following transactions were made in direct and guaranteed securities of the Government for Treasury investment and other accounts during the month of October 1953:

Purchases	$16,999,000
Sales	29,000
Net Purchases	$16,970,000

C. L. Norman

acting Chief, Investments Branch
Division of Deposits and Investments

Statement No. 36
Treasury Department
Investments Branch

EHeyden 11/4/53

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, November 16, 1953. H-318

During the month of October, 1953, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases of $16,970,000, Secretary Humphrey announced today.

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RELEASE MORNING NEWSPAPERS,
Tuesday, November 17, 1953.

H-319

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated November 19, 1953, and to mature February 18, 1954, which were offered on November 12, were opened at the Federal Reserve Banks on November 16.

The details of this issue are as follows:

Total applied for - $2,265,148,000
Total accepted - 1,501,737,000 (includes $260,799,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.638 Equivalent rate of discount approx. 1.433% per annum

Range of accepted competitive bids:

High - 99.655 Equivalent rate of discount approx. 1.365% per annum
Low - 99.635 " " " " " 1.444% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 30,751,000	$ 25,251,000
New York	1,683,821,000	1,036,946,000
Philadelphia	32,191,000	17,191,000
Cleveland	46,023,000	44,722,000
Richmond	31,904,000	31,604,000
Atlanta	39,258,000	30,483,000
Chicago	194,028,000	153,178,000
St. Louis	43,373,000	26,073,000
Minneapolis	11,693,000	10,893,000
Kansas City	37,197,000	29,187,000
Dallas	48,426,000	39,176,000
San Francisco	66,483,000	57,033,000
Total	$2,265,148,000	$1,501,737,000

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TOTAL	$ 2,265,148,000	$1,501,737,000

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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.

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 Treasury Department 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 27, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 27, 1953. 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,

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H-320

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, November 19, 1953 .

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 , or thereabouts, of 90 -day Treasury bills, for cash and in exchange for Treasury bills maturing November 27, 1953 , in the amount of $1,501,518,000 , 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 27, 1953 , and will mature February 25, 1954 , 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 23, 1953 . 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 19, 1953.

H-320

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November 27, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 27, 1953. 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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The administration is making headway in meeting these difficult and vital problems. Our objectives are clear. Reaching these objectives will be a long and continuing process. The administration has made a good start -- this encourages us to believe that our goals will be reached.

of the Congress, and good progress is being made. There are many changes which could well be made to remove inequities and to simplify the tax system. But loss of revenue must be carefully evaluated.

start We cannot afford as much reduction as we would all like immediately. But we will set a pattern of reduction on which a modest start will promptly be made, with provision for additional future reductions in taxes as rapidly as reductions in expenditures--consistent with security--indicate that they are justified.

We have made real progress in the field of tax administration. In January morale in the Internal Revenue Service was very low--shocking scandals had occurred in recent years.

Our objectives have been to restore public confidence in Federal tax administration by administering the law as it is written, speeding-up auditing of tax returns, tightening-up on enforcement, and giving a fair break to the taxpayer.

Competitive enterprise, free initiative--the courage to take a chance--the opportunity to better oneself by effort--constructive work and invention--these have made America great.

(5) Tax Reductions. This administration is reducing taxes. Because we have reduced expenses and only because we have made these reductions in spending, the excess profits tax will expire on December 31 and individual income taxes will go down an average of 10 percent at the same time. No tax reduction whenever planned could be justified otherwise.

Additional tax reduction is desired by all and is essential to the continued growth of our economy.

But taxes can be further reduced only as expenditures are further reduced. And expenditures can be reduced only as consistent with maintaining a defense adequate to meet the dangers which confront us.

Our entire tax system is being thoroughly studied with a view to removing wherever practical obstacles to growth and incentive. This is a joint undertaking of the Treasury and the Ways and Means and other committees

This has been a ~~cruel~~ serious hardship upon the millions of Americans who have saved money either in savings deposits, in insurance, or in retirement fraternal and pension plans.

This administration is committed to do all it can to halt further inflation, which is ~~a long~~ only another word for this decline in the purchasing power of a dollar.

There has been a change of only one-half of one cent in 1939 dollars in the purchasing power of the dollar in the past year. This is real proof of stability.

(4) Encouraging initiative. Needless and stifling controls were lifted almost as soon as the administration assumed office. They had not kept down the cost of living. They were curbing vital American initiative and enterprise.

Lifting of controls was a calculated risk. The ~~loud cries~~ statement that the end of controls would mean runaway inflation died out almost as quickly as the controls themselves were ended.

This administration believes that the average American can do more for himself--if he is allowed to do so--than the government can do for him.

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In helping to spread the debt, we are also encouraging the widest possible ownership of savings bonds. We note with pride that the sales of Series E and H savings bonds so far this year are higher than in any year since 1946.

Our policy is fixed and determined. It is flexible only in its execution. While our objective is definite, our progress toward it realistically recognizes and adjusts to the changing conditions in which we operate.

We have made no change in either policy or objective. Our goal has been and will continue to be a stable economy for a healthy economy—for the military and economic security of all.

(3) The menace of inflation. The purchasing power of the dollar declined from 100 cents in 1939 to 58 cents in 1950 and to 52 cents in January 1953.

This administration plans to take steps to make this huge debt less inflationary and less dangerous to the value of money and to the nation's economy. At every appropriate time we will extend the maturity of the debt by placing longer-term issues. We will move more of the debt away from the banks and into the hands of long-term investors, the real savers of this Nation.

We cannot always move on both fronts at the same time. We must be careful not to dislocate the sensitive balance of our economy and we must always be guided by current market conditions. But our goal is clear and we are working toward it.

In February, owners of $9 billion maturing certificates were given the chance to exchange their holdings for a bond of six years maturity instead of the usual one-year certificate. In April, the Treasury offered a 30-year bond--the first marketable long-term bond since 1945. In September, a 3½-year note was offered, and in October a new cash offering of eight-year bonds was made. This month investors were offered a

Much remains to be done but progress has been made and more will be made as each day and each week goes by.

More than 70 percent of ~~our~~ federal spending is for military defense or in foreign or atomic programs. Under such circumstances the reason for not moving faster is obvious. We are eager to make sure that savings are only made with extreme care, knowing fully the great peril in which we live in this atomic age.

(2) Management of the Debt. The public debt is now practically at the limit of $275 billion. In addition to inheriting a debt of enormous size, we also inherited a debt that ~~had been badly managed.~~ was in bad shape

Nearly three-quarters of the debt we inherited in January matures within less than five years or is redeemable at the holder's option.

Too large a proportion of this debt is in the hands of banks rather than distributed to long-term investors.

Both of these conditions affect the supply of credit. They are inflationary. They have contributed to cheapening the value of the dollar.

By August of this year this administration had cut planned expenditures for the fiscal year 1954 by more than $6 billion under the January estimate of the previous administration. This plus $800 million of income gained from the six-month extension of the excess profits tax has resulted in cutting a prospective deficit from more than $11 billion to less than $4 billion, according to present estimates.

It is true that this does not provide an administrative budget in balance for 1954--but it is still a real saving of billions of dollars and not far from a cash budget balance. And more important the taxpayers of America will have these billions of dollars in their own pockets to spend for themselves instead of having the government spending it for them.

Significant, too, is the reduction by $10 billion of new authorizations for spending in this fiscal year--that is a reduction in authority to place orders, which will result in reduced spending by that amount in future years.

This is an important turning point in government finance. For the first time in recent years estimates now provide for less spending in the current year than in the year just passed.

Fourth, to remove the strait jacket of wage, price, and other controls and directives and make constructive plans to encourage initiative;

Fifth, to work toward the earliest possible reduction of the tax burden, remove inequalities, simplify the tax system and revise the tax laws to ~~lessen their restrictive effect upon~~ reduce the obstacles to the vigorous growth of our economy.

What progress has been made toward meeting these objectives?

(1) Deficits and the balanced budget. The first step toward balancing the budget was a tremendous effort to get previously planned spending under control.

Little could be done about expenditures during fiscal 1953, which was all programmed and more than half gone.

But a thorough review of all future military and civilian programs was immediately undertaken.

These reviews have not yet been finished. But progress has been made.

Release 7 P.M.
Wed., Nov. 18,

Remarks by Under Secretary of the Treasury Marion B. Folsom at a dinner meeting of the American Chemical Association, 7 p.m. Wednesday, November 18, 1953, at the Shoreham Hotel.

In his State of the Union Message two weeks after assuming office, President Eisenhower described five areas in which this administration would strive to develop a fiscal and economic policy to reinforce military strength and at the same time make more secure the nation's economic health and resources.

These objectives were:

First, to reduce the deficits as planned by the previous administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to manage properly the burden of our inheritance of debt and obligations;

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November 12, 1953

in the settlement of tax controversies

~~The~~ Secretary of the Treasury, George M. Humphrey, announced today that he had delegated to the Internal Revenue Service authority to execute ~~closing~~ final agreements ~~with taxpayers~~. "With this delegation of authority~~, the Secretary said,~~ we have completed the delegation from the Treasury to the Internal Revenue Service of all necessary authority to ~~deal with~~ close individual tax cases". The Secretary stated that previously there had been delegated to the Internal Revenue Service final authority to approve offers in compromise, to review remissions or mitigations of forfeitures of claims for reward, to make refunds of internal revenue taxes, to collect tax liabilities, to determine and assess tax liabilities, to recommend criminal prosecution, to grant extensions of time, to grant changes in accounting methods for taxable years. The Secretary also said that authority to appoint personnel and to establish internal procedures had been previously delegated to the Internal Revenue Service.

Secretary Humphrey said

The Treasury will continue to recommend and present to Congress all legislative proposals, approve regulations and Treasury decisions, negotiate tax treaties, and decide all questions of tax policy. The Internal Revenue Service, with the powers delegated to it, will act as a ~~independent~~ unit in the Treasury in dealing with taxpayers on individual tax

Income
Tax

H-322

Secretary of the Treasury George M. Humphrey announced today that he had delegated to the Internal Revenue Service authority to execute final agreements in the settlement of tax controversies.

"With this delegation of authority we have completed the delegation from the Treasury to the Internal Revenue Service of all necessary authority to close individual tax cases. By the various delegations of authority, duplication in effort and delay which has been occasioned in the past in many cases will be eliminated", Secretary Humphrey said.

The Secretary stated that previously there had been delegated to the Internal Revenue Service final authority to approve offers in compromise, to review remissions or mitigations of forfeitures of claims for reward, to make refunds of internal revenue taxes, to collect tax liabilities, to determine and assess tax liabilities, to recommend criminal prosecution, to grant extensions of time, to grant changes in accounting methods of taxable years. The Secretary also said that authority to appoint personnel (except the Deputy Commissioner and Assistant Commissioner) and to establish internal procedures had been previously delegated to the Internal Revenue Service.

The Treasury will continue to recommend and present to Congress all legislative proposals, approve regulations and Treasury decisions, negotiate tax treaties, and decide all questions of tax policy. The Internal Revenue Service, with the powers delegated to it, will act as a unit in the Treasury in dealing with taxpayers on individual tax cases.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, November 19, 1953.

H-322

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oOo

Only such security can make the peace we seek not a prayer but a fact. Serving so just a cause in such a spirit, now -- as in that time a century ago -- we cannot ~~meanly~~ fail, we ~~but~~ must succeed. ~~bravely prevail.~~

As America is called, to be worthy of the cause of freedom, so we -- this Party and this Government -- are called to be worthy of America.

We must be <u>steadfast</u>.

We can never pretend to solve a problem with a slogan. We can never sell principle ~~in the crowded market-place of~~ for political expediency. We must always care less for our performance on television than our performance in office.

We must be <u>truthful</u>, and true to our ideals.

We have no reason to fear or evade criticism. We must prove ourselves too honest and too intelligent to be above accepting criticism or ~~reproach.~~ correction.

And we must be <u>confident</u>.

We cannot be feeble or faltering in what we believe. For we believe ultimately in the boundless courage and industry and ingenuity of the free American -- as a resource ~~of nature~~ unmatched in the world. We believe in his capacity not only to dream a good dream -- but to wake, to work, and to bring that dream to true life. Confident, truthful, steadfast: These are the marks of the <u>leadership</u> we must offer.

Only such leadership can create lasting <u>security</u> for America.

And -- as a final self-evident truth of our security -- we know that the economic issues we must meet do not end at our shores.

Our trade with the world -- and the world's trade with us -- are vital to the strength we all need if we are to stay free.

Powerful and productive as America is, we need markets for our farms and industries abroad. We need, no less urgently, essential raw materials from Asia and Africa and Europe.

If we, in our vast strength, are so dependent upon others -- we can instantly see how others, less strong, must depend upon us, upon our trade amd markets, for their own economic health and welfare.

And this truth we have learned and dare never forget: Our freedom cannot survive in a vacuum; we need allies and friends -- and the menace to freedom for them can be a threat to any industry, any farm, any home, any family in America.

This is nothing less than the plainest record ~~law~~ of history. ~~under which we live.~~

I have spoken of peace, and I have spoken of security.

Clearly implicit in all I have said is our concept and understanding of leadership.

I remind you again that all these measures have as a final, ruling purpose -- not merely supplying ~~the gratification of~~ all our material needs -- but first, last and all the time they are essential for the very <u>security</u> of America. For America's surest defense against any enemy is the massive power and measureless potential of American mass production.

In perfecting this defense, ~~we hold~~ several truths ~~to~~ are ~~be~~ self-evident.

These truths are:

First: A crippled American economy would serve the communist dream of conquest as surely as any military disaster and would be an almost fatal blow to the stability and security of all free nations.

Second: The worth of our military defense program must be measured not simply by its <u>cost</u> but by its <u>wisdom</u> -- for billions of dollars wastefully or unwisely spent, or production schedules frozen to produce obsolete weapons, would spell spectacular and fatal folly.

Third: The kind of economy needed to sustain our vast essential defense program demands a high level of employment and industrial activity.

Fourth: Such industrial employment and activity must be founded upon and can be encouraged and assured only by honest money, economical government, and sound money policy.

All these economic measures, finally, mean speeding the day when successive further reductions in taxes following one upon another as rapidly as reductions in spending are achieved can allow the consuming community to quicken its demands upon the productive machinery of all America. These quickened demands are the surest stimulants to an American prosperity producing goods for better living for all the people so that we need never more have to rely upon defense spending for good times.

This administration believes that the average American can do more for himself -- if he is allowed to do so -- than the government can do for him. Competitive enterprise, free initiative -- the courage to take a chance -- the opportunity to better oneself by effort -- constructive work and invention -- these have made America great.

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Opportunity is the rightful heritage of our children. It must be protected and guarded and handed on.

They mean protection for savings -- savings for individual families and savings that mean jobs -- jobs in factories, jobs in mills, jobs in mines and power plants that cannot be built without such savings.

They mean, by virtue of cheaper costs to state and local governments, new opportunities to build schools, the highways, the hospitals which are so vital a part of the strength of our whole nation.

This administration is reducing taxes. Because we have reduced expenses and only because we have made these reductions in spending, the excess profits tax will expire on December 31 and individual income taxes will go down an average of 10 percent at the same time. Let no one be deceived. No tax reduction whenever planned could be justified otherwise.

Additional tax reduction is desired by all and is essential to the continued growth of our economy.

The accomplishment of sound money will protect the savings, pensions and incomes of the old, while supplying the tools of production by stimulating investment creating new and better jobs but this nation, as the land of opportunity for the young -- eager for work and ambitious to better themselves -- cannot long endure as such under the restrictive taxes which we inherited.

Taxes can be further reduced only as expenditures are further reduced. And expenditures can be reduced only as consistent with maintaining a defense adequate to meet the dangers which confront us.

We have reshaped the financial policies of the Federal Government to serve a single, simple purpose: To give the American people honest American money, the kind of dollar that buys a dollar's worth of goods. This has not been done by oratory nor has it been done by magic. It has only been done by ~~simply chanting the kind of campaign promises so popular for~~ ~~oratory~~ tireless attention to detailed reduction of expense in ~~the last 20 years. It isn't done by oratory any more than by~~ every department of the government. ~~magic.~~

This action depends upon three things -- sound budget policy, sound Federal Reserve System and sound debt management.

We have, in the first instance, reduced the prospective deficit for the current fiscal year from more than $11 billion to less than $4 billion.

We have freed the Federal Reserve System to use its power to provide a supply of credit that meets natural demand and avoids those excesses encouraging either inflation or deflation.

We have begun meeting the problem of debt management by offering the first marketable long-term loan since 1945; ~~in 20 years;~~ and we shall continue to extend the maturities of refinancing operations as relevant conditions permit ~~dictate~~. These measures are not the concern simply of government statisticians or titanic banking institutions.

They are vital to every individual and family in our nation. They mean bringing an end to the withering of the value of the dollar that, with slow ~~and implacable~~ deceit, cheats every family of the purchasing power of their income and even of clothes and food.

In addition to and overshadowing all else was the grim conflict in Korea, taking the lives of American boys in a stalemate that had been dragging endlessly, hopelessly, but far from bloodlessly, on and on for nearly three long horrible years for almost every home in this land. The financial burden of Korea alone piling deficit on deficit, debt on debt, and tax on tax, built up commitments to continue for years to come.

Shooting and bloodshed in Korea are ended, at least for the time being, and the tension in the homes throughout America is lessened. In its place our every effort is at work to fashion a lasting, sound and equitable peace, and substitute reconstruction for destruction in that war-torn land. It is our fervent hope that out of it may come a permanent and constructive settlement.

These, then, were some of the financial inheritances which we found on the government's doorstep when we moved in last January. These were the burdens and the hard financial facts to which we fell heir.

A habit of extravagance in some government agencies is part of the burden of our financial inheritance.

Some government agencies perform vital functions and are well run.

Others have acquired habits of extravagance over the past twenty years of free and easy spending.

This administration is determined to cut out careless spending. We are trying to develop more dollar-consciousness on the part of all government employees, both in and out of uniform

All our efforts in cutting out extravagance are based on the simple knowledge that every dollar the government spends comes not from some mysterious pool of wealth but from the toil and savings of American citizens who deserve and expect a full dollar's worth for every dollar taken from them to support their government.

Our inheritance in the field of taxation is a staggering one.

It is staggering because of its size, due to inherited obligations and the deficit financing of recent years.

In 17 of the 20 fiscal years from 1933 to 1952, the government operated with a deficit. Conversely, in only three of those twenty years did the government live within its income.

It is also staggering because of inequalities and deliberately restrictive provisions, which, in addition to the very size of the tax program, inhibit growth and incentive and deter initiative and development of a vigorous free economy.

The debt limit is a financial inheritance which gives us great concern. A law was passed to require the payment of the great bulk of corporation taxes in the first half of the calendar year. This disproportionately larger collection of taxes was used by the previous Administration to substantially reduce a budget deficit in one year.

This forced the practice of issuing tax anticipation bills in the fall when tax collections were low against expected receipts the following spring when corporate tax collections were high, and so automatically forces increased borrowing over at least a six-month period. This fixed inheritance has made the present debt limit too restrictive.

When this Administration came into office, it found about $81 billion of orders placed by the former administration from one to three years previously for goods to be delivered this year, next year, and even the year after--all to be paid for when delivered, without providing any money for the payment.

This 81 billion-dollar legacy without provision for its payment now creates a most burdensome factor in raising cash to pay the government's bills. These C.O.D. orders must, of course, be paid for in addition to all the current expenses of the government. They increase the problem of the debt limit as well as the difficulty of balancing the budget quickly.

There were other crippling burdens inherited from the previous Administration to which this Administration fell heir in the fiscal and economic field.

This inheritance included the huge public debt, the restrictive debt limit, $81 billion in C.O.D. orders, extravagance in government, the staggering tax burden, and on top of it all, a war of stalemate in Korea bringing sorrow and grief to many homes and involving heavy current expenditures for our government.

The public debt is now practically at the limit of $275 billion. In addition to inheriting a debt of enormous size, we also inherited a debt that had been badly managed, nearly three-quarters of which matures within less than five years or is redeemable at the holder's option with too large a proportion in the hands of banks rather than distributed to long-term investors.

Both of these conditions were deliberately planned by our predecessors and affect the supply of credit. They are inflationary. They have contributed to cheapening the value of the dollar which fell from 100 cents in 1931 to 52 cents ~~in 1939~~ at the present time.

Ironically enough, this same policy which produced inflation and devalued the dollar resulted in our paying so much more for what we bought that we now have much more total debt to pay than would otherwise have been the case.

For this clear reason, our concern for the nation's economy cannot be measured merely in terms of wages or profits ~~or~~ ~~wages~~ or dividends. We are not, in the ultimate sense, thinking of stock quotations and interest rates. We are not weighing decisions in terms of washing machines or television sets. Our concern for our economy is nothing less than our concern for the first line of defense for every freedom that we cherish.

We have served this purpose faithfully and, I believe effectively. Among the unhappy legacies this Administration inherited from the past was the arbitrary rule of our economy by needless, stifling controls. We lifted these controls in our first few weeks in office -- as swiftly as the voices of the critics were shouting that we would not dare to do so. And the aftermath of that action, which has seen employment pay rolls and industrial activity rise this year to the highest records ever known and which has seen the cost of living only ~~move less than one-half of~~ one percent over the greater part of this year, gave the lie to those who had thus predicted disaster.

bipartisanship in all that directly concerns the safety of America in a world threatened by fateful conflict.

This, then is our broad vision of the ideal of peace, which rules all our thoughts and actions.

Our pursuit of this ideal directly involves the prerequisite of security, national security.

I can define this security plainly. It means: ~~A stout~~ sturdy defense supported by a sound economy.

This short generalization covers a wealth of specifics.

Security does not mean armies, navies, rockets and jets alone.

It also means honest dollars and sound fiscal policies.

Security does not depend solely upon military tacticians or the ingenuity of nuclear physicists and weapon designers. It depends also upon the ingenuity of manufacturers, the venturousness of capital, the skill of men along the assembly-line.

The simple truth is that no amount of arms can make a nation secure whose people are not secure. And that means a healthy and vigorous economy.

I must be blunt about one point:

The question is frequently asked today: "Which do you favor, which are you most concerned about -- a prosperous economy or an adequate national defense?"

This is a specious question. It is like asking a man whether he prefers to keep his head or his heart. For it is inconceivable that a strong national defense could be supported by anything but a healthy national economy.

It must be deserved, pursued, and won. And that in turn demands understanding, patience, sacrifice, wisdom, and the kind of plain American courage and steadfastness that alone can halt and disarm the enemies of freedom.

We know -- we hold a number of basic convictions -- about this pursuit of peace.

First: We know that willful, armed aggressors can never be turned back by weakness ~~or meekness~~. There is only one thing that the Aggressor's strength respects -- greater strength. And that strength America must and shall have.

Second: We know that such strength, wisely used to serve peace, does not demand ~~truculence or~~ belligerence,loud threats or bombast. We do not have to shout or strut our strength. We need only to have it. And having it, we must and shall remain ever ready to resolve, in peaceful discussion, any or all of the grave issues dividing the world.

Finally: We know that peace -- true, lasting peace -- not only involves the affairs among nations but also the affairs within our own nation.

It demands economic peace -- for no nation could long guard its freedom if all its families lived in need or chronic fear of economic disaster.

And it demands, in a certain clear sense, political peace -- for, however sharply our two great parties may and should debate numberless issues, both must be pledged to a true and faithful

It is an echo of a similar call made 100 years ago when this nation of ours was drifting toward civil war, when the institution of slavery in different form was also the fateful issue, and when the people's will brought this party of ours to birth. And history has decreed that we celebrate this centennial of our Party's birth by accepting, meeting, and mastering another summons to save our nation and freedom itself.

What I am saying is not mere partisan rhetoric. It is the cold and somber truth.

What matters -- for this Party, for America, for all free nations -- is the honesty, the fortitude, ~~and~~ the wisdom and the faith with which we face this truth.

How do we face this truth?

I think I can most clearly answer that question by speaking to you of three of the words most commonly ~~uttered~~ used in these days -- three words that effectively summarize the challenges we face.

The first word is peace.

The second is security.

The third is leadership.

I speak of peace first for the simplest of reasons: Its attainment is the first prayer of all America -- and that instantly makes it the supreme purpose of this Administration and this Government of the United States.

This single task summons and directs all our energies.

It demands an effort fully as total as total war.

Peace cannot be proclaimed -- or enacted -- or declared -- or voted.

Remarks by Treasury Secretary George M. Humphrey at a dinner sponsored by the Republican Committee of Illinois, Palmer House Chicago, Ill. 7 p.m. Monday, Nov. 23, 1953

~~REMARKS BY SECRETARY HUMPHREY AT CHICAGO.~~
~~7 P.M., MONDAY, NOVEMBER 23rd, 1953.~~

~~THE PURPOSES WE HOLD~~ (Ian)

K-3203

~~Ladies and Gentlemen:~~

We are living in a time of critical evolution.

This is no idle figure of speech. Our age bears witness to some of the most revolutionary changes recorded in history ~~in the whole known story of creation~~.

We have seen the penetration of the mysteries of nuclear fission and fusion stagger the imagination of the wisest minds -- and bring ~~herald~~ a new age whose marks, whose menaces, whose hopes are beyond the hopes and fears of any man alive today.

We have seen the nature of war and the weapons of war completely revolutionized.

We have seen the nature of peace and the safeguards of peace become utterly new.

We have seen organized revolution engulf nations, swallow hundreds of millions of people, threaten all free nations, and ~~brashly~~ challenge America to what it conceives to be a deadly duel for the world.

Now, in this time of critical change, the people of America have summoned the Republican Party to lead them.

Such a summons, in such an age, is no mere conventional electoral mandate.

It is a call to guard and save our very freedom.

TREASURY DEPARTMENT
Washington

480

FOR RELEASE 7 P.M., CST,
Monday, November 23, 1953.

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H-323

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Opportunity is the rightful heritage of our children. It must be protected and guarded and handed on.

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In perfecting this defense, several truths are self-evident.

These truths are:

First: A crippled American economy would serve the communist dream of conquest as surely as any military disaster and would be an almost fatal blow to the stability and security of all free nations.

Second: The worth of our military defense program must be measured not simply by its cost but by its wisdom--for billions of dollars wastefully or unwisely spent, or production schedules frozen to produce obsolete weapons, would spell spectacular and fatal folly.

Third: The kind of economy needed to sustain our vast essential defense program demands a high level of employment and industrial activity.

Fourth: Such industrial employment and activity must be founded upon and can be encouraged and assured only by honest money, economical government, and sound money policy.

And--as a final self-evident truth of our security--we know that the economic issues we must meet do not end at our shores.

Our trade with the world--and the world's trade with us--are vital to the strength we all need if we are to stay free.

Powerful and productive as America is, we need markets for our farms and industries abroad. We need, no less urgently, essential raw materials from Asia and Africa and Europe.

If we, in our vast strength, are so dependent upon others--we can instantly see how others, less strong, must depend upon us, upon our trade and markets, for their own economic health and welfare.

And this truth we have learned and dare never forget: Our freedom cannot survive in a vacuum; we need allies and friends--and the menace to freedom for them can be a threat to any industry, any farm, any home, any family in America.

This is nothing less than the plainest record of history.

I have spoken of peace, and I have spoken of security.

Clearly implicit in all I have said is our concept and understanding of leadership.

As America is called, to be worthy of the cause of freedom, so we--this Party and this Government--are called to be worthy of America.

We must be steadfast.

We can never pretend to solve a problem with a slogan. We can never sell principle for political expediency. We must always care less for our performance on television than our performance in office.

We must be truthful, and true to our ideals.

