H-357

RELEASE MORNING NEWSPAPERS,
Tuesday, January 5, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated January 7 and to mature April 8, 1954, which were offered on December 30, 1953, were opened at the Federal Reserve Banks on January 4.

The details of this issue are as follows:

Total applied for - $2,607,917,000
Total accepted - 1,500,348,000 (includes $218,931,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.668 Equivalent rate of discount approx. 1.314% per annum

Range of accepted competitive bids:

High - 99.670 Equivalent rate of discount approx. 1.305% per annum
Low - 99.666 " " " " " 1.321% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 28,410,000	$ 9,825,000
New York		1,897,711,000	987,055,000
Philadelphia		29,572,000	12,318,000
Cleveland		37,067,000	28,097,000
Richmond		14,715,000	13,267,000
Atlanta		27,262,000	16,812,000
Chicago		394,579,000	322,709,000
St. Louis		24,353,000	19,867,000
Minneapolis		7,402,000	6,752,000
Kansas City		50,643,000	22,465,000
Dallas		30,574,000	26,224,000
San Francisco		65,129,000	34,957,000
	TOTAL	$2,607,917,000	$1,500,348,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, January 5, 1954.

H-359

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San Francisco	65,129,000	34,957,000
TOTAL	$2,607,917,000	$1,500,348,000

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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.

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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 January 14, 1954 , in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 14, 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,

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TREASURY DEPARTMENT
Washington

H-360

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Thursday, January 7, 1954.

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 14, 1954**, in the amount of $ **1,501,444,000**, 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 14, 1954**, and will mature **April 15, 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 11, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Thursday, January 7, 1954

H-360

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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

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

I know that no system can be completely perfect, but a prompt and thorough inquiry might develop some recommendations which would help to prevent any further similar difficulties. This not only for the protection of the Government but to protect our employees by the removal of temptation wherever possible. To accomplish this will you please be doubly certain that the security procedures being followed at the Bureau of Engraving are not only adequate, but that they are being properly enforced.

I know that you will continue your vigorous efforts in the location of the money still undiscovered, as well as in clearing up any other details of this most unfortunate crime against the Federal government.

G.M. HUMPHREY

FOR RELEASE AM PAPERS,
Thursday, January 7, 1954.

H-361

The Treasury makes public the following letter sent today by Treasury Secretary Humphrey to the Chief of the Treasury's Secret Service:

Dear Chief Baughman:

I wish to congratulate you and the Secret Service for the prompt and excellent progress which has been made in the investigation of the theft of $160,000 from the Bureau of Engraving and Printing.

The thoroughness with which the Secret Service went at the job and produced results in such a relatively short time are typical of what have always been the high standards of the Secret Service. Please pass my personal thanks on to all the Secret Service people who were involved in the case.

In addition to the prompt and effective action within the Bureau of Engraving itself I have noticed with great satisfaction the fine spirit of cooperation which the Secret Service has developed with other law enforcement agencies. In this case it brought splendid
the many law enforcement agencies which helped so
assistance from ~~the~~ Virginia State Police, the Washington District Police, Mt. Rainier and the Prince George's County, Maryland Police, to mention only a few.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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I know that you will continue your vigorous efforts in the location of the money still undiscovered, as well as in clearing up any other details of this most unfortunate crime against the Federal government.

G.M. HUMPHREY

oOo

STATUTORY DEBT LIMITATION

AS OF December 31, 1953

Washington, January 11, 1954

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	$19,511,467,000		
Certificates of indebtedness	26,386,209,000		
Treasury notes	37,431,895,400	$ 83,329,571,400	
Bonds -			
Treasury	77,219,809,600		
Savings (current redemp. value)	57,709,890,657		
Depositary	415,538,500		
Investment series	12,902,373,000	148,247,611,757	
Special Funds -			
Certificates of indebtedness	26,913,954,000		
Treasury notes	14,283,044,900	41,196,998,900	
Total interest-bearing		272,774,182,057	
Matured, interest-ceased		431,397,521	
Bearing no interest:			
United States savings stamps	48,345,495		
Excess profits tax refund bonds	1,337,328		
Special notes of the United States:			
Internat'l Monetary Fund series	1,340,000,000	1,389,682,823	
Total		274,595,262,401	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	74,544,186		
Matured, interest-ceased	1,094,450	75,638,636	
Grand total outstanding			274,670,901,037
Balance face amount of obligations issuable under above authority			329,098,963

Reconcilement with Statement of the Public Debt December 31, 1953
(Date)

(Daily Statement of the United States Treasury, December 31, 1953)
(Date)

Outstanding -	
Total gross public debt	275,168,120,129
Guaranteed obligations not owned by the Treasury	75,638,636
Total gross public debt and guaranteed obligations	275,243,758,765
Deduct - other outstanding public debt obligations not subject to debt limitation	572,857,728
	274,670,901,037

H-362

JAN 4 1954

Dear Mr. Andrews:

We, at the Treasury, are happy to know of your willingness to accept the chairmanship for United States Savings Bonds for the State of North Carolina, to which position it is my pleasure to now appoint you.

Frankly, our Program needs volunteers of your proved leadership and caliber if our future objectives are to be realized.

Please be assured that we shall endeavor at all times to keep our demands on your time and energy to a minimum.

Sincerely yours,

(Signed) G. M. Humphrey

Mr. W. H. Andrews, Jr., C.L.U.
12th Floor
Jefferson Building
Greensboro, North Carolina

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. W. Randolph Burgess DATE: December 28, 1953

FROM : Earl O. Shreve

SUBJECT:

There is attached a proposed letter of appointment to W. H. Andrews, Jr., whom Mr. Newman has interviewed as our new Chairman for Savings Bonds in North Carolina. A biography of Mr. Andrews is included in the file.

Attached also is a proposed press release concerning the appointment in the event this candidate meets with your approval.

Attachments

CPS/mas

WRB

Thanks

Mr. Andrews, a chartered life underwriter, is manager of the home office agency of his company at Greensboro. He joined the company on his graduation from the University of North Carolina in 1920 and sold more than a quarter of a million dollars of insurance in his first year, after helping to organize a University agency. In 1922 he moved to Greensboro when the home office agency was organized, was appointed assistant manager of it in 1928 and manager in 1929. After serving as president of the Greensboro life underwriters' association, as national committeeman, and as a member of the executive committee of the general agents and managers section of the national association, he was elected a national trustee in 1938.

In 1942 he was elected secretary, in 1943 vice president and in 1944 president of the National Association of Life Underwriters. Meanwhile, in 1941 when the association offered the services of its members to the defense bond program, Mr. Andrews served as chairman of a volunteer force of some 55,000 underwriters who were responsible to a great degree for the expansion of the Payroll Savings Plan for regular purchase of E bonds to include thousands of firms and millions of employees across the nation. Mr. Andrews gave this a major portion of his time, visiting about 40 States to stimulate the volunteer operation, until he was elected president of the national association. He had been executive vice-chairman of the North Carolina Savings Bonds Committee since 1942 and chairman of the Guilford County Committee since 1948.

Suggested Treasury Release

Release Sunday Newspapers

Sunday

January 10, 1954

H-363

~~Washington, December~~

Secretary Humphrey today announced the appointment of William H. Andrews, Jr., of the Jefferson Standard Life Insurance Co., of Greensboro, N. C., as State Chairman of the U. S. Savings Bonds Advisory Committee for North Carolina.

Mr. Andrews succeeds William H. Neal, senior vice president, Wachovia Bank and Trust Co., of Winston-Salem, who will henceforth devote his volunteer services in the Savings Bonds program to his national duties as chairman of the American Bankers Association Treasury Savings Bonds Committee. Secretary Humphrey, accepting Mr. Neal's resignation as State Chairman, expressed the warm appreciation of the Treasury for the public service he has rendered in the Savings Bonds program and gratification at his having assumed nation-wide responsibility as head of the A.B.A. committee.

Secretary Humphrey wrote the new North Carolina Chairman as follows:

> "We, at the Treasury, are happy to know of your willingness to accept the chairmanship... Our program needs volunteers of your proved leadership and caliber if future objectives are to be realized."

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE SUNDAY NEWSPAPERS,
January 10, 1954.

H-363

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Mr. Andrews succeeds William H. Neal, senior vice president, Wachovia Bank and Trust Company, of Winston-Salem, who will henceforth devote his volunteer services in the Savings Bonds program to his national duties as chairman of the American Bankers Association Treasury Savings Bonds Committee. Secretary Humphrey, accepting Mr. Neal's resignation as State Chairman, expressed the warm appreciation of the Treasury for the public service he has rendered in the Savings Bonds program and gratification at his having assumed nation-wide responsibility as head of the A.B.A. committee.

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oOo

H-364

RELEASE MORNING NEWSPAPERS,
Tuesday, January 12, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated January 14 and to mature April 15, 1954, which were offered on January 7, were opened at the Federal Reserve Banks on January 11.

The details of this issue are as follows:

Total applied for - $2,321,110,000
Total accepted - 1,500,528,000 (includes $265,796,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.662/ Equivalent rate of discount approx. 1.336% per annum

Range of accepted competitive bids:

High - 99.697 Equivalent rate of discount approx. 1.199% per annum
Low - 99.659 " " " " " 1.349% " "

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

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Richmond		17,440,000	16,940,000
Atlanta		38,834,000	36,951,000
Chicago		175,381,000	151,451,000
St. Louis		34,061,000	33,761,000
Minneapolis		15,769,000	15,769,000
Kansas City		68,791,000	65,059,000
Dallas		42,498,000	34,763,000
San Francisco		79,854,000	68,194,000
	TOTAL	$2,321,110,000	$1,500,528,000

TREASURY DEPARTMENT

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Minneapolis	15,769,000	15,769,000
Kansas City	68,791,000	65,059,000
Dallas	42,498,000	34,763,000
San Francisco	79,854,000	68,194,000
TOTAL	$2,321,111,000	$1,500,528,000

oOo

Sales of Series E and H totalling $381,432,000 in December were 14 percent above those of December, 1952 and exceeded total redemptions of the two series during the month by $29,000,000. The total of $352,096,000 redeemed was up only 4 percent from the preceding December, despite ~~the heavy~~ increase maturities. ~~in the amount of E Bond already matured in the meanwhile.~~ Redemptions of unmatured E and H Bonds decreased 6 percent from those of December, 1952.

Series E and H Bonds outstanding at the end of 1953 were at an all-time high of $36,663,000,000 cash value.

oOo

Immediate Release
Wednesday, January 13, 1954

H-365

The Treasury announced today that sales of Series E and H savings bonds in the calendar year 1953 totaled $4,368,000,000, ~~setting~~ to set a seven-year record for the savings Series bonds sold only to individuals.

Series H bonds, essentially the same as E bonds except that the interest is paid currently, has been on sale since June 1, 1952.

The 1953 sales total for the two series compared with $3,575,000,000 for calendar 1952, and exceeded E bond sales of any calendar year ~~from 1947 through 1951.~~ since 1946, when E bond sales were $4,466,000,000.

The E and H series are the only ones limited to individuals as buyers.

Redemptions of unmatured Series E and H bonds amounted to $2,831,000,000 in 1953, compared with $3,139,000,000 in 1952. Series E and H sales in 1953 exceeded total redemptions of these series, including both matured E Bonds and unmatured E and H Bonds, by $211,000,000 ~~million~~. In 1952, total redemptions had exceeded sales by $523,000,000 ~~million~~.

The amount of matured E Bonds turned in for cash was $1,326,000,000 in 1953, compared with ~~$1,692~~ $962,000,000 in 1952.

The total of E Bonds maturing in 1953 was $5,100,000,000 ~~000,000,000,~~ approximately. This brought total maturities since May 1, 1951, when the first E Bonds issued began to come due, to approximately $10,000,000,000. Of this total, nearly $7-1/2 billion, or 75 percent, was being retained by the owners at the end of 1953, under the automatic extension option.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Wednesday, January 13, 1954.

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The 1953 sales total for the two series compared with $3,575,000,000 for calendar 1952, and exceeded E bond sales of any calendar year since 1946, when E bond sales were $4,466,000,000.

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TREASURY DEPARTMENT
WASHINGTON

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-366

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 December 31, 1953, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of December 31,
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	12,989
Cream..........................	Calendar year	1,500,000	Gallon	1,102
Butter.........................	Nov.1,1953- March 31, 1954	50,000,000	Pound	72,444
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	31,918,270
other.........................	Sept.15,1953	60,000,000	Pound	36,344,600
Cattle, less than 200 Lbs. each..	12 months from April 1, 1953	200,000	Head	4,320
Cattle, 700 pounds or more each (other than dairy cows)	Oct. 1, 1953- Dec. 31, 1953	120,000	Head	2,563
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	2,782,448
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

MMEDIATE RELEASE,
ednesday, January 13, 1954.

H-366

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other.........................		60,000,000	Pound	36,344,600
Cattle, less than 200 Lbs. each..	12 months from April 1, 1953	200,000	Head	4,320
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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	6,320
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-367

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 December 31, 1953, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of December 31, 1953
Buttons		850,000	Gross	803,371
Cigars		200,000,000	Number	3,110,938
Coconut Oil		448,000,000	Pound	119,433,434
Cordage		6,000,000	Pound	4,063,482
Rice		1,040,000	Pound	2,500
Sugars	(Refined	1,904,000,000	Pound	600,000
	(Unrefined			1,827,252,542
Tobacco		6,500,000	Pound	2,887,200

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-367

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Tobacco	6,500,000	Pound	2,887,200

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 January 12, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to January 12, 1954
United Kingdom	4,323,457	350,355	1,441,152	350,355
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	671,586	1,599,886	392,420

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-368

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 January 12, 1954, 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	5,859,580
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 December 31, 1953

Established Quota (Global)	Imports
70,000,000	1,206,959

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1953, to January 12, 1954

Established Quota (Global)	Imports
45,656,420	45,656,420

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-368

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

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Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports Sept. 20, 1953, to January 12, 1954, inclusive

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Peru	247,952	-
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Mexico	8,883,259	5,859,580
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	219,428
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-

Country of Origin	Established Quota	Imports
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.
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(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to January 12, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to January 12, 1954
United Kingdom	4,323,457	350,355	1,441,152	350,355
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	671,586	1,599,886	392,420

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, January 13, 1954.

H-369

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 January 12, 1954	Established Quota	Imports May 29, 1953, to January 12,19
	(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

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Wednesday, January 13, 1954.

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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

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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 **January 21, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **January 21, 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,

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TREASURY DEPARTMENT
Washington

H-370

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, January 14, 1954.

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 21, 1954, in the amount of $1,500,749,000, 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 21, 1954, and will mature April 22, 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 18, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, January 14, 1954.

H-370

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 21, 1954, in the amount of $1,500,749,000, 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 21, 1954, and will mature April 22, 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 January 21, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 21, 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.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
~~Tuesday, December 15, 1953.~~
Friday, January 15, 1953

~~H-350~~
H-371

During the month of ~~November~~ December, 1953, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~sales~~ purchases by the Treasury Department of
$615,500
~~$1,052,500.~~

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Friday, January 15, 1954.

H-371

During the month of December, 1953, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $615,500.

oOo

H-37

RELEASE MORNING NEWSPAPERS,
Tuesday, January 19, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated January 21 and to mature April 22, 1954, which were offered on January 14, were opened at the Federal Reserve Banks on January 18.

The details of this issue are as follows:

Total applied for - $2,558,601,000
Total accepted - 1,501,661,000 (includes $259,052,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.695 Equivalent rate of discount approx. 1.208% per annum

Range of accepted competitive bids:

High - 99.701 Equivalent rate of discount approx. 1.183% per annum
Low - 99.692 " " " " " 1.218% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 29,523,000	$ 23,543,000
New York		1,835,058,000	928,028,000
Philadelphia		34,960,000	19,160,000
Cleveland		45,712,000	38,612,000
Richmond		13,668,000	13,468,000
Atlanta		32,595,000	28,545,000
Chicago		283,159,000	223,659,000
St. Louis		57,616,000	39,716,000
Minneapolis		12,959,000	11,529,000
Kansas City		56,533,000	42,983,000
Dallas		49,700,000	43,960,000
San Francisco		107,118,000	88,458,000
	TOTAL	$2,558,601,000	$1,501,661,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, January 19, 1954

H-372

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Atlanta	32,595,000	28,545,000
Chicago	283,159,000	223,659,000
St. Louis	57,616,000	39,716,000
Minneapolis	12,959,000	11,529,000
Kansas City	56,533,000	42,983,000
Dallas	49,700,000	43,960,000
San Francisco	107,118,000	88,458,000
TOTAL	$ 2,558,601,000	$1,501,661,000

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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 January 28, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 28, 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,

ALPHA

TREASURY DEPARTMENT
Washington

H-373

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Thursday, January 21, 1954.

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 28, 1954, in the amount of $1,499,879,000, 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 28, 1954, and will mature April 29, 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 25, 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

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The budget situation does not permit further reductions in the government's income at this time. We are therefore requesting that the proposed cut in corporate ~~rate~~ taxes be deferred for one year and that the excises scheduled for reduction on April 1 be continued. Any adjustments that may be considered in other excise taxes should only be such as to maintain the ~~total yield~~ total amount of money we are now receiving from this source.

As rapidly as further reductions in government expenditures are in sight we are determined to make further reductions in taxation. ~~so that~~ In that way more people can have more money left after taxes to spend, to save or to invest in their own way for the purposes which they think best for themselves instead of having the government taxing and spending it for them.

get new machinery. ~~and~~ It will stimulate building, revamping and modernization of plants and equipment and spur on the whole machine tool industry to greater production.

Nothing can so add to our national strength and preparedness as modernization of the whole industrial plant in America and nothing will make more sure more jobs at which ~~man~~ millions of people can earn high wages by producing more and better goods.

These revisions, as they help our economy expand, will also result in more personal income to be spent by taxpayers for their own account and in their own way and so will provide more money for the purchase of better goods and services. I have mentioned only a few of the many revision items which contribute to the growing healthy economy so important to all of us as well as giving proper help to the millions of individuals involved.

I have said many times in recent months when talking about this revision program that we can not afford as much reduction in tax as we would all like immediately, but that we will set a pattern of reduction on which a start can be made. The President is proposing today much more than a start. He is proposing a completely new framework for the tax system. The revision proposal definitely puts us on the road to fairer tax returns for millions with more incentive for a continually expanding economy, with all that that means for ~~the~~ future employment and high standards of living for all Americans.

This start toward relief from the double taxation of dividends will be helpful to the whole economy by making equity financing--that is, buying of shares of stock instead of bonds in an enterprise--more attractive. This will counter the trend of recent years toward too much dependence on borrowed money for working capital and expansion. Any enterprise which is too heavily in debt is not able to develop as well or as quickly as it could if not so burdened. It is also in a less favorable position in more highly competitive times. So, ~~that~~ the double taxation of dividends proposal ~~is not only of special benefit to the small stockholder but is also designed to properly~~ encourage greater economic growth and steadier, better employment.

The proposal for liberalization of the tax treatment of depreciation also will aid economic growth and be especially helpful for small business. The proposed revision will allow more discretion in how investments will be written down without increasing the tot deduct At present the deductions are usually written off uniformly and often, especially in the early years, are below actual depreciation. This discourages long-range investment on which the risk cannot be clearly foreseen. It also makes it more difficult for financing, particularly for small business. The proposal to allow more discretion will help ~~not only the small businessman but~~ the manufacturer in buying new machinery and the storekeeper in expanding his store. It will help the farmer

2

H-394

FOR RELEASE AT NOON THURSDAY

~~Statement by Treasury Secretary Humphrey at news conference at 2:30 p.m., Wednesday, January 20, 1954, on tax aspects of the President's budget.~~

The proposed revision of the tax system represents much cooperative work by the House Ways and Means Committee, its staff and the Treasury Department. The 25 specific items listed in the President's message are very important for the future of all Americans.

The revision accomplishes two principal objectives:

(1) It will make the tax burden fairer for millions of individual taxpayers by removing most of the more serious tax inequities ~~hardships~~ and tax complications.

(2) It will encourage small business, stimulate production and create bigger payrolls and more and better jobs by reducing restraints and by encouraging initiative and investment.

The revisions, which will benefit millions of individuals, include those giving better tax treatment for working ~~dependents~~ children, for child care expenses, for doctors' bills and for annuities, as well as simplified procedures for filing returns. The proposal for partial relief from double taxation of dividends will be a stimulant to investment for the purchase of new and improved machinery, plants and equipment to make jobs and improve earnings. The exemption from taxation of the first $50 in 1954 and the first $100 in 1955 and later years will be a real benefit and encouragement to smaller investors.

Same heading (1) +1-37

As the Director of the Budget has told you, we have reduced anticipated government spending by over $12 billion since just a year ago. The deficit of over $9 billion for the last year ~~we finished for~~ of our predecessors will be less than $4 billion in the current year and less than $3 billion in the year for which this new budget--our first--is made. That is a tremendous reduction both in dollars and in percentage in any business anywhere. And in addition to all this are $5 billion = the lines [illegible] cut from the tax bill for the people

NT Our dollar has been stable in value for months. Our debts are increasing only by approximately the amount of the bonds we put in the trust funds. We are not having to increase short-term borrowing for additional money from the banks, with all its inflationary implications.

Controls are forgotten. Money and credit are plentiful. A new foreign policy is crystallizing. A new defense program is here, and its first economies are included in this budget. Defense spending is still high but on the way to continual, moderate, orderly reduction, with more security for less expense.

The first tax cuts have just become effective within the last few days, and the recommendations for the complete revision of the tax laws are included in this budget. Over $5 billion of tax savings are now ~~accruing to~~ being left with American consumers to increase their purchasing power in this year, and more will be released as rapidly as additional savings in government expenses are in sight.

TREASURY DEPARTMENT
Washington

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January 21, 1954.

H-374

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Nothing can so add to our national strength and preparedness as modernization of the whole industrial plant in America and nothing will make more sure more jobs at which millions of people can earn high wages by producing more and better goods.

These revisions, as they help our economy expand, will also result in more personal income to be spent by taxpayers for their own account and in their own way and so will provide more money for the purchase of those better goods and services.

I have mentioned only a few of the many revision items which contribute to the growing healthy economy so important to all of us as well as giving proper help to the millions of individuals involved.

I have said many times in recent months when talking about this revision program that we can not afford as much reduction in tax as we would all like immediately, but that we will set a pattern of reduction on which a start can be made. The President is proposing today much more than a start. He is proposing a completely new framework for the tax system. The revision proposal definitely puts us on the road to fairer tax returns for millions with more incentive for a continually expanding economy, with all that that means for future employment and higher standards of living for all Americans.

The budget situation does not permit further reductions in the government's income at this time. We are therefore requesting that the proposed cut in corporation taxes be deferred for one year and that the excises scheduled for reduction on April 1 be continued. Any adjustments that may be considered in other excise taxes should only be such as to maintain the total amount of money we are now receiving from this source.

However you must always remember that as rapidly as further reductions in government expenditures are in sight we are determined to make further reductions in taxation. In that way more people can have more money left after taxes to spend, to save or to invest in their own way for the purposes which they think best for themselves instead of having the government taxing and spending it for them.

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15

RELEASE MORNING NEWSPAPERS,
Tuesday, January 26, 1954.

H-375

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated January 28 and to mature April 29, 1954, which were offered on January 21, were opened at the Federal Reserve Banks on January 25.

The details of this issue are as follows:

Total applied for - $2,140,313,000
Total accepted - 1,500,313,000 (includes $217,103,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.748 Equivalent rate of discount approx. 0.998% per annum

Range of accepted competitive bids:

High - 99.756 Equivalent rate of discount approx. 0.965% per annum
Low - 99.736 " " " " " 1.044% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,276,000	$ 29,276,000
New York	1,594,115,000	1,023,075,000
Philadelphia	28,622,000	13,622,000
Cleveland	68,784,000	68,704,000
Richmond	17,441,000	17,241,000
Atlanta	25,270,000	24,670,000
Chicago	198,908,000	148,328,000
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Kansas City	49,325,000	48,425,000
Dallas	26,673,000	25,273,000
San Francisco	66,082,000	66,082,000
Total	$2,140,313,000	$1,500,313,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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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

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, January 28, 1954.

H - 376

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 **February 4, 1954**, in the amount of $ **1,500,621,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **February 4, 1954**, and will mature **May 6, 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, February 1, 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.

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Immediate
Thursday Jan 28

H-377

James H. Hard, Director of Personnel of the Treasury Department, has requested retirement ~~is retiring~~ effective January 31, the Treasury announced today.

Mr. Hard, who is 67 years of age and a South Carolinian by birth, has headed the Treasury Office of Personnel since June 16, 1947, having transferred to this Department from the Bureau of the Budget.

Prior to entering the service of the Budget Bureau in 1941, Mr. Hard served the State of Alabama and later Jefferson County, Alabama, in various capacities, including those of State Comptroller, adviser to the Finance and Tax Committee of the State Senate, and Director of Personnel for Jefferson County, in which the City of Birmingham is located.

Mr. Hard was an officer of the 30th Infantry in World War I. He and Mrs. Hard live at Cobb Island, Maryland.

~~Secretary Humphrey wrote Mr. Hard thanking for him his services to the Treasury and expressing the hope he would enjoy his well-earned retired status.~~

Joseph A. Jordan, Assistant Director, will become Acting Director of Personnel.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, January 28, 1954. H-377

James H. Hard, Director of Personnel of the Treasury Department, has requested retirement effective January 31, the Treasury announced today.

Mr. Hard, who is 67 years of age and a South Carolinian by birth, has headed the Treasury Office of Personnel since June 16, 1947, having transferred to this Department from the Bureau of the Budget.

Prior to entering the service of the Budget Bureau in 1941, Mr. Hard served the State of Alabama and later Jefferson County, Alabama, in various capacities, including those of State Comptroller, adviser to the Finance and Tax Committee of the State Senate, and Director of Personnel for Jefferson County, in which the City of Birmingham is located.

Mr. Hard was an officer of the 30th Infantry in World War I. He and Mrs. Hard live at Cobb Island, Maryland.

Joseph A. Jordan, Assistant Director, will become Acting Director of Personnel.

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H-378

IMMEDIATE RELEASE
Wednesday, January 27, 1954

Treasury Secretary Humphrey today made the following announcement:

~~The Treasury Department announced today that the~~ Subscription books will open on Monday, February 1, for the exchange of the 2-1/4 percent certificates of indebtedness which will mature February 15, 1954, in the amount of $8,114,165,000, and the 1-3/8 percent Treasury notes which will mature March 15, 1954, in the amount of $4,675,067,000.

Holders of the maturing securities will be offered the choice of one-year 1-5/8 percent certificates of indebtedness and 7-year and 9-month 2-1/2 percent Treasury bonds in exchange for their present holdings.

In addition, holders of the 2 percent bonds of 1952-54 which reach final maturity on June 15, 1954, in the amount of $5,825,463,500, and holders of the 2-1/4 percent bonds of 1952-55 and the 2-1/4 percent bonds of 1954-56 which will be called for redemption on June 15, 1954, in the amounts of $1,500,780,800 and $680,691,850, respectively, will also be given an opportunity to exchange their holdings at this time for the new 2-1/2 percent Treasury bonds, with interest adjustments as of February 15, 1954.

The new certificates will carry an interest coupon payable with the principal at maturity, and 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.

While the amount of the public debt outstanding in relation to the statutory limitation of $275 billion precludes the sale of a longer term bond for cash at this time, consideration is being given to such an offering at a later date.

The Treasury ~~also announced that it~~ will issue calls on February 15 for the redemption on June 15, 1954, of the 2-1/4 percent bonds of 1952-55 and the 2-1/4 percent bonds of 1954-56. The option to call the 2 percent bonds of 1951-55 and the 2 percent bonds of 1952-54 (due December 15, 1954) for redemption on June 15, 1954, will not be exercised.

The subscription books will close at the close of business Wednesday, February 3, 1954. Any subscriptions addressed to a Federal Reserve bank or branch or to the Treasury Department and placed in the mail before midnight February 3 will be considered as timely.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-379

RELEASE MORNING NEWSPAPERS,
Tuesday, February 2, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated February 4 and to mature May 6, 1954, which were offered on January 28, were opened at the Federal Reserve Banks on February 1.

The details of this issue are as follows:

Total applied for - $2,296,152,000
Total accepted - 1,500,268,000 (includes $181,373,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.739/ Equivalent rate of discount approx. 1.031% per annum

Range of accepted competitive bids:

High - 99.775 Equivalent rate of discount approx. 0.890% per annum
Low - 99.734 " " " " " 1.052% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 18,648,000	$ 16,748,000
New York	1,758,115,000	1,036,423,000
Philadelphia	33,623,000	18,623,000
Cleveland	46,173,000	41,173,000
Richmond	7,439,000	7,239,000
Atlanta	31,764,000	31,652,000
Chicago	232,339,000	190,179,000
St. Louis	16,377,000	16,377,000
Minneapolis	7,787,000	7,787,000
Kansas City	39,732,000	39,032,000
Dallas	33,669,000	29,109,000
San Francisco	70,486,000	65,926,000
TOTAL	$2,296,152,000	$1,500,268,000

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~~fraudulent use of mutilated coins in their devices. The four men are presently awaiting trial.~~

In a roundup of Secret Service activity, Chief Baughman reported that his agency received a total of 40,221 cases of all kinds for investigation, and that his agents completed 37,154 cases and arrested a total of 3,019 persons for all offenses. Of the cases which were prosecuted, 98.6 percent resulted in convictions. Prison sentences aggregated 2,779 years, with an additional 2,814 years suspended or probated.

As of December 31, the Secret Service still had 12,805 cases on hand awaiting investigation, Chief Baughman said.

Chief Baughman again ~~continued to~~ stressed the need for storekeepers to use caution in cashing Government checks for strangers. "The carelessness with which some business men cash checks is sometimes incredible," he said. "A few weeks ago a woman in Chicago received a formal Notice of Discontinuance of Allotment Pay. This is a form printed on cardboard, perforated like a Government check. Its purpose was merely to notify the addressee that she would no longer receive allotment checks in the amount of $137.10. The woman, believing the notice to be a check, took it to the proprietor of a Chicago tavern, who had her endorse it and then paid her $137.10 in cash. When the tavern owner took the check to his bank to deposit, he was surprised to find it was worthless."

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Chief Baughman reported the arrest~~s~~ of four men at Peoria, Illinois, for grinding one-cent coins to the size of dimes, and using them to operate merchandise-vending machines in a factory. ~~The men admitted that the grinding operations were performed on plant equipment and that the coins were used for months to buy soft drinks and candy. Vending machine owners in the area estimate that in the past few months they have lost several thousand dollars due to the~~

Neumann the balance of $559.96, and discovered the crime only after they were unable to deliver the set to the fictitious address he gave.

Neumann was trapped by coincidence. He stole a commercial check drawn by Swift and Company, Chicago, and made the mistake of asking Swift and Company to cash the check. The cashier recognized the payee's name as that of a girl in her own office. She asked the girl if the man at the window was her father. The girl said he was a stranger. Plant police were summoned, questioned Neumann, and found on his person a Government check for $1.25 and two other commercial checks. They called the Secret Service, who learned that since Neumann had been released from Leavenworth penitentiary on July 30, 1952, he had stolen and forged 125 Government checks and about 900 commercial checks.

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had gone on to Denver. In Denver, other agents quickly located Snead and the women in a motor court and took them into custody.

Snead's fingertips were scarred and agents learned that he had performed a surgical operation on his hands to hide the fact that he had a previous criminal record. He had transposed the top cushions of skin from the right to the left fingertips, and vice versa. Snead also revealed that he had divorced his first wife with her approval, in order that he might marry his second wife, who had inherited considerable money. After the second marriage he introduced his first wife as his sister and invited her on the honeymoon. Later he told the second wife the whole story, and the three were on friendly terms at the time they were arrested.

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The swindlers devised a new technique. After persuading the victim to withdraw a large sum of money from his bank, they explained that it was necessary to place the cash [redacted] in an oven as part of the "duplicating" process. Proving [redacted] the hand [redacted] quicker than the eye, the swindlers contrived to substitute for the real money a roll of blank paper treated with a heat-sensitive chemical. This they placed in the oven, and a few moments later the victim saw his "cash" burst into flame. Though angry and unhappy, the victim was afraid to report his loss to the police, believing that he would implicate himself in a criminal offense.