We have no reason to fear or evade criticism. We must prove ourselves too honest and too intelligent to be above accepting criticism or correction.

And we must be confident.

We cannot be feeble or faltering in what we believe. For we believe ultimately in the boundless courage and industry and ingenuity of the free American--as a resource unmatched in this world. We believe in his capacity not only to dream a good dream--but to wake, to work, and to bring that dream to true life. Confident, truthful, steadfast: These are the marks of the leadership we must offer.

Only such leadership can create lasting security for America.

Only such security can make the peace we seek not a prayer but a fact. Serving so just a cause in such a spirit, now--as in that time a century ago--we cannot fail, we must succeed.

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H-324

RELEASE MORNING NEWSPAPERS,
Tuesday, November 24, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 90-day Treasury bills to be dated November 27, 1953, and to mature February 25, 1954, which were offered on November 19, were opened at the Federal Reserve Banks on November 23.

The details of this issue are as follows:

Total applied for - $2,168,957,000
Total accepted - 1,501,170,000 (includes $231,261,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.628 Equivalent rate of discount approx. 1.488% per annum

Range of accepted competitive bids:

High - 99.675 Equivalent rate of discount 1.300% per annum
Low - 99.625 " " " " 1.500% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 27,432,000	$ 26,432,000
New York	1,578,610,000	988,358,000
Philadelphia	26,172,000	11,172,000
Cleveland	46,869,000	46,869,000
Richmond	15,943,000	15,943,000
Atlanta	22,337,000	20,875,000
Chicago	215,636,000	173,071,000
St. Louis	43,237,000	36,937,000
Minneapolis	11,193,000	11,193,000
Kansas City	54,344,000	48,282,000
Dallas	44,565,000	44,565,000
San Francisco	82,619,000	77,473,000
TOTAL	$2,168,957,000	$1,501,170,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

491

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H-325

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The Federal Reserve System held $6,990,000,000, all of which was exchanged for the 1-7/8 percent notes. Subscriptions from the public amounted to $2,930,000,000, or 96 percent of their holdings. Sixty percent, or $1,750,000,000 of the subscriptions received from the public were for the 2-1/2 percent bonds of 1958, and $1,180,000,000 were for the notes.

These figures are nearly, but not quite, complete. Details of the exchanges by Federal Reserve Districts will be announced next Monday.

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1750
1180
2930
6990
9920

TREASURY DEPARTMENT

WASHINGTON, D.C.

493

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Before his recent retirement, Mr. Newman served on many rubber industry and government committees, especially during the Second World War and during the Korean War. He was an industry advisor to the U. S. State Department at several meetings abroad of the International Rubber Study Group and its predecessor the International Rubber Regulation Group. He served as the Director of the Rubber Manufacturers Association; a trustee and member of the Operating Committee of the Automotive Safety Foundation and was a past chairman of the Inter-industry Highway Safety Committee.

Mr. Newman served in the United States Army from early 1917 to 1919 as a Captain and later Major in the Signal Corps, Aviation Section, both in the U. S. and the AEF. In Europe he was attached to the staff of General Charles G. Dawes, who was general purchasing agent of the Army.

Mr. Newman was born in Brooklyn, New York, and received his degree of BCS from New York University in 1913.

In 1920, Mr. Newman married Marie Louise Kevin of Brooklyn. They have two children, Patricia (Mrs. R. E. Rummage) and James Kevin.

Release Wednesday AM newspapers Nov 25

H-326

~~SUGGESTED TREASURY RELEASE~~

~~Washington, Nov. __:~~ James J. Newman, recently retired Vice President of B. F. Goodrich Company, has been appointed Consultant to the Secretary of the Treasury, Secretary Humphrey announced today. He will serve as Assistant to the National Director of the U. S. Savings Bonds Division, Earl O. Shreve.

Mr. Newman, as Vice President of the B. F. Goodrich Company, participated in all phases of his company's activities with particular responsibility for sales. He will assist Mr. Shreve in establishing sales policies of the Savings Bonds program and will devote a considerable part of his time to recruiting and maintaining the program's volunteer organizations.

In welcoming Mr. Newman to the Savings Bonds program, Mr. Shreve, former vice president in charge of sales for the General Electric Company said: "Mr. Newman brings an unlimited wealth of sales experience to the Savings Bonds program. I have known him for many years as one of the country's outstanding sales executives. We of the Savings Bonds program are indeed fortunate to have him on our sales team."

Mr. Newman joined the B. F. Goodrich Company in 1931 as Assistant to the President and two years later was appointed Vice President. ~~and~~ From 1940 until his retirement he was responsible for all sales of the company with the exception of those outside subsidiary companies operated as a complete unit.

TREASURY DEPARTMENT

WASHINGTON, D.C.

495

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H-326

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made in getting the Federal budget unde control as rapidly as defense expenditures permit, he went on to consider the problem of fiscal 1955 as follows:

done, expenditures for fiscal 1954 were being reduced enough to justify eliminating this tax on December 31, an simultaneously reducing personal income taxes by ten per cent. This much tax reduction has therefore been assured by this Administration.

What of the future? Obviously I cannot forecast here either the tax program or the budget which the Preside will present to the Congress in January I can only state the problem for you. I cannot put it more effectively than b quoting from a speech that Secretary Humphrey made within the last two week After discussing the progress we have

made

budget situation at their various expiration dates. The excess profits tax was scheduled to expire on June 30 last, the personal income tax was to be reduced 10% next January, the corporate rate was to go ~~goes~~ down from 52% to 47% on April 1, and various excise taxes were scheduled decli at that date.

Sound fiscal policy forbade tax reduction until substantial progress had been made toward balancing income and expense. Accordingly, the Administration, despite its dislike of the excess profits tax, fought a major battle to postpone its expiration until the end of the year. As this was being

done

for 1954 estimated that business in 1954 would maintain a level of activity almost identical to that of 1953. Adjustments are taking place, as they always will. Some of them are up and some are down. That is the essence of a free enterprise economy.

(5) The fifth objective stated by the President was to work toward the earliest possible reduction of the tax burden.

As I have said, in addition to an inflationary deficit and an inflationary debt, our inheritance included tax reductions built into the tax laws without regard to what might be the

budget

And it does not look to us as though inflation had been replaced by deflation. Look at the basic figures: A year ago in October employment was just under 62 million; this October it was just over 62 million. A year ago unemployment was at the very low level of less than 1.3 million; October it ha dropped below 1.2 million. Industrial production has dropped a little from th high point of earlier this year, but it is still higher than it was a year ago. I was interested to see in last Sunday' newspapers the statement that the nation's second largest insurance company - the Prudential - in its annua forecas

index published by the Bureau of Labor Statistics has risen less than one per cent. Even that small change is due mainly to rises in rents - which were so recently decontrolled that some adjustme was inevitable - and to rises in slow-moving components of the index, lik transportation and medical care, which take a little time to catch up with trends in other fields. Of course, eve now, whenever the BLS index rises one-tenth of a point, you can find headlines reading "cost of living surge to new high." But despite such headlin I think that the inflationary trend has been arrested.

And

created our economy would be lost. abol

The goal of this Administration has been honest money. This goal has been pursued in three major ways: first, by reducing the Federal deficit to the point where cash income and outgo are nearly in balance; second, by non-inflationary policies of debt management; and, third, by affirming the freedom of the Federal Reserve Board to use its stabilizing powers over money and credit.

What has been the result? Inflationary forces have been brought under control. On terms of statistics, in the past year the consumers' price

index

has been built upon the accumulated savings of its people. These savings, directly and as channeled through corporations, insurance companies and banks, are what have created our factories, our machines, our tools. These savings have built our unrivalled industrial plant. That plant has put into the hands of the American workman many times the producing power and many times the earning power of any workman anywhere else in the world. Our accumulated savings have done all that; but if savings are melted away by inflation, and the incentive to save is impaired, the dynamic quality that has

created

In January of this year we were still experiencing, in every field except agriculture, the inflationary rise in prices that had gone unchecked since before the war. The purchasing power of the dollar had declined from one hundred cents in 1939 to fifty-two cents in January 1953. Almost half of that decline - from seventy-four cents to fifty-two cents - had come since 194

What this had done to bank deposit to insurance policies - in fact, to the entire savings of the nation - was tragic enough. But to have let it go o could have been catastrophic. For the vast economic strength of the country

has

the expected receipts of the following spring. That established pattern of mortgaging the future every fall produces a fall peak and a spring valle in the Government debt. In addition to the pressures created by those peaks and valleys, it is desirable and even necessary to allow some flexibility and elbow room in the timing and quantity o Treasury offerings of bonds. Under all these circumstances, including the continuing deficit, the $275 billion de limit has proved too restrictive.

(4) The fourth of the President's objectives was to check the menace of inflation.

In

September and December, had been decreasing, until now about 80% of all corporate taxes are received in the fir half of the calendar year and only 20% in the last half. The difference between collections in the two halves currently in the range of $13 billion.

Needless to say, the prior administration had never saved up the excess collections of the January-June period to cover the July-December deficiency. These excess collections had been spent to reduce the current deficit. Then in the last half of the year tax anticipation bills and certificates had been issued, mortgagin

the

important feature of our inheritance that I should mention. The statutory debt limit is $275 billion. In January the debt was $265 billion, the current year of 1953 was running at a very substantial deficit, and the planned deficit for 1954 was about $11 billion.

But that was not all. The effect of our tax laws was unbalancing more and more the amount of taxes collected in the first half and the last half of the year. Under the system now in effect, for several years the percentage of the corporation tax which was paid in March and June of each year had been increasing, and the percentage paid in

September

demonstrated that in a free market interest rates go down as well as up. At that point, some observers were sure that the Treasury had under pressure changed its policy. Neither view is right. What has happened has been steady progress, as suitable opportunities occur, in reshaping the debt, in giving it a less inflationary form, and in returning to the money market, under the general influence of an independent Federal Reserve System, that "atmosphere of freedom" of which the President spoke.

Before I leave the subject of the national debt, there is one more

important

in bank holdings of Government securities. This inflationary aspect of debt management policy has been held in check.

This was substantial progress. It was made in the middle of a political debate that sometimes grew very hot. As you will remember, during a period last spring the competition of Government borrowing and heavy corporate, state, and municipal borrowing drove interest rates up. At that time, Treasury was accused of raising the rates for the benefit of the bankers. Then, a lull in the demand for money in the late summer

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sold long or intermediate securities to cover all or part of its requirements. These securities were competitively priced to attract an appropriate share of the savings which were seeking longer term investment. Furthermore, increased public confidence in the soundness of our money, and increased sales effort, have kept sales of savings bonds ahead of redemptions. The net result of the first ten months is that $10 billion of new cash has been raised to finance our inherited deficit; maturing issues have been refunded; and there has been little if any net increase

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becomes due in too short a time. The Department of the Treasury will undertake -- indeed, has undertaken -- at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of long-term investors."

What does the record show? Exclusive of its weekly offerings of Treasury bills, the Treasury has gone to the market nine times during the calendar year 1953, to raise cash to cover the current deficit and to pay off maturing issues. On five of these occasions, it offered and successfully sold

creates a vulnerable situation. You would not want to have to refinance the mortgage on your house or your business every two or three years. Furthermore, to have the Treasury in the market for funds so frequently, and on such a large scale, keeps the market unsettled. It also makes more difficult the job of the Federal Reserve Board in its proper control of the money supply.

On the subject of the public debt, the President said in his State of the Union message:

"* * * It is clear that too great a part of the Nation's debt

becomes

Reserve System to peg the price of Government bonds in the market. This meant that, broadly speaking, long-term Government bonds were not sufficiently attractive to individuals or corporations with savings seeking a long-term investment. This meant, in turn, that a too large proportion of the debt had therefore to be sold as short-term obligations to the banks, or other short-term investors.

This, of course, had the effect of a high inflationary increase in the supply of money and credit. It also had two other bad results. To be forced to refinance from $60 billion to $100 billions of debt every year

creates

the 20 years of peace and war from 1933 to 1952.) In addition to the $265 billion already outstanding, we had, as I have said, the planned deficit for 1954, and the $81 billion overhang from the past.

Apart from its size, the public debt was in bad shape. About one-third of this entire sum -- nearly $90 billion -- matured within one year. Nearly three-quarters matured, or could be matured by the holder, within 5 years. This situation had come about because until 1951 previous administrations, to keep their interest costs low, had forced the Federal

Reserve

swift advance of science, and its impact on military plans, has become almost incredible. Our defense programs are being continuously and intensively reviewed to make sure that they are balanced, flexible, and adequate, not only for today, but for tomorrow.

(3) Proper Management of the Debt

Ten months ago, we started with a debt of about $265 billion. Much of that represents, of course, the cost of financing two world wars. A substantial part of it, however, is due to the fact that the Government operated at a deficit in 17 out of

the

We can spend, we must spend, and we will spend whatever is necessary to defend ourselves. How much this should be in any given year is not a question for the Treasury Department. On the subject, I can only emphasize one point: The number of dollars spent is not necessarily an accurate measure of how much defense we are buying. The amount of real defense, not the amount of money, is the test. Buying the wrong things, or even too much of the right things, increases defense expenditure but really adds nothing to effective defense. This has always been true, but it is becoming even truer these days. The

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planned for fiscal 1954 more than $6 billion below the Truman proposals. This cut, plus the excess-profits tax extension, brought down that estimated 1954 deficit from over $11 billion to less than $4 billion. This is not a balanced budget; but it is within $1 billion of a cash balance. It is a vast improvement over the inflationary $11 billion deficit we were faced with 10 months ago.

(2) Meeting the Huge Cost of our Defense.

This Administration is determined to develop and maintain a balanced and adequate defense today, and as long as necessary until peace has been assured.

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estimated. We started with a carry-over of about $81 billion of previous appropriations for which we had to find the cash. We started with built-in tax reductions which would automatically reduce projected revenues still further in succeeding years. And we started with a habit of great extravagance in many Government agencies.

The time was very short in which to do anything about this situation before July first, when the fiscal year began. But the Administration set to work and kept hard at it. By August it had reduced expenditures

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(5) Work toward the earliest possible reduction of the tax burden;

(6) Make constructive plans to encourage the initiative of our citizens.

Now as to the first of these:

(1) <u>Planned Deficits and a Balanced Budget</u>.

Look for a moment at what we inherited from the past.

We started with the Truman budget for the year 1954, which planned a deficit of $9.9 billion; but this shortly rose to over $11 billion because revenues had been over-

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policy which would preserve our economic health and strength and support adequately military power. His six goals were:

(1) Reduce the planned deficits and then balance the budget, which means among other things, reducing Federal expenditures to the safe minimum;

(2) Meet the huge costs of our defense;

(3) Properly handle the burden of our inheritance of debt and obligations;

(4) Check the menace of inflation

Five days ago, the Eisenhower Administration had been in office just ten months. Ten months is not a long time; but the question can now fairly b asked: How far have we come in the direction of our objectives? This question, in the area of the Treasury's responsibility, is what I want to talk to you about today.

The President stated these objectives on February 2 in his message on the State of the Union. He said: "The great economic strength of our Democracy developed in an atmosphere of Freedom." And then he set out the elements of a fiscal and economic

policy

Address

~~SPEECH~~

BY

Assistant Secretary

H. CHAPMAN ROSE,

~~Assistant~~

BEFORE

COMBINED MEETING OF

ROTARY AND ADVERTISING CLUBS

CLEVELAND, OHIO

November 25, 1953

H-327

TREASURY DEPARTMENT
Washington

Address by Assistant Secretary H. Chapman Rose, before a combined luncheon meeting of Rotary and Advertising Clubs, Hotel Statler, Cleveland, Ohio, Wednesday, November 25, 1953.

FOR RELEASE AT 12 NOON,
Wednesday, November 25, 1953.

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The time was very short in which to do anything about this situation before July first, when the fiscal year began. But the Administration set to work and kept hard at it. By August it had reduced expenditures planned for fiscal 1954 more than $6 billion below the Truman proposals. This cut, plus the excess-profits tax extension, brought down that estimated 1954 deficit from over $11 billion to less than $4 billion. This is not a balanced budget; but it is within $1 billion of a cash balance. It is a vast improvement over the inflationary $11 billion deficit we were faced with 10 months ago.

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Ten months ago, we started with a debt of about $265 billion. Much of that represents, of course, the cost of financing two world wars. A substantial part of it, however, is due to the fact that the Government operated at a deficit in 17 out of the 20 years of peace and war from 1933 to 1952. In addition to the $265 billion already outstanding, we had, as I have said, the planned deficit for 1954, and the $81 billion overhang from the past.

Apart from its size, the public debt was in bad shape. About one-third of this entire sum--nearly $90 billion--matured within one year. Nearly three-quarters matured, or could be matured by the holder, within 5 years. This situation had come about because until 1951 previous administrations, to keep their interest costs low, had forced the Federal Reserve System to peg the price of Government bonds in the market. This meant that, broadly speaking, long-term Government bonds were not sufficiently attractive to individuals or corporations with savings seeking a long-term investment. This meant, in turn, that a too large proportion of the debt had therefore to be sold as short-term obligations to the banks, or other short-term investors.

This, of course, had the effect of a high inflationary increase in the supply of money and credit. It also had two other bad results. To be forced to refinance from $60 billion to $100 billions of debt every year creates a vulnerable situation. You would not want to have to refinance the mortgage on your house or your business every two or three years. Furthermore, to have the Treasury in the market for funds so frequently, and on such a large scale, keeps the market unsettled. It also makes more difficult the job of the Federal Reserve Board in its proper control of the money supply.

On the subject of the public debt, the President said in his State of the Union message:

> "* * * It is clear that too great a part of the Nation's debt becomes due in too short a time. The Department of the Treasury will undertake--indeed, has undertaken--at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of long-term investors."

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This was substantial progress. It was made in the middle of a political debate that sometimes grew very hot. As you will remember, during a period last spring the competition of Government borrowing and heavy corporate, state, and municipal borrowing drove interest rates up. At that time, Treasury was accused of raising the rates for the benefit of the bankers. Then, a lull in the demand for money in the late summer demonstrated that in a free market interest rates go down as well as up. At that point, some observers were sure that the Treasury had under pressure changed its policy. Neither view is right. What has happened has been steady progress, as suitable opportunities occur, in reshaping the debt, in giving it a less inflationary form, and in returning to the money market, under the general influence of an independent Federal Reserve System, that "atmosphere of freedom" of which the President spoke.

Before I leave the subject of the national debt, there is one more important feature of our inheritance that I should mention. The statutory debt limit is $275 billion. In January the debt was $265 billion, the current year of 1953 was running at a very substantial deficit, and the planned deficit for 1954 was about $11 billion.

But that was not all. The effect of our tax laws was unbalancing more and more the amount of taxes collected in the first half and the last half of the year. Under the system now in effect, for several years the percentage of the corporation tax which was paid in March and June of each year had been increasing, and the percentage paid in September and December had been decreasing, until now about 80% of all corporate taxes are received in the first half of the calendar year and only 20% in the last half. The difference between collections in the two halves is currently in the range of $13 billion.

Needless to say, the prior administration had never saved up the excess collections of the January-June period to cover the July-December deficiency. These excess collections had been spent to reduce the current deficit. Then in the last half of the year tax anticipation bills and certificates had been issued, mortgaging the expected receipts of the following spring. That established pattern of mortgaging the future every fall produces a fall peak and a spring valley in the Government debt. In addition to the pressures created by those peaks and valleys, it is desirable and even necessary to allow some flexibility and elbow room in the timing and quantity of Treasury offerings of bonds. Under all these circumstances, including the continuing deficit, the $275 billion debt limit has proved too restrictive.

(4) The fourth of the President's objectives was to check the menace of inflation.

In January of this year we were still experiencing, in every field except agriculture, the inflationary rise in prices that had gone unchecked since before the war. The purchasing power of the dollar had declined from one hundred cents in 1939 to fifty-two cents in January 1953. Almost half of that decline--from seventy-four cents to fifty-two cents--had come since 1946.

What this had done to bank deposits, to insurance policies--in fact, to the entire savings of the nation--was tragic enough. But to have let it go on could have been catastrophic. For the vast economic strength of the country has been built upon the accumulated savings of its people. These savings, directly and as channeled through corporations, insurance companies and banks, are what have created our factories, our machines, our tools. These savings have built our unrivalled industrial plant. That plant has put into the hands of the American workman many times the producing power and many times the earning power of any workman anywhere else in the world. Our accumulated savings have done all that; but if savings are melted away by inflation, and the incentive to save is impaired, the dynamic quality that has created our economy would be lost.

The goal of this Administration has been honest money. This goal has been pursued in three major ways: first, by reducing the Federal deficit to the point where cash income and outgo are nearly in balance; second, by non-inflationary policies of debt management; and, third, by affirming the freedom of the Federal Reserve Board to use its stabilizing powers over money and credit.

What has been the result? Inflationary forces have been brought under control. In terms of statistics, in the past year the consumers' price index published by the Bureau of Labor Statistics has risen less than one percent. Even that small change is due mainly to rises in rents--which were so recently decontrolled that some adjustment was inevitable--and to rises in slow-moving components of the index, like transportation and medical care, which take a little time to catch up with trends in other fields. Of course, even now, whenever the BLS index rises one-tenth of a point, you can find headlines reading "cost of living surges to new high." But despite such headlines, I think that the inflationary trend has been arrested.

And it does not look to us as though inflation had been replaced by deflation. Look at the basic figures: A year ago in October employment was just under 62 million; this October it was just over 62 million. A year ago unemployment was at the very low level of less than 1.3 million; October it had dropped below 1.2 million. Industrial production has dropped a little from the high point of earlier this year, but it is still higher than it was a year ago. I was interested to see in last Sunday's newspapers the statement that the nation's second largest insurance company--the Prudential--in its annual forecast for 1954 estimated that business in 1954 would maintain a level of activity almost identical to that of 1953. Adjustments are taking place, as they always will. Some of them are up and some are down. That is the essence of a free enterprise economy.

(5) The fifth objective stated by the President was to work toward the earliest possible reduction of the tax burden.

As I have said, in addition to an inflationary deficit and an inflationary debt, our inheritance included tax reductions built into the tax laws without regard to what might be the budget situation at their various expiration dates.

The excess profits tax was scheduled to expire on June 30 last, the personal income tax was to be reduced 10% next January, the corporate rate was to go down from 52% to 47% on April 1, and various excise taxes were scheduled to declined at that date.

Sound fiscal policy forbade tax reduction until substantial progress had been made toward balancing income and expense. Accordingly, the Administration, despite its dislike of the excess profits tax, fought a major battle to postpone its expiration until the end of the year. As this was being done, expenditures for fiscal 1954 were being reduced enough to justify eliminating this tax on December 31, and simultaneously reducing personal income taxes by ten percent. This much tax reduction has therefore been assured by this Administration.

What of the future? Obviously I cannot forecast here either the tax program or the budget which the President will present to the Congress in January. I can only state the problem for you. I cannot put it more effectively than by quoting from a speech that Secretary Humphrey made within the last two weeks. After discussing the progress we have made in getting the Federal budget under control as rapidly as defense expenditures permit, he went on to consider the problem of fiscal 1955 as follows:

"But the next year is even more difficult. The best estimates that we now have show that if our spending continues at the present rate it will exceed our estimated income after termination of the excess profits tax and reduction of individual taxes effective December 31st by between $8 and $9 billion.

"There are only four alternatives:

"We can accept an $8 or $9 billion deficit in fiscal 1955.

"We can cut expenses.

"We can raise additional taxes, or

"We can have a combination of the three.

"The solution of this dilemma is our most urgent problem at this time.

"The answer is simple to state but terribly hard to accomplish. We must first find and then maintain that delicate balance between security from attack from abroad with a strong and vigorous economy here at home. We must balance the cost of adequate military security with the capability of a strong economy to pay the bill. And this must all be reckoned not on the basis of a short and all out effort for a limited period of time but for the long pull not knowing when or if ever the critical moment may appear."

(6) The President's sixth objective was to encourage the initiative of our citizens.

A significant step in this direction hotly debated at the time, is now almost forgotten. In January price and wage controls were still in effect, with all their stifling paraphernalia. Dire predictions were made about the effect of ending them. They were ended by the new Administration on April 30, and the debate died almost simultaneously with them.

Another and even more important step toward the encouragement of individual initiative is in the course of intensive preparation in the tax field. Our present system of taxation discourages initiative, not only because the absolute level of taxation is too high for the long pull, but also because of the form and impact of certain elements of taxation. Many elements of our system are unduly restrictive and unfair, and thus cost more by inhibiting growth and initiative than the revenue they produce is worth in the long run.

For a number of months a series of task forces in the Treasury have been studying literally hundreds of suggestions from every source for the improvement of our system of taxation.

This work has gone on in cooperation with the Ways and Means Committee and other Committees of the Congress, and a program is taking shape to reduce wherever practical these inherited obstacles to incentive and an expanding economy. How far this program can be put forward now will depend on the budget problem and a careful evaluation of its revenue effect; but I think it is safe to say that at least a start will be made along this line in a number of important fields.

Those, then, are the six fiscal and economic goals that the President set for us last February, together with a summary report of the progress that we have made toward them in ten months. No one would claim that all these objectives have yet been fully reached. But no one can deny that the progress has been substantial. More--much more--can--and will--be done.

Now, having indicated in what may frequently have seemed like dry and statistical detail the progress we have made on the economic front, I want to talk more generally about the central problem that we face. It is not new to any of you, but not for a moment can we afford to forget it.

We are in a world-wide contest with another way of life. This contest forces upon us a degree of continuous military readiness that we never before contemplated in a time of relative peace. As we all know, the cost of past wars and present military preparation is taking more than two-thirds of our national budget, and nearly one-sixth of all the goods and services that this country produces. We are sure that, in time and with greater efficiency, more defense can be secured more economically, and that we can do this in a way that will not threaten the economic stability of our free way of life. But, even when we succeed in this, the burden will remain very heavy, in relation to anything we have known before except in time of all out war, so long as world conditions remain as they are today.

Now the fact that needs constant reemphasis is this: In our free society, we have as a people to vote every two years and every four years to reimpose that burden on ourselves. Our adversaries, on the other hand, with the techniques of the police state at their command, merely take, from the efforts of their people, as high a proportion for military purposes as they think they need from time to time. Our people must at regular intervals freely elect to continue to carry the load; their people, short of rebellion, have no means of laying it down.

I personally have no fear of the outcome of this struggle that we are engaged in. I have faith that the greater productivity, the greater fertility in ideas, the greater resourcefulness and faith of men and women, which are the fruits of a free society, will in the short run and the long run outweight and outlast those who use a whip to drive their people into the army or the war plant. But I have no illusions about how hard and bitter the struggle will be. And I have no illusions about the terribly exacting quality of the demand we must make upon ourselves as a nation, to remain willing, year after year for a period the end of which no man can surely foresee, voluntarily to shoulder this burden. We must freely elect to postpone pleasant things that we might have today, because of the stern necessities of tomorrow or next year or the next decade. The willingness to do this is the supreme test of the maturity, the steadiness, and the faith of an individual or a nation. It is a test that America must not and will not fail to meet.

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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.

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 Treasury Department 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 3, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 3, 1953. 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,

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TREASURY DEPARTMENT
Washington

H-328

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, November 26, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 3, 1953, in the amount of $1,500,482,000, 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 3, 1953, and will mature March 4, 1954, 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 30, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-328

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All activities handled by the previous specialized sections will be continued under the ~~result of the~~ reorganization plan. In both the Washington headquarters and the field, emphasis will continue to be placed on payroll savings and other special segments of the bond program from which effective support has come in the past. Also, more of the responsibility for expanding sales will hereafter be placed on State and county organizations which are made up chiefly of volunteers.