The swindlers ~~Brown and Campbell~~ next made the mistake of picking an honest man as their prey. He pretended to be interested in their proposition then notified the Secret Service. Arrests resulted and ~~When Brown prepared for his performance he was taken into custody, and Campbell was found waiting in a car which was loaded with~~ cheap chemicals and blank paper in "bankroll" form were seized. The men admitted their guilt, Chief Baughman said, and were turned over to New York Police for prosecution.

In San Francisco, California, a counterfeiter named Albert Snead, who feared the law was hot on his trail, dumped his counterfeiting equipment into the sea and fled to Colorado feeling reasonably safe. He neglected to consider that the incriminating evidence was sunk at high tide. When the tide receded, his plates, press and other materials were high and dry and were recovered by the Secret Service, who had been closing in on Snead. Agents descended upon his home at Santa Cruz only to find that Snead had left for parts unknown with his wife and his former wife.

A neighbor recalled a conversation in which Snead mentioned Las Vegas, Nevada. Agents sped to Las Vegas, canvassed motels, and learned that the trio bore an Indiana tag. The Secret Service was notified, the car was traced, and with the help of Indiana police the three men were arrested and charged with passing nearly $300 in bogus notes in and around Pittsburgh.

The boy responsible for their capture said he had studied the Secret Service material on the detection of counterfeit money as a part of his school's Problems of Democracy class. The three men are now awaiting trial.

The perennial "green goods" game was played and lost by swindlers in Cleveland and in New York City. The green goods scheme has been used for years to cheat the gullible who watch fake "scientists" duplicate money before their very eyes, then invest their savings in a "money-making machine." In Cleveland a man reported to the Secret Service that he had been approached by Mladin Lukan, a jeweler, who offered him a chance "to make a fortune." Secret Service agents and Cleveland police concealed themselves in the victim's home and watched while Lukan demonstrated his green-goods machine, a fancy box rigged with lights, batteries and coils. After the demonstration Lukan was arrested. He pleaded guilty and was sentenced to serve 15 months in a Federal prison.

The New York case centered around an old offender ~~Lester Brown, alias "The Old Professor,"~~ whose previous 14 arrests had compelled him to spend most of his life behind bars, according to the Secret Service. ~~Brown,~~ blessed with a cherubic face, he went into partnership with another old-time confidence man ~~named Campbell.~~ The latter's ~~Campbell's~~ job was to spot a prosperous merchant in New York's Harlem and convince him that it was possible to ~~"The Old Professor" could~~ make two dollar bills where there was only one before.

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Descriptions of the new counterfeits were rushed to all banks, and ~~several~~ agents were diverted from other enforcement work to crack down on the counterfeiters. Two suspects kept under surveillance since Christmas were arrested January 20 in San Gabriel, California, for making bogus $20 notes, the first of which appeared in circulation December 21 in Los Angeles. Agents seized cameras, presses, inks and paper just as the counterfeiters were preparing to move to another location. Both men are held under $10,000 bail awaiting trial.

Two other men accused of being ~~said by Baughman to be~~ responsible for manufacturing counterfeit $5 and $10 bills were arrested January 4 in San Francisco after some of the counterfeits turned up there and in Honolulu. They are awaiting court action.

Working with city police in Columbus and Atlanta, Ga., agents apprehended four men on December 30 and seized plates for counterfeit $5, $10 and $20 notes. One of the quartette owned a plumbing shop which appeared to have become the workshop for the counterfeiting operation.

Immediate

H-380

~~(Press Release - U. S. Secret Service~~
~~Calendar Year 1953)~~

An influx of new counterfeit bills marked the close of *1953* ~~the old year,~~ according to ~~an annual report to the Secretary of the Treasury in which~~ U. E. Baughman, Chief of the U. S. Secret Service, *in a review of* ~~highlighted~~ the activities of his agents during ~~1953.~~ *the year.)*

The wave of counterfeiting began just before Christmas when scores of new and deceptive counterfeit $5, $10 and $20 bills were passed on retail storekeepers in *many sections of the country.* ~~the east, the midwest and south.~~ Most of the bogus notes are of excellent workmanship, Chief Baughman said.

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During 1953 the Secret Service captured 15 plants for the manufacture of counterfeit bills, arrested 199 persons for counterfeiting offenses, and seized $359,658.43 in counterfeit bills and coins. Of this amount, $190,163.82 was captured before it could be put into circulation. The balance of $169,494.61 was passed in retail stores.

When Ellis J. Aylward was arrested at El Paso, Texas, ~~One man arrested in Texas~~ for counterfeiting *he* said he never intended to pass the $80,000 worth of partially-printed $5 bills which special agents seized with ~~his~~ *his printing* equipment. "I was just making them for the heck of it," he insisted. The *faces of the* fives were of superior quality, ~~and~~ *they* were printed four to a sheet. ~~but with the faces only.~~ Agents raided ~~his~~ *The* plant before *any attempt* ~~was~~ *made* ~~he had a chance~~ to print the backs. *Aylward was convicted and given a 10-year prison sentence.*

The "Know Your Money" program of the Secret Service paid off in at least one case near Pittsburgh, Pa., when a ~~16-year-old~~ high school boy *working as a clerk* detected a counterfeit $10 note after it was passed by one of three men in a car. The boy called to another clerk to get the license number of the automobile, which

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stimulated by tax relief and reduction to almost every taxpayer in the nation

That growth is the basic purpose of our tax program.

~~Those who do not want tax revisions which will encourage initiative are those who do not want more and better jobs for millions of Americans. Not to want to see initiative live and grow is not to want better jobs and better living for all Americans.~~

It ~~is easy to~~ try to make ~~political~~ capital by distorting ~~the purposes of our~~ tax efforts. ~~But I believe the average American wants his~~ government ~~to do what is required in~~ order to help the economy keep strong ~~and growing~~. For ~~he knows~~ that ~~it is~~ this economy which ~~provides him~~ with his job and a ~~chance to better himself as the years go~~ by.

As representatives ~~of the Treasury, we are~~ particularly ~~concerned~~ with the basic value of this tax program will ~~upon the~~ to build a firm foundation the future health of our economy. ~~I repeat that if we do the things that facts show we should do~~, and that we can look to the future with great confidence.

I shall be glad to answer any questions.

Nothing can so add to our national strength and preparedness as modernization of the whole industrial plant in America and nothing will make more sure more jobs at which millions of people can earn high wages by producing more and better goods, at less cost.

These revisions, as they help our economy expand and reduce the taxes required, will also result in more personal income to be spent by taxpayers for their own account and in their own way and so will provide more money for the purchase of those better goods and services.

~~Some quarters suggest that~~ Additional tax cuts for all the taxpayers ~~would be a greater~~ will of course benefit ~~to American taxpayers~~. But until more reductions in Government expenditures are in sight [illegible] cuts in taxes will only add to the [illegible]. However as [illegible] as reduced expenditures can permit further tax reductions will [illegible] be made. ~~This would certainly be the immediate reaction but we think~~ ~~in~~ putting first things first, we must make sure we are doing the things that by restoring initiative will keep our economy expanding. More tax cuts from ~~our~~ the pay check will be of little value if ~~we have~~ there is no job to ~~give us a~~ make the pay check in the first place.

As long as Americans know there is adequate chance for gain they will save and invest. They will try new things that will bring forward new business, growing business, more jobs, better jobs, and higher and better standards of living. ~~for everyone~~.

In the past decade the growth of American industry was stimulated ~~depended too~~ by a lot and much on war and inflation. With these unwanted pressures ~~pretty much~~ [illegible] absent, we need to again make initiative and enterprise more ~~worth while~~ compelling if our economy is ~~going~~ to continue to grow ~~in the future~~.

Better prospects for ~~providing~~ enabling companies to get shareholder financing--instead of going into debt--thus means better prospects for all Americans who work, for ~~it is no secret that~~ increasingly better jobs come more surely out of companies that are moving forward and expanding.

There has also been some misunderstanding about what we are proposing in depreciation. Depreciation is really the wrong word. ~~and has the connotation of something slightly improper~~. Buildings and Machinery not only wear out but they become old fashion and [illegible] far more than [illegible] can do a well either in earnings [illegible] or in [illegible] as more modern up to date equ[illegible] would make possible. Depreciation is simply the method by which the cost of a building or piece of machinery is ~~spread~~ recovered over the years ~~when~~ during which it is being used up and worn out. ~~Actually, depreciation occurs faster in the first few years~~ than it d~~oes toward the end of a property's li~~fe. At the moment these deductions must usually be spread out evenly over the years for tax purposes. But if ~~you haven't been able to write off~~ the cost of a piece of machinery has not been [illegible] by the time ~~you~~ it should [illegible] would like to replace ~~it~~ with the better machinery, there is less inclination to buy a new piece of machinery that will do the job better and cheaper than ~~the~~ the old machinery ~~you are~~ still in use using. Our proposal [illegible] increase [illegible] may be taken as [illegible] deduction by one [illegible] to let more depreciation be taken in early years, and allow more of [illegible] in [illegible] years simply recognizes the facts; ~~In~~ doing so ~~we shall~~ will help our economy to stay modern and up to date, and so to grow and expand faster. And again repeating the obvious, out of this growing economy come more and better jobs. It also is very helpful to the small and growing concern in arranging its finances for new purchases of additional or more modern equipment and so a small business to forge ahead.

bills, for annuities, and from easier procedures in filing returns.

And these same millions will benefit even more from such revisions as liberalization of the tax treatment of depreciation and partial relief from double taxation of dividends. Everyone will benefit because the economy will

with the resulting creation of more jobs with better [illegible]

benefit ~~and continue to grow~~.

Machinery [illegible] payrolls and cheaper better ~~[illegible]~~ things for public consumption

The tax revision program, by helping the economy to

[illegible] Ever [illegible]

grow and expand, will ~~create~~ more and better jobs. To see

with ~~by~~ steadier [illegible] employment and [illegible] standards of living.

~~this is~~ simply to ~~put~~ first things first.

the [illegible] some relief from the double taxation of

In this connection ~~the~~ dividends ~~and depreciation pro-~~

Under present law,

~~posals~~ may not be well ~~enough~~ understood. ~~At the moment,~~ earnings of a corporation are taxed twice--once as corporation income and again as individual income when they are paid

5 [illegible]

out in dividends to the ~~six~~ million shareholders in American

restricted the market for shares [illegible] in and has forced the

industry. This has ~~forced~~ companies which want to expand to borrow money instead of selling shares in their future. In the past ten years better than 75 percent of private-industry financing has been done by going in debt instead of selling shares. What does this mean? It means simply that we have enterprise heavily in debt so that it doesn't develop as well or as quickly as it would without heavy debts hanging over it; ~~and~~ Should business turn down, a company in heavy debt is, of course, ~~in bad shape~~. easily drawn into trouble.

the reduction of government expen~~ses~~ ~~will be further decreased~~. ~~With this further decrease in sight, it is good sense to~~ and begin to transfer ~~the~~ billions of dollars which the government will not be spending back to the taxpayers so that there will not be any sudden dislocation resulting from ~~any absence~~ the lack of ~~large billions of~~ those dollars being available to be put into the nation's spending stream. In that way we help to maintain stability.

It is important to notice that i~~nasmuch as it looks as though~~ we ~~will~~ expect to almost reach a cash balance this year--and a small cash surplus in fiscal 1955. ~~--We~~ are thus eliminating the recurring ~~the policy of~~ cash deficit financing from the public, which is ~~unwise in~~ inflationary in times of high levels of activity. At the same time we are moving closer each year to an administrative budget balance, which is a goal we ~~certainly will~~ are determined to reach.

In addition to the $5 billion tax cuts of January 1, we are recommending a general revision of the tax system. It will do two principal things:

(1) It will make the tax burden fairer for millions of individuals by removing the more serious tax inequities and complications.

(2) It will stimulate production and create bigger payrolls and more and better jobs by reducing restraints and by encouraging initiative and investment.

Millions of Americans will benefit from better tax treatment for working children, child care expenses, for doctors'

HOLD FOR RELEASE (scheduled for about 10:00 a.m., Tuesday, February 2, 1954)

Statement by Treasury Secretary Humphrey before Joint Committee on the Economic Report, February 2, 1954

Mr. Chairman, I am pleased to have ~~glad for~~ the opportunity to appear before your committee this morning to discuss the 1954 Economic Report of the President which was submitted to the Congress last week.

I subscribe ~~completely~~ to the conclusion of the report to the effect that this nation can make the transition to a period of less costly military preparedness without serious interruption ~~in~~ our economic growth. As the President says in the letter of transmittal, there is much that justifies confidence in the future.

Changes ~~that~~ which this administration has put into effect, as well as others which have been recommended, in the tax structure ~~field~~, contribute ~~a~~ greatly ~~deal~~ to our confidence in the future.

As you gentlemen well know, this administration in the past twelve months has cut more than $12 billion in anticipated government spending. This reduction in proposed spending made possible the tax cuts on January 1. These cuts now are leaving with the taxpayers over $5 billion a year which formerly was spent by the government. We are cutting taxes, even though we have not arrived at a budget balance. There is ~~for~~ a very good reason for this. We must always ~~look ahead to the fact that~~ anticipate

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It is important to notice that we expect to almost reach a cash balance this year--and a small cash surplus in fiscal 1955. We are thus eliminating the necessity for cash deficit financing from the public which is inflationary particularly in times of high levels of activity. At the same time we are moving closer each year to an administrative budget balance, which is a goal we are determined to reach.

In addition to the $5 billion tax cuts of January 1, we are recommending a general revision of the tax system. It will do two principal things:

(1) It will make the tax burden fairer for millions of individuals by removing the more serious tax inequities and complications.

(2) It will stimulate production and create bigger payrolls and more and better jobs by reducing restraints and by encouraging initiative and investment.

Millions of Americans will benefit from better tax treatment for working children, child care expenses, for doctors' bills, for annuities, and from easier procedures in filing returns.

And these same millions will benefit even more from such revisions as liberalization of the tax treatment of depreciation and partial relief from double taxation of dividends. Everyone will benefit because the economy will benefit with the resulting creation of more jobs with better tools and machinery to produce higher payrolls and cheaper better things for public consumption.

The tax revision program, by helping the economy to grow and expand, will benefit every citizen, with steadier employment and higher standards of living.

In this connection the proposal for some relief from the double taxation of dividends may not be well understood. Under present law, earnings of a corporation are taxed twice--once as corporation income and again as individual income when they are paid out in dividends to the millions of shareholders in American industry. This has restricted the market for shares of stock in companies which want to expand and has forced them to borrow money instead of selling shares in their future. In the past ten years better than 75 percent of private-industry financing has been done by going in debt instead of selling shares. What does this mean? It means simply that we have enterprise heavily in debt so that it doesn't develop as well or as quickly as it would without heavy debts hanging over it. Should business turn down, a company in heavy debt is, of course, easily drawn into trouble.

Better prospects for enabling companies to get shareholder financing--instead of going into debt--thus means better prospects for all Americans who work, for increasingly better jobs come more surely out of companies that are moving forward and expanding.

There has also been some misunderstanding about what we are proposing in depreciation. Depreciation is really the wrong word. Buildings and machinery not only wear out but they become old fashioned and neither the workman using them nor the business owning them can do as well either in earning wages or in decreasing costs as more modern, up-to-date equipment would make possible. Depreciation is simply the method by which the original cost of a building or piece of machinery is recovered over the years during which it is being used up and worn out. At the moment these deductions must usually be spread out evenly over the years for tax purposes. But if the cost of a piece of machinery has not been written off by the time it should be replaced with the better machinery, there is less inclination to buy a new piece of machinery that will do the job better and cheaper than keeping the old machinery still in use. Our proposal to let more depreciation be taken in early years does not increase the total that may be taken as tax deduction by one cent. It simply recognizes the facts and allows more of the deduction in earlier years. Doing so helps our economy to stay modern and up to date, and so to grow and expand faster. And again repeating the obvious, out of this growing economy come more and better jobs. It also is very helpful to the small and growing concern in arranging its finances for new purchases of additional or more modern equipment and so aids small business to forge ahead.

Nothing can so add to our national strength and preparedness as modernization of the whole industrial plant in America and nothing will make more sure more jobs at which millions of people can earn high wages by producing more and better goods at less cost.

These revisions, as they help our economy expand and reduce the taxes required will also result in more personal income to be spent by taxpayers for their own account and in their own way and so will provide more money for the purchase of those better goods and services.

Additional tax cuts for all the taxpayers will of course benefit them. But until more reductions in Government expenditures are in sight further cuts in taxes will only add to the deficit. However as rapidly as reduced expenditures can be seen, further tax reductions will promptly be made. In the meanwhile, putting first things first, we must make sure we are doing the things that by restoring initiative will keep our economy expanding. More tax cuts from the pay check will be of little value if there is no job to make the pay check in the first place.

As long as Americans know there is adequate chance for gain they will save and invest. They will try new things that will bring forward new business, growing business, more jobs, better jobs, and higher and better standards of living.

In the past decade the growth of American industry was stimulated by debt and war and inflation. With these unwanted pressures fading, we need to again make initiative and enterprise more compelling if our economy is to continue to grow.

That growth stimulated by tax relief and reduction to almost every taxpayer in the nation is the basic purpose of our tax program.

We believe that this tax program will help to build a firm foundation for the future health of our economy and that we can look to the future with great confidence.

I shall be glad to answer any questions.

oOo

During heavy tax periods, particularly, there would be a tremendous shifting of funds between banks and communities. The transfer of $8 to $9 billion in the middle of March from the various communities throughout the country to the accounts of the Government at Federal Reserve Banks would play havoc with the banking system and business. In order to meet such withdrawals, in many instances banks would have to restrict credit and liquidate securities in the market.

Millions of dollars of additional clerk hire, costs of currency shipments and transfer of funds would be necessary if the Government should handle the business now handled for it by banks in connection with deposits of withheld income and social security taxes, the issuance of U. S. savings bonds, and the handling of subscriptions to other types of Government securities. If all remittances had to be sent to Reserve Banks for collection, the Government would have many more millions of dollars tied up in process of collection.

All Government deposits in banks are fully secured by securities pledged with Federal Reserve Banks. Also, member banks are required to maintain a reserve with Federal Reserve Banks against Government deposits as well as other deposits. At the present time this reserve amounts to about 18 per cent for all classes of member banks.

Under the Banking Act of 1933, banks are prohibited from paying interest on demand deposits, including Government deposits. In view of the short time they hold Government deposits, often only a few days, and the services they render, the present arrangement appears equitable.

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Initial copy only

H-382

WHY THE GOVERNMENT KEEPS MONEY ON DEPOSIT IN BANKS

Out of 14,000 eligible banks in the United States, approximately 11,000 have Government deposits. These accounts serve as a pipeline for the flow of taxes and the proceeds from the sale of Government securities from the public into the Treasury's accounts at the Federal Reserve Banks. They also serve as temporary reservoirs on which the Treasury draws as it needs funds. The amount now in these accounts is equal to about two weeks' expenditures of the Government.

The Treasury keeps money in banks because (a) it is the most efficient and economical way to handle the Government's business, and (b) it avoids withdrawing funds from communities before they can be returned through Government disbursements.

Congress passed the National Banking Act in 1863 specifically authorizing the Secretary of the Treasury to deposit money in banks after efforts by the Government during the Civil War to act as its own banker failed, resulting in the suspension of specie payments.

The present system enables the Treasury to keep a smooth flow of money despite the unevenness of the flow of Government revenue and expenditure. Assume for instance that Bank X in Panhandle, Texas, sells a half million dollars of savings bonds to its customers. This money is left on deposit in Panhandle until it is needed at the Federal Reserve Bank of Dallas to pay the Government's bills. If this money should immediately be withdrawn from the bank at Panhandle, before it can be returned to channels of trade through Government disbursement, the money in the community of Panhandle would be transferred to Dallas.

TREASURY DEPARTMENT
Washington

February 2, 1954

Secretary Humphrey today made the following statement before the Joint Committee on the Economic Report in reply to questions on government deposits in banks:

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During heavy tax periods, particularly, there would be a tremendous shifting of funds between banks and communities. The transfer of $8 to $9 billion in the middle of March from the various communities throughout the country to the accounts of the Government at Federal Reserve Banks would play havoc with the banking system and business. In order to meet such withdrawals, in many instances banks would have to restrict credit and liquidate securities in the market.

Millions of dollars of additional clerk hire, costs of currency shipments and transfer of funds would be necessary if the Government should handle the business now handled for it by banks in connection with deposits of withheld income and social security taxes, the issuance of U. S. savings bonds, and the handling of subscriptions to other types of Government securities. If all remittances had to be sent to Reserve Banks for collection, the Government would have many more millions of dollars tied up in process of collection.

All Government deposits in banks are fully secured by securities pledged with Federal Reserve Banks. Also, member banks are required to maintain a reserve with Federal Reserve Banks against Government deposits as well as other deposits. At the present time this reserve amounts to about 18 per cent for all classes of member banks.

Under the Banking Act of 1933, banks are prohibited from paying interest on demand deposits, including Government deposits. In view of the short time they hold Government deposits, often only a few days, and the services they render, the present arrangement appears equitable.

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.

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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 **February 11, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **February 11, 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,

~~XXXXXXXXX~~

~~XXXXX~~

TREASURY DEPARTMENT
Washington

H-383

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, February 4, 1954 .

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 **February 11, 1954** , in the amount of $**1,500,066,000** , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **February 11, 1954** , and will mature **May 13, 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, February 8, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Thursday, February 4, 1954.

H-383

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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 February 11, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 11, 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.

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SUGGESTED TREASURY RELEASE

Treasury Secretary George M. Humphrey today awarded to ~~presented~~ the employees of Republic Steel Corporation a special citation for the outstanding Savings Bonds record they achieved during a ~~its~~ recent payroll savings drive. The Secretary presented the citation to Charles M. White, president of Republic Steel, who in accepting ~~the award~~ on behalf of the company's employees ~~Charles M. White accepted the citation in behalf of some 70,000 employees. Over 96 per cent of the company's workers, a total of 66,091,~~ said 66,091 workers — 96 percent of the number employed — are now purchasing regularly United States savings bonds through the payroll savings plan. They are investing $16 million a year in bon

In presenting the citation to the industrialist, Secretary Humphrey told ~~stated that,~~ Mr. White that he and the employees of the Republic Steel Corporation "give practical support to the national effort for strengthening the value of the dollar." ~~At the same time these men and women are building their own individual financial security and their nation's stability.~~

~~"It is gratifying," the Secretary continued, "that 66,000 employees of Republic Steel Corporation are investing more than $16 million a year in United States savings bonds."~~

Currently, Mr. White is the subject of a special business publications advertisement appearing this month in approximately 500 magazines entitled, "I am Proud to be a Savings Bonds Salesman for Uncle Sam."

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Treasury Secretary George M. Humphrey today awarded to the employees of Republic Steel Corporation a special citation for the outstanding Savings Bonds record they achieved during a recent payroll savings drive. The Secretary presented the citation to Charles M. White, president of Republic Steel, who in accepting on behalf of the company's employees said 66,091 workers --- 96 percent of the number employed --- are now purchasing ~~regularly~~ United States Savings Bonds regularly through the payroll savings plan. They are investing $16 million a year in bonds.

In presenting the citation to the industrialist, Secretary Humphrey told Mr. White that he and the employees of the Republic Steel Corporation give practical support to the national effort for ~~strengthening the value of the dollar.~~ sound Government financing. "We especially need the ~~help~~ assistance of ~~top~~ management in encouraging more people in ~~it~~ industry and business to purchase savings bonds regularly," the Secretary said. "Through the payroll savings plan, every worker can take an active part in our current campaign to spread the ownership of the national debt more widely, and to given Americans a dollar that keeps its value over the years."

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Immediate Thursday Feb 4

H-384

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In presenting the citation, [redacted] Secretary Humphrey told Mr. White that he and the employees of the Republic Steel Corporation are giving ~~gave~~ practical support to the national effort for sound Government financing.

"We especially need the assistance of management in encouraging more people in industry and business to purchase savings bonds regularly", the Secretary said. "Through the payroll savings plan, every worker can take an active part in our current campaign to spread the ownership of the national debt more widely, and to give~~s~~ Americans a dollar that ~~keeps its~~ value over the years."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, February 4, 1954.

H-384

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"We especially need the assistance of management in encouraging more people in industry and business to purchase savings bonds regularly", the Secretary said. "Through the payroll savings plan, every worker can take an active part in our current campaign to spread the ownership of the national debt more widely, and to give Americans a dollar that has relative stability over the years."

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H-385

IMMEDIATE RELEASE,
Friday, February 5, 1954

preliminary

The Treasury Department announced today that reports received from the Federal Reserve Banks show that subscriptions for the current exchange offering so far tabulated amount to ~~over~~ more than $10 billion for the new 7-year 9-month 2-1/2 percent bonds, and ~~over~~ more than $6,600 million for the new one-year 1-5/8 percent certificates of indebtedness.

Because of the large number of securities outstanding in the five issues eligible for exchange, and the heavy burden ~~imposed~~ on banks in handling subscriptions for their customers, the Federal Reserve Banks have not yet completed the processing of ~~all~~ subscriptions received by mail.

~~Further reports of subscriptions received, and details of the exchanges by issues, will be announced on Tuesday, February 9.~~

A final report will be made in a few days

WRB

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, February 5, 1954. H-385

The Treasury Department announced today that preliminary reports received from the Federal Reserve Banks show that subscriptions for the current exchange offering so far tabulated amount to more than $10 billion for the new 7-year 9-month 2-1/2 percent bonds, and more than $6,600 million for the new one-year 1-5/8 percent certificates of indebtedness.

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A final report will be made in a few days.

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H-386

RELEASE MORNING NEWSPAPERS,
Tuesday, February 9, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated February 11 and to mature May 13, 1954, which were offered on February 4, were opened at the Federal Reserve Banks on February 8.

The details of this issue are as follows:

Total applied for - $2,252,689,000
Total accepted - 1,500,294,000 (includes $221,447,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.774 Equivalent rate of discount approx. 0.893% per annum

Range of accepted competitive bids:

High - 99.780 Equivalent rate of discount approx. 0.870% per annum
Low - 99.770 " " " " " 0.910% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,328,000	$ 20,368,000
New York	1,678,547,000	1,004,487,000
Philadelphia	30,724,000	15,224,000
Cleveland	34,314,000	33,671,000
Richmond	12,891,000	12,449,000
Atlanta	24,815,000	21,944,000
Chicago	265,169,000	221,963,000
St. Louis	19,815,000	18,659,000
Minneapolis	12,032,000	11,036,000
Kansas City	44,643,000	41,418,000
Dallas	21,972,000	21,722,000
San Francisco	82,439,000	77,353,000
TOTAL	$2,252,689,000	$1,500,294,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, February 9, 1954.

H-386

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Kansas City	44,643,000	41,418,000
Dallas	21,972,000	21,722,000
San Francisco	82,439,000	77,353,000
TOTAL	$2,252,689,000	$1,500,294,000

SUBSCRIPTIONS BY FEDERAL RESERVE DISTRICTS

FEDERAL RESERVE DISTRICT	1-5/8% SERIES A-1955 CERTIFICATES	2-1/2% TREASURY BONDS OF 1961
Boston	$ 79,933,000	$ 456,735,500
New York	5,151,934,000	4,688,578,000
Philadelphia	57,874,000	314,259,000
Cleveland	177,747,000	604,264,000
Richmond	64,572,000	211,000,500
Atlanta	172,350,000	289,578,500
Chicago	532,241,000	1,730,497,500
St. Louis	123,152,000	420,097,000
Minneapolis	96,390,000	263,427,000
Kansas City	187,223,000	406,106,500
Dallas	79,666,000	300,826,500
San Francisco	212,862,000	1,317,039,000
Treasury	22,165,000	35,039,000
TOTAL	$6,958,109,000	$11,037,448,000

SUBSCRIPTIONS BY FEDERAL RESERVE BANKS

MATURING CERTIFICATES AND NOTES	Amount Outstanding	Amount Exchanged For Certificates	Amount Exchanged for Bonds
2-1/4% Certificates maturing 2/15/54	$8,114,165,000	$5,614,651,000	$2,334,172,400
1-3/8% Notes maturing 3/15/54	4,675,067,000	1,343,458,000	3,232,336,000
BONDS MATURING OR TO BE CALLED			
2% Bonds of 1952-54 maturing 6/15/54	5,825,463,500	(not eligible)	4,031,795,900
2-1/4% Bonds of 1952-55 to be called for redemption on 6/15/54	1,500,780,000	(not eligible)	1,073,022,600
2-1/4% Bonds of 1954-56 to be called for redemption on 6/15/54	680,691,850	(not eligible)	366,121,100
TOTALS	$20,796,168,150	$6,958,109,000	$11,037,448,000

The following tables show the amounts outstanding of the five issues eligible for exchange in the current offering and the extent to which they are being exchanged for the new issues, and subscriptions by Federal Reserve Districts.

H-387

For release A.M. Newspapers
Wednesday, Feby 10, 1954

The Treasury Department announced today that reports thus far received from Federal Reserve Banks show that subscriptions for the current exchange offering amount to about $ 6,958 million for the new one-year 1-5/8% certificates and $ 11,037 million for the new 7-year 9-month $2\frac{1}{2}\%$ bonds.

Secretary Humphrey said he regarded the response to the offering as "excellent, particularly in regard to the amount of the subscriptions for the new 7-year 9-month bonds.

"~~A very substantial amount~~ -- More than $ 11 billion -- of medium-term securities has been placed, in a single operation, ~~in a market long accustomed prior to last year to being offered only short-term in refinancing undertakings", the Secretary said.~~

"~~The new bond will be the largest Treasury bond issue outstanding.~~" the Secretary said.

~~More than $ billion of the subscriptions represent the voluntary exchange of maturing short-term certificates and notes for medium-term bonds in preference to new short-term obligations.~~

Of $8 billion in bonds maturing or to be called on June 15, holders of which were given about $ 5.5 billion are now being exchanged voluntarily for the new medium-term bonds, ~~though the holders had the option of waiting for a further offering by the Treasury nearer to the June maturity or call date.~~

Holders of the remaining June bonds will be given an opportunity by the Treasury to exchange their securities for a presumably short-term x

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE A.M. NEWSPAPERS,
Wednesday, February 10, 1954.

H-387

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Secretary Humphrey said he regarded the response to the offering as "excellent, particularly in regard to the amount of the subscriptions for the new 7-year 9-month bonds. More than $11 billion of medium-term securities has been placed in a single operation," the Secretary said.

Of $8 billion in bonds maturing or to be called on June 15, holders of which were given the option of exchanging into bonds, about $5.5 billion are now being exchanged voluntarily for the new medium-term bonds. Holders of the remaining June bonds will be given an opportunity later to exchange their securities for a Treasury issue, probably short-term.

The following tables show the amounts outstanding of the five issues eligible for exchange in the current offering and the extent to which they are being exchanged for the new issues, and subscriptions by Federal Reserve Districts.

MATURING CERTIFICATES AND NOTES	Amount Outstanding	Amount Exchanged for Certificates	Amount Exchanged for Bonds
2-1/4% Certificates maturing 2/15/54	$8,114,165,000	$5,614,651,000	$2,334,172,400
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BONDS MATURING OR TO BE CALLED			
2% Bonds of 1952-54 maturing 6/15/54	5,825,463,500	(not eligible)	4,031,795,900
2-1/4% Bonds of 1952-55 to be called for redemption on 6/15/54	1,500,780,800	(not eligible)	1,073,022,600
2-1/4% Bonds of 1954-56 to be called for redemption on 6/15/54	680,691,850	(not eligible)	366,121,100
TOTALS	$20,796,168,150	$6,958,109,000	$11,037,448,000

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San Francisco	212,862,000	1,317,039,000
Treasury	22,165,000	35,039,000
TOTAL	$6,958,109,000	$11,037,448,000

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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 February 18, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 18, 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,

TREASURY DEPARTMENT
Washington

H-388

FOR RELEASE, MORNING NEWSPAPERS,
Wednesday, February 10, 1954.

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 February 18, 1954, in the amount of $1,501,687,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated February 18, 1954, and will mature May 20, 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, February 15, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Wednesday, February 10, 1954.

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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 February 18, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 18, 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.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, February 10, 1954.