The Treasury said the streamlining of the organization was in line with the recommendations of sales and promotion experts from outside the Treasury Department who have studied the operation carefully in recent weeks.

The continued success and further expansion of Savings Bond sales is essential to the best management of the national debt, and is in the interest of the whole economy and a sound and stable dollar. Under its new national director, Earl O. Shreve, the reorganized Savings Bonds Division is expected to conduct this volunteer program with even greater success, the Treasury said.

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Immediate

~~SUGGESTED TREASURY PRESS RELEASE~~

H-329

The Treasury today announced a reorganization of the United States Savings Bonds Division of the Treasury Department to permit the division's staff to operate more flexibly in the promotion of increased bond sales.

In the reorganization, 23 out of 130 positions in the Washington headquarters will be eliminated, permitting substantial reductions in the Division's expenses.

A new, more closely knit staff arrangement effected by the reorganization is designed to pool the efforts of the division's small group of sales and promotion specialists. These specialists formerly were divided among a number of distinct operational sections dispersed among the fields of agriculture, banking and investments, national organizations, education, labor, payroll savings, federal payroll savings, and community, women's and inter-racial activities. Their work will now be concentrated in two units devoted to sales and planning, which with the office of the national director, an advertising and promotion branch and an administration branch make up the revised organization. In this way the experience and talents of the staff members will be available wherever they can be employed to the best advantage of the program as a whole.

// TREASURY DEPARTMENT

WASHINGTON, D.C.

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IMMEDIATE RELEASE,
Wednesday, November 25, 1953.

H-329

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RELEASE MORNING NEWSPAPERS,
Tuesday, December 1, 1953.

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The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 3, 1953, and to mature March 4, 1954, which were offered on November 26, were opened at the Federal Reserve Banks on November 30.

The details of this issue are as follows:

Total applied for - $2,024,814,000
Total accepted - 1,500,219,000 (includes $213,829,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Average price - 99.598/ Equivalent rate of discount approx. 1.589% per annum

Range of accepted competitive bids:

High	- 99.638	Equivalent rate of discount approx. 1.432% per annum
Low	- 99.592	" " " " " 1.614% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,807,000	$ 32,807,000
New York	1,471,701,000	996,436,000
Philadelphia	26,524,000	11,524,000
Cleveland	37,293,000	37,293,000
Richmond	19,890,000	19,180,000
Atlanta	22,349,000	22,349,000
Chicago	207,634,000	175,114,000
St. Louis	17,720,000	17,720,000
Minneapolis	20,005,000	20,005,000
Kansas City	59,214,000	59,114,000
Dallas	31,508,000	31,508,000
San Francisco	77,169,000	77,169,000
TOTAL	$2,024,814,000	$1,500,219,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, December 1, 1953.

H-330

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Dallas	31,508,000	31,508,000
San Francisco	77,169,000	77,169,000
TOTAL	$2,024,814,000	$1,500,219,000

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~~(6) Encouraging initiative. Needless and stifling controls were lifted almost as soon as we assumed office. They had not kept down the cost of living. They were curbing vital American initiative and enterprise.~~

~~Lifting of controls was a calculated risk. The loud cries that the end of controls would mean runaway inflation died out almost as quickly as the controls themselves were ended.~~

This administration believes that the average American can do more for himself--if he is allowed to do so--than the government can do for him. Competitive enterprise, free initiative--the courage to take a chance--the opportunity to better oneself by effort--constructive work and invention--these have made America great.

It is the collective effort of 160 million Americans, each for himself striving to improve his lot, advance his children, and improve the position of each succeeding generation, that all taken together has been a power to create more things for more people, for higher and higher standards of living for all, than ever has been known in this world before.

Opportunity is the rightful heritage of our children. It must be protected and guarded and handed on.

Korea: Shooting and bloodshed in Korea are ended, at least for the time being, and the tension in the homes throughout America is lessened. In its place our every effort is at work to fashion a lasting, sound and equitable peace, and substitute reconstruction for destruction in that war-torn land. It is our fervent hope that out of it may come a permanent and constructive settlement.

Conclusion. This then was our inheritance of fiscal burdens accumulated over 20 years.

These are our objectives.

Our accomplishments are real. They are a good start toward substantial progress, have yet far to go, but are far enough already to give us pride in the past few months of effort and real hope for greater things to come.

If only real peace can result in Korea to dissipate anxiety for our sons it will also help to relieve our financial pressures and may even be a first step toward accomplishing the real and lasting peace so craved throughout the world.

May Divine Providence guide us ever toward peace and give us the strength, the wisdom and the courage to realistically face facts as we see them and act vigorously with fear or favor for none.

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Sixth: As the State of the Union Message suggested, needless and stifling controls were lifted almost as soon as we assumed office. They had failed to keep down the cost of living. They were ~~disturbing~~ curbing initiative and enterprise. The ending of controls was a calculated risk. But runaway inflation did not result, as our critics had gloomily predicted.

This administration is sure that the average American can do more for himself than the government can do for him -- if he gets a chance. Free initiative and the opportunity to better oneself are the things that have made America great.

Opportunity is the rightful heritage of our children. It was a heritage which was pretty much restricted in the past twenty years of too much government. It is the firm belief of this administration that the heritage of opportunity must be protected and guarded and handed on for the future of America.

Seventh: The war in Korea has stopped, and the tension in the homes throughout the land is lessened. We are now trying to build a lasting peace and substitute construction for destruction in that war-torn land.

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These, then, have been our objectives, our inheritances, and our accomplishments.

~~January 1~~ and the 10 percent cut in personal income taxes on January 1 are possible only because this administration was able to cut government spending by ~~several~~ billions of dollars in its first few months in office.

~~Not to realize that this administration is cutting taxes is simply not to realize the facts or the truth.~~

Additional tax reductions are desired by everyone and are necessary for the continued growth of our economy. As a land of opportunity, this nation can~~'t~~ not long endure under the restrictive taxes which we inherited.

But ~~as I have already indicated,~~ taxes can be further reduced only as expenditures are further reduced. And expenditures can be reduced only as consistent with maintaining a defense adequate to meet the dangers which confront us.

The entire tax system, however, is being revised to remove inherited obstacles to growth and incentive, under a joint undertaking of the Treasury and the proper committees of the Congress. We cannot afford as much reduction as we would all like immediately, but we can set a pattern of reduction on which a modest start will promptly be made, with provision for additional further reductions as rapidly as reductions in expenditures--consistent with security--indicate that they are justified.

~~Our goal has been and will continue to be honest money and a stable economy -- for the military and economic security of all.~~

Fourth: The purchasing power of the ~~United States~~ American dollar dropped from 100 cents in 1939 to 52 cents in 1953. This is a matter of cold and tragic record.

This has been a cruel hardship upon the millions of Americans who have saved money, either in savings accounts, in insurance, or in retirement, fraternal or pension plans.

~~As I have already said, this~~ The administration is determined to ~~do all it can to~~ halt further cheapening of ~~this~~ the dollar.

~~We think this cheapening has been halted~~ This has been accomplished, at least temporarily. There has been a change of only one-half of one cent ~~in 1939 dollars~~ in the purchasing power of the dollar ~~in~~ during the past year. This is real proof of ~~stability~~ gaining stability.

Fifth: Taxes are being reduced by this administration.

The tax reductions which will go into effect on December ~~1~~ 31 would not have been possible except for the reductions in spending which this administration has been able to achieve since last January.

Let there be no misunderstanding about this simple fact. The elimination of the excess profits tax ~~on~~

~~This is about what this administration is trying to do in bringing inflationary pressures to a halt. We are using the brake carefully and feeling our way down so that we can halt inflation and keep it halted. In this way, without smashing into any telephone pole, we can have sound, honest money for the American people.~~

In February owners of $9 billion maturing certificates were given the chance to exchange their holdings for a bond of six years maturity instead of the usual one-year certificate. In April the Treasury offered a 30-year bond, the first marketable long-term bond since 1945. In September a 3½-year note was offered, and in October a new cash offering of 8-year bonds was made. In ~~the course of a refunding in~~ December, ~~a $10,500,000 issue was partly moved into a 5-year note.~~ $1-3/4 billion of 5 year bonds was issued

The net result of our debt management so far in 1953 has been to finance a huge inherited deficit ~~without any~~ little or no increase in bank holdings of government securities, and so without any increase in inflationary pressures due to that cause. Ownership of government securities by investors outside the banks, in fact, increased by $4 billion the first nine months of this year, while the holdings of commercial and Federal Reserve banks dropped a half billion dollars.

~~These show our efforts to both lengthen the debt as well as move it into less inflationary hands.~~

dangerous to the value of money and our economy.

~~In the first place,~~ We are extending the maturity of the debt by placing longer term issues whenever conditions permit, and ~~In the second place~~, as rapidly as possible we are moving more of the debt away from the banks and into the hands of long-term investors.

We can not ~~'t~~ always move on both fronts at the same time. We must be careful not to dislocate the sensitive balance of our economy, but our goal is clear and we are working toward it.

We have had but a single objective in plans for our debt management.

~~Here again I would like to point out that~~ We ~~have not~~ never changed ~~our~~ that objective. We are seeking sound, honest american money. We will continue to seek it in our handling of this too huge debt, as well as in all other fiscal and economic policies which have a bearing upon the value of ~~the~~ that dollar.

~~In this matter of handling the debt~~, But we must approach it ~~use the~~ with ~~same~~ care and caution ~~that~~ and we must adjust our operations ~~use in other areas of government operations.~~ to always respond to changing market conditions

~~To me this~~ Halting ~~of~~ inflationary pressures is ~~much~~ like ~~halting~~ stopping an automobile going down an icy hill. If you slam on the brake, you spin ~~around~~ and smash into a telephone pole. As you all well know is generally done you alter[illegible] ~~The way to go down an icy hill, of course, is to~~ apply ~~your~~ the brake a little, ~~then~~ then release it a little, and ~~we~~ feel your way ~~down the hill~~, bringing pressure gradually until you finally come to a stop.

The solution of this dilemma is a most urgent problem.

It ~~means~~ finding and maintaining that delicate balance between ~~security~~ from attacks from abroad ~~with~~ and a strong economy here at home. We must balance the cost of military security with the ability of a strong economy to pay the bill.

~~Another vital underlying fact is that in view of the unknowns of the world situation,~~ Indeed we must do more than plan our defense on a crisis-to-crisis basis. We must do more than plan on the basis of a short and all-out effort for a limited period of time. We must plan our ~~effort~~ defense and the ability to sustain it for the long pull, for an indefinite number of years, not knowing when, if ~~ever--God willing--~~ the critical moment may appear.

~~This~~ Thus a long-pull sound defense ~~and~~ a sound economy ~~posture~~

for the is our objective.

We must have a fluid and continually modernized system of defense, which the country can long afford to maintain within the limits of its economy.

Second: ~~The President's objective of meeting the costs of defense is one which I have covered in discussing the budgets and deficits.~~ We can and we must spend whatever we have to spend to defend ourselves. But we know that our defense must be measured not by its cost but by its wisdom.

Third: This administration is doing two things to make our nearly $275 billion debt less inflationary and less

 Only by continuous detailed work and effort can we

~~reached simply by hope or wish.~~ ~~But we are getting nearer to~~ and re

it and ~~we will~~ eventually ~~reach it.~~ accomplish our objective.

~~Let no one think that we have changed or are about to change our basic objective, which is to reach a state of budget balance and the end of deficit financing. We are too well aware of the hardship and suffering which all the forces which contribute to inflation -- or unsound money -- have brought to millions of Americans.~~

As long as I am on this job, we are going to keep fighting for the objective of sound, honest money. We can have no strong and sound economy without sound, honest money.

Our dollar has depreciated half of its worth in less than fifteen years. That is fast depreciation. But, more important, history shows that the ~~first half~~ early stages of currency ~~depreciation~~ ~~or~~ and inflation always is slower than the ~~second half~~ latter part. ~~So~~ it is high time ~~that we got this thing in hand.~~ expenditures must be controlled.

~~If~~ we had ~~gone through with the~~ a $9 billion deficit ~~that had~~ been planned for the fiscal year ending five months after this administration took office; If we had ~~gone ahead with~~ accepted the $11 billion deficit that the past administration planned for ~~us in the~~ this fiscal year we now are ~~now~~ in; and if we ~~had gone ahead with the~~ do not reduce the tremendous deficits that ~~the past~~ would surely result from the previous planning

administration ~~had planned~~ for the ~~other~~ years ahead, ~~this~~

the results would be disastrous.

~~country of ours would have really been in substantial trouble.~~

because we know that ~~indefinite~~ deficit financing spurs the forces of inflation ~~and cheats~~ finally every family in America.

We have cut the prospective deficit for the current fiscal year from more than $11 billion to less than $4 billion.

~~But~~ The problem in the fiscal year ~~which starts~~ beginning next July 1, however is ~~going to be~~ even more difficult. ~~Our~~ Present estimates show that should spending continue at the present rate it ~~would~~ will exceed our estimated income, after termination of the excess profits tax and reduction of individual taxes on December 31, by eight or nine billion dollars. in this coming fiscal

~~I repeat~~, ~~We~~ We have ~~only~~ but four alternatives:

The government can accept an eight or nine billion dollar deficit in fiscal 1955.

The government can cut expenses.

The government can raise additional taxes.

Or the government can ~~have a~~ adopt some combination of some or all of the three.

~~Having restated the framework of the fiscal dilemma we are in, I should quickly like to make one additional point.~~

We have not abandoned ~~our~~ effort~~s~~ ~~and~~ or hope~~s~~ for an early balanced budget ~~in any sense whatever~~.

But ~~The~~ inheritance~~s~~ which we found ~~in January~~ ~~for~~ of tremendous spending obligations ~~in the~~ for present and future years make this goal of budget balance one that cannot be achieved as rapidly as we all might w

~~I am convinced, this administration is convinced, and I think all Americans are convinced that we can't go in~~ We cannot ~~and~~ swing a broadax in cutting these expenses if by so doing it ~~when you are~~ affects ~~affecting~~ the security of ~~your~~ our country.

Rapid ~~Reductions in~~ reductions in security expenditures, ~~however,~~ can be made only in ~~in~~ two ways ~~places~~: first, by ~~in~~ eliminating extravagance, and, second, by ~~in~~ getting more ~~better~~ defense performance for less money.

~~We have all seen~~ Extravagance in some military operations, has been frequently apparent. ~~and~~ This can and must ~~should~~ be eliminated. But this is a relatively small saving, and ~~You~~ can~~'t~~ only be eliminated over some little period time ~~extravagance at once, either~~. ~~But we are working at it and we will get these extravagances cut down to size and try to instill~~ A ~~a~~ new spirit of dollar-consciousness in the minds of ~~our government people~~, both civilian and military personnel will become more and more effective as times goes on

~~But the~~ Big reductions in security spending ~~must~~ can only come from perfecting a new and ~~in the second area — that of producing a~~ more effective defense program which costs ~~machine for~~ less money. ~~This also is something you can't do in a minute:~~ this too takes time and tremendous planning, work and effort ~~We all must realize that we can't get out brand-new models with twice the performance and half the cost is a matter of minutes. It is slow work. But as long as that is our objective and we keep working at it, we have a chance to get it done. It is what we are trying to do, and I think we will get it done over a period of time.~~

~~We are concentrating on getting~~ Control of spending is essential

These, ~~then~~, were some of the hard financial facts to which we fell heir and to which the President addressed himself ~~in the State of the Union Message~~ when he took office.

What, then, ~~has been~~ is this administration's record of progress in the eleven months it has been working ~~on this inheritance?~~ toward the accomplishment of our objectives?

First: We are on our way toward getting the budget of the federal government ~~under~~ control. It is no easy task, and cannot be too rapidly accomplished.

~~There is one~~ major reason why it is extremely difficult to ~~get~~ this budget ~~into~~ balance as rapidly as we would like ~~to.~~ is that ~~As you all know~~, about 70 percent of all the money we spend in government is for security -- that is, for our military, our foreign operations and ~~the~~ atomic energy programs. About half of the ~~additional 25 percent~~ remaining amount is made up of fixed charges, ~~like~~ interest ~~or~~ and obligations fixed by law. This leaves only 12 ~~or 13~~ to 15 percent for the cost of all the rest of government.

~~The main area where~~ Government spending ballooned during ~~over~~ the past ~~three~~ few years ~~was~~ in the security area. If great reductions ~~were~~ are to be made, they ~~would~~ will have to be made largely in that area because it is such a large percentage of our total ~~expenditure~~ outlay. ~~That is the sort of conclusion that slows you right down to a walk when you start getting ready to make reductions.~~

The tax burden. Our inheritance in the field of taxation is a staggering one.

It is staggering because of its size, due to inherited obligations and the deficit financing of recent years.

It is staggering because of inequalities and deliberately restrictive provisions, which, in addition to the very size of the tax program, inhibit growth and incentive and deter initiative and development of a vigorous free economy.

In 17 of the 20 fiscal years from 1933 to 1952, the government operated with a deficit. Conversely, in only three of those twenty years did the government live within its income.

So, excessive planned deficits were a part of our inheritance--and tax burden. The fiscal year 1953, in which we entered office, ended with a deficit of more than $9 billion. There was a planned deficit budgeted by the previous administration for us of nearly $10 billion for fiscal 1954, which, it soon became evident, would be more than $11 billion because the income had been overestimated.

Total appropriations authorized from fiscal year 1950 through fiscal year 1953, plus those requested in the 1954 Truman budget, provided for spending which would exceed the income in those five years by nearly $100 billion. At the same time, tax expirations were being written into law to lower government income. By 1955, when they planned for government spending to reach its peak, planned tax reductions would have begun to reduce government income by almost $8 billion annually. The deficits that would have been incurred under this program would have been so large that we might well never have recovered from the burdens thus piled on us.

Controls. The country was throttled with controls--controls over prices and wages, with all manner of directives and directions issued by bureaus and boards from Washington, affecting, restricting and directing the daily lives and activities of every citizen and family in the land.

War in Korea. In addition to and overshadowing all else was the grim conflict in Korea, taking the lives of American boys in a stalemate that had been dragging endlessly, hopelessly, but not bloodlessly, on and on for nearly three long horrible years for almost every home in this land. The financial burden of Korea alone piling deficit on deficit, debt on debt, and tax on tax, built up commitments to continue for years in advance.

When we asked the Congress last summer to raise the debt limit, we pointed out that the change would enable the government to handle its fiscal affairs in more orderly, business-like fashion, doing what we should do at the time when we should do it, without technical limitations on planning and carrying out the best possible fiscal policies. This still holds true, and we are being hurt by this limitation in the meantime.

The danger of this specific inheritance was foreseen by the President, who, only two weeks after taking office last January, in the same State of the Union Message, stated that before the end of the fiscal year 1954 the total government debt might well exceed the existing debt limit.

The C.O.D. orders. When this administration came into office, it found about $81 billion of orders placed by the former administration from one to three years previously for goods to be delivered this year, next year, and even the year after--all to be paid for when delivered, without providing money for the payment.

This 81-billion-dollar legacy without any provision whatsoever for its payment now creates a most burdensome factor in raising cash to pay the government's bills. These C.O.D. orders must, of course, be paid for in addition to all the current expenses of the government. They increase the problem of the debt limit as well as the difficulty of balancing the budget quickly.

Extravagance in government. A habit of extravagance in some government agencies is part of the burden of our financial inheritance.

Some government agencies perform vital functions and are well run.

Others have acquired habits of extravagance over the past twenty years of free and easy spending.

This administration is determined to cut out careless spending. First, we must continually review every activity of government to see if it is actually necessary. Second, we must continue to review necessary activities of government to see that extravagance and waste are eliminated in the running of indispensable agencies, both civilian and military. Third, we are trying to develop more dollar-consciousness on the part of all government employees, both in and out of uniform.

All our efforts in cutting out extravagance are based on the simple knowledge that every dollar the government spends comes not from some mysterious pool of wealth but from the toil and savings of American citizens who deserve and expect a full dollar's worth for every dollar taken from them to support their government.

A brief look at each ~~of these~~ inheritance~~s~~ will develop the difficult conditions confronting us when our start was made to reach the objectives set forth in the State of the Union Message.

The public debt. The public debt is now practically at the limit of $275 billion. In addition to inheriting a debt of enormous size, we also inherited a debt that had been badly managed. as you well know Nearly three-quarters of the debt we inherited in January matures within less than five years or is redeemable at the holder's option, with

Too large a proportion ~~of this debt is~~ in the hands of banks rather than distributed to long-term investors.

Both of these conditions affect the supply of credit. They are inflationary. They have contributed to cheapening the value of the dollar.

Pegging the price of government securities and the manner of refinancing and placing of new issues by the past administration have been important contributing causes to the inflation which resulted in the heartless theft of hard-earned savings from millions of Americans as the dollar declined from 100 cents to 52 cents in purchasing power in the short span of only the last 14 years.

And ironically enough, this same policy which produced inflation and devalued the dollar resulted in our paying so much more for what we bought that we now have much more total debt to carry and eventually pay than would otherwise have been the case.

The debt limit. This is a financial inheritance which gives us great concern. The present law requires the payment of the great bulk of corporation taxes in the first half of the calendar year. When first enacted a few years ago, this law substantially increased government receipts in the first half of that particular calendar year. This was the last half of the then current fiscal year, and so this disproportionately larger collection of taxes was used to substantially reduce a budget deficit in that year.

The practice then began of issuing tax anticipation bills in the fall when tax collections were low against expected receipts the following spring when corporate tax collections were high. This means that government borrowing temporarily goes up in the fall and comes down in the spring, and so automatically forces increased borrowing over at least a six-month period. This fixed inheritance has made the present debt limit too restrictive.

Second, to meet the huge costs of our defense;

Third, to properly manage the burden of our inheritance of debt and obligations;

Fourth, to check the menace of inflation;

Fifth, to work toward the earliest possible reduction of the tax burden, remove inequalities, cover omissions and reconstruct the tax laws to lessen their restrictive effect upon the vigorous growth of our economy;

Sixth, to remove the strait jacket of wage, price, and other controls and directives which then held the country hidebound and make constructive plans to encourage the initiative of free citizens.

Some very substantial progress has been made toward the accom- ment of these objectives in the ten months this administration has been in office.

But ~~Before we~~ considering this progress ~~in more detail, however,~~ ~~I should like to list~~ let's look at some of the inheritances to which this administration fell heir, ~~and~~ which made our tasks more difficult, ~~particularly~~ in the fiscal and economic fields.

Among the ~~most~~ more ~~troublesome~~ serious of the legacies we inherited last January were (1) the huge public debt, (2) the restrictive debt limit, (3) the $81 billion in C.O.D. orders, (4) extravagance in government, (5) the staggering tax burden, (6) a rigidly controlled economy, and (7) on top of it all, ~~a very~~ an unen... costly war of stalemate in Korea.

For release 11 am EST
Tuesday Dec. 1, 1953

Remarks by Secretary of the Treasury Humphrey ~~at~~ before annual Convention of Investment Bankers Association of America, ~~luncheon meeting~~, Hollywood Beach Hotel, Hollywood, Florida, ~~1:00 p.m.~~, Tuesday, December 1, 1953
11:00 a.m.

This administration is ~~fervently~~ dedicated to the accomplishment two great goals. They are:

That we have ~~the~~ military strength of sufficient power not only for our own defense ~~which can~~ but also help promote peace in the world.

And that we maintain ~~have~~ ~~the~~ an economy of sufficient strength and productive power to continuous support ~~produce~~ that military ~~strength~~. posture.

We are ~~thoroughly~~ fully aware of the vital need to provide all the military strength that is required for the defense of our nation. We are equally ~~just as thoroughly~~ aware of the fact ~~that~~ without a healthy economy continuous maintenance of this military strength ~~this defense~~ is impossible.

President Eisenhower, in his State of the Union Message two weeks after assuming office, pointed out that this administration would strive to develop fiscal and economic policies which would reinforce military strength ~~at the same time as they made~~ by making more secure the nation's economic health and resources. The President, in that message, outlined ~~described~~ six objectives ~~areas~~ in ~~which such~~ fiscal and economic policies which would be sought.

The objectives were ~~are~~:

First, to reduce the planned deficits of the previous administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

TREASURY DEPARTMENT
Washington

FOR RELEASE AT 11 AM EST,
Tuesday, December 1, 1953

Remarks by Secretary of the Treasury Humphrey before Annual Convention of Investment Bankers Association of America, Hollywood Beach Hotel, Hollywood, Florida, 11:00 a.m., Tuesday, December 1, 1953.

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This administration is dedicated to the accomplishment of two great goals. They are:

That we have military strength of sufficient power not only for our own defense but also to help promote peace in the world.

And that we maintain an economy of sufficient strength and productive power to continuously support that military posture.

We are fully aware of the vital need to provide all the military strength that is required for the defense of our nation. We are equally aware of the fact that without a healthy economy continuous maintenance of this military strength is impossible.

President Eisenhower, in his State of the Union Message two weeks after assuming office, pointed out that this administration would strive to develop fiscal and economic policies which would reinforce military strength by making more secure the nation's economic health and resources. The President, in that message, outlined six objectives in fiscal and economic policies which would be sought.

These objectives were:

First, to reduce the planned deficits of the previous administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to meet the huge costs of our defense;

Third, to properly manage the burden of our inheritance of debt and obligations;

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Fourth, to check the menace of inflation;

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Some very substantial progress has been made toward the accomplishment of these objectives in the ten months this administration has been in office.

But before considering this progress, let's look at some of the inheritances to which this administration fell heir, which made our tasks more difficult in the fiscal and economic fields.

Among the more serious of the legacies we inherited last January were (1) the huge public debt, (2) the restrictive debt limit, (3) the $81 billion in C.O.D. orders, (4) extravagance in government, (5) the staggering tax burden, (6) a rigidly controlled economy, and (7) on top of it all, an unending costly war of stalemate in Korea.

A brief look at each inheritance will develop the difficult conditions confronting us when our start was made to reach the objectives set forth in the State of the Union Message.

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Both of these conditions affect the supply of credit. They are inflationary. They have contributed to cheapening the value of the dollar.

Pegging the price of government securities and the manner of refinancing and placing of new issues by the past administration have been important contributing causes to the inflation which resulted in the heartless theft of hard-earned savings from millions of Americans as the dollar declined from 100 cents to 52 cents in purchasing power in the short span of only the last 14 years.

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It is staggering because of its size, due to inherited obligations and the deficit financing of recent years.

It is staggering because of inequalities and deliberately restrictive provisions, which, in addition to the very size of the tax program, inhibit growth and incentive and deter initiative and development of a vigorous free economy.

In 17 of the 20 fiscal years from 1933 to 1952, the government operated with a deficit. Conversely, in only three of those twenty years did the government live within its income.

So, excessive planned deficits were a part of our inheritance--and tax burden. The fiscal year 1953, in which we entered office, ended with a deficit of more than $9 billion. There was a planned deficit budgeted by the previous administration for us of nearly $10 billion for fiscal 1954, which, it soon became evident, would be more than $11 billion because the income had been overestimated.

Total appropriations authorized from fiscal year 1950 through fiscal year 1953, plus those requested in the 1954 Truman budget, provided for spending which would exceed the income in those five years by nearly $100 billion. At the same time, tax expirations were being written into law to lower government income. By 1955, when they planned for government spending to reach its peak, planned tax reductions would have begun to reduce government income by almost $8 billion annually. The deficits that would have been incurred under this program would have been so large that we might well never have recovered from the burdens thus piled on us.