H-389

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, 1954, to January 30, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of January 30, 1954
Buttons	850,000	Gross	43,295
Cigars	200,000,000	Number	364,585
Coconut Oil	448,000,000	Pound	14,749,485
Cordage	6,000,000	Pound	170,329
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	-
Sugars (Unrefined			44,740,236
Tobacco	6,500,000	Pound	75,003

TREASURY DEPARTMENT
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Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	-
Sugars (Unrefined			44,740,236
Tobacco	6,500,000	Pound	75,003

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 February 9, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to February 9, 1954
United Kingdom	4,323,457	388,953	1,441,152	388,953
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	7,088	7,088
	5,482,509	717,272	1,599,886	438,106

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, February 10, 1954.

H-390

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 February 9, 1954, 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	5,883,290	British East Africa	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies	71,388	-
Union of Soviet Socialist Republics	475,124	425,384	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 January 30, 1954

Established Quota (Global)	Imports
70,000,000	3,062,447

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to February 9, 1954

Established Quota (Global)	Imports
45,656,420	2,977,854

TREASURY DEPARTMENT
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Cotton under 1-1/8 inches other than rough or harsh under 3/4"
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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	-
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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 January 30, 1954

Established Quota (Global)	Imports
70,000,000	3,062,447

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to February 9, 1954

Established Quota (Global)	Imports
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115

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 February 9, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to February 9, 1954
United Kingdom	4,323,457	388,953	1,441,152	388,953
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	7,088	7,088
	5,482,509	717,272	1,599,886	438,106

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, February 10, 1954.

H-391

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 February 9, 1954	Established Quota	Imports May 29, 1953, to February 9,
	(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,
Wednesday, February 10, 1954.

H-391

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 February 9, 1954	Established Quota	Imports May 29, 1953, to February 9, 1954
	(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

IMMEDIATE RELEASE,
Wednesday, February 10, 1954.

TREASURY DEPARTMENT
WASHINGTON

H-392

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 January 30, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of January 30, 1954
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	710
Cream	Calendar year	1,500,000	Gallon	67
Butter	Nov. 1, 1953- March 31, 1954	50,000,000	Pound	432,790
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar year	33,950,386	Pound	Quota Filled
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	54,272,155
other..........................	Sept. 15, 1953	60,000,000	Pound	52,606,463
Cattle, less than 200 Lbs. each ..	12 months from April 1, 1953	200,000	Head	4,396
Cattle, 700 pounds or more each (other than dairy cows)	Jan 1, 1954- Mar. 31, 1954	120,000	Head	2,044
Walnuts	Calendar year	5,000,000	Pound	568,060
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	4,901,904
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
* Oats, hulled and unhulled and unhulled ground..................	Dec. 23, 1953- Sept. 30, 1954	2,500,000	Bushel	1,521,266

(1) Imports for consumption at the quota rate are limited to 8,487,597 pounds during the first three months of the calendar year.

* Imports through February 9, 1954.

TREASURY DEPARTMENT
WASHINGTON

MEDIATE RELEASE,
dnesday, February 10, 1954.

H-392

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Butter	Nov. 1, 1953- March 31, 1954	50,000,000	Pound	432,790
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar year	33,950,386	Pound	Quota Filled (1)
White or Irish potatoes: certified seed	12 months from Sept. 15, 1953	150,000,000	Pound	54,272,155
other..........................		60,000,000	Pound	52,606,463
Cattle, less than 200 Lbs. each ..	12 months from April 1, 1953	200,000	Head	4,396
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Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090
Oats, hulled and unhulled and unhulled ground.................	Dec. 23, 1953- Sept. 30, 1954	2,500,000	Bushel	1,521,266

(1) Imports for consumption at the quota rate are limited to 8,487,597 pounds during the first three months of the calendar year.

* Imports through February 9, 1954.

STATUTORY DEBT LIMITATION

AS OF January 31, 1954 February 10, 1954

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	$19,511,566,000		
Certificates of indebtedness	26,386,209,000		
Treasury notes	37,374,915,800	$ 83,272,690,800	
Bonds -			
Treasury	77,217,689,300		
Savings (current redemp. value)	57,735,522,526		
Depositary	411,601,500		
Investment series	12,889,428,000	148,254,241,326	
Special Funds -			
Certificates of indebtedness	26,654,788,000		
Treasury notes	14,354,073,900	41,008,861,900	
Total interest-bearing		272,535,794,026	
Matured, interest-ceased		348,414,486	
Bearing no interest:			
United States savings stamps	49,763,310		
Excess profits tax refund bonds	1,330,200		
Special notes of the United States:			
Internat'l Monetary Fund series	1,352,000,000	1,403,093,510	
Total		274,287,302,022	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	74,021,836		
Matured, interest-ceased	1,076,100	75,097,936	
Grand total outstanding			274,362,399,958
Balance face amount of obligations issuable under above authority			637,600,042

Reconcilement with Statement of the Public Debt January 31, 1954
(Date)
(Daily Statement of the United States Treasury, January 29, 1954)
(Date)

Outstanding -	
Total gross public debt	274,848,511,672
Guaranteed obligations not owned by the Treasury	75,097,936
Total gross public debt and guaranteed obligations	274,923,609,608
Deduct - other outstanding public debt obligations not subject to debt limitation	561,209,650
	274,362,399,958

H-393

STATUTORY DEBT LIMITATION

AS OF January 31, 1954

February 10, 1954

121

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H-393

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Nils A. Lennartson, Assistant to the Secretary

DATE: February 4, 1954

FROM : Elihu E. Harris, Assistant National Director, U.S. Savings Bonds Division

SUBJECT:

The attached suggested copy of a release to be sent to the newspapers of the State of Michigan was prepared to fulfill the arrangements made by Mr. James J. Newman with Mr. Frank Isbey and approved by Mr. Earl O. Shreve and Mr. W. Randolph Burgess.

Secretary Humphrey received a letter dated January 25th from Mr. Isbey and a letter in reply was drafted by Mr. Burgess, to be dated next Tuesday, January 9, 1954, which has been signed by Secretary Humphrey.

It has been agreed with Mr. Isbey that the Treasury will give him this time before his resignation is made public. This is to allow him to send out approximately 3,800 personal letters to people all over the State of Michigan who have been working with him in the Savings Bonds program during the period since May of 1941. It is considered important to the continued sales in Michigan that this be done.

Attachment

Photo of Secy
per Isbey

sales in the United States. ~~This wonderful record has been due, in part, to you and the excellent volunteer sales organization you directed. My very best wishes for your future success and happiness."~~

Mr. Isbey, president of the Detroit Fruit Auction Company, has been active in many phases of civic affairs in his home city and State. In 1937 he was appointed manager of the Michigan State Fair, and under his management attendance rose from 180,000 to over 800,000. He was instrumental in writing the Michigan social security law, and served as chairman of the Public Works Planning Commission and as a member of the Detroit Rapid Transit Commission.

His energy and his organizing and speaking ability made him one of the outstanding State chairmen in the nation's bond program.

OoO

WRW

H-394

IMMEDIATE RELEASE,
~~Wednesday~~ Thursday, February ~~10~~ 11, 1954.

Secretary Humphrey today in accepting with regret the resignation of Frank N. Isbey, Detroit, as chairman of the U.S. Savings Bonds Committee for Michigan, thanked ~~him~~ Mr. Isbey for the nearly 13 years of service he gave the savings bonds program as head of the volunteer bond organization of that state.

Mr. Isbey had been Michigan state chairman since the inception of the savings bonds program in May, 1941. He traveled extensively throughout Michigan, particularly during the great war loan drives between 1942 and 1946, speaking before hundreds of groups and associations and organizing both these and business and professional people for the promotion of ~~and publicizing and promoting~~ the sale of ~~the Treasury's~~ War Savings Bonds.

Replying to Mr. Isbey's letter of resignation, the Secretary stated that "in view of your many years of diligent and effective service, you have earned your release from these arduous tasks. I want you to know how much the Treasury appreciates the time and effort which ~~have~~ produced for us such a ~~good~~ grand job in your state. Michigan has consistently been among the first ten in achieving bond quotas and is currently responsible for approximately six per cent of all

TREASURY DEPARTMENT

WASHINGTON, D.C.

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His energy and his organizing and speaking ability made him one of the outstanding State chairmen in the nation's bond program.

oOo

~~SUGGESTED RELEASE FOR RESIGNATION OF~~

~~A. C. GRANT, STATE CHAIRMAN, NEVADA~~

H-395

Immediate Release,
Friday, February 12, 1954

Secretary Humphrey today announced the resignation of A. C. Grant, ~~owner and manager of the Ford Agency,~~ Las Vegas, Nevada, as ~~State~~ Chairman of the U. S. Savings Bonds ~~Advisory~~ Committee for ~~Nevada~~ his State.

Mr. Grant, ~~who has been active in civic and state affairs, for the past 2½ years,~~ was appointed to the volunteer Savings Bonds ~~post~~ Chairmanship in November, 1950. He resigned to become a candidate for ~~state~~ governor of Nevada.

Secretary Humphrey, in accepting the resignation, wrote Mr. Grant:

"The Treasury Department is very grateful for the work that you have done and we appreciate your offer of future assistance. We believe our program is of the utmost importance to all Americans and we are glad to know that you will be continuing to help us with it."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, February 12, 1954.

H-395

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Mr. Grant was appointed to the volunteer Savings Bonds Chairmanship in November, 1950. He resigned to become a candidate for governor of Nevada.

Secretary Humphrey, in accepting the resignation, wrote Mr. Grant:

"The Treasury Department is very grateful for the work that you have done and we appreciate your offer of future assistance. We believe our program is of the utmost importance to all Americans and we are glad to know that you will be continuing to help us with it."

oOo

The Bureau will fill future vacancies in plate printer positions by reinstating, in the order of their seniority as apprentices, members of the Bureau's former apprentice training program before ~~[illegible]~~ hiring plate printers from the. The training program was ended last July because engineering improvements in the Bureau made it unlikely that there would be work for the 70 apprentices participating in it. Other positions in the Bureau were offered to the 70 apprentices and all accepted. The policy of reinstating them as apprentice ~~placing them in~~ plate printers ~~positions which become vacant in the future~~ will apply to all former apprentices still in the Bureau's employ.

oOo

The United States Secret Service concluded that no ~~serious~~ counterfeiting problem would be involved in adoption of the offset plan in view of the conditions under which savings bonds are issued and redeemed. Savings bonds are not transferable, and the Treasury records detailed information concerning each bond sold, such as the name and address of the buyer, serial number, date of issue, and name of the issuing agent. Holders of savings bonds must submit them to qualified paying agents for redemption. The holders are required to identify themselves to these agents.

In the unlikely event that counterfeit savings bonds are presented to a paying agent and escape detection and payment is made to the owners named on the bonds, the agent will not be held liable for the erroneous payments provided the regular, required payment procedure has been observed.

H-390

FOR RELEASE A.M. NEWSPAPERS,
Saturday, February 13, 1954.

The Treasury Department announced today a permanent changeover to offset printing in the production of Series E Savings Bonds of the $25 denomination, at an estimated yearly saving in excess of $400,000.

Engraved printing of higher denomination E bonds and all series H, J and K bonds, as well as all marketable bonds, will be continued.

Application of the offset printing method to savings bonds production was tested at the Bureau of Engraving and Printing in January, and the results carefully analyzed. It was found that it would permit maximum production of about 480,000 bonds per press per 8-hour day, compared with about 28,000 for the engraving process. This program will require a reduction in plate printers and other employees, totaling about 40 persons.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-397

RELEASE MORNING NEWSPAPERS,
Tuesday, February 16, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated February 18 and to mature May 20, 1954, which were offered on February 10, were opened at the Federal Reserve Banks on February 15.

The details of this issue are as follows:

Total applied for - $2,140,007,000
Total accepted - 1,500,145,000 (includes $206,587,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.741/ Equivalent rate of discount approx. 1.024% per annum

Range of accepted competitive bids:

High - 99.795 Equivalent rate of discount approx. 0.811% per annum
Low - 99.736 " " " " " 1.044% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 25,654,000	$ 25,529,000
New York		1,581,499,000	995,187,000
Philadelphia		31,101,000	16,101,000
Cleveland		55,935,000	55,935,000
Richmond		27,147,000	26,947,000
Atlanta		50,195,000	50,145,000
Chicago		187,048,000	149,498,000
St. Louis		28,606,000	28,581,000
Minneapolis		9,306,000	9,206,000
Kansas City		36,694,000	36,694,000
Dallas		39,090,000	38,590,000
San Francisco		67,732,000	67,732,000
	TOTAL	$2,140,007,000	$1,500,145,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Kansas City	36,694,000	36,694,000
Dallas	39,090,000	38,590,000
San Francisco	67,732,000	67,732,000
TOTAL	$2,140,007,000	$1,500,145,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

H-398

RELEASE MORNING NEWSPAPERS,
~~Friday, January 15, 1954.~~

H-~~371~~

During the month of ~~December, 1953,~~ market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of ~~$615,500.~~ 500

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, February 16, 1954.

H-398

During the month of January, 1954, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $6,957,500.

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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 February 25, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 25, 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,

~~XXXXXXXXX~~

~~XXXXX~~

TREASURY DEPARTMENT
Washington

H-399

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, February 16, 1954.

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 February 25, 1954, in the amount of $1,501,170,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated February 25, 1954, and will mature May 27, 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, February 19, 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

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WASHINGTON, D.C.

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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 February 25, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing February 25, 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.

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H-400

IMMEDIATE RELEASE,
Monday, February 15, 1954.

The Treasury Department announced today that final tabulation of subscriptions for the recent exchange offering showed $7,012 million for the new one-year 1-5/8 percent certificates and $11,167 million for the new 7-year 9-month 2-1/2 percent bonds. The total of $18,179 million is $184 million larger than the figures announced on February 10.

The final breakdown of the exchanges by issues follows:

(In millions of dollars)

Old Issues	Eligible for Exchange	Exchange Subscriptions Feb. New Issues			Unexchanged
		1-5/8% Ctf. (1-year)	2-1/2% Bond (7-yr.,9-mo.)	Total	
2-1/4% Certificates....	$8,114	$5,645	$ 2,367	$ 8,012	$ 102
1-3/8% Notes...........	4,675	1,367	3,233	4,600	75
2% Bonds of 1952-54....	5,825	---	4,083	4,083	1,742
2-1/4% Bonds of 1952-55	1,501	---	1,125	1,125	376
2-1/4% Bonds of 1954-56	681	---	359	359	322
Total	20,796	7,012	11,167	18,179	2,617

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~~in the long and distinguished history of the Customs Service.~~

listener toward the diligence and cooperativeness of the personnel of the Service.

Finally, there is a special responsibility that rests upon you who work in this, the largest of all the world's ports. Your docks and air fields handle more than forty per cent of all this nation's imports. This is the national center of expert ability and experience of all kinds in the business of the Customs. The Customs Service here is under the new and vigorous leadership of Collector Dill and Appraiser Couri, who have working with them a devoted and highly capable career service. We look to the Port of New York to play a major part in writing this new chapter in the long and distinguished history of the Customs Service.

every day, because you have a fund of knowledge about it which can be duplicated nowhere else. But to guide this process effectively, there must be sincere recognition that changes are inevitable. In the present atmosphere, those whose points of view on this subject are dominated by traditionalism or a preoccupation with the status quo are apt to forfeit what influence their long experience might otherwise entitle them to have.

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Third, I want to pay tribute to the imaginative and helpful spirit in which the leadership of the Bureau of Customs has cooperated and is cooperating in the task of simplification. In this they are entitled to, and I know they will continue to get, the loyal cooperation of the entire Customs Service.

Fourth, I cannot emphasize too strongly the importance, at all times, but particularly at this time, of the maintenance by every one in the Customs Service of the most courteous and cooperative attitude toward the members of the public with whom he deals. Nothing adds as much weight to the views and recommendations of the Bureau as a good impression on the part of a since the end of the war, the Service-wide backlog of unliquidated entries has shown a downward trend. The level of the workload has gone up radically since 1946; in various categories it has increased from 50% to 100%. During the same period, total personnel has been reduced about one-eighth. Until 1953, in every year since the war, while ~~p[illegible] increased~~ the work, the workload increased faster; and at the end of each year the backlog of unliquidated entries was bigger than at the beginning. Now, by a combination of statutory and administrative changes, it has started downward; and we have a reasonable chance of becoming current within 12 to 18 months. (a)

This example is only one of a good many that I could cite. But rather than list a lot of them, I should like very briefly to draw a few conclusions based upon ~~this brief, but very interesting,~~ the short but intensive experience I have had with Customs.

First, regardless of the conclusions that may be reached on the question of the proper level of tariffs, we are in a period of simplifying Customs procedures. Some steps have been taken; others will be taken.

Second, no one is better qualified to advise on or to guide this process than those of you, both in and out of the Service, who deal with Customs

TO: (a)

no ¶

This improvement has not of course been uniform throughout the Service; I recognize that there is a continuing problem in the Appraisers Stores which requires intensive consideration; but there is no question that, taking the Service as a whole, an important corner has been turned.

MR. ROSE

complexity of the problem, or by a traditional desire to do things as they have always been done, or by the fears borne of the tendency of some people to exaggerate the effect of specific measures either on tariff protection or on law enforcement.

Let me illustrate these points from what has already happened.

As all of you know, until the passage of the Customs Simplification Act last summer, the Comptrollers of Customs were responsible by statute for a uing prob'l 100% audit of the transactions of the Collectors of Customs. This audit was required whether the goods were dutiable or free, and whether or not the particular transaction involved any payment to the Government. Even in transactions that involved money, the audit went far beyond anything that is found in commercial practice today. Over some objection from the disciples of leaving things as they are and have already been, Congress eliminated this requirement. What has been the result?

Without in any way jeopardising the revenue, this statutory change has permitted a more effective redeployment of personnel trained in liquidation. Mainly as the result of this, in the last six months, for the first time

> of rate structures, elimination of multiple and conflicting standards of classification, consideration of changes and the bases of valuation of imported articles, and elimination of delays, redtape, and similar technical obstacles to efficient customs-levying administration."

The expressions of the Randall Report are to me particularly significant because its membership was broadly representative of so many different shades of opinion regarding our policy toward foreign trade. In my opinion, that Report should be completely convincing to any one who needs it that changes in this field are under way and will not be denied.

My third impression is this: Again, in spite of the difficulty and complexity of the problem, there are a lot of specific things that can be done to help simplify and speed up the Customs job. Many of them seem technical; many of them taken separately are not enormously important; but, taken together, they can be of great importance, and will solve a major part of the problem that we face. And we must not be deterred from doing these specific things either by the apathy that might be generated by the found a ~~surprising~~ high degree of unanimity on simplification. Now we have had ~~before us~~ the report of the Randall Commission, and both the majority report and the minority report of Messrs. Reed and Simpson, while ~~disagreeing~~ diverging on many ~~things, agree~~ points, are in full agreement on this one. The majority report says:

"The present complexities of customs administration are a significant deterrent to imports; more importantly they create irritations which are detrimental to our total foreign relations. Although the United States may be no worse than many other nations in this regard, there is little excuse for the continuance of unnecessary administrative burdens on international trade."

The minority report concurs, without qualification, in these words:

"Finally, as the last and perhaps the most important topic in the area of general agreement, we find ourselves in accord with some of the facts, conditions, conclusions and recommendations of the Commission in this area [of tariff and trade policy]. More specifically, we approve the Commission's recommendations with respect to simplification of all commodity definitions and classifications contributing

~~[illegible]~~ have further complicated the classification problem, ~~by breaking~~

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~~down the~~ categories, ~~even further.~~ In your own specialty of valuation and export

appraisement the problem is equally complex. You have a seemingly simple many

for sale *** the

phrase "freely offered to all purchasers in usual wholesale quantities"

that governs much of what you do. When I found out some of the meanings

that had been attributed to that seemingly simple phrase, I was amazed.

And yet I have also found out, by long wrestling with the valuation

provision of the Customs Simplification Bill, how hard it was to get a

simple and workable substitute. So my first impression is that your

problem is an inherently complicated one. [illegible] trade.

My second impression is this: Regardless of the inherent difficulty and

complexity of the problem, informed opinion in this country has developed an

impatience with complexities and delays of Customs procedures which, in my

opinion, will in one way or another force the changes necessary to eliminate

them. I base this impression on several things: Last year I had the

responsibility of presenting the Administration's point of view on the

Customs Simplification Act to the Committees of the House and Senate. I an impression of Customs. Countless thousands of others imported goods of some sort into the country, totalling in value last year, $ over 800 million dollars. Many of these importers, like many of you here tonight, were professionals, ~~who are~~ who make their living in the business, and who have a real knowledge of Customs procedures. But many others were amateurs ~~importers,~~ whose impressions of Customs is gained in a single transaction or a very few transactions. ~~And~~ Particularly at a time like this, when such things as the report of the Randall Commission bring~~s~~ the question of legislation about Customs to the fore, the public point of view toward Customs will inevitably be of ~~the~~ controlling ~~first~~ importance.

The first conviction that I have is that the problem of Customs administration is at best a complicated and difficult one, and that ~~the~~ it is an illusion to think some people ~~idea of some people~~ that there must be a magic formula that will sweep all these difficulties away, ~~is an illusion~~. The Tariff Act of 1930 is a highly complicated statute with thousands of classifications. These in turn depend on many standards, like component of chief value, chief end use, and so on. The Reciprocal Trade Agreements~~, valuable as they have been in~~.

DRAFT

H-401

~~Mr. Chairman, Members of the Association, Distinguished Guests,~~

I regard it as a real honor that you have asked me to be here tonight to speak to the annual dinner of your Association, which represents such a vital segment of the Customs Service. And yet, while I feel it a privilege to be here, I have been considerably troubled at what to say to you. For my contact with the Customs Service and its problems is only a little more than a year old. In that short space of time, no one is entitled to feel that he has developed a full working knowledge of a Service that occupies a field as technical as yours, with traditions and functions that go back even beyond the time when the United States came into being as a nation.

~~And yet, as I thought this over,~~ Even so, however, it has seemed to me that there might be value in presenting to you briefly tonight some of the points of view toward the Customs Service that I have developed in this year that I have been dealing with its problems. The public point of view toward the Service is in the last analysis of great importance. Last year more than 117 million people crossed our borders - a figure equal to nearly three-quarters of the population of this country - and each one of these had a contact with and

TREASURY DEPARTMENT
Washington

FOR RELEASE AT 7:00 P.M.,
Thursday, February 18, 1954.

Address by Assistant Secretary H. Chapman Rose at the Annual Dinner and Forum on Customs Relations of the United States Customs Examiners Association, Hotel Statler, New York, New York February 18, 1954.

I regard it as a real honor that you have asked me to be here tonight to speak to the annual dinner of your Association, which represents such a vital segment of the Customs Service. And yet, while I feel it a privilege to be here, I have been considerably troubled at what to say to you. For my contact with the Customs Service and its problems is only a little more than a year old. In that short space of time, no one is entitled to feel that he has developed a full working knowledge of a Service that occupies a field as technical as yours, with traditions and functions that go back even beyond the time when the United States came into being as a nation.

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The first conviction that I have is that the problem of Customs administration is at best a complicated and difficult one, and that it is an illusion to think as some people do, that there must be a magic formula that will sweep all these difficulties away. The Tariff Act of 1930 is a highly complicated statute with thousands of classifications. These in turn depend on many standards, like component of chief value, chief end use, and so on. The Reciprocal Trade Agreements have further complicated the classification problem by contributing to the breakdown of the classification categories. In your own specialty of valuation and appraisement the problem is equally complex. You have a seemingly simple phrase "freely offered for sale to all purchasers *** in the usual wholesale quantities" that governs much of what you do. When I found out some of the meanings that had been attributed to that seemingly simple phrase, I was amazed. And yet I have also found out, by long wrestling with the valuation provision of the Customs Simplification Bill, how hard it was to get a simple and workable substitute. So my first impression is that your problem is an inherently complicated one.

My second impression is this: Regardless of the inherent difficulty and complexity of the problem, informed opinion in this country has developed an impatience with complexities and delays of Customs procedures which, in my opinion, will in one way or another force the changes necessary to eliminate them. I base this impression on several things: Last year I had the responsibility of presenting the Administration's point of view on the Customs Simplification Act to the Committees of the House and Senate. I found a high degree of unanimity on simplification. Now we have had the report of the Randall Commission, and both the majority report and the minority report of Messrs. Reed and Simpson, while diverging on many points, are in full agreement on this one. The majority report says:

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The minority report concurs, without qualification, in these words:

> "Finally, as the last and perhaps the most important topic in the area of general agreement, we find ourselves in accord with some of the facts, conditions, conclusions and recommendations of the Commission in this area [of tariff and trade policy]. More specifically, we approve the Commission's recommendations with respect to simplification of all commodity definitions and classifications of rate structures, elimination of multiple and conflicting standards of classification, consideration of changes and the bases of valuation of imported articles, and elimination of delays, redtape, and similar technical obstacles to efficient customs-levying administration."

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My third impression is this: Again, in spite of the difficulty and complexity of the problem, there are a lot of specific things that can be done to help simplify and speed up the Customs job. Many of them seem technical; many of them taken separately are not enormously important; but, taken together, they can be of great importance, and will solve a major part of the problem that we face. And we must not be deterred from doing these specific things either by the apathy that might be generated by the complexity of the problem, or by a traditional desire to do things as they have always been done, or by the fears borne of the tendency of some people to exaggerate the effect of specific measures either on tariff protection or on law enforcement.

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Without in any way jeopardizing the revenue, this statutory change has permitted a more effective redeployment of personnel trained in liquidation. Mainly as the result of this, in the last six months for the first time since the end of the war, the Service-wide backlog of unliquidated entries has shown a downward trend. The level of the workload has gone up radically since 1946; in various categories it has increased from 50% to 100%. During the same period, total personnel has been reduced about one-eighth. Until 1953, in every year since the war, while productivity increased, the workload increased faster; and at the end of each year the backlog of unliquidated entries was bigger than at the beginning. Now, by a combination of statutory and administrative changes, it has started downward; and we have a reasonable chance of becoming current within 12 to 18 months. This improvement has not of course been uniform throughout the Service; I recognize that there is a continuing problem in the Appraisers Stores which requires intensive consideration; but there is no question that, taking the Service as a whole, an important corner has been turned.

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Release at 11 A.M. EST Thursday February 18, 1954

H-402

~~Draft Press Release re Stabilization Agreement with Peru~~

Secretary Humphrey today announced the signing of a Stabilization Agreement between the United States and Peru. The Agreement was signed by Ambassador Berckemeyer on behalf of his Government and the Central Reserve Bank of Peru.

Under the terms of this Agreement, the United States Exchange Stabilization Fund undertakes to purchase Peruvian soles up to an amount equivalent to $12.5 million for the purpose of stabilising the United States dollar-Peruvian sol rate of exchange if the occasion for such use should arise. It is understood that Peru ~~today~~ has also entered into an arrangement with the International Monetary Fund whereby that institution agrees to make available up to $12.5 million for the same purpose. The two agreements therefore can provide up to a total of $25 million to assist Peru in stabilising its currency.

Observing that Peru has maintained its international trade and payments substantially free from governmental restrictions, Ambassador Berckemeyer advised the Treasury of his Government's intention to preserve this freedom by pursuing sound fiscal and monetary policies. He said such policies will enable Peru to maintain a strong currency internationally and contribute to Peru's ultimate objective of exchange rate unification and the establishment of a fixed rate of exchange.

Operations under the Agreement with Peru will be closely coordinated with the activities of the International Monetary Fund in order to contribute to the efforts of the Fund to stabilize the exchange relationships of its members.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-403

RELEASE MORNING NEWSPAPERS,
Saturday, February 20, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated February 25 and to mature May 27, 1954, which were offered on February 16, were opened at the Federal Reserve Banks on February 19.

The details of this issue are as follows:

Total applied for - $2,189,285,000
Total accepted - 1,500,751,000 (includes $175,508,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.751 Equivalent rate of discount approx. 0.986% per annum

Range of accepted competitive bids:

High - 99.795 Equivalent rate of discount approx. 0.811% per annum
Low - 99.748 " " " " " 0.997% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 18,834,000	$ 14,254,000
New York	1,647,026,000	1,027,366,000
Philadelphia	23,331,000	8,331,000
Cleveland	64,900,000	61,900,000
Richmond	8,501,000	7,501,000
Atlanta	18,250,000	16,750,000
Chicago	193,924,000	159,284,000
St. Louis	28,057,000	25,477,000
Minneapolis	7,345,000	7,145,000
Kansas City	43,611,000	42,061,000
Dallas	40,438,000	35,638,000
San Francisco	95,068,000	95,044,000
Total	$2,189,285,000	$1,500,751,000

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Total accepted - 1,500,751,000 (includes $175,508,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.751 Equivalent rate of discount approx. 0.986% per annum

Range of accepted competitive bids:

High - 99.795 Equivalent rate of discount approx. 0.811% per annum
Low - 99.748 Equivalent rate of discount approx. 0.997% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 18,834,000	$ 14,254,000
New York	1,647,026,000	1,027,366,000
Philadelphia	23,331,000	8,331,000
Cleveland	64,900,000	61,900,000
Richmond	8,501,000	7,501,000
Atlanta	18,250,000	16,750,000
Chicago	193,924,000	159,284,000
St. Louis	28,057,000	25,477,000
Minneapolis	7,345,000	7,145,000
Kansas City	43,611,000	42,061,000
Dallas	40,438,000	35,638,000
San Francisco	95,068,000	95,044,000
TOTAL	$2,189,285,000	$1,500,751,000

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Mr. Brumder is a graduate of Princeton and the Harvard Business School. He is president and director of the Wisconsin Bankshares Corporation, as well as director of Press Steel Tank Company, Waukesha Tank Company, Freeman Chemical Corporation, and the Robert A. Johnston Company.

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WRB

IMMEDIATE RELEASE
Tuesday February 23, 1954

H-404

Secretary Humphrey today announced the appointment of William G. Brumder, president and chairman of the board of the First Wisconsin National Bank of Milwaukee, as State Chairman of the U. S. Savings Bonds Committee for Wisconsin.

Mr. Brumder succeeds William Taylor, who because of ill health resigned both the State Savings Bonds chairmanship and the presidency of the First Wisconsin National. Mr. Brumder succeeded Mr. Taylor in the bank presidency, also.

In accepting Mr. Taylor's resignation, Secretary Humphrey expressed the warm appreciation of the Treasury for the public service he has rendered in the Savings Bonds program since his appointment in January, 1951.

In a letter to the new Wisconsin State Chairman, Secretary Humphrey said:

"We at the Treasury are delighted to learn of your willingness to assume the important volunteer role as State Chairman of our Savings Bonds program for the State of Wisconsin. This program is important to us in our determination to achieve a sound and honest dollar, and we welcome you to our team."

Mr. Brumder, who began his banking career in 1928 as a teller at the Merchants and Farmers State Bank, Milwaukee, is the tenth president of the First Wisconsin. Transferring to the First Wisconsin in 1929, he was elected assistant cashier in 1932, assistant vice-president in 1935, vice-president in 1936, senior vice-president in 1949, chairman of the board in 1950.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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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 **March 4, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **March 4, 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,

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H-405

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, February 25, 1954 .

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 **March 4, 1954** , in the amount of $ **1,500,262,000** , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **March 4, 1954** , and will mature **June 3, 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, March 1, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, February 25, 1954.

H-405

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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 March 4, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 4, 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.

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We have said time and again that we are determined to continue to make tax reductions from time to time and to return tax money to the people, for them to spend for themselves rather than have the Government spend it for them, just as rapidly as further reductions are justified. We believe in carrying out this vital task in a way that will bring permanent benefits to all ourpeople and our country. But we will vigorously oppose blanket increases in exemptions that will throw us back into substantial deficit financing which cannot be justified at the present time and which we have been working so hard to overcome.

When the Ways and Means Committee's proposed bill is presented in detail millions of taxpayers will find in it, correction of many of the tax hardships and abuses from which they have suffered in the past. The release of this huge amount of money for the people to have this year, when the whole program is adopted, will be stimulating to the economy and will be within the limits of sound financial management which is essential to further progress for the Nation's welfare.

(Draft of
2:30 p.m., 2/25/54)

H-406

For Release at 6:00 p.m., Thursday, February 25, 1954

STATEMENT BY SECRETARY HUMPHREY:

The Administration's tax program has not been changed.

We must pay the bill for the cost of our national security. This cost is coming down but is still very high, and is the reason why taxes must continue to remain relatively high until government spending can be further reduced with safety.