Controls. The country was throttled with controls--controls over prices and wages, with all manner of directives and directions issued by bureaus and boards from Washington, affecting, restricting and directing the daily lives and activities of every citizen and family in the land.

War in Korea. In addition to and overshadowing all else was the grim conflict in Korea, taking the lives of American boys in a stalemate that had been dragging endlessly, hopelessly, but not bloodlessly, on and on for nearly three long horrible years for almost every home in this land. The financial burden of Korea alone piling deficit on deficit, debt on debt, and tax on tax, built up commitments to continue for years in advance.

These were some of the hard financial facts to which we fell heir and to which the President addressed himself when he took office.

What, then, is this administration's record of progress in the eleven months it has been working toward the accomplishment of our objectives?

First: We are on our way toward getting the budget of the federal government under control. It is no easy task, and cannot be too rapidly accomplished.

The major reason why it is extremely difficult to balance this budget as rapidly as we would like is that about 70 percent of all the money we spend in government is for security--that is, for our military, our foreign operations and atomic energy programs. About half of the remaining amount is made up of fixed charges, interest and obligations fixed by law. This leaves only 12 to 15 percent for the cost of all of the rest of government.

Government spending ballooned during the past few years in the security area. If great reductions are to be made, they will have to be made largely in that area because it is such a large percentage of our total expense.

We cannot swing a broadax in cutting these expenses if by so doing it affects the security of our country.

Rapid reductions in security expenditures can be made only in two ways: First, by eliminating extravagance, and, second, by getting more defense for less money.

Extravagance in some military operations has been frequently apparent. This can and must be eliminated. But this is a relatively small saving, and can only be eliminated over some little period of time. A new spirit of dollar-consciousness in the minds of both civilian and military personnel will become more and more effective as time goes on.

Big reductions in security spending can only come from perfecting a new and more effective defense program which costs less money. This too takes time and tremendous planning, work and effort.

Control of spending is essential, because we know that indefinite deficit financing spurs the forces of inflation and finally cheats every family in America.

We have cut the prospective deficit for the current fiscal year from more than $11 billion to less than $4 billion.

The problem in the fiscal year beginning next July 1, however, is even more difficult. Present estimates show that should spending continue at the present rate it will exceed our estimated income, after termination of the excess profits tax and reduction of individual taxes on December 31, by eight or nine billion dollars in this coming fiscal year.

We have but four alternatives:

The government can accept an eight or nine billion dollar deficit in fiscal 1955.

The government can cut expenses.

The government can raise additional taxes.

Or the government can adopt some combination of some or all of the three.

We have not abandoned effort or hope for an early balanced budget.

But the inheritance which we found of tremendous spending obligations for present and future years make this goal of budget balance one that cannot be achieved as rapidly as we all might wish. Only by continuous detailed work and effort can we get nearer and nearer to it and eventually accomplish our objective.

Our dollar has depreciated half of its worth in less than fifteen years. That is fast depreciation. But, more important, history shows that the early stage of currency depreciation and inflation always is slower than the latter part. It is high time expenditures must be controlled.

We had a $9 billion deficit for the fiscal year ending five months after this administration took office. If we had accepted the $11 billion deficit that the past administration planned for this fiscal year we now are in; and if we do not reduce the deficits that would surely result from the planning of the previous administration for the years ahead, the results would be disastrous.

The solution of this dilemma is a most urgent problem.

It means finding and maintaining that delicate balance between security from attack from abroad and a strong economy here at home. We must balance the cost of military security with the ability of a strong economy to pay the bill.

Indeed we must do more than plan our defense on a crisis-to-crisis basis. We must do more than plan on the basis of a short and all-out effort for a limited period of time. We must plan our defense and the ability to sustain it for the long pull, for an indefinite number of years, not knowing when, if ever, the critical moment may appear.

Thus a sound defense and a sound economy for the long-pull is our objective.

Second: We can and we must spend whatever we have to spend to defend ourselves. But we know that our defense must be measured not by its cost but by its wisdom.

We must have a fluid and continually modernized system of defense, which the country can long afford to maintain within the limits of its economy.

Third: This administration is doing two things to make our nearly $275 billion debt less inflationary and less dangerous to the value of money and our economy.

We are extending the maturity of the debt by placing longer term issues whenever conditions permit, and as rapidly as possible we are moving more of the debt away from the banks and into the hands of long-term investors.

We cannot always move on both fronts at the same time. We must be careful not to dislocate the sensitive balance of our economy, but our goal is clear and we are working toward it.

We have had but a single objective in plans for our debt management. We have never changed that objective. We are seeking sound, honest American money. We will continue to seek it in our handling of this too huge debt, as well as in all other fiscal and economic policies which have a bearing upon the value of that dollar.

But we must approach it with care and caution and we must adjust our operations to always respond to changing market conditions.

Halting inflationary pressures is like stopping an automobile going down an icy hill. If you slam on the brake, you spin around and smash into a telephone pole. As you well know if properly done, you alternately apply the brake a little, then release it a little, and feel your way, bringing pressure gradually until you finally come to a stop.

In February owners of $9 billion maturing certificates were given the chance to exchange their holdings for a bond of six years maturity instead of the usual one-year certificate. In April the Treasury offered a 30-year bond, the first marketable long-term bond since 1945. In September a $3\frac{1}{2}$-year note was offered, and in October a new cash offering of 8-year bonds was made. In December, $1-3/4 billion of 5-year bonds were issued.

The net result of our debt management so far in 1953 has been to finance a huge inherited deficit with little or no increase in bank holdings of government securities, and so without any increase in inflationary pressures due to that cause. Ownership of government securities by investors outside the banks, in fact, increased by $4 billion the first nine months of this year, while holdings of commercial and Federal Reserve banks dropped a half billion dollars.

Fourth: The purchasing power of the American dollar dropped from 100 cents in 1939 to 52 cents in 1953. This is a matter of cold and tragic record.

This has been a cruel hardship upon the millions of Americans who have saved money, either in savings accounts, in insurance, or in retirement, fraternal or pension plans.

The administration is determined to halt further cheapening of the dollar.

This has been accomplished at least temporarily. There has been a change of only one-half of one cent in the purchasing power of the dollar during the past year. This is real proof of gaining stability.

Fifth: Taxes are being reduced by this administration.

The tax reductions which will go into effect on December 31 would not have been possible except for the reductions in spending which this administration has been able to achieve since last January.

Let there be no misunderstanding about this simple fact. The elimination of the excess profits tax and the 10 percent cut in personal income taxes on January 1 are possible only because this administration was able to cut government spending by billions of dollars in its first few months in office.

Additional tax reductions are desired by everyone and are necessary for the continued growth of our economy. This nation cannot long endure as a land of opportunity under the restrictive taxes which we inherited.

But taxes can be further reduced only as expenditures are further reduced. And expenditures can be reduced only as consistent with maintaining a defense adequate to meet the dangers which confront us.

The entire tax system, however, is being revised to remove inherited obstacles to growth and incentive, under a joint undertaking of the Treasury and the proper committees of the Congress. We cannot afford as much reduction as we would all like immediately, but we can set a pattern of reduction on which a modest start will promptly be made, with provision for additional further reductions as rapidly as reductions in expenditures--consistent with security--indicate that they are justified.

Sixth: As the State of the Union Message suggested, needless and stifling controls were lifted almost as soon as we assumed office. They had failed to keep down the cost of living. They were curbing initiative and enterprise. The ending of controls was a calculated risk. But runaway inflation did not result, as our critics had gloomily predicted.

This administration believes that the average American can do more for himself--if he is allowed to do so--than the government can do for him. Competitive enterprise, free initiative--the courage to take a chance--the opportunity to better oneself by effort--constructive work and invention--these have made America great.

It is the collective effort of 160 million Americans, each for himself striving to improve his lot, advance his children, and improve the position of each succeeding generation, that all taken together has been a power to create more things for more people, for higher and higher standards of living for all, than ever has been known in this world before.

Opportunity is the rightful heritage of our children. It must be protected and guarded and handed on.

Korea. Shooting and bloodshed in Korea are ended, at least for the time being, and the tension in the homes throughout America is lessened. In its place our every effort is at work to fashion a lasting, sound and equitable peace, and substitute reconstruction for destruction in that war-torn land. It is our fervent hope that out of it may come a permanent and constructive settlement.

Conclusion: This then was our inheritance of fiscal burdens accumulated over 20 years.

These are our objectives.

Our accomplishments are real. They are a good start toward substantial progress, have yet far to go, but are far enough already to give us pride in the past few months of effort and real hope for greater things to come.

If only real peace can result in Korea to dissipate anxiety for our sons it will also help to relieve our financial pressures and may even be a first step toward accomplishing the real and lasting peace so craved throughout the world.

May Divine Providence guide us ever toward peace and give us the strength, the wisdom and the courage to realistically face facts as we see them and act vigorously with fear or favor for none.

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H-332

IMMEDIATE RELEASE,
Monday, November 30, 1953.

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

Federal Reserve District		Treasury Bonds	Treasury Notes
Boston		$ 44,674,000	$ 18,801,000
New York		683,614,000	7,515,743,000
Philadelphia		45,960,000	27,477,000
Cleveland		126,256,000	71,003,000
Richmond		43,239,000	37,250,000
Atlanta		57,585,000	50,710,000
Chicago		342,565,000	158,272,000
St. Louis		78,406,000	52,309,000
Minneapolis		46,584,000	45,234,000
Kansas City		105,422,000	65,400,000
Dallas		69,742,000	51,434,000
San Francisco		83,690,000	59,472,000
Treasury		19,302,000	21,663,000
	TOTAL	$1,747,039,000	$8,174,768,000

TREASURY DEPARTMENT

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What this administration has done in bringing more freedom to the money market is consistent with our general objective of encouraging the initiative of free citizens. This freedom in the money market has been promoted along with more freedom in many other directions.

Soon after this administration came into office, needless controls across the board were lifted. These controls were ~~lifted because they were~~ curbing the initiative and enterprise of American citizens.

This administration sincerely believes that the average American can do more for himself--if he is allowed to do so--than the government can do for him. We shall continue to work toward this objective of encouraging initiative, for we feel that initiative and enterprise--the opportunity to better oneself by effort--are the traits that have made this nation great.

In conclusion, let me emphasize that the technical problems I have mentioned in discussing our handling of the debt are just as closely related to the welfare of the people of this country as our housing or social security or employment. Their proper solution forms the basis for honest money which keeps its value over the years. And honest money is essential in combatting the evils of inflation and deflation, in assuring honest pay for an honest day's work, and in encouraging the flow of savings on which are built our country's future. This is true because out of savings has come our great productive economy which not only brings better living to all Americans but actually is our real first line of defense against any would-be aggressor.

We are seeking a very human--an all-important--objective when, through sound management of the national debt, we work for sound, honest money.

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We shall start the year with the advantage of a more flexible rate structure, a money market accustomed to more freedom, a better public understanding of what needs to be done, and with a stronger and more experienced Treasury team.

Money big

We shall continue to stress the sale of savings bonds. It is a good thing for the government and a good thing for the people to have these bonds widely distributed in the hands of many millions of people. In this program we need your help, particularly in the payroll savings plan.

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With the turn of the half year the money situation changed. The business demand for funds lessened; the threat of inflation receded; there were some evidences of slowing business activity; some farm incomes declined. Under these circumstances the Federal Reserve System did not hesitate to make available the funds which they calculated would be required for seasonal and other essential requirements, including the funds the Treasury needed to meet its cash deficit. Money became easier, due, not to any change in Administration policy, but largely to an actual and prospective change in the demand for money. The announcement late in August that the Federal Budget for the current year ~~was~~ might be ~~being~~ brought into cash balance had an important psychological effect.

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I want to make it clear, however, that the decision on money was the responsibility of the independent Federal Reserve System -- just as emphasized by the Douglas Committee. The Treasury operations in putting out a 3-1/4% long-term bond issue of course had some influence on the money market, but we did not pull that rate out of the air. It was the going rate in the market as shown by current transactions. It was the lowest rate at which the Treasury could borrow long-term money unless, indeed, the Reserve System had poured their money into the market -- and resumed the inflation of bank credit.

The Treasury was not pursuing a "hard money" policy, nor indeed was the Federal Reserve. To the extent that money was a little more difficult to get, it reflected the working of the law of supply and demand in a free market. It had been so long competition with the financing of private enterprise and States and municipalities, to the detriment of all. That was the situation we found.

We have now come through the first year's financing. In five of our nine operations we have stretched out at least part of the debt into maturitities of from 3-1/2 to 30 years. We have sold the first long-term fully marketable bond issue since 1945 at a rate which long-term investment institutions consider fair to the savers they represent. We have done this in a market free ~~from~~ from artificial Federal Reserve price ~~pegs.~~ supports

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In his State of the Union Message President Eisenhower made it clear that this Administration would put fully into effect sound debt management policies. This meant lengthening the maturity of the debt -- giving it wider distribution and working in coooeration with the Federal Reserve System for the general public welfare.

We found a debt ~~about~~ one quarter of which was payable ~~came due~~ within a year, and about three quarters within five years. In 1953 we have had to go to the market nine times to refund maturities or raise new money -- this apart from nearly $20 billion of Treasury Bills rolling over every quarter.

This tremendous pressure of short-term debt has been inflationary; it could equally well at times be deflationary. It has left no free times for the Federal Reserve to make its policies effective. The Treasury has been in constant

> the cost of living which has taken place; and no one knows what lies ahead. The responsibility for all this lies proximately and immediately with the Federal Reserve, but ultimately and really with the Treasury. I am not interested in putting anyone in the pillory and holding him up to public scorn. I am not interested in castigating people or institutions for the fun of it. I am vitally concerned, however, as to what will happen to this country if this policy is not changed...."

As to the right policy to follow, the conclusion reached by Senator Douglas' Committee, which was in turn endorsed by Congressman Patman's Committee two years later, was that the Federal Reserve System should be freed, ----

> "....to restrict credit and raise interest rates for general stabilization purposes -- even if the cost should prove to be a significant increase in service charges on the Federal Debt."

This general conclusion was partially put into effect by the "accord" reached in the Spring of 1951 between the Treasury and the Federal Reserve System. The step was a great victory for sound money and resulted from a great wave of public opinion

made from a lower interest rate. The increase in prices since Korea are probably already adding to the Federal Government costs at the approximate rate of six billion a year.

"The cost of meeting the interest on the public debt is now roughly $5,800,000,000. The entire budget submitted by the President for the fiscal year 1952 is approximately $71,600,000,000. This means that Government expenditures for purposes other than interest, that is for services and materials, will be approximately $66,000,000,000. It is a conservative estimate that there has been a general increase in prices of commodities and services of roughly 10% as a result of the inflation; so that this inflationary price increase, then is already costing the Government at least $6,000,000,000, and possibly more. That is in excess of the total amount which the Government now pays in interest.

"Even if interest rates were doubled, which is at best a very remote possibility, the added cost of meeting the interest on the public debt would not equal the cost to the Government because of the rise in prices that has already taken place.

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The history of this country suggests that in the long run the American people will insist on the gradual reduction of the $275 billion National debt. We have done exactly that in the past, no matter how staggering the debt looked. In the meantime we must live with the debt and manage it as wisely as possible, so that it will do the least possible damage to our National economic health.

The debt has not been well managed in recent years. That conclusion was reached by two Congressional Committees headed by Democrats, the Douglas Committee of 1950 and the Patman Committee of 1952. Under the previous Administration the interest rate was kept low by selling mostly short-term securities and using the powers of the Federal Reserve System to peg the rate at low levels.

Concerning this policy, Senator Douglas said on February 22, 1951:

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REMARKS BY MR. W. RANDOLPH BURGESS, DEPUTY TO THE SECRETARY OF THE TREASURY, BEFORE THE NATIONAL ASSOCIATION OF MANUFACTURERS, HOTEL Waldorf NEW YORK, N.Y., AT 1 P.M. THURSDAY, DECEMBER 3, 1953.

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TREASURY DEPARTMENT
Washington

FOR RELEASE AT 1 P.M., EST
Thursday, December 3, 1953

Remarks by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the National Association of Manufacturers, at the Waldorf-Astoria Hotel, New York City, 1:00 PM, Thursday, December 3, 1953.

H-333

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TREASURY DEPARTMENT
Washington

FOR RELEASE 1 P.M., EST,
Thursday, December 3, 1953.

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the National Association of Manufacturers, at the Waldorf-Astoria Hotel, New York City, 1:00 P.M. Thursday, December 3, 1953.

This Administration seeks to achieve two main goals: (1) To build up sufficient military power for our own defense and to help promote peace in the world; (2) and at the same time to strengthen and improve the productivity of our domestic economy.

As a part of the program for reaching these goals the President in his State of the Union message described five objectives in the field of fiscal and economic policy. These objectives were:

First, to reduce the deficits planned by the previous Administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to work toward the earliest possible reduction of the tax burden, remove inequalities, simplify the tax system and revise the tax laws to reduce the obstacles to the vigorous growth of our economy;

Third, to manage properly the burden of our inheritance of debt and obligations;

Fourth, to check the menace of inflation;

Fifth, to make constructive plans to encourage initiative.

What progress has been made toward meeting these objectives?

I will discuss the first two policies and show the progress we have made, and Mr. Burgess will discuss the other three.

The first step toward balancing the budget was to have every department and agency make tremendous efforts to get the previously planned spending under control. Little could be done about the expenditures for the fiscal year which ended on June 30, 1953, because they were all programmed and the year was more than half gone. The deficit for that fiscal year turned out to be $9.4 billion.

The budget submitted by the previous Administration for the current fiscal year called for a deficit of $9.9 billion but because of the overestimate of revenues this anticipated deficit had to be revised to $11.1 billion. A thorough review of all of the future military and civilian programs was undertaken immediately after the Administration assumed office, with a view to reducing this deficit. The reviews have not yet been finished, but considerable progress has been made. By August of this year expenditures for the current fiscal year had been reduced by $6.5 billion from the January estimate. This, plus the $800 million of income gained from the six months' extension of the excess profits tax has resulted in reducing the prospective deficit from $11.1 billion to $3.8 billion, according to our present estimates.

While, in spite of these large reductions in expenditures, the administrative budget for this year will still show a deficit, it is very encouraging that we now estimate a deficit in the cash budget of about $500 million.

It was because of this reduction in expenditures that justification could be made for the reduction in the individual income tax on January 1, 1954, and for eliminating the excess profits tax at the end of this year.

A most significant reduction in new authorizations for spending was made by the recent session of Congress. This was a $10 billion decrease in the authority to place orders which will reduce spending by that amount in future years. The balance of unliquidated obligations at the end of this year will thus be below the $81 billion which the Administration faced at the first of this fiscal year. This large balance due on contracts and commitments greatly increases the difficulty of reducing expenditures.

Much remains to be done, but progress has been made and will continue to be made. This Administration is determined to cut out careless spending. Every activity of government is being reviewed to see if it is actually necessary. The necessary activities of government are being reviewed to see that extravagance and waste are eliminated in the running of indispensable agencies, both civilian and military. We are trying to develop more dollar-consciousness on the part of all government employees, both in and out of uniform.

The nature of the problem involved in bringing the budget into balance is shown by the following summary of the budget for the current fiscal year:

BUDGET - FISCAL 1954
(In billion dollars)

Budget Receipts	$ 68.3
Budget Expenditures	
National Security:	
Defense Department	41.7
Mutual Security	6.0
Atomic Energy	2.3
	$ 50.0
Other:	
Relatively Uncontrollable	14.7
Controllable	7.4
Total Expenditures	$ 72.1
Budget Deficit	3.8
Net Trust Fund Receipts...........	3.3
Cash Deficit	$ .5

National security expenditures amount to approximately 70 percent of the budget which is the major reason why it is extremely difficult to balance the budget as rapidly as we would like. Rapid reductions in security expenditures can be made only in two ways: First, by eliminating extravagance, and, second, by getting more defense for less money. The Defense Department is making good progress in both directions.

Of the $6 billion indicated for Mutual Security expenditures, by far the greater proportion is for military aid -- and the amount of economic aid is being gradually reduced. The $14.7 billion of expenditures referred to as relatively uncontrollable include interest, veterans benefits, grants to the States, and other charges fixed by law. Congressional approval would be required before these expenditures could be reduced.

Let us now turn to the budget for the fiscal year 1955 for which all departments are now preparing their estimates of expenditures. No statement can be made about the expenditures side of the budget until the figures have all been compiled and presented to Congress. But we can discuss the revenue side.

Total revenues in the current fiscal year are estimated at $68.3 billion, the highest ever collected. The following are the principal sources: individual income taxes, $34.0 billions; corporation income and excess profits taxes, $22.5 billions; and excise taxes, $10 billions.

It is estimated that the expiration of the excess profits tax will result in a loss of revenue of $1.6 billion in the fiscal year of 1955, as compared with 1954, and that the individual income tax reductions will reduce revenue by $1.9 billion compared with 1954.

If we add these estimated losses in revenue to the deficit for the current fiscal year, we would have an estimated deficit for 1955 of about $7.5 billion, assuming the same level of corporation profits and individual income and the same level of expenditures.

Additional tax reductions are scheduled to take place on April 1, 1954; with a reduction in certain excise taxes and reduction in the corporate income tax from 52 percent to 47 percent. These reductions would result in an annual loss of $3 billion but a loss in fiscal 1955 of $2 billion, as compared with 1954. If these April 1st reductions should take effect the total loss of revenue in 1955 would be $5.5 billion, which added to the present fiscal year's deficit, would being the total up to over $9 billion, assuming no change in national income and no reduction in expenditures. On the cash basis, this deficit would be about $6 billion.

As a result of the intensive effort being made by all of the departments, it is hoped that sufficient reductions can be made in expenditures so that the actual deficit will be reduced considerably below this amount.

Foreseeing the situation which would result next year, the President in May of this year recommended that the Congress rescind the reductions in corporate taxes and excise taxes scheduled to take effect on April 1, 1954. The reduction in taxes which will take effect in January will result in a loss of $5 billion in a full year. This is in accord with the Administration policy to pass on in lower taxes the anticipated savings in expenditures as it appears they will be made.

Additional tax reduction is desired by everyone, and it is essential to the continued growth of our economy. But taxes can be reduced further only as expenditures are reduced, and in considering expenditure reduction we must always consider the maintenance of a strong defense and essential services of government.

Considerable progress has been made in the tax revision study which the President asked the Treasury to initiate.

The present system has developed haphazardly during the past 20 years, the rates being increased and new taxes added as revenue demands increased, without any clear or consistent policy. As a result, the system is too complex, has many inequities and also handicaps the economic growth of the country.

The President, in the State of the Union message, stated:

"Meanwhile, the tax structure as a whole demands review. The Secretary of the Treasury is undertaking this study immediately. We must develop a system of taxation which will impose the least possible obstacle to the dynamic growth of the country. This includes particularly real opportunity for the growth of small businesses. Many readjustments in existing taxes will be necessary to serve these objectives and also to remove existing inequities. Clarification and simplification in the tax laws as well as the regulations will be undertaken."

Since January, an intensive review and study have been made of the whole tax structure. This work has been carried on by the Treasury Analysis Staff under the direction of Dan Throop Smith, the Treasury Legal Advisory Staff under the direction of Kenneth W. Gemmill, and members of the administrative staff of the Internal Revenue Service, all working closely with the staff of the Congressional Joint Committee of Internal Revenue headed by Colin Stam.

Thus, on each of the many issues have been brought to bear the experience and knowledge of the economist, the lawyer, the accountant, the tax administrator from Treasury, and the Congressional tax expert. There has been the finest cooperation between these groups.

Full advantage has also been taken of the studies and recommendations made during recent years by many outside organizations interested in tax revision. Few subjects have been studied as much. We have also consulted with many of these groups and many others who are directly affected by the inequities and complexities of the present system.

We are very much pleased with the progress made in this revision study. Agreements have been reached by these staff groups on many revisions of the Internal Revenue Code which will be recommended to the Congressional committees, who, of course, make the decisions. Some of these technical revisions would remove existing complexities and inequities and would have little effect on revenue. Some of the more important revisions being considered would, however, result in some loss of revenue. Others will result in a loss in revenue at least during the first few years but it would be expected that the beneficial effects of these revisions would tend to offset these losses in the long run.

The extent to which these revisions can be adopted, therefore, will depend on the budget situation. We will not be able to afford as much revision as we would all like immediately. In some areas we can make a modest start at this time toward these objectives and in addition, provide for further reductions as rapidly as expenditure reductions, always consistent with national security, will permit. Thus in time we should have a tax structure which will be much less of a handicap to incentive and growth than the present one.

It would not be appropriate to discuss specific proposals at this time but I can say that those which we will recommend for adoption will be directed primarily toward stimulating productivity and growth and toward removing serious inequities.

The aim of the tax policies, as well as other economic policies of the Administration, is to encourage the continuous growth of the economy so that with expanding income the taxes necessary to finance the security and the essential services of the government will amount to a smaller proportion of national income.

The first big step in improving our tax system will be the expiration of the excess profits tax on December 31st and the simultaneous reduction of individual income tax rates.

We have also made real progress in the field of tax administration. In January the morale of the Internal Revenue Service was very low; a number of scandals had occurred in recent years and a complete reorganization had just been put into operation. To head up this important service the President appointed T. Coleman Andrews, a trained public accountant with broad experience in private and public life.

A number of changes have been made in the organization since last January with a view to further decentralizing activities so that most decisions in individual cases can be made in the field near the taxpayer. The headquarters staff will be concerned primarily with developing overall administrative policies and seeing that these policies are carried out uniformly throughout the service. As a result of these changes, considerable reductions have been made in the overhead costs and these savings are being directed to collection and enforcement activities.

Great effort is being made to speed up settlements in the field and to settle more cases administratively than in the past. This will avoid the more costly and complex Tax Court processes. It is the belief of the Commissioner that the collection of taxes is primarily an administrative matter and there is seldom any excuse for a dispute as to facts being permitted to get into court. Results have already become apparent. A higher percentage of cases are now being settled at the first point of appeal. The appellate people are making more settlements.

A number of administrative changes have been made. Rulings requested by the taxpayer are being issued more promptly and more of these rulings are being published in the Internal Revenue Bulletin. Of particular significance to business people was the recent policy ruling that once a depreciation rate was agreed to by the agent and the taxpayer, no change could be made unless the circumstances were greatly altered. The backlog of unissued regulations dealing with recent legislation has been eliminated.

In another change in administration the Secretary of the Treasury has delegated to the Commissioner the appointment of practically all personnel.

The handling of all offers in compromise and closing agreements has also been delegated to the Commissioner. The result is that he will now have complete authority to close tax cases.

While progress is being made in tax administration, serious problems still remain. We were all surprised to learn the extent of the backlog of unaudited returns and past-due accounts which has been increasing for several years. The organization is making strenuous efforts to reverse this trend and then to get rid of the backlogs. This effort should result in less loss of revenue to the Treasury, as well as more prompt determination of the taxpayers' final liabilities.

This is a problem primarily of manpower. The service has been losing too many good men in recent years and there has been no systematic plan for the recruitment, development and advancement of people in the organization. Mr. Andrews is now devoting much of his time to correcting this situation. His plans for next year include a training course to be conducted by a leading university for young college graduates who would like to make a career of tax work.

Our objectives are to restore public confidence in the federal tax administration, by administering the law as Congress intended, by speeding up the settlement and auditing of tax returns, by tightening up enforcement, and by giving the taxpayer a fair break. We feel we are making good progress toward these objectives.

Thus, on the whole, we are making headway in meeting these difficult budget and tax problems. We know what our objectives are, but we realize it will be a long and difficult task. We are confident in time we can reach the goals we have in mind.