Tax cuts will release more than $6½ billion to the people this year. This has already been partly accomplished, by reduction of over $3 billion in individual taxes effective January 1, 1954, and by elimination of the universally condemned excess profits tax of almost $2 billion.

The Ways and Means Committee, cooperating with the Treasury staff, has been working continuously on the Administration's program to promote the prosperity of all the pe changes in the tax system which will result in further reductions that will amount to something more than an additional $1½ billion. This work, after weeks of hearings and months of study, is almost completed and will be ready for final Congressional decision soon. About two thirds of the additional relief will go directly to millions of individual taxpayers suffering from special hardships and unfair taxes. About one-third of the total amount will benefit all ~~individuals~~ by strengthening incentives; by ~~making~~ more jobs; by increasing the efficiency of our farms, mines and factories; and by increasing the demand for their products.

This total tax reduction of more than $6½ billion can be accomplished, we believe, substantially within the limits of the President's proposed budget.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE AT 6:00 P.M.,
Thursday, February 25, 1954.

H-406

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Tax cuts will release more than $6-1/2 billion to the people this year. This has already been partly accomplished, by reduction of over $3 billion in individual taxes effective January 1, 1954, and by elimination of the universally condemned excess profits tax of almost $2 billion.

The Ways and Means Committee, cooperating with the Treasury staff, has been working continuously on the Administration's program to select the most effective ways to promote the prosperity of all the people. The proposed changes in the tax system will result in further reductions that will amount to something more than an additional $1-1/2 billion. This work, after weeks of hearings and months of study, is almost completed and will be ready for final Congressional decision soon. About two-thirds of the additional relief will go directly to millions of individual taxpayers suffering from special hardships and unfair taxes. About one-third of the total amount will benefit all individuals by strengthening incentives; by making more jobs; by increasing the efficiency of our farms, mines and factories; and by increasing the demand for their products.

This total tax reduction of more than $6-1/2 billion can be accomplished, we believe, substantially within the limits of the President's proposed budget.

We have said time and again that we are determined to continue to make tax reductions from time to time and to return tax money to the people, for them to spend for themselves rather than have the Government spend it for them, just as rapidly as further reductions are justified. We believe in carrying out this vital task in a way that will bring permanent benefit to all our people and our country. But we will vigorously oppose blanket increases in exemptions that will throw us back into substantial deficit financing which cannot be justified at the present time and which we have been working so hard to overcome.

When the Ways and Means Committee's proposed bill is presented in detail millions of taxpayers will find in it, correction of many of the tax hardships and abuses from which they have suffered in the past. The release of this huge amount of money for the people to have this year, when the whole program is adopted, will be stimulating to the economy and will be within the limits of sound financial management which is essential to further progress for the Nation's welfare.

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It's our job now, it's the job of this generation to not only pay its own bills but to so handle our country's affairs that we continually make progress toward real peace in the world, and as we progress toward peace in the world we here at home must progress with the inevitable transition from war to peace, from jobs making tools for killing to jobs making peaceful life more and more worth while.

We have said time and again that we are determined to continue to make tax reductions from time to time and to return tax money to the people, for them to spend for themselves rather than have the Government spend it for them, just as rapidly as further reductions are justified. We believe in carrying out this vital task in a way that will bring permanent benefit to all our people and our country. But we will vigorously oppose blanket increases in exemptions that will throw us back into substantial deficit financing which cannot be justified at the present time and which we have been working so hard to overcome.

When considering just what blanket increases in exemptions would do, we must note exactly what the revenue losses would be. The key fact is that for each $100 increase in exemptions above the present $600 per person there is a loss in revenue to the Government of $2½ billion a year. So that an increase this year to $800 in personal exemption, as has been suggested, would result in an additional deficit of five billion dollars in complete reversal of all that we have done toward sound financial management of the Government's affairs.

I do not believe that the American public wants its Government to reverse itself, to shirk its current responsibilites and to pass on to future generations, our children and our grand-children, the costs that we ourselves should currently bear.

always anticipate the reduction of government expenditures and begin to transfer billions of dollars, which the government will not be spending, back to the taxpayers so there will not be any sudden dislocation resulting from the lack of these dollars being available to be put into the nation's spending stream. In that way we help to maintain stability.

This revision bill which has been developed by the Ways and Means Committee in cooperation with the Treasury will be ready for final Congressional decision within the next few days. This bill is the result of months of long study which included the appearances of hundreds of expert witnesses from all walks of life. This tax revision program will help the nation make the transition to a period of less costly military preparedness without serious interruption in our economic growth. About two-thirds of the $1½ billion relief from this tax revision bill will go directly to millions of individual taxpayers suffering from special hardships and unfair taxes. About one-third will benefit all individuals by strengthening incentives, by making more jobs, by increasing the efficiency of our farms, mines and factories, and by increasing the demand for the products of fuller and better peaceful living.

This total tax reduction of more than $6½ billion can be accomplished, we believe, substantially within the limits of the President's proposed budget, and without increasing deficit financing except to approximately the amounts additionally collected for the Government's trust funds.

economic growth. I feel today, as the President said in transmitting the economic report in January, that there is much that justifies confidence, ~~in the future~~ in the accomplishment of this transition with a minimum of difficulty.

Of particular ~~concern~~ significance to me, and a main reason for my confidence in the future, is the Administration's tax program. Changes which have already been put into effect and others which have been recommended to be made in the tax structure contribute greatly to our confidence ~~in the future of our economy~~ in the creation of new jobs for better fuller peaceful living to replace the declining jobs making instruments of death.

~~I would like to emphasize again that~~ The broad outlines of the Administration's tax program have not been changed, despite ~~some~~ ~~unfounded~~ suggestions ~~to the contrary~~ ~~fir a dufferebt aooriacg wgucg gave beeb yrged~~ for a different approach which have been urged in recent days.

In the past twelve months ~~this~~ Administration has cut more ~~[illegible]~~ than $12 billion from anticipated current and future government spending. This reduction in proposed spending made possible the tax cuts on January 1. These cuts are now leaving with the taxpayers more than $5 billion a year which formerly was spent by the government. Further changes in the tax system being worked out between the Treasury and the Ways and Means Committee over recent months will, when enacted, provide further reductions that will amount to something more than an additional $1½ billion.

Thus more than $6½ billion will be released to the people by tax cuts this year. This is a tremendous sum of money which is being left in the pocket books and transferred to the purchasing power of millions of Americans.

We are cutting taxes even though we have not arrived at a budget balance. There is a very good reason for this. We must

Insert X-1

This, with the reductions which are being made as a result of the "new look" in defense and the greater emphasis on the use and effectiveness of new weapons has permitted substantial reductions in the expenditures required in the coming year. However, the costs are still high and about seventy cents out of every dollar of tax money collected from the people still is being spent for our collective security. Added to this is also the continuing costs which we must now bear for the expenditures made in past wars which were not paid for currently as the money was spent but which was then borrowed and now is a continuing charge against us and burden upon future generations.

Enough of this deficit spending has already been done and we must see to it that we in turn avoid more and more deficit financing and keep our present taxes sufficiently high to pay-as-we-go currently to the greatest ~~possible extent so the~~ In that way we will not pass more and more (debts) on to already-over-burdened future generations which our children and grand-children will have to pay for us.

We are now passing through a period of transition. Neither real peace ~~or~~ nor real war. Our costs of security are declining as the effectiveness of our better planned security increases. As fewer men are at work on weapons of war more men must find employment on products of peace. Men making guns for killing must change over to making all manner of things for living. As war jobs decline new peace jobs must be created.

It is a great transition and it involves painstaking effort to accomplish it without serious dislocations being created. Some unemployment as the change-over continues cannot be avoided. The switch cannot in all cases be completed immediately but by careful management and proper fiscal policies it should be done with the least possible interferance in the daily lives of the great mass of our people.

And that we maintain an economy of such strength and productive power ~~as~~ that it ~~can~~ continuously support that military requirement.

In ~~the~~ both defense and foreign relations ~~field~~, ~~I feel that~~ the Administration has made great progress in the past twelve months. We have ~~made~~ taken substantial steps toward shaping a posture of defense ~~force~~ which will provide reasonable security from attack from abroad and at the same time be within the limits of our economy to support for the long pull if necessary. We are reshaping our defense so that it is not on a crisis-to-crisis basis. We are reshaping it so that it will be fluid and continually moderaized and progressively stronger and stronger still be within the ~~power~~ limits of our economy to support for an indefinite number of years, not knowing when, if ever, the critical moment may appear.

The problems of ~~our~~ posture of defense ~~posture~~ are related directly to the Administration's ~~efforts on the~~ fiscal and economic problems ~~side because~~ we must find and maintain that very delicate balance between security from attack from abroad and a strong economy here at home.

During the past year the shooting war in Korea has ended. This, of course, has been not only a thankful thing for all Americans who had loved ones involved in it, but provides less ~~of a~~ drain on the financial requirements of the government. ~~But in the area of the nation's economy it also has provided certain problems of readjustment.~~ Insert X

As the President's economic report to the Congress in January said, this nation can make the transition to a period of less costly preparedness without serious interruption in our

H-4??

Remarks by Treasury Secretary George M. Humphrey before the League of Republican Women of the District of Columbia, Chinese Room, Mayflower Hotel, ~~11:00~~ a.m., Monday, March 1, 1954
Start 12:08 pm

~~Mrs. Edmund S. Kochersperger, President, and Mrs. Walter Williams, Program Chairman~~

~~I understand that the League of Republican Women of the District of Columbia is much like a forty-ninth state of the National Federation of Republican Women's Clubs. This is so because your membership includes women from all of the forty-eight states plus permanent residents of the District. Because you do represent and have your roots in so many parts of the country, I am especially glad to have the chance to talk with you for a few moments this morning about some of the things the Administration is trying to do, with the hope that as time goes by you will help us pass the information back to the people in the various states from which so many of you have come.~~

~~Mrs. Humphrey, of course, is also very glad to be here today and to meet with our many friends.~~

As ~~In line with~~ suggest~~ions~~ed by ~~from~~ officers of your League, I would like to talk for a few moments about some Administration problems and achievements with which I am particularly concerned, and then try to answer any questions which you may have.

The Eisenhower Administration, in its first year in office, has been working toward the accomplishment of two great goals. They are:

That we ~~have~~ military strength sufficient not only to defend ourselves but also to help ~~promote~~ bring real peace ~~throughout~~ to all the world.

When the Ways and Means Committee's proposed bill is presented in detail millions of taxpayers will find in it, correction of many of the tax hardships and abuses from which they have suffered in the past. The release of this huge amount of money for the people to have this year, when the whole program is adopted, will be stimulating to the economy and will be within the limits of sound financial management which is essential to further progress for the Nation's welfare.

It's our job now, it's the job of this generation to not only pay its own bills but to so handle our country's affairs that we continually make progress toward real peace in the world, and as we progress toward peace in the world we here at home must progress with the inevitable transition from war to peace, from jobs making tools for killing to jobs making peaceful life more and more worth while.

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This revision bill which has been developed by the Ways and Means Committee in cooperation with the Treasury will be ready for final Congressional decision within the next few days. This bill is the result of months of long study which included the appearances of hundreds of expert witnesses from all walks of life. This tax revision program will help the nation make the transition to a period of less costly military preparedness without serious interruption in our economic growth. About two-thirds of the $1-1/2 billion relief from this tax revision bill will go directly to millions of individual taxpayers suffering from special hardships and unfair taxes. About one-third will benefit all individuals by strengthening incentives, by making more jobs, by increasing the efficiency of our farms, mines and factories, and by increasing the demand for the products of fuller and better peaceful living.

This total tax reduction of more than $6-1/2 billion can be accomplished, we believe, substantially within the limits of the President's proposed budget, and without increasing deficit financing except to approximately the amounts additionally collected for the Government's trust funds.

We have said time and again that we are determined to continue to make tax reductions from time to time and to return tax money to the people, for them to spend for themselves rather than have the Government spend it for them, just as rapidly as further reductions are justified. We believe in carrying out this vital task in a way that will bring permanent benefit to all our people and our country. But we will vigorously oppose blanket increases in exemptions that will throw us back into substantial deficit financing which cannot be justified at the present time and which we have been working so hard to overcome.

When considering just what blanket increases in exemptions would do, we must note exactly what the revenue losses would be. The key fact is that for each $100 increase in exemptions above the present $600 per person there is a loss in revenue to the Government of $2-1/2 billion a year. So that an increase this year to $800 in personal exemption, as has been suggested, would result in an additional deficit of five billion dollars in complete reversal of all that we have done toward sound financial management of the Government's affairs.

I do not believe that the American public wants its Government to reverse itself, to shirk its current responsibilities and to pass on to future generations, our children and our grandchildren, the costs that we ourselves should currently bear.

As the President's economic report to the Congress in January said, this nation can make the transition to a period of less costly preparedness without serious interruption in our economic growth. I feel today, as the President said in transmitting the economic report in January, that there is much that justifies confidence in the accomplishment of this transition with a minimum of difficulty.

Of particular significance to me, and a main reason for my confidence in the future, is the Administration's tax program. Changes which have already been put into effect and others which have been recommended to be made in the tax structure contribute greatly to our confidence in the creation of new jobs for better fuller peaceful living to replace the declining jobs for making instruments of death.

The broad outlines of the Administration's tax program have not been changed, despite suggestions for a different approach which have been urged in recent days.

In the past twelve months this Administration has cut more than $12 billion from anticipated current and future government spending. This reduction in proposed spending made possible the tax cuts on January 1. These cuts are now leaving with the taxpayers more than $5 billion a year which formerly was spent by the government. Further changes in the tax system being worked out between the Treasury and the Ways and Means Committee over recent months will, when enacted, provide further reductions that will amount to something more than an additional $1-1/2 billion.

Thus more than $6-1/2 billion will be released to the people by tax cuts this year. This is a tremendous sum of money which is being left in the pocket books and transferred to the purchasing power of millions of Americans.

We are cutting taxes even though we have not arrived at a budget balance. There is a very good reason for this. We must always anticipate the reduction of government expenditures and begin to transfer billions of dollars, which the government will not be spending, back to the taxpayers so there will not be any sudden dislocation resulting from the lack of these dollars being available to be put into the nation's spending stream. In that way we help to maintain stability.

The problems of our posture of defense are related directly to the Administration's fiscal and economic problems because we must find and maintain that very delicate balance between security from attack from abroad and a strong economy here at home.

During the past year the shooting war in Korea has ended. This, of course, has been not only a thankful thing for all Americans who had loved ones involved in it, but provides less drain on the financial requirements of the government.

This with the reductions which are being made as a result of the "new look" in defense and the greater emphasis on the use and effectiveness of new weapons has permitted substantial reductions in the expenditures required in the coming year. However, the costs are still high and about seventy cents out of every dollar of tax money collected from the people still is being spent for our collective security. Added to this is also the continuing costs which we must now bear for the expenditures made in past wars which were not paid for currently as the money was spent but which was then borrowed and now is a continuing charge against us and burden upon future generations.

Enough of this deficit spending has already been done and we must see to it that we in turn avoid more and more deficit financing and keep our present taxes sufficiently high to pay-as-we-go currently to the greatest possible extent. In that way we will not pass more and more debts on to already-over-burdened future generations which our children and grand-children will have to pay for us.

We are now passing through a period of transition. Neither real peace nor real war. Our costs of security are declining as the effectiveness of our better planned security increases. As fewer men are at work on weapons of war more men must find employment on products of peace. Men making guns for killing must change over to make all manner of things for living. As war jobs decline new peace jobs must be created.

It is a great transition and it involves painstaking effort to accomplish it without serious dislocations being created. Some unemployment as the change-over continues cannot be avoided. The switch cannot in all cases be completed immediately but by careful management and proper fiscal policies it should be done with the least possible interferance in the daily lives of the great mass of our people.

Remarks by Treasury Secretary George M. Humphrey
before the League of Republican Women of the
District of Columbia, Chinese Room, Mayflower Hotel,
about 12:15 p.m., Monday, March 1, 1954

As suggested by officers of your League, I would like to talk for a few moments about some Administration problems and achievements with which I am particularly concerned, and then try to answer any questions which you may have.

The Eisenhower Administration, in its first year in office, has been working toward the accomplishment of two great goals. They are:

That we have military strength sufficient not only to defend ourselves but also to help bring real peace to all the world.

And that we maintain an economy of such strength and productive power that it can continuously support that military requirement.