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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.

~~XXXXX~~

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 Treasury Department 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 10, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 10, 1953. 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,

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TREASURY DEPARTMENT
Washington

H-335

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, December 3, 1953.
(xxx)

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 10, 1953, in the amount of $1,500,508,000, 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 10, 1953, and will mature March 11, 1954, 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 7, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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RELEASE MORNING NEWSPAPERS,
Tuesday, December 8, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 10, 1953, and to mature March 11, 1954, which were offered on December 3, were opened at the Federal Reserve Banks on December 7.

The details of this issue are as follows:

Total applied for - $1,999,199,000
Total accepted - 1,500,739,000 (includes $231,576,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.595 Equivalent rate of discount approx. 1.603% per annum

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

High - 99.615 Equivalent rate of discount approx. 1.523% per annum
Low - 99.589 " " " " " 1.626% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 42,232,000	$ 42,232,000
New York	1,452,239,000	1,019,599,000
Philadelphia	30,467,000	14,467,000
Cleveland	29,887,000	29,887,000
Richmond	16,659,000	14,659,000
Atlanta	28,161,000	28,161,000
Chicago	206,281,000	173,141,000
St. Louis	34,857,000	33,577,000
Minneapolis	10,421,000	10,221,000
Kansas City	34,716,000	29,636,000
Dallas	44,425,000	39,245,000
San Francisco	68,854,000	65,914,000
TOTAL	$1,999,199,000	$1,500,739,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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San Francisco	68,854,000	65,914,000
TOTAL	$1,999,199,000	$1,500,739,000

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Second, we have almost startling evidence from Eruope of countries which have turned from inflation to prosperity by putting into effect vigorous programs for sound money. That has been true of Belgium, Germany, Holland, and of Italy and England. If they can do it after destruction and impoverishment, we, with our strength, can do it, too.

Third, we have the long history of economic progress of this country. It is free competitive enterprise that has made us great. As we move away from controls and subsidies and artificial props and gradually reduce taxes, we release more fully the forces that brought us prosperity in the past. As we strengthen the dollar and renew people's confidence in it, we restimulate the flow of saving which has always provided the capital to build America. Surely, we are not afraid of these great, free forces.

Please note that I say the readjustment to a freer economy can be made without serious trouble. There is nothing automatic about it. To make a free economy work, the participants have responsibilities. They must be prepared to take some risks and come out from under governmental shelters without panic. For the enterprise system to work there must be enterprise.

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The Federal Reserve System is now free to carry out its legal responsibility of influencing credit for the best good of all the people. It is no longer asked to use its powers to peg the prices of United States Government securities and so make it easier for the Treasury to finance the debt at artificially low interest rates.

We have begun the long process of distributing the debt more widely and spreading its maturities over a longer period. We do not believe it is wise or, indeed, safe to have a quarter of the debt maturing within one year and three-quarters within five years.

One of the best ways of redistributing the debt is through the sale of United States Savings Bonds. Sales are going well this year; they are well ahead of redemptions.

With greater confidence in the stability of the value of the dollar, we believe sales can and should be greatly increased.

In this great campaign to encourage savings and spread the debt, the Treasury needs the help especially of groups like this one who understand selling.

These are the principal steps that are necessary to avoid inflation or deflation -- to get an honest dollar for the American people.

the Outlook

A question many people are asking is whether it is possible to move from a long period of inflation to one of economic stability without a business recession.

Of course, there are some adjustments necessary. We had some this spring in interest rates, but we seem to have weathered that. There may well be other adjustments in one or another business. In any vital, flexible economy, there are bound to be jolts. The essence of our economic system -- its very strength -- is in being a profit and loss economy. Profits are the goal; losses are the penalty of failure. That makes for progress.

There are at least three good reasons for believing that this adjustment can be made without serious trouble if we use wisdom and enterprise.

First, this country, even when we achieve a balanced budget, will be pursuing a tremendous spending program for defense. Even though the expenditures are met by taxes, the program is an inflationary force which will be with us for some time to come.

~~Address~~ Remarks by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the annual meeting of Delaware State Chamber of Commerce, Gold Ballroom, Hotel DuPont, Wilmington, Delaware, 6:15 p.m. EST Tuesday, December 8, 1953.

TREASURY DEPARTMENT
Washington

The program under which the Treasury is operating ~~in relation to American business~~ towards economic progress and stability was set forth by the President in his State of the Union message last January. The five objectives ~~were~~ rearranged for convenience:

First, to reduce the deficits planned by the previous Administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to work toward the earliest possible reduction of the tax burden, remove inequalities, simplify the tax system and revise the tax laws to reduce the obstacles to the vigorous growth of our economy;

Third, to manage properly the burden of our inheritance of debt and obligations;

Fourth, to check the menace of inflation;

Fifth, to make constructive plans to encourage initiative.

Let me discuss these in order.

Status of the Budget

~~First,~~ We inherited a budget for the fiscal year which ended on June 30, 1953, with a deficit of $9.4 billion.

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The budget submitted by the previous Administration for the current fiscal year called for a deficit of $9.9 billion but because of the overestimate of revenues this anticipated deficit had to be revised to $11.1 billion. In other words, expenditures were rising and the budget was out of control. On June 30 last, there were $81 billion of overhanging commitments, C.O.D. orders. Every time we turned around we found another spending commitment not covered by these figures. ¶ A thorough

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by the new administration working with Committees of Congress

review of all of the military and civilian programs was undertaken ~~immediately after the Administration assumed office~~, ~~with a view~~ to reduce this deficit. By August ~~of this year~~ expenditures for the current fiscal year had been reduced by \$6.5 billion from the January estimate. This, plus the \$800 million of income gained from the six months' extension of the excess profits tax has resulted in reducing the ~~prospective~~ estimated deficit from \$11.1 billion to \$3.8 billion.

While~~, in spite of these large reductions in expenditures~~, the administrative budget for this year will still show quite a deficit, it is encouraging that we now estimate a deficit in the cash budget of only about \$500 million. This means that the inflationary impact of this year's deficit is practically eliminated.

Much remains to be done. Every activity of government is being reviewed to see that extravagance and waste and unnecessary activities are eliminated.

(5) National security expenditures amounting to approximately 70 per cent of the budget provide the hardest nut to crack; for in the present state of the world, military strength is the last ~~which is the major reason why it is extremely difficult to balance the budget as rapidly as we would like~~. Rapid reductions in these ~~security~~ expenditures can be made only by eliminating extravagance and by getting more defense for less money. The Defense Department is making good progress in both directions.

Of the \$6 billion in the budget for Mutual Security expenditures, by far the greater proportion is for military aid -- and the amount of economic aid is being reduced.

Turning to the budget for the fiscal year 1955 for which all departments are now preparing their estimates of expenditures, no

significant statement can yet be made about the expenditures. But we can discuss the revenue side.

Total revenues in the current fiscal year are estimated at $68.3 billion, the highest ever collected. The expiration of the excess profits tax will result in a loss of revenue of about $1.6 billion in the fiscal year of 1955, and the individual income tax reductions will reduce revenue by $1.9 billion. These reductions we believe are justified by economies already made together with their stimulating effect on the economy.

If we add these estimated losses in revenue to the deficit for the current fiscal year, we would have an estimated deficit for 1955 of about $7.5 billion, assuming the same level of coporation profits and individual income and the same level of expenditures. As a result of the intensive effort being made by all of the departments, it is hoped that sufficient reductions can be made in expenditures so that the actual deficit will be reduced considerably below this amount.

But additional tax reductions are scheduled to take place on April 1, 1954; with a reduction in certain excise taxes and reduction in the corporate income tax from 52 per cent to 47 per cent. These reductions, if effected, would result in a further loss of $2 billion, bringing the

estimate for '54-5

deficit up to over $9 billion, ~~assuming no change in national income and no~~ before allowing for reductions in expenditures.

Foresseing the situation which would result next year, the President in May of this year recommended that the Congress rescind the reductions in corporate taxes and excise taxes scheduled to take effect on April 1, 1954.

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Additional tax reduction is desired by everyone, and it is essential to the continued growth of our economy. But taxes can be reduced further safely only as expenditures are reduced.

Tax Revision
Considerable progress ~~has been made~~ in the tax revision study which the President asked the Treasury to initiate, as set forth ~~in the second point of~~ his message.

The present system has developed haphazardly during the past 20 years, the rates being increased and new taxes added as revenue demands increased, without any clear or consistent policy. As a result, the system is too complex, has many inequities and also handicaps the economic growth of the country.

Since January, an intensive review and study have been made of the whole tax structure. This work has been carried on by the Treasury staff working closely with the staff of the Congressional Joint Committee of Internal Revenue Taxation.

Full advantage has also been taken of the studies and recommendations made during recent years by many outside organizations interested in tax revision. Few subjects have been studied as much.

Agreements have been reached by these staff groups on many revisions of the Internal Revenue Code which will be recommended to the Congressional committees, who, of course, make the decisions. Some of these technical revisions would remove existing complexities and inequities and would have little effect on revenue. Some of the more important revisions ~~being considered would, however, result in some loss of revenue.~~ ~~These~~ will result in a loss in revenue at least during the first few years, but it would be expected that the beneficial effects of these ~~revisions would~~ tend to offset ~~these~~ losses in the long run.
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The extent to which these revisions can be adopted, therefore, will depend on the budget situation. We cannot afford as much revision as we would all like immediately. In some areas we can make a modest start at this time toward these objectives and, in addition, provide for further reductions as rapidly as expenditure reductions, always consistent with national security, will permit. Thus in time we should have a tax structure which will be much less of a handicap to incentive and growth than the present one.

We have also made progress in the field of tax administration. We found the morale of the Internal Revenue Service was very low; a number of scandals had occurred in recent years and a complete reorganization had just been put into operation. To head up this important service, the President appointed T. Coleman Andrews, a trained public accountant with broad experience in private and public life.

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Great effort is being made to speed up settlements in the field and to settle more cases administratively than in the past.

Our objectives are to restore public confidence in the federal tax administration, by administering the law as Congress intended, by speeding up the settlement and auditing of tax returns, by tightening up enforcement, and by giving the taxpayer a fair break. We feel we are making good progress toward these objectives.

Debt Management

The third point in the President's program was the proper management of the debt.

The history of this country suggests that in the long run the American people will insist on the gradual reduction of the $275 billion national debt. We have done exactly that in the past, no matter how staggering the debt looked. In the meantime we must live with the debt and manage it as wisely as possible, so that it will do the least possible damage to our national economic health.

The debt has not been well managed in recent years. That conclusion was reached by two Congressional Committees headed by Democrats, the Douglas Committee of 1950 and the Patman Committee of 1952. Under the previous Administration the interest rate was kept low by selling mostly short-term securities and using the powers of the Federal Reserve System to peg the rate at low levels.

Concerning this policy, Senator Douglas said on February 22, 1951:

> " ..... The costs to the Government and to the people have been far greater than the gains which we have made from a lower interest rate. The increase in prices since Korea are probably already adding to the Federal Government costs at the approximate rate of six billion a year."

As to the right policy to follow, the conclusion reached by Senator Douglas' Committee, which was in turn endorsed by Congressman Patman's Committee two years later, was that the Federal Reserve System should be freed, -----

> " .... to restrict credit and raise interest rates for general stabilization purposes .... even if the cost should prove to be a significant increase in service charges on the Federal Debt."

This general conclusion was partially put into effect by the "accord" reached in the Spring of 1951 between the Treasury and the Federal Reserve System. The step was a great victory for sound money and resulted from a wave of public opinion in opposition to the policies which had been followed and which, as Senator Douglas stated, had done such damage.

In his State of the Union Message, President Eisenhower made it clear that this Administration would put fully into effect sound debt management policies. This meant lengthening the maturity of the debt -- giving it wider distribution and working in cooperation with the Federal Reserve System for the general public welfare.

We found a debt about one quarter of which was payable within a year, and about three quarters were payable directly or at the holders option within five years. In 1953, we have had to go to the market nine times to refund maturities or raise new money -- this apart from nearly $20 billion of Treasury bills rolling over every quarter.

This tremendous pressure of short-term debt has been inflationary; it could equally well at times be deflationary. It has left no free times for the Federal Reserve to make its policies effective. The Treasury has unavoidably been in ~~constant~~ continuous competition with the financing of private enterprise and States and municipalities, ~~to the detriment of all~~. That was the situation we found.

We have now come through the first year's financing. In five of our nine operations we have stretched out at least part of the debt into maturities of from 3-1/2 to 30 years. We have sold the first long-term fully marketable bond issue since 1945 at a rate which long-term

investment institutions consider fair to the savers they represent. We have done this in a market free from artificial Federal Reserve price supports.

Monetary Policy

Early in the year, the Reserve System allowed the natural forces of a huge demand for money to tighten money rates. This was certainly sound central bank policy at a time of record production, rising inventories, and disturbing increases in consumer credit, and at a time when price and wage controls were being removed. For the Federal Reserve to have fed money into this situation to keep money rates easy would have been the height of folly. It would have accentuated the boom, encouraged further piling up of inventory, further use of bank credit. This would have greatly increased the danger of later recession.

I want to make it clear, however, that the decision on money was the responsibility of the independent Federal Reserve System -- just as emphasized by the Douglas Committee. The Treasury operations in putting out a 3-1/4% long-term bond issue of course had some influence on the money market, but we did not pull that rate out of the air. It was the going rate in the market as shown by current transactions. It was the lowest rate at which the Treasury could borrow long-term money unless, indeed, the Reserve System had poured their money into the market -- and resumed the inflation of bank credit.

The Treasury was not pursuing a "hard money" policy, nor indeed was the Federal Reserve. To the extent that money was a little more difficult to get, it reflected the working of the law of supply and demand in a free market. It had been so long since the money market had been free that it staggered a little under the impact of fresh air.

With the turn of the half year the money situation changed. The business demand for funds lessened; the threat of inflation receded; there were some evidences of slowing business activity; some farm incomes declined. Under these circumstances the Federal Reserve System did not hesitate to make available the funds which they calculated would be required for seasonal and other essential requirements, ~~including the funds the Treasury needed to meet its cash deficit~~. Money became easier, due, ~~not to any change in Administration policy, but~~ largely to an actual and prospective change in the demand for money. The announcement late in August that the Federal Budget for the current year might be brought into cash balance had an important psychological effect.

The results of the year's efforts towards putting the government debt in sounder shape are just a good beginning. We have succeeded in raising $9 billion of new cash with little, if any, increase in holdings of government securities by the commercial banking system. In summary, debt operations of the year have had no inflationary effect. They have thus directly contributed along with budget control to meeting the President's fourth point of checking inflation.

Looking ahead, we have about the same job to do over again next year. About one quarter of the debt still matures within a year. It took us a long time to get into this mess and it will take a long time to get out.

We shall start the year with the advantage of a more flexible rate structure, a money market accustomed to more freedom, a better public understanding of what needs to be done, and with a stronger and more experienced Treasury team.

We shall continue to stress the sale of savings bonds. It is a good thing for the Government and a good thing for the people to have these bonds widely distributed in the hands of many millions of people. In this program we need your help, particularly in the payroll savings plan.

Encouraging Initiative

What this Administration has done in bringing more freedom to the money market is consistent with our general objective of encouraging the initiative of free citizens, the President's fifth point. This freedom in the money market has been promoted along with more freedom in many other directions. Soon after this Administration came into office, needless controls across the board were lifted. These controls were curbing the initiative and enterprise of American citizens.

~~Thus on each of the five objectives laid down by the President~~ substantial progress has been made.

~~In conclusion,~~ Let me also emphasize that the technical problems I have mentioned in discussing our handling of the budget, taxes, and the debt are just as closely related to the welfare of the people of this country as housing or social security or employment. Their proper solution forms the basis for honest money which keeps its value over the years.

And honest money is essential in combatting the evils of inflation and deflation, in assuring honest pay for an honest day's work, and in encouraging the flow of savings on which are built our country's future.

The Outlook

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TREASURY DEPARTMENT
Washington

FOR RELEASE 6:15 P.M., EST,
Tuesday, December 8, 1953.

Remarks by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the annual meeting of the Delaware State Chamber of Commerce, Gold Ballroom, Hotel DuPont, Wilmington, Delaware, 6:15 P.M.,EST, Tuesday, December 8, 1953.

The program under which the Treasury is operating towards economic progress and stability was set forth by the President in his State of the Union message last January. The five objectives, rearranged for convenience, are:

First, to reduce the deficits planned by the previous Administration and then at the earliest possible time balance the budget by reducing federal expenditures to the very minimum within the limits of safety;

Second, to work toward the earliest possible reduction of the tax burden, remove inequalities, simplify the tax system and revise the tax laws to reduce the obstacles to the vigorous growth of our economy;

Third, to manage properly the burden of our inheritance of debt and obligations;

Fourth, to check the menace of inflation;

Fifth, to make constructive plans to encourage initiative.

Let me discuss these in order.

Status of the Budget

We inherited a budget for the fiscal year which ended on June 30, 1953, with a deficit of $9.4 billion.

The budget submitted by the previous Administration for the current fiscal year called for a deficit of $9.9 billion but because of the overestimate of revenues this anticipated deficit had to be revised to $11.1 billion. In other words, expenditures were rising and the budget was out of control. On June 30 last, there were $81 billion of overhanging commitments, C.O.D. orders. Every time we turned around we found another spending commitment not covered by these figures.

A thorough review of all of the military and civilian programs was undertaken by the new Administration working with committees of Congress to reduce this deficit. By August expenditures for the current fiscal year had been reduced by $6.5 billion from the January estimate. This, plus the $800 million of income gained from the six months' extension of the excess profits tax had resulted in reducing the estimated administrative deficit from $11.1 billion to $3.8 billion.

While the administrative budget for this year will still show quite a deficit, it is encouraging that we now estimate a deficit in the cash budget of only about $500 million. This means that the inflationary impact of this year's deficit is practically eliminated.

Much remains to be done. Every activity of government is being reviewed to see that extravagance and waste and unnecessary activities are eliminated.

National security expenditures amounting to approximately 70 percent of the budget provide the hardest nut to crack; for in the present state of the world, military strength is the best safeguard for peace. Rapid reductions in these expenditures can be made only by eliminating extravagance and by getting more defense for less money. The Defense Department is making good progress in both directions.

Of the $6 billion in the budget for Mutual Security expenditures, by far the greater proportion is for military aid--and the amount of economic aid is being reduced.

Turning to the budget for the fiscal year 1955 for which all departments are now preparing their estimates of expenditures, no significant statement can yet be made about the expenditures. But we can discuss the revenue side.

Total revenues in the current fiscal year are estimated at $68.3 billion, the highest ever collected. The expiration of the excess profits tax will result in a loss of revenue of about $1.6 billion in the fiscal year of 1955, and the individual income tax reductions will reduce revenue by $1.9 billion. These reductions we believe are justified by economies already made together with their stimulating effect on the economy.

If we add these estimated losses in revenue to the deficit for the current fiscal year, we would have an estimated deficit for 1955 of about $7.5 billion, assuming the same level of corporation profits and individual income and the same level of expenditures. As a result of the intensive effort being made by all of the departments, it is hoped that sufficient reductions can be made in expenditures so that the actual deficit will be reduced considerably below this amount.

But additional tax reductions are scheduled to take place on April 1, 1954; with a reduction in certain excise taxes and reduction in the corporate income tax from 52 percent to 47 percent. These reductions, if effected, would result in a further loss of $2 billion, bringing the prospective deficit for '54-'55 up to over $9 billion, before allowing for reductions in expenditures.

Foreseeing the situation which would result next year, the President in May of this year recommended that the Congress rescind the reductions in corporate taxes and excise taxes scheduled to take effect on April 1, 1954.

Additional tax reduction is desired by everyone, and it is essential to the continued growth of our economy. But taxes can be reduced further safely and soundly only as expenditures are reduced.

Tax Revision

Considerable progress has been made in the tax revision study which the President asked the Treasury to initiate, as set forth in his message.

The present system has developed haphazardly during the past 20 years, the rates being increased and new taxes added as revenue demands increased, without any clear or consistent policy. As a result, the system is too complex, has many inequities and also handicaps the economic growth of the country.

Since January, an intensive review and study have been made of the whole tax structure. This work has been carried on by the Treasury staff working closely with the staff of the Congressional Joint Committee on Internal Revenue Taxation.

Full advantage has also been taken of the studies and recommendations made during recent years by many outside organizations interested in tax revision. Few subjects have been studied as much.

Agreements have been reached by these staff groups on many revisions of the Internal Revenue Code which will be recommended to the Congressional committees, who, of course, make the decisions. Some of these technical revisions would remove existing complexities and inequities and would have little effect on revenue. Some of the more important revisions will result in a loss in revenue at least during the first few years, but it would be expected that the beneficial effects of some of these revisions would tend to offset losses in the long run.

The extent to which these revisions can be adopted, therefore, will depend on the budget situation. We cannot afford as much revision as we would all like immediately. In some areas we can make a modest start at this time toward these objectives and, in addition, provide for further reductions as rapidly as expenditure reductions, always consistent with national security, will permit. Thus in time we should have a tax structure which will be much less of a handicap to incentive and growth than the present one.

We have also made progress in the field of tax administration. We found the morale of the Internal Revenue Service was very low; a number of scandals had occurred in recent years and a complete reorganization had just been put into operation. To head up this important service, the President appointed T. Coleman Andrews, a trained public accountant with broad experience in private and public life.

A number of changes have been made in the organization since last January with a view to further decentralizing activities so that most decisions in individual cases can be made in the field near the taxpayer.

Great effort is being made to speed up settlements in the field and to settle more cases administratively than in the past.

Our objectives are to restore public confidence in the federal tax administration, by administering the law as Congress intended, by speeding up the settlement and auditing of tax returns, by tightening up enforcement, and by giving the taxpayer a fair break. We feel we are making good progress toward these objectives.

Debt Management

The third point in the President's program was the proper management of the debt.

The history of this country suggests that in the long run the American people will insist on the gradual reduction of the $275 billion national debt. We have done exactly that in the past, no matter how staggering the debt looked. In the meantime we must live with the debt and manage it as wisely as possible, so that it will do the least possible damage to our national economic health.

The debt has not been well managed in recent years. That conclusion was reached by two Congressional Committees headed by Democrats, the Douglas Committee of 1950 and the Patman Committee of 1952. Under the previous Administration the interest rate was kept low by selling mostly short-term securities and using the powers of the Federal Reserve System to peg the rate at low levels.

Concerning this policy, Senator Douglas said on February 22, 1951:

> ".....The costs to the Government and to the people have been far greater than the gains which we have made from a lower interest rate. The increase in prices since Korea are probably already adding to the Federal Government costs at the approximate rate of six billion a year."

As to the right policy to follow, the conclusion reached by Senator Douglas' Committee, which was in turn endorsed by Congressman Patman's Committee two years later, was that the Federal Reserve System should be freed, ----

> ".....to restrict credit and raise interest rates for general stabilization purposes....even if the cost should prove to be a significant increase in service charges on the Federal Debt."

This general conclusion was partially put into effect by the "accord" reached in the Spring of 1951 between the Treasury and the Federal Reserve System. The step was a great victory for sound money and resulted from a wave of public opinion in opposition to the policies which had been followed and which, as Senator Douglas stated, had done such damage.

In his State of the Union Message, President Eisenhower made it clear that this Administration would put fully into effect sound debt management policies. This meant lengthening the maturity of the debt--giving it wider distribution and working in cooperation with the Federal Reserve System for the general public welfare.

We found a debt about one quarter of which was payable within a year, and about three quarters was payable directly or at the holder's option within five years. In 1953, we have had to go to the market nine times to refund maturities or raise new money--this apart from nearly $20 billion of Treasury bills rolling over every quarter.

This tremendous pressure of short-term debt has been inflationary; it could equally well at times be deflationary. It has left no free times for the Federal Reserve to make its policies effective. The Treasury has unavoidably been in continuous competition with the financing of private enterprise and States and municipalities. That was the situation we found.

We have now come through the first year's financing. In five of our nine operations we have stretched out at least part of the debt into maturities of from 3-1/2 to 30 years. We have sold the first long-term fully marketable bond issue since 1945 at a rate which long-term investment institutions consider fair to the savers they represent. We have done this in a market free from artificial Federal Reserve price supports.

Monetary Policy

Early in the year, the Reserve System allowed the natural forces of a huge demand for money to tighten money rates. This was certainly sound central bank policy at a time of record production, rising inventories, and disturbing increases in consumer credit, and at a time when price and wage controls were being removed. For the Federal Reserve to have fed money into this situation to keep money rates easy would have been the height of folly. It would have accentuated the boom, encouraged further piling up of inventory, further use of bank credit. This would have greatly increased the danger of later recession.

I want to make it clear, however, that the decision on money was the responsibility of the independent Federal Reserve System--just as emphasized by the Douglas Committee. The Treasury operations in putting out a 3-1/4% long-term bond issue of course had some influence on the money market, but we did not pull that rate out of the air. It was the going rate in the market as shown by current transactions. It was the lowest rate at which the Treasury could borrow long-term money unless, indeed, the Reserve System had poured their money into the market--and resumed the inflation of bank credit.

The Treasury was not pursuing a "hard money" policy, nor indeed was the Federal Reserve. To the extent that money was a little more difficult to get, it reflected the working of the law of supply and demand in a free market. It had been so long since the money market had been free that it staggered a little under the impact of fresh air.

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The results of the year's efforts towards putting the government debt in sounder shape are just a good beginning. We have succeeded in raising $9 billion of new cash with little, if any, increase in holdings of government securities by the commercial banking system. In summary, debt operations of the year have had no inflationary effect. They have thus directly contributed along with budget control to meeting the President's fourth point of checking inflation.

Looking ahead, we have about the same job to do over again next year. About one quarter of the debt still matures within a year. It took us a long time to get into this mess and it will take a long time to get out.

We shall start the year with the advantage of a more flexible rate structure, a money market accustomed to more freedom, a better public understanding of what needs to be done, and with a stronger and more experienced Treasury team.

We shall continue to stress the sale of savings bonds. It is a good thing for the Government and a good thing for the people to have these bonds widely distributed in the hands of many millions of people. In this program we need your help, particularly in the payroll savings plan.

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Thus on each of the five objectives laid down by the President substantial progress has been made.

Let me emphasize also that the technical problems I have mentioned in discussing our handling of the budget, taxes, and the debt are just as closely related to the welfare of the people of this country as housing or social security or employment. Their proper solution forms the basis for honest money which keeps its value over the years.

And honest money is essential in combatting the evils of inflation and deflation, in assuring honest pay for an honest day's work, and in encouraging the flow of savings on which are built our country's future.

The Outlook

A question many people are asking is whether it is possible to move from a long period of inflation to one of economic stability without a business recession.

Of course, there are some adjustments necessary. We had some this spring in interest rates, but we seem to have weathered that. There may well be other adjustments in one or another business. In any vital, flexible economy, there are bound to be jolts. The essence of our economic system--its very strength--is in being a profit and loss economy. Profits are the goal; losses are the penalty of failure. That makes for progress.

There are at least three good reasons for believing that this adjustment can be made without serious trouble if we use wisdom and enterprise.

First, this country, even when we achieve a balanced budget, will be pursuing a tremendous spending program for defense. Even though the expenditures are met by taxes, the program is an inflationary force which will be with us for some time to come.

Second, we have almost startling evidence from Europe of countries which have turned from inflation to prosperity by putting into effect vigorous programs for sound money. That has been true of Belgium, Germany, Holland, and of Italy and England. If they can do it after destruction and impoverishment, we, with our strength, can do it, too.

Third, we have the long history of economic progress of this country. It is free competitive enterprise that has made us great. As we move away from controls and subsidies and artificial props and gradually reduce taxes, we release more fully the forces that brought us prosperity in the past. As we strengthen the dollar and renew people's confidence in it, we restimulate the flow of saving which has always provided the capital to build America. Surely, we are not afraid of these great, free forces.

Please note that I say the readjustment to a freer economy can be made without serious trouble. There is nothing automatic about it. To make a free economy work, the participants have responsibilities. They must be prepared to take some risks and come out from under governmental shelters without panic. For the enterprise system to work there must be enterprise.

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

	Sept. 30, 1953	June 30, 1953	Sept. 5, 1952	Increase or decrease since June 30, 1953 Amount	Increase or decrease since June 30, 1953 Percent	Increase or decrease since Sept. 5, 1952 Amount	Increase or decrease since Sept. 5, 1952 Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	53,791,070	53,369,383	53,075,645	421,687	.79	715,425	1.35
Time	22,548,572	22,285,848	20,905,423	262,724	1.18	1,643,149	7.86
Deposits of U. S. Government	3,859,916	2,472,941	2,803,524	1,386,975	56.09	1,056,392	37.68
Postal savings deposits	13,436	13,451	13,695	-15	-.11	-259	-1.89
Deposits of States and political subdivisions	6,222,445	6,627,528	5,875,435	-405,083	-6.11	347,010	5.91
Deposits of banks	8,881,040	8,596,634	8,657,187	284,406	3.31	223,853	2.59
Other deposits (certified and cashiers' checks, etc.)	1,301,283	1,383,168	1,172,936	-81,885	-5.92	128,347	10.94
Total deposits	96,617,762	94,748,953	92,503,845	1,868,809	1.97	4,113,917	4.45
Bills payable, rediscounts, and other liabilities for borrowed money	483,231	45,510	1,069,238	437,721	961.81	-586,007	-54.81
Other liabilities	1,902,351	1,678,089	1,632,854	224,262	13.36	269,497	16.50
Total liabilities, excluding capital accounts	99,003,344	96,472,552	95,205,937	2,530,792	2.62	3,797,407	3.99
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	5,444	5,658	6,319	-214	-3.78	-875	-13.85
Common	2,268,439	2,258,971	2,201,602	9,468	.42	66,837	3.04
Total	2,273,883	2,264,629	2,207,921	9,254	.41	65,962	2.99
Surplus	3,425,699	3,410,122	3,197,085	15,577	.46	228,614	7.15
Undivided profits	1,387,126	1,296,655	1,296,349	90,471	6.98	90,777	7.00
Reserves	269,138	267,318	266,416	1,820	.68	2,722	1.02
Total surplus, profits, and reserves	5,081,963	4,974,095	4,759,850	107,868	2.17	322,113	6.77
Total capital accounts	7,355,846	7,238,724	6,967,771	117,122	1.62	388,075	5.57
Total liabilities and capital accounts	106,359,190	103,711,276	102,173,708	2,647,914	2.55	4,185,482	4.10
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	33.20	31.87	34.24				
Loans & discounts to total assets	34.83	35.23	33.06				
Capital accounts to total assets	7.61	7.64	7.53				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks as of September 30, 1953, June 30, 1953, and September 5, 1952

(In thousands of dollars)

	Sept. 30, 1953	June 30, 1953	Sept. 5, 1952	Increase or decrease since June 30, 1953		Increase or decrease since Sept. 5, 1952	
				Amount	Percent	Amount	Percent
Number of banks	4,871	4,881	4,927	-10		-56	
ASSETS							
Commercial and industrial loans	16,612,176	16,574,920	15,509,764	37,256	.22	1,102,412	7.11
Loans on real estate	8,639,845	8,508,503	8,006,885	131,342	1.54	632,960	7.91
All other loans, including overdrafts	12,340,721	11,995,778	10,763,311	344,943	2.88	1,577,410	14.66
Total gross loans	37,592,742	37,079,201	34,279,960	513,541	1.38	3,312,782	9.66
Less valuation reserves	543,405	541,846	497,914	1,559	.29	45,491	9.14
Net loans	37,049,337	36,537,355	33,782,046	511,982	1.40	3,267,291	9.67
U. S. Government securities:							
Direct obligations	35,287,324	33,025,310	34,971,610	2,262,014	6.85	315,714	.90
Obligations fully guaranteed	25,429	23,744	11,761	1,685	7.10	13,668	116.21
Total U. S. securities	35,312,753	33,049,054	34,983,371	2,263,699	6.85	329,382	.94
Obligations of States and political subdivisions	6,346,681	6,218,735	5,988,324	127,946	2.06	358,357	5.98
Other bonds, notes, and debentures	2,035,365	2,066,839	2,344,284	-31,474	-1.52	-308,919	-13.18
Corporate stocks, including stocks of Fed. Reserve banks	201,809	200,901	188,113	908	.45	13,696	7.28
Total securities	43,896,608	41,535,529	43,504,092	2,361,079	5.68	392,516	.90
Total loans and securities	80,945,945	78,072,884	77,286,138	2,873,061	3.68	3,659,807	4.74
Currency and coin	1,385,691	1,353,588	1,145,096	32,103	2.37	240,595	21.01
Reserve with Fed. Reserve banks	12,570,050	12,516,301	13,353,314	53,749	.43	-783,264	-5.87
Balances with other banks	10,074,427	10,473,757	9,055,097	-399,330	-3.81	1,019,330	11.26
Total cash, balances with other banks, including reserve balances and cash items in process of collection	24,030,168	24,343,646	23,553,507	-313,478	-1.29	476,661	2.02
Other assets	1,383,077	1,294,746	1,334,063	88,331	6.82	49,014	3.67
Total assets	106,359,190	103,711,276	102,173,708	2,647,914	2.55	4,185,482	4.10

amounted to $12,300,000,000, an increase of nearly 3 percent since June, and 15 percent in the year. The percentage of loans and discounts to total assets on September 30, 1953 was 34.83 in comparison with 35.23 in June and 33.06 in September 1952.

Investments of the banks in United States Government obligations on September 30, 1953 aggregated $35,300,000,000 (including $25,000,000 guaranteed obligations), an increase of $2,264,000,000 since June. These investments were 33 percent of total assets, compared to 32 percent in June. Other bonds, stocks and securities of $8,600,000,000, which included obligations of States and political subdivisions of $6,300,000,000, were $97,000,000 more than in June, and $63,000,000 more than held in September last year. Total securities held amounting to $43,900,000,000 were $400,000,000, or 1 percent, above the September 1952 figures.

Cash of $1,400,000,000, reserve with Federal Reserve banks of $12,500,000,000 and balances with other banks (including cash items in process of collection) of $10,100,000,000, a total of $24,000,000,000, showed a decrease of $313,000,000 since June.

The capital stock of the banks on September 30, 1953 was $2,300,000,000, including less than $6,000,000 of preferred stock. Surplus was $3,400,000,000, undivided profits $1,400,000,000, and capital reserves $269,000,000, or a total of $5,100,000,000. Total capital accounts of $7,400,000,000, which were 7.61 percent of total deposits, were $117,000,000 more than in June when they were 7.64 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

H-328

RELEASE MORNING NEWSPAPERS,

The total assets of national banks on September 30, 1953 amounted to more than $106,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,871 active national banks in the United States and possessions. The assets were $2,600,000,000 more than the amount reported by the 4,881 active banks on June 30, 1953, the date of the previous call, and were more than $4,000,000,000 over the aggregate reported by the 4,927 active banks as of September 5, 1952.

The deposits of the banks on September 30 were $96,600,000,000, an increase of $1,900,000,000 since June, and an increase of over $4,000,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $53,800,000,000, which increased $422,000,000, or nearly 1 percent, since June, and time deposits of individuals, partnerships, and corporations of $22,500,000,000, an increase of $263,000,000. Deposits of the United States Government of $3,900,000,000 increased $1,400,000,000 since June; deposits of States and political subdivisions of $6,200,000,000 showed a decrease of $405,000,000; and deposits of banks amounted to $8,900,000,000, an increase of $284,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,300,000,000.

Net loans and discounts on September 30, 1953 were $37,000,000,000, an increase of $500,000,000 since June, and $3,300,000,000, or nearly 10 percent, above the September figure last year. Commercial and industrial loans of $16,600,000,000 were about the same as in June. Loans on real estate of $8,600,000,000 were up more than 1 percent in the period. Other loans, including consumer loans to individuals, loans to farmers, to brokers and dealers and others for the purpose of purchasing and carrying securities, and to banks, etc.,

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, December 10, 1953.

H-338

The total assets of national banks on September 30, 1953 amounted to more than $106,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,871 active national banks in the United States and possessions. The assets were $2,600,000,000 more than the amount reported by the 4,881 active banks on June 30, 1953, the date of the previous call, and were more than $4,000,000,000 over the aggregate reported by the 4,927 active banks as of September 5, 1952.

The deposits of the banks on September 30 were $96,600,000,000 an increase of $1,900,000,000 since June, and an increase of over $4,000,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $53,800,000,000, which increased $422,000,000, or nearly 1 percent, since June, and time deposits of individuals, partnerships, and corporations of $22,500,000,000, an increase of $263,000,000. Deposits of the United States Government of $3,900,000,000 increased $1,400,000,000 since June; deposits of States and political subdivisions of $6,200,000,000 showed a decrease of $405,000,000; and deposits of banks amounted to $8,900,000,000, an increase of $284,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,300,000,000.

Net loans and discounts on September 30, 1953 were $37,000,000,000, an increase of $500,000,000 since June, and $3,300,000,000, or nearly 10 percent, above the September figure last year. Commercial and industrial loans of $16,600,000,000 were about the same as in June. Loans on real estate of $8,600,000,000 were up more than 1 percent in the period. Other loans, including consumer loans to individuals, loans to farmers, to brokers and dealers and others for the purpose of purchasing and carrying securities, and to banks, etc., amounted to $12,300,000,000, an increase of nearly 3 percent since June, and 15 percent in the year. The percentage of loans and discounts to total assets on September 30, 1953 was 34.83 in comparison with 35.23 in June and 33.06 in September 1952.

Investments of the banks in United States Government obligations on September 30, 1953 aggregated $35,300,000,000 (including $25,000,000 guaranteed obligations), an increase of $2,264,000,000 since June. These investments were 33 percent of total assets, compared to 32 percent in June. Other bonds, stocks and securities of $8,600,000,000, which included obligations of States and political subdivisions of $6,300,000,000, were $97,000,000 more than in June, and $63,000,000 more than held in September last year. Total securities held amounting to $43,900,000,000 were $400,000,000, or 1 percent above the September 1952 figures.

Cash of $1,400,000,000, reserve with Federal Reserve banks of $12,500,000,000 and balances with other banks (including cash items in process of collection) of $10,100,000,000, a total of $24,000,000,000, showed a decrease of $313,000,000 since June.

The capital stock of the banks on September 30, 1953 was $2,300,000,000, including less than $6,000,000 of preferred stock. Surplus was $3,400,000,000, undivided profits $1,400,000,000, and capital reserves $269,000,000, or a total of $5,100,000,000. Total capital accounts of $7,400,000,000, which were 7.61 percent of total deposits, were $117,000,000 more than in June when they were 7.64 percent of total deposits.

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Statement showing comparison of principal items of assets and liabilities of active national banks as of September 30, 1953, June 30, 1953, and September 5, 1952

(In thousands of dollars)

	Sept. 30, 1953	June 30, 1953	Sept. 5, 1952	Increase or decrease since June 30, 1953		Increase or decrease since Sept. 5, 1952	
				Amount	Percent	Amount	Percent
Number of banks	4,871	4,881	4,927	-10		-56	
ASSETS							
Commercial and industrial loans	16,612,176	16,574,920	15,509,764	37,256	.22	1,102,412	7.11
Loans on real estate	8,639,845	8,508,503	8,006,885	131,342	1.54	632,960	7.91
All other loans, including overdrafts	12,340,721	11,995,778	10,763,311	344,943	2.88	1,577,410	14.66
Total gross loans	37,592,742	37,079,201	34,279,960	513,541	1.38	3,312,782	9.66
Less valuation reserves	543,405	541,846	497,914	1,559	.29	45,491	9.14
Net loans	37,049,337	36,537,355	33,782,046	511,982	1.40	3,267,291	9.67
U. S. Government securities:							
Direct obligations	35,287,324	33,025,310	34,971,610	2,262,014	6.85	315,714	.90
Obligations fully guaranteed	25,429	23,744	11,761	1,685	7.10	13,668	116.21
Total U. S. securities	35,312,753	33,049,054	34,983,371	2,263,699	6.85	329,382	.94
Obligations of States and political subdivisions	6,346,681	6,218,735	5,988,324	127,946	2.06	358,357	5.98
Other bonds, notes, and debentures	2,035,365	2,066,839	2,344,284	-31,474	-1.52	-308,919	-13.18
Corporate stocks, including stocks of Fed. Reserve banks	201,809	200,901	188,113	908	.45	13,696	7.28
Total securities	43,896,608	41,535,529	43,504,092	2,361,079	5.68	392,516	.90
Total loans and securities	80,945,945	78,072,884	77,286,138	2,873,061	3.68	3,659,807	4.74
Currency and coin	1,385,691	1,353,588	1,145,096	32,103	2.37	240,595	21.01
Reserve with Fed. Reserve banks	12,570,050	12,516,301	13,353,314	53,749	.43	-783,264	-5.87
Balances with other banks	10,074,427	10,473,757	9,055,097	-399,330	-3.81	1,019,330	11.26
Total cash, balances with other banks, including reserve balances and cash items in process of collection	24,030,168	24,343,646	23,553,507	-313,478	-1.29	476,661	2.02
Other assets	1,383,077	1,294,746	1,334,063	88,331	6.82	49,014	3.67
Total assets	106,359,190	103,711,276	102,173,708	2,647,914	2.55	4,185,482	4.10

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

	Sept. 30, 1953	June 30, 1953	Sept. 5, 1952	Increase or decrease since June 30, 1953 Amount	Increase or decrease since June 30, 1953 Percent	Increase or decrease since Sept. 5, 1952 Amount	Increase or decrease since Sept. 5, 1952 Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	$53,791,070	$53,369,383	$53,075,645	$421,687	.79	$715,425	1.35
Time	22,548,572	22,285,848	20,905,423	262,724	1.18	1,643,149	7.86
Deposits of U. S. Government	3,859,916	2,472,941	2,803,524	1,386,975	56.09	1,056,392	37.68
Postal savings deposits	13,436	13,451	13,695	-15	-.11	-259	-1.89
Deposits of States and political subdivisions	6,222,445	6,627,528	5,875,435	-405,083	-6.11	347,010	5.91
Deposits of banks	8,881,040	8,596,634	8,657,187	284,406	3.31	223,853	2.59
Other deposits (certified and cashiers' checks, etc.)	1,301,283	1,383,168	1,172,936	-81,885	-5.92	128,347	10.94
Total deposits	96,617,762	94,748,953	92,503,845	1,868,809	1.97	4,113,917	4.45
Bills payable, rediscounts, and other liabilities for borrowed money	483,231	45,510	1,069,238	437,721	961.81	-586,007	-54.81
Other liabilities	1,902,351	1,678,089	1,632,854	224,262	13.36	269,497	16.50
Total liabilities, excluding capital accounts	99,003,344	96,472,552	95,205,937	2,530,792	2.62	3,797,407	3.99
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	5,444	5,658	6,319	-214	-3.78	-875	-13.85
Common	2,268,439	2,258,971	2,201,602	9,468	.42	66,837	3.04
Total	2,273,883	2,264,629	2,207,921	9,254	.41	65,962	2.99
Surplus	3,425,699	3,410,122	3,197,085	15,577	.46	228,614	7.15
Undivided profits	1,387,126	1,296,655	1,296,349	90,471	6.98	90,777	7.00
Reserves	269,138	267,318	266,416	1,820	.68	2,722	1.02
Total surplus, profits, and reserves	5,081,963	4,974,095	4,759,850	107,868	2.17	322,113	6.77
Total capital accounts	7,355,846	7,238,724	6,967,771	117,122	1.62	388,075	5.57
Total liabilities and capital accounts	106,359,190	103,711,276	102,173,708	2,647,914	2.55	4,185,482	4.10
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	33.20	31.87	34.24				
Loans & discounts to total assets	34.83	35.23	33.06				
Capital accounts to total assets	7.61	7.64	7.53				

NOTE: Minus sign denotes decrease.

Federal Register of August 8, 1953, and representations of interested parties were given consideration, Mr. Strubinger said. The amended regulations appear, as Treasury Decision 53385, in the Federal Register of Tuesday, Dec. 8, 1953, and become effective ~~on the first day after~~ ~~after 30 days.~~ Friday, January 8, 1954.

December 3, 1953

~~Proposed Press~~ Release Morning Newspapers
Tuesday, December 8, 1953 H-339

The Bureau of Customs announced today a schedule of fees to be assessed for six types of services administered under the customs and navigation laws. The services heretofore have been provided without cost to the beneficiary.

The ~~A~~action taken today is pursuant to authority contained in Title V, Independent Offices Appropriation Act, 1952. This legislation set a policy for the Government of establishing charges for services rendered particular individuals or groups, as distinct from the general public, sufficient to cover the administrative costs involved.

The schedule of fees to be assessed and collected by Customs is as follows:

> For registering a house flag or funnel mark, or both, upon application of an owner of a vessel or vessels, $25.
>
> For recording a trade-mark, trade name, or copyright, $25.
>
> For designating a common carrier as a carrier of customs bonded merchandise, $35.
>
> For establishment of a customs bonded warehouse, $50.
>
> For issuing a customs cartage or lighterage license, $35.
>
> For issuing a customhouse broker's license, $100.

David B. Strubinger, Acting Commissioner of Customs, emphasized that the charges apply only to new transactions and ~~they~~ are not retroactive ~~and that~~ charges will not be imposed on periodic renewals where such are required.

Notice that such a system of fees was under consideration was given by publication, pursuant to the Administrative Procedure Act, in the

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 8, 1953.

H-339

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For establishment of a customs bonded warehouse, $50.

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oOo

STATUTORY DEBT LIMITATION

TREASURY DEPARTMENT
Fiscal Service

AS OF November 30, 1953

Washington, December 4, 195

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), 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			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,508,607,000		
Certificates of indebtedness	26,386,200,000		
Treasury notes	39,453,572,200	$ 85,348,379,200	
Bonds -			
Treasury	75,475,392,100		
Savings (current redemp. value)	57,805,802,225		
Depositary	452,145,000		
Investment series	12,926,561,000	146,659,900,325	
Special Funds -			
Certificates of indebtedness	26,694,146,000		
Treasury notes	14,318,613,900	41,012,759,900	
Total interest-bearing		273,021,039,425	
Matured, interest-ceased		282,692,450	
Bearing no interest:			
United States savings stamps	48,051,993		
Excess profits tax refund bonds	1,347,227		
Special notes of the United States:			
Internat'l Monetary Fund series	1,280,000,000	1,329,399,220	
Total		274,633,131,095	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	72,693,836		
Matured, interest-ceased	1,102,900	73,796,736	
Grand total outstanding			274,706,927,831
Balance face amount of obligations issuable under above authority			293,072,169

Reconcilement with Statement of the Public Debt November 30, 1953
(Date)
(Daily Statement of the United States Treasury, November 30, 1953)
(Date)

Outstanding -	
Total gross public debt	275,208,583,641
Guaranteed obligations not owned by the Treasury	73,796,736
Total gross public debt and guaranteed obligations	275,282,380,377
Deduct - other outstanding public debt obligations not subject to debt limitation	575,452,546
	274,706,927,831

H-340

STATUTORY DEBT LIMITATION
AS OF NOVEMBER 30, 1953 December 9, 1953

Section 21 of 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 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount."

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Treasury notes	14,318,613,900	41,012,759,900	
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Matured, interest-ceased		282,692,450	
Bearing no interest:			
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Special notes of the United States:			
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Total		274,633,131,095	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	72,693,836		
Matured, interest-ceased	1,102,900	73,796,736	
Grand total outstanding			274,706,927,831
Balance face amount of obligations issuable under above authority			293,072,169

Reconcilement with Statement of the Public Debt November 30, 1953
(Daily Statement of the United States Treasury, November 30, 1953)

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Total gross public debt	275,208,583,641
Guaranteed obligations not owned by the Treasury	73,796,736
Total gross public debt and guaranteed obligations	275,282,380,377
Deduct - other outstanding public debt obligations not subject to debt limitation	575,452,546
	274,706,927,831

Treasury Department
Washington

H-341

IMMEDIATE RELEASE
December ~~8~~ 9, 1953

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to November 28, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of November 28, 1953
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	12,040
Cream	Calendar year	1,500,000	Gallon	1,041
Butter	Nov. 1, 1953 - March 31, 1954	50,000,000	Pound	29,958
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	33,866,287	Pound	Quota Filled
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	12,604,870
other	Sept. 15, 1953	60,000,000	Pound	23,471,967
Cattle, less than 200 lbs. each	12 months from April 1, 1953	200,000	Head	4,136
Cattle, 700 pounds or more each (other than dairy cows)	Oct. 1, 1953- Dec. 31, 1953	120,000	Head	1,773
Walnuts	Calendar year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	1,322,952
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1953	1,709,000	Pound	6,320
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE
Thursday, December 10, 1953.

H-341

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Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.......	Calendar year	33,866,287	Pound	Quota Filled
White or Irish potatoes:				
certified seed.................	12 months from	150,000,000	Pound	12,604,870
other..........................	Sept. 15, 1953	60,000,000	Pound	23,471,967
Cattle, less than 200 lbs. each..	12 months from April 1, 1953	200,000	Head	4,136
Cattle, 700 pounds or more each (other than dairy cows)	Oct. 1, 1953 - Dec. 31, 1953	120,000	Head	1,773
Walnuts............................	Calendar year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved..................	12 months from Oct. 1, 1953	7,000,000	Pound	1,322,952
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter).........	12 months from July 1, 1953	1,709,000	Pound	6,320
Peanut Oil.........................	12 months from July 1, 1953	80,000,000	Pound	1,531,090

Treasury Department
Washington

H-342

FOR IMMEDIATE RELEASE,
December 8, 1953

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953, to December 8, 1953	Established Quota	Imports May 29, 1953, to December 8,
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	46	5,000	100
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,080	4,000,000	3,815,100

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, December 10, 1953.

H-342

The Bureau of Customs announced today preliminary figures showing the quantities of wheat and wheat flour entered, or withdrawn from warehouse, for consumption under the import quotas established in the President's proclamation of May 28, 1941, as modified by the President's proclamation of April 13, 1942, for the 12 months commencing May 29, 1953, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1953, to December 8, 1953	Established Quota	Imports May 29, 1953, to December 8, 1953
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	34	75,000	-
Australia	-	-	1,000	-
Germany	100	46	5,000	100
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,080	4,000,000	3,815,100

TREASURY DEPARTMENT
Washington

H-343

IMMEDIATE RELEASE
December 8, 1953

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, 1953, to November 28, 1953, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of November 28, 1953
Buttons	850,000	Gross	740,788
Cigars	200,000,000	Number	2,834,915
Coconut Oil	448,000,000	Pound	104,471,242
Cordage , ...	6,000,000	Pound	3,729,864
Rice	1,040,000	Pound	2,500
(Refined			-
Sugars	1,904,000,000	Pound	
(Unrefined			1,727,032,981
Tobacco	6,500,000	Pound	2,813,866

TREASURY DEPARTMENT

Washington

IMMEDIATE RELEASE
Thursday, December 10, 1953.

H-343

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Products of the Philippines	Established Quots Quantity	Unit of Quantity	Imports as of November 28, 1953
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Cigars	200,000,000	Number	2,834,915
Coconut Oil	448,000,000	Pound	104,471,242
Cordage	6,000,000	Pound	3,729,864
Rice	1,040,000	Pound	2,500
(Refined			
Sugars	1,904,000,000		
(Unrefined			1,727,032,981
Tobacco	6,500,000	Pound	2,813,866

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, 1953, to December 8, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to to December 8, 1953
United Kingdom	4,323,457	235,975	1,441,152	235,975
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	-	-	-
Netherlands	68,240	16,947	22,747	16,947
Switzerland	44,388	-	14,796	-
Belgium	38,559	1,099	12,853	1,099
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	24,298	25,443	24,298
Italy	21,263	-	7,088	-
	5,482,509	518,009	1,599,886	278,319

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Treasury Department
Washington

H-344

IMMEDIATE RELEASE
December 8, 1953

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to December 8, 1953, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	-
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	4,144,663
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	219,428
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa . .	2,240	-
Netherlands E. Indies.	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa . .	689	-
Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1953, to November 28, 1953

Established Quota (Global)	Imports
70,000,000	896,072

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to December 8, 1953

Established Quota (Global)	Imports
45,656,420	43,510,657

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, 1953, to December 8, 1953	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to December 8, 1953
United Kingdom	4,323,457	235,975	1,441,152	235,975
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	-	-	-
Netherlands	68,240	16,947	22,747	16,947
Switzerland	44,388	-	14,796	-
Belgium.	38,559	1,099	12,853	1,099
Japan.	341,535	-	-	-
China.	17,322	-	-	-
Egypt.	8,135	-	-	-
Cuba	6,544	-	-	-
Germany.	76,329	24,298	25,443	24,298
Italy.	21,263	-	7,088	-
	5,482,509	518,009	1,599,886	278,319

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 10, 1953.

H-344

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to December 8, 1953, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	786,816	-
Peru	247,952	-
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	4,144,663
Brazil	618,723	618,723
Union of Soviet Socialist Republics	475,124	219,428
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa	2,240	-
Netherlands E. Indies	71,388	-
Barbados	-	-
1/ Other British W. Indies	21,321	-
Nigeria	5,377	-
2/ Other British W. Africa	16,004	-
3/ Other French Africa	689	-
Algeria and Tunisia	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1953 to November 28, 1953

Established Quota (Global)	Imports
70,000,000	896,072

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953 to December 8, 1953

Established Quota (Global)	Imports
45,656,420	43,510,657

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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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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 Treasury Department 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 17, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 17, 1953. 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,

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TREASURY DEPARTMENT
Washington

H-345

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, December 10, 1953.
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The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 17, 1953, in the amount of $1,500,290,000, 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 17, 1953, and will mature March 18, 1954, 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 14, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

650

RELEASE MORNING NEWSPAPERS,
Thursday, December 10, 1953.

H-345

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 17, 1953, in the amount of $1,500,290,000, 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 17, 1953, and will mature March 18, 1954, 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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Others than banking institutions will not be permitted to submit tenders except for their own account. 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 Treasury Department 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 17, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 17, 1953. 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 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 12/4/53

17-348

SUGGESTED TREASURY RELEASE
NOVEMBER BOND SALES

Sales of Series E & H Savings Bonds during the first eleven months of 1953 were $3,986,105,000, the Treasury announced today. Redemptions of matured E Bonds and unmatured Series E and H Bonds for the same period were $3,804,513,000. Cash sales of E and H Bonds Thus exceeded redemptions of those series (matured and unmatured) by $181,592,000.

Sales of Series E and H Bonds during the first eleven months of 1953 were up 23 per cent over the $3,241,115,000 sales during the same period of 1952. [~~Total matured and unmatured redemptions of these series in 1953 were $44,879,000 above the $3,759,634,000 redeemed during the first eleven months of 1952.~~]

Sales of Series E and H Bonds in November were $339,145,000, an increase of 25 per cent over the $271,007,000 sold during November, 1952.

[Total redemptions of matured E Bonds and unmatured Series E and H Bonds during November were $313,436,000 and were 15 per cent more than total redemptions of $272,035,000 in November, 1952. This increase reflects larger maturities due to heavy Savings Bonds purchases of ten years ago.]

At the end of November, 1953, approximately 75 per cent of the Series E Bonds so far matured continued to be held by the owners under the optional extension plan.

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IMMEDIATE RELEASE,
Wednesday, December 9, 1953. H-346

Sales of Series E and H Savings Bonds during the first eleven months of 1953 were $3,986,105,000, the Treasury announced today. Redemptions of matured E Bonds and unmatured Series E and H Bonds for the same period were $3,804,513,000. Cash sales of E and H Bonds thus exceeded redemptions of those series (matured and unmatured) by $181,592,000.

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Sales of Series E and H Bonds in November were $339,145,000, an increase of 25 percent over the $271,007,000 sold during November, 1952.

At the end of November, 1953, approximately 75 percent of the Series E Bonds so far matured continued to be held by the owners under the optional extension plan.

oOo

IMMEDIATE RELEASE,
Friday, December 11, 1953.

H-347

The Treasury Department today ~~announced that~~ invited holders of the Series F and G Savings Bonds which will begin to mature in January ~~may~~ to exchange them at maturity for other series of savings bonds.

Individual owners of the Series F and G bonds maturing beginning next month may make reinvestment in Series E and H bonds up to the $20,000 annual limits on each of these series. Not only individuals, but any other holders of these maturing bonds may reinvest in Series J and K bonds, which have a combined annual limitation of $200,000 issue price. These transactions will be handled at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States in Washington. Holders of the maturing bonds may submit them, for either exchange or cash payment, direct or through their banks after having the request for payment certified, which can be done at any bank or post office.

In the case of Series G bonds, the final interest due on the maturity date will be paid with the principal. No interest will accrue on bonds of either Series F or G after maturity. In order to avoid loss of interest on their investment, holders should submit the bonds from twenty to thirty days in advance of their maturity dates, whether for cash redemption or for new bonds.

The Treasury is not offering at this time to holders of these maturing bonds any Treasury issue other than savings bonds.

As approved by Mr Burgess

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, December 11, 1953.

H-347

The Treasury today invited holders of the Series F and G Savings Bonds which will begin to mature in January to exchange them at maturity for other series of savings bonds.

Individual owners of the Series F and G bonds maturing beginning next month may make reinvestment in Series E and H bonds up to the $20,000 annual limits on each of these series. Not only individuals, but any other holders of these maturing bonds may reinvest in Series J and K bonds, which have a combined annual limitation of $200,000 issue price. These transactions will be handled at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States in Washington. Holders of the maturing bonds may submit them, for either exchange or cash payment, direct or through their banks after having the request for payment certified, which can be done at any bank or post office.

In the case of Series G bonds, the final interest due on the maturity date will be paid with the principal. No interest will accrue on bonds of either Series F or G after maturity. In order to avoid loss of interest on their investment holders should submit the bonds from twenty to thirty days in advance of their maturity dates, whether for cash redemption or for new bonds.

The Treasury is not offering at this time to holders of these maturing bonds any Treasury issue other than savings bonds.

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UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES

(in millions of dollars at $35 per ounce)

Negative figures represent net sales by the United States; positive figures, net purchases.

Country	1st Quarter 1953 *	2nd Quarter 1953 *	3rd Quarter 1953 *	Calendar 1952
Afghanistan	-	-	-	-$2.5
Argentina	-$54.9	-$20.0	-$10.0	-20.0
Belgium	-36.5	-3.4	-12.4	-3[illegible]
Belgian Congo	-	-	-	-2.0
Canada	-	-	-	7.2
Chile	-	-	-	1.8
Colombia	-3.5	-	-	-22.8
Denmark	-13.2	-	-	-7.0
Germany	-30.0	-10.0	-40.0	-10.0
Greece	-	-	-	-12.3
Lebanon	-1.0	-1.1	-.7	-3.1
Mexico	-28.1	-	-	87.7
Netherlands	-25.0	-	-40.0	-100.0
Norway	-5.0	-	-	-
Portugal	-15.0	-15.0	-15.0	-5.0
Salvador	-	-	-	-1.0
Sweden	-10.0	-	-10.0	-
Switzerland	-20.0	-25.0	-15.0	22.5
Switzerland - Bank for International Settlements	-23.5	-8.8	-42.8	-
Syria	-	-	-.5	-2.5
South Africa	-	-	-	11.5
Turkey	-3.3	-	-	2.1
United Kingdom	-320.0	-40.0	-120.0	440.0
Uruguay	-10.0	-5.0	-	14.9
All Other	-.2	-.1	-.3	1.0
Total	-$599.1	-$128.2	-$306.6	$393.6

* There were no purchases of monetary gold by the United States in the first nine months of 1953.

Some figures may not add to totals because of rounding.

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the third quarter of 1953. Gold sales by the United States in this period were $306.6 million, compared to sales of $599.1 million and $128.2 million in the first and second quarters, respectively. Sales in the first nine months of 1953 totaled $1,034 million; there were no purchases of monetary gold in this period.

The gold movement during October and November 1953 continued to be an outflow from the United States. Net sales in the two months, which are not yet available for publication on a country-by-country basis, were $71.6 million and $34.9 million, respectively, bringing to $1,140.4 million the net U.S. gold sales in the period January-November, 1953.

A table showing sales by country in the first three quarters of 1953 and for the calendar year 1952, is attached.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, December 14, 1953. H-348

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the third quarter of 1953. Gold sales by the United States in this period were $306.6 million, compared to sales of $599.1 million and $128.2 million in the first and second quarters, respectively. Sales in the first nine months of 1953 totaled $1,034 million; there were no purchases of monetary gold in this period.

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A table showing sales by country in the first three quarters of 1953 and for the calendar year 1952, is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
(in millions of dollars at $35 per ounce)

Negative figures represent net sales by the United States; positive figures, net purchases.

Country	1st Quarter 1953 *	2nd Quarter 1953 *	3rd Quarter 1953 *	Calendar 1952
Afghanistan	-	-	-	-$2.5
Argentina	-$54.9	-$20.0	-$10.0	-20.0
Belgium	-36.5	-3.4	-12.4	-3.8
Belgian Congo	-	-	-	-2.0
Canada	-	-	-	7.2
Chile	-	-	-	1.8
Colombia	-3.5	-	-	-22.8
Denmark	-13.2	-	-	-7.0
Germany	-30.0	-10.0	-40.0	-10.0
Greece	-	-	-	-12.3
Lebanon	-1.0	-1.1	-.7	-3.1
Mexico	-28.1	-	-	87.7
Netherlands	-25.0	-	-40.0	-100.0
Norway	-5.0	-	-	-
Portugal	-15.0	-15.0	-15.0	-5.0
Salvador	-	-	-	-4.0
Sweden	-10.0	-	-10.0	-
Switzerland	-20.0	-25.0	-15.0	22.5
Switzerland - Bank for International Settlements	-23.5	-8.8	-42.8	-
Syria	-	-	-.5	-2.5
South Africa	-	-	-	11.5
Turkey	-3.3	-	-	2.1
United Kingdom	-320.0	-40.0	-120.0	440.0
Uruguay	-10.0	-5.0	-	14.9
All Other	-.2	-.1	-.3	1.0
Total	-$599.1	-$128.2	-$306.6	$393.6

* There were no purchases of monetary gold by the United States in the first nine months of 1953.

Some figures may not add to totals because of rounding.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, December 11, 1953.

H-347

The Treasury today invited holders of the Series F and G Savings Bonds which will begin to mature in January to exchange them at maturity for other series of savings bonds.

Individual owners of the Series F and G bonds maturing beginning next month may make reinvestment in Series E and H bonds up to the $20,000 annual limits on each of these series. Not only individuals, but any other holders of these maturing bonds may reinvest in Series J and K bonds, which have a combined annual limitation of $200,000 issue price. These transactions will be handled at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States in Washington. Holders of the maturing bonds may submit them, for either exchange or cash payment, direct or through their banks after having the request for payment certified, which can be done at any bank or post office.

In the case of Series G bonds, the final interest due on the maturity date will be paid with the principal. No interest will accrue on bonds of either Series F or G after maturity. In order to avoid loss of interest on their investment holders should submit the bonds from twenty to thirty days in advance of their maturity dates, whether for cash redemption or for new bonds.

The Treasury is not offering at this time to holders of these maturing bonds any Treasury issue other than savings bonds.

oOo

H-349

RELEASE MORNING NEWSPAPERS,
Tuesday, December 15, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,0 or thereabouts, of 91-day Treasury bills to be dated December 17, 1953, and to mature March 18, 1954, which were offered on December 10, were opened at the Federal Reserve Banks on December 14.

The details of this issue are as follows:

Total applied for - $2,216,417,000
Total accepted - 1,500,534,000 (includes $275,931,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.575 Equivalent rate of discount approx. 1.682% per annum

Range of accepted competitive bids:

High - 99.621 Equivalent rate of discount approx. 1.499% per annum
Low - 99.570 " " " " " 1.701% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 26,880,000	$ 25,280,000
New York	1,627,041,000	1,000,681,000
Philadelphia	39,800,000	24,560,000
Cleveland	49,328,000	49,316,000
Richmond	24,201,000	24,201,000
Atlanta	38,321,000	38,285,000
Chicago	200,939,000	145,349,000
St. Louis	24,368,000	24,368,000
Minneapolis	23,576,000	20,836,000
Kansas City	50,892,000	48,627,000
Dallas	48,191,000	42,871,000
San Francisco	62,880,000	56,160,000
TOTAL	$2,216,417,000	$1,500,534,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 15, 1953.

H-349

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Average price - 99.575 Equivalent rate of discount approx. 1.682% per annum

Range of accepted competitive bids:

High - 99.621 Equivalent rate of discount approx. 1.499% per annum
Low - 99.570 Equivalent rate of discount approx. 1.701% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 26,880,000	$ 25,280,000
New York	1,627,041,000	1,000,681,000
Philadelphia	39,800,000	24,560,000
Cleveland	49,328,000	49,316,000
Richmond	24,201,000	24,201,000
Atlanta	38,321,000	38,285,000
Chicago	200,939,000	145,349,000
St. Louis	24,368,000	24,368,000
Minneapolis	23,576,000	20,836,000
Kansas City	50,892,000	48,627,000
Dallas	48,191,000	42,871,000
San Francisco	62,880,000	56,160,000
TOTAL	$2,216,417,000	$1,500,534,000

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December 4, 1953

MEMORANDUM TO: Mr. Bartelt

The following transactions were made in direct and guaranteed securities of the Government for Treasury investment and other accounts during the month of November 1953:

Net Sales	$1,052,500.00

C. L. Norman

asst Chief, Investment Branch
Division of Deposits & Investments

Statement No. 36
Treasury Department
Investments Branch

EHeyden 12/4/53

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 15, 1953.   H-350

During the month of November, 1953, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales by the Treasury Department of $1,052,500.

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Immediate Dec 15

~~PROPOSED PRESS RELEASE~~

351

Treasury Secretary Humphrey today appointed Miss Catherine Cleary of Milwaukee, Wisconsin, as an Assistant to the Secretary.

Secretary Humphrey said that Miss Cleary, who has been Assistant Treasurer, would have responsibility for technical details in the drafting of legislation and other matters in connection with Treasury's consideration of bills pending in Congress.

"We feel that Miss Cleary will be of great value in being able to draw upon her substantial legal, as well as banking experience, in assisting us with many of the technical problems in connection with work on the Treasury's position on bills pending in Congress" Secretary Humphrey said.

In the interest of economy, Secretary Humphrey said that he will reassign the duties Miss Cleary has filled for the past six months to others in the Treasurer's office and will ask for abolition of the Assistant Treasurer's post at the next session of Congress.

Born at Madison, Wisconsin, [redacted] Miss Cleary received her LLB with honors from the University of Wisconsin Law School in 1943. She had been active in legal and trust work in the midwest before coming to the Treasury Department in May of this year.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, December 15, 1953.

H-351

Treasury Secretary Humphrey today appointed Miss Catherine Cleary of Milwaukee, Wisconsin, as an Assistant to the Secretary.

Secretary Humphrey said that Miss Cleary, who has been Assistant Treasurer, would have responsibility for technical details in the drafting of legislation and other matters in connection with Treasury's consideration of bills pending in Congress.

"We feel that Miss Cleary will be of great value in being able to draw upon her substantial legal, as well as banking experience, in assisting us with many of the technical problems in connection with work on the Treasury's position on bills pending in Congress" Secretary Humphrey said.

In the interest of economy, Secretary Humphrey said that he will reassign the duties Miss Cleary has filled for the past six months to others in the Treasurer's office and will ask for abolition of the Assistant Treasurer's post at the next session of Congress.

Born at Madison, Wisconsin, Miss Cleary received her LLB with honors from the University of Wisconsin Law School in 1943. She had been active in legal and trust work in the midwest before coming to the Treasury Department in May of this year.

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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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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 Treasury Department 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 24, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 24, 1953. 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,

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TREASURY DEPARTMENT
Washington

H-352

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, December 17, 1953 .

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing December 24, 1953 , in the amount of $ 1,499,948,000 , 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 24, 1953 , and will mature March 25, 1954 , 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 21, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

RELEASE MORNING NEWSPAPERS,
Thursday, December 17, 1953.

H-352

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 24, 1953, in the amount of $1,499,948,000 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 24, 1953, and will mature March 25, 1954, 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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Others than banking institutions will not be permitted to submit tenders except for their own account. 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 Treasury Department 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 24, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 24, 1953. 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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H - 353

RELEASE MORNING NEWSPAPERS,
Tuesday, December 22, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 24, 1953, and to mature March 25, 1954, which were offered on December 17, were opened at the Federal Reserve Banks on December 21.

The details of this issue are as follows:

Total applied for - $2,289,605,000
Total accepted - 1,500,575,000 (includes $241,195,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.569/ Equivalent rate of discount approx. 1.704% per annum

Range of accepted competitive bids:

High - 99.610 Equivalent rate of discount approx. 1.543% per annum
Low - 99.566 " " " " " 1.717% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 26,549,000	$ 26,549,000
New York	1,752,532,000	1,036,682,000
Philadelphia	36,682,000	20,682,000
Cleveland	39,500,000	39,500,000
Richmond	20,091,000	19,091,000
Atlanta	27,120,000	26,680,000
Chicago	184,491,000	143,091,000
St. Louis	31,888,000	31,588,000
Minneapolis	11,577,000	10,577,000
Kansas City	57,998,000	57,298,000
Dallas	26,978,000	25,638,000
San Francisco	74,199,000	63,199,000
	$2,289,605,000	$1,500,575,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 22, 1953.

H-353

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 24, 1953, and to mature March 25, 1954, which were offered on December 17, were opened at the Federal Reserve Banks on December 21.

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Minneapolis	11,577,000	10,577,000
Kansas City	57,998,000	57,298,000
Dallas	26,978,000	25,638,000
San Francisco	74,199,000	63,199,000
TOTAL	$2,289,605,000	$1,500,575,000

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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.

~~ALPHA~~

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 Treasury Department 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 31, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 31, 1953. 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,

Room 3417

~~Exhibit~~

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H-354

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, December 23, 1953.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 31, 1953, in the amount of $1,500,943,000, 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 31, 1953, and will mature April 1, 1954, 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 28, 1953. 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

TREASURY DEPARTMENT

875

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Wednesday, December 23,1953.

H-354

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000,or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 31,1953, in the amount of $ 1,500,943,000,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 31,1953, and will mature April 1, 1954, 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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competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 31, 1953, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 31, 1953. 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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H-355

RELEASE MORNING NEWSPAPERS,
Tuesday, December 29, 1953.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated December 31, 1953, and to mature April 1, 1954, which were offered on December 23, were opened at the Federal Reserve Banks on December 28.

The details of this issue are as follows:

Total applied for - $2,334,602,000
Total accepted - 1,502,170,000 (includes $206,708,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.602/ Equivalent rate of discount approx. 1.574% per annum

Range of accepted competitive bids:

High	- 99.607	Equivalent rate of discount approx. 1.555% per annum
Low	- 99.601	" " " " " 1.578% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 30,855,000	$ 17,539,000
New York	1,784,842,000	1,098,749,000
Philadelphia	46,405,000	25,856,000
Cleveland	45,756,000	45,407,000
Richmond	14,320,000	13,920,000
Atlanta	25,961,000	18,791,000
Chicago	193,888,000	121,948,000
St. Louis	20,999,000	20,292,000
Minneapolis	7,825,000	7,145,000
Kansas City	48,549,000	40,013,000
Dallas	52,802,000	44,463,000
San Francisco	62,400,000	48,047,000
Total	$2,334,602,000	$1,502,170,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

877

RELEASE MORNING NEWSPAPERS,
Tuesday, December 29, 1953.

H-355

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 31, 1953, and to mature April 1, 1954, which were offered on December 23, were opened at the Federal Reserve Banks on December 28.

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St. Louis	20,999,000	20,292,000
Minneapolis	7,825,000	7,145,000
Kansas City	48,549,000	40,013,000
Dallas	52,802,000	44,463,000
San Francisco	62,400,000	48,047,000
TOTAL	$2,334,602,000	$1,502,170,000

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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TREASURY DEPARTMENT
Washington

H-356

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, December 30, 1953 .

The Treasury Department, by this public notice, invites tenders for $ **1,500,000,000** , or thereabouts, of **91** -day Treasury bills, for cash and in exchange for Treasury bills maturing **January 7, 1954** , in the amount of $ **1,500,820,000** , 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 7, 1954** , and will mature **April 8, 1954** , 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 4, 1954** . 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.

Others than banking institutions will not be permitted to submit tenders except for their own account. 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

RELEASE MORNING NEWSPAPERS,
Wednesday, December 30, 1953.

H-356

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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 Treasury Department 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 7, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 7, 1954. 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

and business firms with payroll savings plans

H-357

IMMEDIATE RELEASE,
Tuesday, December 29, 1953.

As a further step towards reducing costs of operation, the Treasury is withdrawing United States Savings Bonds from sale at local post offices in communities where other savings bonds agents such as banks other financial institutions ~~exist~~ provide adequate facilities.

Savings bond sales by post offices will be continued in those communities where issuing agents such as banks or savings and loan associations are not locally available.

The new procedure was worked out in discussions between representatives of the Treasury and Post Office Departments.

Post offices will continue to sell United States Savings Stamps and also will continue to provide information as to where savings bonds may be purchased.

The Treasury paid tribute to the post offices of the country for pioneering in the inauguration and development of the savings bond program since 1935 when savings bonds could be bought only at post offices or by direct mail. In 1941 financial institutions and other organizations came in to serve as volunteer agents for bond sales. Today these volunteer agencies account for more than 93 percent of the nearly $4\frac{1}{2}$ billion worth of bonds Americans buy every year.

~~Some 25,000 post offices have been serving as agents for savings bond sales.~~ There are more than 20,000 ~~other~~ sales agencies ~~from which~~ where bonds may be purchased by the public.

other than post offices

oOo

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Tuesday, December 29, 1953. H-357

As a further step towards reducing costs of operation, the Treasury is withdrawing United States Savings Bonds from sale at local post offices in communities where other savings bonds agents such as banks, other financial institutions and business firms with payroll savings plans provide adequate facilities.

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oOo

In other words, what you had was the typical period of a business boom; and typically that called for a policy of restraint on the part of the central bank. It called for a policy of cooperation of the Treasury with the central bank in this policy of restraint, and that is exactly what was done.

In the second half year, the inflationary threat diminished as some of the indexes turned down. That was a situation that called classically for an easing of the pressures on money, and that again is exactly what was done.

So, gentlemen, I ~~[illegible]~~ conclude by saying what I said at the start. There is no controversy between the Treasury and the Reserve System. There need be no controversy. We are both trying to do the same job of adapting our policies to the economic welfare of the country, and not to shorter aims.

~~Thank you.~~

Total new construction reached a record volume in the first half of 1953, and the half-year total was 8 percent higher than in the same period of the previous year.

Reflecting the inflationary pressures in the economy during the first half of 1953, prices of commodities other than farm products and foods rose gradually but steadily until midsummer. Despite weakness in farm products and certain other materials due to excessive production, the broad all-commodity index rose to the year's peak of 111.0 in September, from 109.6 in the previous December.

Mortgage lending was also expanding. Nonfarm mortgage recordings (of $20,000 or less) in the first half of 1953 totalled more than $9-1/2 billion, or 13 percent above those in the same period of the previous year.

Business loans continued very high in the first part of 1953, and until the beginning of May they showed noticeably less than the usual reduction from the December seasonal peak. Total loans of all commercial banks increased $1.0 billion from the end of December to the end of March, as compared with an increase of only ~~1.0~~ $0.1 billion in the same period of the previous year.

Expenditures for new plant and equipment reached a new all-time record in the first quarter of 1953, and continued to rise sharply in the two following quarters as previously-planned expenditures were carried out. Expenditures in the third quarter were at an annual rate of $28.8 billion, in comparison with $27.8 billion for the 1952 calendar year.

In the financing of this great volume of new capital expenditures, total new security issues for new capital (including both corporate and municipal) amounted to more than $7 billion in the first half of 1953--an all-time record-- exceeding the year-earlier figure by 4 percent.

A continued rise in the money supply, after seasonal allowances, together with the prospect of a large Federal deficit in fiscal 1954, created inflationary pressures in the monetary and fiscal area. The privately-held money supply at the end of April stood at $192.2 billion, a new record for the month and $8.4 billion higher than a year earlier. (In October it was up $7.1 billion from a year earlier.)

Civilian employment was at an all-time record. The pressure on the labor supply reduced unemployment to the lowest levels since World War II, and forced larged expenditures for overtime employment.

Personal income rose steadily to successive new records. The peak was reahhed in July at an annual rate of $287.5 billion, which compares with a figure of $269.7 billion for the previous calendar year.

On top of the high personal income, which reached record levels both before and after taxes, consumer purchasing power in early 1953 was being augmented by a rapid increase in consumer credit. Total consumer credit outstanding rose by more than $1-1/2 billion during the first half of the year, when a seasonal reduction is normally to be expected. It continued to rise in succeeding months, but at a diminishing rate.

arise from our experience with the System, and I would like to suggest that our experience in 1953 in the operations of the Treasury and the Reserve System XXX illustrate exactly the principles that I have cited, and illustrate them in an almost classic way.

In the first half of the year, there was a bulge in employment, in production, in almost all of the economic indices. I asked our people to make up a list of the highs that were made in the first half year.

Production was at an all-time record. The index of industrial production reached a peak of 137 (on the new 1947-49 base) in both May and July 1953, which compares with an averge of 124 for calendar 1952. (October index is 132.)

Production was exceeding sales, causing a threatening accumulation of inventories in the hands of both manufacturers and distributors. Total business inventories rose steadily until the end of September, increasing from $74.8 billion at the end of the previous year to $79.4 billion in September. (October inventories = $79.0 billion.)

The high defense expenditures, added to record plant and equipment expenditures and record consumer expenditures, put serious inflationary strains on the economy.

agencies of government, such as the Farm Credit Administration, the Housing Administration, the Export-Import Bank, the RFC, and so forth. But that is an entirely different question from monetary policy.

Now, the other suggestion made in these reports for dealing with this situation was that the Congress should give the Reserve System a more clear bill of particulars and define its relationship with the Treasury. I must say that is a suggestion ~~that~~ for which one has to have a good deal of sympathy ~~for~~ because, as you read the Federal Reserve Act, the statement of objectives is not too clear; it ~~would~~ takes a good deal of interpretation. But the Congress has had a couple of whacks at trying to word that. The Board has tried to word it two or three times without succeeding. You bog down in a welter of meanings of words. You all know the difficulty of trying to agree on a statement of that sort. If you compromise and try to get it, the result is you usually find it doesn't apply when the next situation arises. So I am inclined ~~I~~ to agree with Emanuel Goldenweiser's statement before the Patman committee that you don't need it; if you conduct your business as well as you know how, you don't need this extra bill of particulars.

Those are the three principles that, it seems to me,

The 1953 Experience

in the Republican Party platform: "A Federal Reserve System, exercising its functions in money and credit, without pressure for political purposes from the Treasury or the White House."

There were in those two reports a number of suggestions of mechanisms for trying to improve the relationship between the Treasury and the Reserve System. One was the proposal for a credit or monetary council that would bring together the Chairman of the Board of Governors of the Federal Reserve, ~~Governors of the Board,~~ the Secretary of the Treasury, the head of the RFC, the head of the Farm Credit Administration, and some of the others, for discussion of monetary and credit problems. Now, the difficulty with that, of course, is that it is the old organization problem. If you don't like what is going on in departments A and B, just put another department of top of them instead of trying to cure what is wrong with the relationship of the two departments.

~~The other point about it is that I think~~ If the Secretary of the Treasury and the head of the Federal Reserve Board don't get along together, you don't help that by calling both together and putting them in a meeting with a lot of other fellows.

There is, of course, a good deal to be said for bringing under a general credit policy some of the other

Now, of course, that emphasis on avoiding the excesses on the up-swing of inflation sheds a little light on the interpretation of the Full Employment Act as an objective for economic policy. The danger of the interpretation of that act is that you should interpret it that every government agency should always be exerting its efforts to push things up; and what I am talking about is monetary policy exerting its efforts to keep things from going too fast, because when they have gone too fast, the down-~~side~~ swing becomes ~~too~~ more serious.

The emphasis there, then, is on living properly and living soundly so that you don't get sick. The emphasis is on not going on an eight-day jag, rather than on thinking about how you can cure yourself after you get through the jag.

~~Well, let me leave that point~~.

The third point that I would emphasize is that the Federal Reserve-Treasury relationship rests on mutual respect and understanding and offers no inherent difficulties. I believe that Senator Douglas' suggestion that good fences make good neighbors is a good principle that can be followed without too serious difficulties.

~~XXXXXX~~

Incidentally, that is very similar to what was ~~said~~ cited as an objective

long period of history--and I am not going to introduce the evidence today--what we would see would be that the effectiveness of a central bank monetary policy depends on its action on the up-side of a business cycle much more than it does on the down-side.

The word "inflation," if you go to Europe, means an entirely different thing from what it means in this country. We don't know what inflation means. Inflation there has a connotation of economic horror that we know nothing about. And we have seen in these recent years the effectiveness of monetary and fiscal policy in dealing with inflation on the up-side of that swing.

Now, I think the Douglas committee report recognized that in its language pretty fully. I just call your XXX attention to a quotation from that report:

"But we believe that the advantages of avoiding inflation are so great, that a restrictive monetary policy can contribute so much to this end, that the freedom of the Federal Reserve to restrict credit and raise interest rates for general stabilization purposes should be restored even if XX the cost should be a significant increase in service charges on the federal debt and the greater inconvenience to the Treasury in its sale of securities for new financing and refunding purposes."

Circulated

regained the prestige to

dramatic instances in history where the central bank ~~could~~ exercise its powers.

That battle was won partly due to what was perhaps in part accident but is, I think, a milestone perhaps in the history of finance in this country, and that was the fact of the Douglas and the Patman reports. You had two subcommittees of the Congress who conducted studies in the area of money and whose reports--gathering in the testimony of many of you here in this audience today--built up a volume on this whole subject of money that is most impressive. And the reports as they came out educated public opinion, And a in my judgment, ~~as to the~~ built up a background against which a central bank could win its battle with the Treasury and with the administration.

Well, now, I present those four stages of the Federal Reserve System just as a method of arranging that history as it ~~plays~~ sheds light on what we have today. What are the conclusions that we can learn as to the principles of monetary policy as they face us today?

Principles of Monetary Policy

The first principle, it seems to me, is that monetary policies are effective; that those quotations that I have read from the Patman and the Douglas reports are bolstered adequately by the facts.

Now, I believe also that if we looked back over that

factor in a country's economy suggested by those quotations from the Douglas and the Patman reports.

Of course, in this country, in the Federal Reserve Bank of New York you have had three governors over this entire forty years of the history of that bank--Strong, Harrison and Sproul. In the Federal Reserve Board you have had a good many more leaders but a very substantial amount of continuity, carrying on from areas of one political complexion to another an emphasis on the mechanisms of sound finance.

Here in this country we have had in these years something of a miracle. You had a period in which the Federal Reserve System was under the dominance of the Treasury and in a battle for its independence of existence. I heard it said so many times when we discussed that battle over that period that in a battle between the central bank and the Treasury, the central bank never wins. In this case the Treasury had the backing of the President of the United States, but the central bank won the battle.

Through the accord in 1951, the System again regained its right to operate in the money markets in the way that was for the welfare of the people instead of acting to peg the prices of government securities to enable the government to borrow cheaply. It is one of the

an economy turning from night to day in the space of a few months when a sound monetary and fiscal policy was adopted. The same thing happened in Belgium; it happened in Italy; it happened in somewhat less degree in England. But you have had in these past years a demonstration of what ~~a~~ sound money can do for a country that has hardly been equaled in the history of economics.

That process has brought out certain of the virtues of central banking as almost never before. One thing that has impressed me enormously has been the continuity of central bankers. The Bank of England in my generation has had three governors--Norman, Catto and Cobbold. While governments came and went, those three governors ran the bank; while governments came and went, those men stayed in power.

The same was true to a degree in the Bank of France. There you had the names of Moreau, who put the pressure on Poincaré to stabilize the franc in 1926; ~~XXXXXX~~ Moret; his successor, Monnick; Baumgartner--a relatively few names, while if you tried to name the names of the premiers of France in that period it would be a very long list.

The continuity of those men and their ability, with government after government, to insist quietly and persistently on sound monetary policies was a demonstration of one of the major reasons why central banking can be the

government. I remember so well the day in 1933 or early 1934 when the lawyers from the Attorney General's Office came into the New York Federal Reserve Bank to arrange the turning over of the gold from the Bank to the Federal Treasury, and the gentlemen who were assigned that purpose certainly didn't believe in an independent central bank or a bank having any slightest shred of independence. And that period of eighteen years, from 1933 to 1951, was a struggle for survival of our Federal Reserve System in the face of a tremendous desire on the part of a great many people to bring the Federal Reserve System to heel. And it is greatly to the credit of the people in the Reserve System that they were able to preserve their very life through that period.

Revival of Monetary Policy

The period from 1951 on, I would say, ~~would~~ could be designated the period of revival of central banking policy, of monetary policy, not only here but throughout the world. Of course, the most dramatic evidence of that was to be found in the European countries. It stands out very vividly to me because I visited Germany in 1946 and again in 1950. The thing that happened between those dates was the revaluation of the currency and the reestablishment of the German currency system after the Dodge Plan, ~~helped~~ devised by our own Joe Dodge, now Director of the Budget. There you saw

the bank from a private bank into a public bank in theory, although in practice the effect has been minor.

In France, of course, the head of the central bank and ~~had been~~ the Deputy Governor have been appointed by the government for a long time before. But the share ownership had been in private hands; that was changed over. The council was changed and ~~its composition~~ was appointed by the government rather than by the private shareowners. ~~and~~ ? ~~I think that was becoming to it.~~

I remember having lunch at the Bank of France. It was a rather dangerous experience; I was always sick after having lunch at the Bank of France because the food was so good. But I remember having lunch at the Bank of France in 1928 or 1929; the executive committee of the council was present with some of the large shareholders, and I found them seriously considering whether the franc shouldn't eventually go back to its 19 cents instead of the 4 cents that it was at that time. And I made a little note at that time that that kind of thinking was going to call for some sort of action some day. Of course, the nationalization of the bank was a perfectly logical step.

Then we had in this country the long battle--and I think indeed it was a battle--for survival of the Federal Reserve System with the forces of the

Swamped in the wave of the great depression--for which central banking had to take its due share of blame--we turned to the new philosophies of Keynes, of consumer purchasing power, of the various kinds of controls that you might exercise. We tried to revise our own system here in the banking acts of 1933 and 1935. Fortunately, we didn't do too much damage, nor in the main very much good, although certain features were added that were helpful.

I suppose that period came to its apex in the nationalization of central banks. During that period, the records of the Patman committee showed that in the thirties about four of the banks were nationalized and after that, in the forties, there were ten of the central banks that were nationalized in terms of turning the stock ownership over to the government or making one or another move to put the control more directly under the government. Of course, the notable ones were the nationalization of the Bank of England and the Bank of France, where the Bank of England was under the law required to take orders from the Chancellor of the Exchequer after consultation with the Governor of the Bank--a curious phrase. Incidentally, that nationaliza-tion law was printed on just a single page, but it turned

its utility as a mechanism for financing the war, for providing the funds that were needed. We went through that brief panic of 1920, with its tremendous drop in prices, and we learned something from it. We went again into the period of the twenties and the discovery of the major aspects of Federal Reserve policy. I think even today the 1923 annual report of the Reserve System is a standard document that can apply today to most of the things we do. We had the period of Ben Strong and his policies, which I remember so vividly, where he discovered the meaning of open market operations and wrote it down and made it a part of the literature of the time; it hadn't existed before.

Then we fought through 1928 and 1933 the losing battle against the forces of deflation. All of you, I am sure, in courses that you may give or things you may write, have your own explanations for that. But there it was as part of that period of testing and experiment.

Valley of the Shadow

I would like to suggest that the next period of the history of the System and of the relationship of the Treasury and the System could be called the valley of the shadow, and that period dates from 1933 to 1951. It is a period when central banking XXXXX lost its standing in this country to a considerable extent, and abroad as well.

establishment of the Federal Reserve Act. And for a series of years we had a study and exposure of the whole history of central banking as it appeared in the world. LOMBARD STREET became a familiar document in our schools and colleges. The feeling that a bank could exist that had a great public interest became imbedded in our XX philosophy. As a result ~~of that,~~ the Federal Reserve System was established. I think, looking back at it, we would say it was a job on the whole extremely well done.

There have been a great many changes in the System, but the outlines of it and the general philosophy of it have remained through these forty years with relatively little major change. Perhaps the ~~major~~ principal change has been one of emphasis. All of that early literature focused ~~itself~~ on how you get an instrument to deal with panics; how, when the panic has arrived, you deal with it. Now we go back of that. The framework constructed at that time was able to carry the broader load with some rather modest changes.

Experimentation + Testing

Then we go through a period of the heyday of central banking--from the establishment of the Act through until, say, 1933, when we had a period of experimentation, a period of testing. In World War I, the System demonstrated

employed to promote the purposes of the Employment Act, but also that such policies constitute the government's primary and principal method of promoting these purposes."

And the Patman committee, chaired by someone who certainly wasn't in the old school of classical tradition:

"We believe that general monetary, credit and fiscal policies should be the government's primary and principal means of promoting the ends of price stability and high-level employment, and that whenever possible reliance should be placed on these means in preference to devices such as price, wage and allocation control and to a lesser extent selective credit controls, all of which involve intervention in particular markets."

Now let me very quickly expose to you what seem to me the broad periods in this forty-year history. This isn't a course on the Federal Reserve System, but I think perhaps the outline is as many of you give it.

The Discovery of Central Banking

The first episode, perhaps, was the discovery of central banking in this country. That dates from the nineties, after the panic of 1893 and 1896, and goes through the period of the report of the Monetary Commission, the Aldrich Commission, and up through to the

of the past. And of necessity I have to be a little personal.

The System celebrated forty years since the passing of the legislation last summer and is now celebrating forty years of the life of the System. I have been in very close touch with the System--in it or near it--for thirty-four of those forty years.

An old associate of mine in the New York Reserve Bank, Carl Snyder, used to have a ~~XXXXXX~~ phrase. He said, "To be interesting what you need is an attitude of cheerful garrulity," and I shall try to be cheerful and let you judge whether I am garrulous or not.

The important and interesting thing that I gather from this swing of history is that in the changes in economic fashions--and, after all, economists have their fashions just as much as the ladies have in their dresses--it seems to me that a very impertant thing has happened: that the wheel has turned and we have swung back again to a regard for central banking policy as a major economic factor.

If you want chapter and verse for that, take the statements ~~before~~ of the Douglas and the Patman committees. I quote from the first page of both those documents. This was the Douglas subcommittee in 1950:

"We recommend not only that appropriate vigorous and coordinated monetary, credit, and fiscal policies be

and there is no controversy between the Federal Reserve and the Treasury.

Now, why did I want to talk about that? Well, obviously there has been in this country a considerable misunderstanding about that relationship, and it has appeared in the literature and the discussions of the subject. It has all been lumped together--the hard money policy of the administration, without distinguishing what the functions of the Treasury and the Reserve System were--and more latterly the ~~cynical~~ have said, "Well, they tried the hard money policy and debt ~~in~~ funding and just decided that it was more popular to go back to the old New Deal inflationary methods, and so the administration has just turned around and adopted again the old inflationary policies," there again without any appreciation that that was lumping together in one ball of wax a group of ideas and a group of descriptions of action that didn't belong together.

I am tempted to turn back the pages of history--this will make it very dull for my newspaper friends because there isn't much news in it--and ~~improve~~ exercise the prerogatives of somebody who has been in this field a long time and ramble around a little bit in that history to try to shed light, if I can, on the relationship of Treasury and Reserve System ~~interrelations~~ in the history

~~ROUGH DRAFT~~

Address by W. Randolph Burgess at joint luncheon meeting of the American Economic Association and the American Financa Association, Statler Hotel, Washington, D. C., December 29, 1953

FEDERAL RESERVE AND TREASURY RELATIONS

Mr. President, Ladies and Gentlemen: I was very glad to accept this invitation because it gave me a chance to get back among many old friends and others whose names I have seen signed to interesting articles and ~~who~~ are familiar in the field in which I now work. In fact, I felt a little bit like a boy out of school to come here and meet with you. I suppose it was that seductive atmosphere that led me to adopt the title that I have for this talk: the relation of the Reserve System and the Treasury.

A few weeks ago, Emerson Schmidt called my office to find out what the title would be, and I sent back that title. He called back a few minutes later and asked my secretary if she was sure that that was the right title, because that was such a highly controversial subject. I sent back word that that was the right title, and that it was no longer a controversial subject. In fact, if I can give you in tabloid form what I want to say to you, it is exactly that--that the question of the relation of the Treasury and the Reserve System is not now controversial. We are getting along with amity and with understanding,

H —

TREASURY DEPARTMENT
Washington

Address by W. Randolph Burgess, Deputy to the Secretary of the Treasury, at a joint luncheon meeting of the American Economic Association and the American Finance Association, Statler Hotel, Washington, D.C., December 29, 1953. (as delivered)

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I am tempted to turn back the pages of history--this will make it very dull for my newspaper friends because there isn't much news in it--and exercise the prerogatives of somebody who has been in this field a long time and ramble around a little bit in that history to try to shed light, if I can, on the relationship of Treasury and Reserve System in the history of the past. And of necessity I have to be a little personal.

The System celebrated forty years since the passing of the legislation last summer and is now celebrating forty years of the life of the System. I have been in very close touch with the System--in it or near it--for thirty-four of those forty years.

Carl Snyder, an old associate of mine in the New York Reserve Bank, used to have a phrase. He said, "To be interesting what you need is an attitude of cheerful garrulity," and I shall try to be cheerful and let you judge whether I am garrulous or not.

The important and interesting thing that I gather from this swing of history is that in the changes in economic fashions--and, after all, economists have their fashions just as much as the ladies havein their dresses--it seems to me that a very important thing has happened: that the wheel has turned and we have swung back again to a regard for central banking policy as a major economic factor.

If you want chapter and verse for that, take the statements of the Douglas and the Patman committees. I quote from the first page of both those documents. This was the Douglas subcommittee in 1950:

"We recommend not only that appropriate vigorous and coordinated monetary, credit, and fiscal policies be employed to promote the purposes of the Employment Act, but also that such policies constitute the government's primary and principal method of promoting these purposes."

And the Patman committee, chaired by someone who certainly wasn't in the old school of classical tradition:

"We believe that general monetary, credit and fiscal policies should be the government's primary and principal means of promoting the ends of price stability and high-level employment, and that whenever possible reliance should be placed on these means in preference to devices such as price, wage and allocation control and to a lesser extent selective credit controls, all of which involve intervention in particular markets."

Now let me very quickly expose to you what seem to me the broad periods in this forty-year history. This isn't a course on the Federal Reserve System, but I think perhaps the outline is as many of you give it.

The Discovery of Central Banking

The first episode, perhaps, was the discovery of central banking in this country. That dates from the nineties, after the panic of 1893 and 1896, and goes through the period of the report of the Monetary Commission, the Aldrich Commission, and up through to the establishment of the Federal Reserve Act. And for a series of years we had a study and exposure of the whole history of central banking as it appeared in the world. LOMBARD STREET became a familiar document in our schools and colleges. The feeling that a bank could exist that had a great public interest became imbedded in our philosophy. As a result the Federal Reserve System was established. I think, looking back at it, we would say it was a job on the whole extremely well done.

There have been a great many changes in the System, but the outlines of it and the general philosophy of it have remained through these forty years with relatively little major change. Perhaps the principal change has been one of emphasis. All of that early literature focused on how you get an instrument to deal with panics; how, when the panic has arrived, you deal with it. Now we go back of that. The framework constructed at that time was able to carry the broader load with some rather modest changes.

Experimentation and Testing

Then we go through a period of the heyday of central banking--from the establishment of the Act through until, say, 1933, when we had a period of experimentation, a period of testing. In World War I, the System demonstrated its utility as a mechanism for financing the war, for providing the funds that were needed. We went through that brief panic of 1920, with its tremendous drop in prices, and we learned something from it. We went again into the period of the twenties and the discovery of the major aspects of Federal Reserve policy. I think even today the 1923 annual report of the Reserve System is a standard document that can apply today to most of the things we do. We had the period of Ben Strong and his policies, which I remember so vividly, where he discovered the meaning of open market operations and wrote it down and made it a part of the literature of the time; it hadn't existed before.

Then we fought through 1928 and 1933 the losing battle against the forces of deflation. All of you, I am sure, in courses that you may give or things you may write, have your own explanations for that. But there it was as part of that period of testing and experiment.

Valley of the Shadow

I would like to suggest that the next period of the history of the System and of the relationshp of the Treasury and the System could be called the valley of the shadow, and that period dates from 1933 to 1951. It is a period when central banking lost its standing in this country to a considerable extent, and abroad as well.

Swamped in the wave of the great depression--for which central banking had to take its due share of blame--we turned to the new philosophies of Keynes, of consumer purchasing power, of the various kinds of controls that you might exercise. We tried to revise our own system here in the banking acts of 1933 and 1935. Fortunately, we didn't do too much damage, nor in the main very much good, although certain features were added that were helpful.

I suppose that period came to its apex in the nationalization of central banks. During that period, the records of the Patman committee showed that in the thirties about four of the banks were nationalized and after that, in the forties, there were ten of the central banks that were nationalized in terms of turning the stock ownership over to the government or making one or another move to put the control more directly under the government. Of course, the notable ones were the nationalization of the Bank of England and the Bank of France, where the Bank of England was under the law required to take orders from the Chancellor of the Exchequer after consultation with the Governor of the Bank--a curious phrase. Incidentally, that nationalization law was printed on just a single page, but it turned the bank from a private bank into a public bank in theory, although in practice the effect has been minor.

In France, of course, the head of the central bank and the Deputy Governor had been appointed by the government for a long time before. But the share ownershp had been in private hands; that was changed over. The council was changed and was appointed by the government rather than by the private shareowners.

I remember having lunch at the Bank of France. It was a rather dangerous experience; I was always sick after having lunch at the Bank of France because the food was so good. But I remember having lunch at the Bank of France in 1928 or 1929; the executive committee of the council was present with some of the large shareholders, and I found them seriously considering whether the franc shouldn't eventually go back to its 19 cents instead of the 4 cents that it was at that time. And I made a little note at that time that that kind of thinking was going to call for some sort of action some day. Of course, the nationalization of the bank was a perfectly logical step.

Then we had in this country the long battle--and I think indeed it was a battle--for survival of the Federal Reserve System with the forces of the government. I remember so well the day in 1933 or early 1934 when the lawyers from the Attorney General's Office came into the New York Federal Reserve Bank to arrange the turning over of the gold from the Bank to the Federal Treasury, and the gentlemen who were assigned that purpose certainly didn't believe in an independent central bank or a bank having any slightest shred of independence. And that period of eighteen years, from 1933 to 1951, was a struggle for survival of our Federal Reserve System in the face of a tremendous desire on the part of a great many people to bring the Federal Reserve System to heel. And it is greatly to the credit of the people in the Reserve System that they were able to preserve their very life through that period.

Revival of Monetary Policy

The period from 1951 on, I would say, could be designated the period of revival of central banking policy, of monetary policy, not only here but throughout the world. Of course, the most dramatic evidence of that was to be found in the European countries. It stands out very vividly to me because I visited Germany in 1946 and again in 1950. The thing that happened between those dates was the revaluation of the currency and the reestablishment of the German currency system after the Dodge Plan, devised by our own Joe Dodge, now Director of the Budget. There you saw an economy turning from night to day in the space of a few months when a sound monetary and fiscal policy was adopted. The same thing happened in Belgium; it happened in Italy; it happened in somewhat less degree in England. But you have had in these past years a demonstration of what sound money can do for a country that has hardly been equaled in the history of economics.

That process has brought out certain of the virtues of central banking as almost never before. One thing that has impressed me enormously has been the continuity of central bankers. The Bank of England in my generation has had three governors--Norman, Catto and Cobbold. While governments came and went, those three governors ran the bank; while governments came and went, those men stayed in power.

The same was true to a degree in the Bank of France. There you had the names of Moreau, who put the pressure on Poincare to stabilize the franc in 1926; Moret; his successor, Monnick; Baumgartner--a relatively few names, while if you tried to name the names of the premiers of France in that period it would be a very long list.

The continuity of those men and their ability, with government after government, to insist quietly and persistently on sound monetary policies was a demonstration of one of the major reasons why central banking can be the factor in a country's economy suggested by those quotations from the Douglas and the Patman reports.

Of course, in this country, in the Federal Reserve Bank of New York you have had three governors over this entire forty years of the history of that bank--Strong, Harrison and Sproul. In the Federal Reserve Board you have had a good many more leaders but a very substantial amount of continuity, carrying on from areas of one political complexion to another an emphasis on the mechanisms of sound finance.

Here in this country we have had in these years something of a miracle. You had a period in which the Federal Reserve System was under the dominance of the Treasury and in a battle for its independence of existence. I heard it said so many times when we discussed that battle over that period that in a battle between the central bank and the Treasury, the central bank never wins. In this case the Treasury had the backing of the President of the United States, but the central bank won the battle.

Through the accord in 1951, the System again regained its right to operate in the money markets in the way that was for the welfare of the people instead of acting to peg the prices of government securities to enable the government to borrow cheaply. It is one of the dramatic instances in history where the central bank regained the right to exercise its essential powers.

That battle was won partly due to what was perhaps in part accident but is, I think, a milestone perhaps in the history of finance in this country, and that was the fact of the Douglas and the Patman reports. You had two subcommittees of the Congress who conducted studies in the area of money and whose reports--gathering in the testimony of many of you here in this audience today--built up a volume on this whole subject of money that is most impressive. And the reports as they came out educated public opinion, and in my judgment, built up a background against which a central bank could win its battle with the Treasury and with the administration.

Well, now, I present those four stages of the Federal Reserve System just as a method of arranging that history as it sheds light on what we have today. What are the conclusions that we can learn as to the principles of monetary policy as they face us today?

Principles of Monetary Policy

The first principle, it seems to me, is that monetary policies are effective; that those quotations that I have read from the Patman and the Douglas reports are bolstered adequately by the facts.

Now, I believe also that if we looked back over that long period of history--and I am not going to introduce the evidence today--what we would see would be that the effectiveness of a central bank monetary policy depends on its action on the up-side of a business cycle much more than it does on the down-side.

The word "inflation", if you go to Europe, means an entirely different thing from what it means in this country. We don't know what inflation means. Inflation there has a connotation of economic horror that we know nothing about. And we have seen in these recent years the effectiveness of monetary and fiscal policy in dealing with inflation on the up-side of that swing.

Now, I think the Douglas committee report recognized that in its language pretty fully. I just call your attention to a quotation from that report:

"But we believe that the advantages of avoiding inflation are so great, that a restrictive monetary policy can contribute so much to this end, that the freedom of the Federal Reserve to restrict credit and raise interest rates for general stabilization purposes should be restored even if the cost should be a significant increase in service charges on the federal debt and the greater inconvenience to the Treasury in its sale of securities for new financing and refunding purposes."

Now, of course, that emphasis on avoiding the excesses on the up-swing of inflation sheds a little light on the interpretation of the Full Employment Act as an objective for economic policy. The danger of the interpretation of that act is that you should interpret it that every government agency should always be exerting its efforts to push things up; and what I am talking about is monetary policy exerting its efforts to keep things from going too fast, because when they have gone too fast, the down-swing becomes more serious.

The emphasis there, then, is on living properly and living soundly so that you don't get sick. The emphasis is on not going on an eight-day jag, rather than on thinking about how you can cure yourself after you get through the jag.

The third point that I would emphasize is that the Federal Reserve-Treasury relationship rests on mutual respect and understanding and offers no inherent difficulties. I believe that Senator Douglas' suggestion that good fences make good neighbors is a good principle that can be followed without too serious difficulties.

Incidentally, that is very similar to what was cited as an objective in the Republican Party platform: "A Federal Reserve System, exercising its functions in money and credit, without pressure for political purposes from the Treasury or the White House."

There were in those two reports a number of suggestions of mechanisms for trying to improve the relationshp between the Treasury and the Reserve System. One was the proposal for a credit or monetary council that would bring together the chairman of the Board of Governors of the Federal Reserve, the Secretary of the Treasury, the head of the RFC, the head of the Farm Credit Administration, and some of the others, for discussion of monetary and credit problems. Now, the difficulty with that, of course, is that it is the old organization problem. If you don't like what is going on in departments A and B, just put another department on top of them instead of trying to cure what is wrong with the relationship of the two departments. If the Secretary of the Treasury and the head of the Federal Reserve Board don't get along together, you don't help that by calling both together and putting them in a meeting with a lot of other fellows.

There is, of course, a good deal to be said for bringing under a general credit policy some of the other agencies of government, such as the Farm Credit Administration, the Housing Administration, the Export-Import Bank, the RFC, and so forth. But that is an entirely different question from monetary policy.

Now, the other suggestion made in these reports for dealing with this situation was that the Congress should give the Reserve System a more clear bill of particulars and define its relationship with the Treasury. I must say that is a suggestion for which one has to have a good deal of sympathy because, as you read the Federal Reserve Act, the statement of objectives is not too clear; it takes a good deal of interpretation. But the Congress has had a couple of whacks at trying to word that. The Board has tried to word it two or three times without succeeding. You bog down in a welter of meanings of words. You all know the difficulty of trying to agree on a statement of that sort. If you compromise and try to get it, the result is you usually find it doesn't apply when the next situation arises. So I am inclined to agree with Emanuel Goldenweiser's statement before the Patman committee that you don't need it; if you conduct your business as well as you know how, you don't need this extra bill of particulars.

The 1953 Experience

Those are the three principles that, it seems to me, arise from our experience with the System, and I would like to suggest that our experience in 1953 in the operations of the Treasury and the Reserve System illustrate exactly the principles that I have cited, and illustrate them in an almost classic way.

In the first half of the year, there was a bulge in employment, in production, in almost all of the economic indices. I asked our people to make up a list of the highs that were made in the first half year.

Production was at an all-time record. The index of industrial production reached a peak of 137 (on the new 1947-49 base) in both May and July 1953, which compares with an average of 124 for calendar 1952. (October index is 132.)

Production was exceeding sales, causing a threatening accumulation of inventories in the hands of both manufacturers and distributors. Total business inventories rose steadily until the end of September, increasing from $74.8 billion at the end of the previous year to $79.4 billion in September. (October inventories = $79.0 billion.)

The high defense expenditures, added to record plant and equipment expenditures and record consumer expenditures, put serious inflationary strains on the economy.

A continued rise in the money supply, after seasonal allowances, together with the prospect of a large Federal deficit in fiscal 1954, created inflationary pressures in the monetary and fiscal area. The privately-held money supply at the end of April stood at $192.2 billion, a new record for the month and $8.4 billion higher than a year earlier. (In October it was up $7.1 billion from a year earlier.)

Civilian employment was at an all-time record. The pressure on the labor supply reduced unemployment to the lowest levels since World War II, and forced large expenditures for overtime employment.

Personal income rose steadily to successive new records. The peak was reached in July at an annual rate of $287.5 billion, which compares with a figure of $269.7 billion for the previous calendar year.

On top of the high personal income, which reached record levels both before and after taxes, consumer purchasing power in early 1953 was being augmented by a rapid increase in consumer credit. Total consumer credit outstanding rose by more than $1-1/2 billion during the first half of the year, when a seasonal reduction is normally to be expected. It continued to rise in succeeding months, but at a diminishing rate.

Mortgage lending was also expanding. Nonfarm mortgage recordings (of $20,000 or less) in the first half of 1953 totalled more than $9-1/2 billion, or 13 percent above those in the same period of the previous year.

Business loans continued very high in the first part of 1953, and until the beginning of May they showed noticeably less than the usual reduction from the December seasonal peak. Total loans of all commercial banks increased $1.0 billion from the end of December to the end of March, as compared with an increase of only $0.1 billion in the same period of the previous year.

Expenditures for new plant and equipment reached a new all-time record in the first quarter of 1953, and continued to rise sharply in the two following quarters as previously-planned expenditures were carried out. Expenditures in the third quarter were at an annual rate of $28.8 billion, in comparison with $27.8 billion for the 1952 calendar year.

In the financing of this great volume of new capital expenditures, total new security issues for new capital (including both corporate and municipal) amounted to more than $7 billion in the first half of 1953--an all-time record--exceeding the year-earlier figure by 4 percent.

Total new construction reached a record volume in the first half of 1953, and the half-year total was 8 percent higher than in the same period of the previous year.

Reflecting the inflationary pressures in the economy during the first half of 1953, prices of commodities other than farm products and foods rose gradually but steadily until midsummer. Despite weakness in farm products and certain other materials due to excessive production, the broad all-commodity index rose to the year's peak of 111.0 in September, from 109.6 in the previous December.

In other words, what you had was the typical period of a business boom; and typically that called for a policy of restraint on the part of the central bank. It called for a policy of cooperation of the Treasury with the central bank in this policy of restraint, and that is exactly what was done.

In the second half year, the inflationary threat diminished as some of the indexes turned down. That was a situation that called classically for an easing of the pressures on money, and that again is exactly what was done.

So, gentlemen, I conclude by saying what I said at the start. There is no controversy between the Treasury and the Reserve System. There need be no controversy. We are both trying to do the same job of adapting our policies to the economic welfare of the country, and not to shorter aims.

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