In both defense and foreign relations the Administration has made great progress in the past twelve months. We have taken substantial steps toward shaping a posture of defense which will provide reasonable security from attack from abroad and at the same time be within the limits of our economy to support for the long pull if necessary. We are reshaping our defense so that it is not on a crisis-to-crisis basis. We are reshaping it so that it will be fluid and continually modernized and progressively stronger and stronger and still be within the limits of our economy to support for an indefinite number of years, not knowing when, if ever, the critical moment may appear.

H-407

RELEASE MORNING NEWSPAPERS,
Tuesday, March 2, 1954.

H-408

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated March 4 and to mature June 3, 1954, which were offered on February 25, were opened at the Federal Reserve Banks on March 1.

The details of this issue are as follows:

Total applied for - $2,220,841,000
Total accepted - 1,500,798,000 (includes $201,950,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.732/ Equivalent rate of discount approx. 1.059% per annum

Range of accepted competitive bids: (Excepting one tender of $85,000)

High	- 99.752	Equivalent rate of discount approx. 0.981% per annum
Low	- 99.728	" " " " " 1.076% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,637,000	$ 32,627,000
New York	1,674,105,000	1,016,858,000
Philadelphia	35,874,000	20,874,000
Cleveland	48,543,000	46,033,000
Richmond	10,102,000	10,102,000
Atlanta	23,420,000	23,216,000
Chicago	223,826,000	182,766,000
St. Louis	17,340,000	17,089,000
Minneapolis	8,835,000	8,634,000
Kansas City	45,247,000	45,247,000
Dallas	27,640,000	25,130,000
San Francisco	72,222,000	72,222,000
TOTAL	$2,220,841,000	$1,500,798,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, March 2, 1954.

H-408

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Kansas City	45,247,000	45,247,000
Dallas	27,640,000	25,130,000
San Francisco	72,222,000	72,222,000
TOTAL	$2,220,841,000	$1,500,798,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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IMMEDIATE RELEASE,
Tuesday, March 2, 1954.

H-409

STATEMENT BY TREASURY SECRETARY HUMPHREY:

"We have nothing but the very highest praise for the splendid cooperation between the Ways and Means Committee, its staff, and the Treasury Department, in the months and months of study that have gone into the preparation of the tax revision program.

"We fully support that part of the bill introduced by Chairman Reed today extending at present rates those excise taxes which would otherwise be reduced on April 1 next. But we cannot support that part of the bill which will reduce other excise taxes in the amount of approximately $1 billion.

"The Treasury has been prepared for some time to concur in selective reductions of excises in particular hardship cases where industries were being badly hurt by especially high rates. But the broad reduction in excise taxes now proposed in the bill is more than the Treasury can afford at the present time.

"The carefully developed relief provisions of the general tax revision bill which the Ways and Means Committee, now has under consideration, have the full and complete concurrence of the Treasury. Millions of taxpayers will receive benefits where relief is most needed, and in the manner best calculated to encourage initiative and make more and better peace-time jobs.

"The reduction of revenue which this involves is provided for in the budget, and is all that the Treasury can now afford."

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.

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 **March 11, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **March 11, 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,

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TREASURY DEPARTMENT
Washington

H-410

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, March 4, 1954.

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 March 11, 1954, in the amount of $ 1,500,689,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated March 11, 1954, and will mature June 10, 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, March 8, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, March 4, 1954.

H-410

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 March 11, 1954, in the amount of $1,500,689,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated March 11, 1954, and will mature June 10, 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 March 11, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 11, 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.

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This is awaiting Mr Burgess' initials (12:10 pm)

TREASURY DEPARTMENT
WASHINGTON, D. C.

IMMEDIATE RELEASE,
Thursday, March 4, 1954.

The Treasury announced today that on Wednesday, March 10, \$1.5 billion of Treasury tax bills will be offered for cash subscription. Books will be open for tenders on Tuesday, March 16, with payment to be made in cash on Monday, March 22. The bills will mature on June 24, but may be used at par for payment of taxes due on June 15.

On March 22, \$5.9 billion of tax certificates mature. These certificates will be paid off out of tax receipts and the proceeds of this offering of Treasury tax bills. Accordingly, tax and loan account credit cannot be given on subscriptions to the new bills.

The decision to offer tax bills at this time postpones consideration of longer-term financing until later in the fiscal year.

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oOo

RELEASE MORNING NEWSPAPERS,
Tuesday, March 9, 1954.

H-412

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated March 11 and to mature June 10, 1954, which were offered on March 4, were opened at the Federal Reserve Banks on March 8.

The details of this issue are as follows:

Total applied for - $2,268,989,000
Total accepted - 1,501,139,000 (includes $213,470,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.731 Equivalent rate of discount approx. 1.066% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.728 " " " " " 1.076% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 44,177,000	$ 43,127,000
New York	1,710,236,000	1,035,711,000
Philadelphia	41,163,000	27,008,000
Cleveland	42,364,000	36,364,000
Richmond	15,093,000	12,768,000
Atlanta	30,390,000	28,515,000
Chicago	193,787,000	144,887,000
St. Louis	20,038,000	18,738,000
Minneapolis	10,160,000	9,750,000
Kansas City	35,314,000	29,764,000
Dallas	37,074,000	27,524,000
San Francisco	89,193,000	86,983,000
TOTAL	$2,268,989,000	$1,501,139,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, March 9, 1954.

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Minneapolis	10,160,000	9,750,000
Kansas City	35,314,000	29,764,000
Dallas	37,074,000	27,524,000
San Francisco	89,193,000	86,983,000
TOTAL	$2,268,989,000	$1,501,139,000

oOo

Immediate Release
Monday, March 8, 1954

H-113

~~For Release at — P.M. Monday, March 8~~

The Treasury Department today announced approval of an order by the Acting Commissioner of Customs reducing from 18 percent to 6 percent the countervailing duties in effect on imports of wool tops from Uruguay.

The Customs order followed action by the Government of Uruguay modifying the Uruguayan exchange rate applicable to wool tops exports from that country to the United States. It has been ~~The Customs Bureau~~ determined that the modification would reduce from 18 percent to 6 percent the net amount of bounties or grants paid by the Uruguayan Government to the Uruguayan exporters.

The original order of the Customs Bureau levying the countervailing duties was issued last May, after determination that the benefit of a bounty was being received by the Uruguayan exporters. The Tariff Act of 1930 provides for countervailing duties equal to the net amount of any bounty or grant.

The countervailing duties are added to all other applicable duties and charges.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Monday, March 8, 1954.

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The countervailing duties are added to all other applicable duties and charges.

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Immediate 3/8/56

H-414

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the calendar year 1953. For the year as a whole, the outward movement of monetary gold from the United States amounted to $1,168 million; the only U.S. purchase of monetary gold during 1953 was that of $4 million in the fourth quarter. These figures may be compared to U.S. sales of $331 million and U.S. purchases of $725 million in calendar 1952.

The gold outflow continued at a substantially reduced rate in 1954. Net sales in January and February, not yet available for publication on a country-by-country basis, were $48.1 million and $9.7 million, respectively.

A table showing quarterly and annual net transactions, by country, is attached.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Monday, March 8, 1954.

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The gold outflow continued at a substantially reduced rate in 1954. Net sales in January and February, not yet available for publication on a country-by-country basis, were $48.1 million and $9.7 million, respectively.

A table showing quarterly and annual net transactions, by country, is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES, 1953

(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	4th Quarter 1953	Calendar 1953
Argentina	-$54.9	-$20.0	-$10.0	-	-$84.8
Belgium	-36.5	-3.4	-12.4	-$32.6	-84.9
Belgian Congo	-	-	-	-9.9	-9.9
Colombia	-3.5	-	-	-	-3.5
Denmark	-13.2	-	-	-	-13.2
Germany	-30.0	-10.0	-40.0	-50.0	-130.0
Lebanon	-1.0	-1.1	-.7	-1.8	-4.6
Mexico	-28.1	-	-	-	-28.1
Netherlands	-25.0	-	-40.0	-	-65.0
Norway	-5.0	-	-	-	-5.0
Portugal	-15.0	-15.0	-15.0	-15.0	-59.9
Sweden	-10.0	-	-10.0	-	-20.0
Switzerland	-20.0	-25.0	-15.0	-5.0	-65.0
Switzerland-Bank for International Settlements	-23.5	-8.8	-42.8	-19.2	-94.3
Syria	-	-	-.5	-	-.5
Turkey	-3.3	-	-	-	-3.3
United Kingdom	-320.0	-40.0	-120.0	-	-480.0
Uruguay	-10.0	-5.0	-	-	-15.0
Vatican City	-	-	-	4.0	4.0
All Other	-.2	-.1	-.3	-.9	-1.5
Total	-$599.1	-$128.2	-$306.6	-$130.3	-$1,164.2

Some figures may not add to totals because of rounding.

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, or the amount of income or profits taxes paid by means of the bills, during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

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, noncompetitive 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 March 22, 1954, in cash or other immediately available funds.

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

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H-415

RELEASE MORNING NEWSPAPERS,
Wednesday, March 10, 1954.

The Treasury Department, by this public notice, invites tenders for $1,500,000,00 or thereabouts, of 94-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated March 22, 1954, and will mature June 24, 1954. They will be accepted at face value in payment of income and profits taxes due on June 15, 1954, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1954, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch not more than fifteen days before June 15, 1954, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1954, to the District Director of Internal Revenue for the district in which such taxes are payable. 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, Tuesday, March 16, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Wednesday, March 10, 1954

H-415

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 94-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated March 22, 1954, and will mature June 24, 1954. They will be accepted at face value in payment of income and profits taxes due on June 15, 1954, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1954, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch not more than fifteen days before June 15, 1954, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1954, to the District Director of Internal Revenue for the district in which such taxes are payable. 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, Tuesday, March 16, 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 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, noncompetitive 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 March 22, 1954, in cash or other immediately available funds.

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, or the amount of income or profits taxes paid by means of the bills, during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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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STATUTORY DEBT LIMITATION

AS OF February 28, 1954 — March 10, 1954

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	$ 19,510,305,000		
Certificates of indebtedness	25,277,617,000		
Treasury notes	32,753,561,000	$ 77,541,483,000	
Bonds -			
Treasury	82,749,870,500		
Savings (current redemp. value)	57,797,437,344		
Depositary	410,385,500		
Investment series	12,870,308,000	153,828,001,344	
Special Funds -			
Certificates of indebtedness	26,704,511,000		
Treasury notes	14,365,551,900	41,070,062,900	
Total interest-bearing		272,439,547,244	
Matured, interest-ceased		379,692,878	
Bearing no interest:			
United States savings stamps	50,276,334		
Excess profits tax refund bonds	1,320,889		
Special notes of the United States:			
Internat'l Monetary Fund series	1,352,000,000	1,403,597,223	
Total		274,222,837,345	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	75,946,486		
Matured, interest-ceased	1,064,975	77,011,461	
Grand total outstanding			274,299,848,806
Balance face amount of obligations issuable under above authority			700,151,194

Reconcilement with Statement of the Public Debt February 28, 1954
(Date)

(Daily Statement of the United States Treasury, February 26, 1954)
(Date)

Outstanding -	
Total gross public debt	274,781,539,140
Guaranteed obligations not owned by the Treasury	77,011,461
Total gross public debt and guaranteed obligations	274,858,550,601
Deduct - other outstanding public debt obligations not subject to debt limitation	558,701,795
	274,299,848,806

H-416

STATUTORY DEBT LIMITATION

AS OF February 28, 1954 March 10, 1954

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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, Revised, 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 March 18, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 18, 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,

TREASURY DEPARTMENT
Washington

H-417

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, March 11, 1954.

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 March 18, 1954, in the amount of $1,500,538,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated March 18, 1954, and will mature June 17, 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, March 15, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-417

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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 March 18, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 18, 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.

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IMMEDIATE RELEASE
Wednesday, March 10, 1954

Treasury Department
Washington

H-418

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 February 27, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of February 27, 1954
Whole milk, fresh or sour	Calendar year	3,000,000	Gallon	2,716
Cream	Calendar year	1,500,000	Gallon	112
Butter	Nov. 1, 1953- March 31, 1954	50,000,000	Pound	527,447
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	33,950,386	Pound	Quota Filled (1)
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	68,800,804
other	Sept. 15, 1953	60,000,000	Pound	Quota Filled
Cattle, less than 200 Lbs. each ..	12 months from April 1, 1953	200,000	Head	4,486
Cattle, 700 pounds or more each (other than dairy cows)	Jan. 1, 1954- Mar. 31, 1954	120,000	Head	4,906
Walnuts	Calendar year	5,000,000	Pound	1,043,789
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	5,852,438
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
* Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953- Sept. 30, 1954	2,500,000	Bushel	2,465,367

(1) Imports for consumption at the quota rate are limited to 8,487,597 pounds during the first three months of the calendar year.

* Imports through March 9, 1954.

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Imports through March 9, 1954.

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 March 9, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to March 9, 1954
United Kingdom	4,323,457	441,941	1,441,152	441,941
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	769,902	1,599,886	490,736

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-419

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 March 9, 1954, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	49,274
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	5,876,718
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	425,384
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 February 27, 1954

Established Quota (Global)	Imports
70,000,000	4,254,077

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to March 9, 1954

Established Quota (Global)	Imports
45,656,420	4,660,938

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-419

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COTTON WASTES
(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to March 9, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to March 9, 1954
United Kingdom	4,323,457	441,941	1,441,152	441,941
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	39,476	-	-
Netherlands	68,240	16,668	22,747	16,668
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	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	769,902	1,599,886	490,736

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-420

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, 1954, to February 27, 1954, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of February 27, 1954
Buttons		850,000	Gross	102,961
Cigars		200,000,000	Number	598,200
Coconut Oil		448,000,000	Pound	19,615,481
Cordage		6,000,000	Pound	293,866
Rice		1,040,000	Pound	-
Sugars	(Refined	1,904,000,000	Pound	-
	(Unrefined			176,900,152
Tobacco		6,500,000	Pound	137,503

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-420

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, 1954, to February 27, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of February 27, 1954
Buttons	850,000	Gross	102,961
Cigars	200,000,000	Number	598,200
Coconut Oil	448,000,000	Pound	19,615,481
Cordage	6,000,000	Pound	293,866
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	-
Sugars (Unrefined			176,900,152
Tobacco	6,500,000	Pound	137,503

Treasury Department
Washington

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-421

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 March 9, 1954	Established Quota	Imports May 29, 1953, to March 9, 195
	(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	140
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	3,815,240

Treasury Department
Washington

IMMEDIATE RELEASE,
Wednesday, March 10, 1954.

H-421

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:

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	(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	140
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	3,815,240

TREASURY DEPARTMENT

WASHINGTON, D.C.

Immediate Release
~~RELEASE MORNING NEWSPAPERS~~,
~~Tuesday, February 16, 1954~~.
Monday, March 15, 1954

~~H-398~~ H-422

During the month of ~~January~~ February, 1954, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~purchases~~ sales by the Treasury Department of $4,008,550 ~~$6,957,500~~.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, March 15, 1954.

H-422

During the month of February, 1954, 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 $4,003,550.

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152

RELEASE MORNING NEWSPAPERS,
Tuesday, March 16, 1954.

H-423

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated March 18 and to mature June 17, 1954, which were offered on March 11, were opened at the Federal Reserve Banks on March 15.

The details of this issue are as follows:

Total applied for - $2,531,185,000
Total accepted - 1,501,048,000 (includes $256,957,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.733/ Equivalent rate of discount approx. 1.056% per annum

Range of accepted competitive bids:

High	- 99.740	Equivalent rate of discount approx. 1.029% per annum
Low	- 99.731	" " " " " 1.064% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 45,903,000	$ 42,403,000
New York	1,862,137,000	982,653,000
Philadelphia	44,745,000	16,154,000
Cleveland	47,841,000	41,757,000
Richmond	18,514,000	16,174,000
Atlanta	38,725,000	37,013,000
Chicago	208,043,000	151,663,000
St. Louis	30,304,000	25,804,000
Minneapolis	13,315,000	12,631,000
Kansas City	43,100,000	38,038,000
Dallas	65,869,000	52,729,000
San Francisco	112,689,000	84,029,000
Total	$2,531,185,000	$1,501,048,000

TREASURY DEPARTMENT

WASHINGTON. D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, March 16, 1954.

H-423

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated March 18 and to mature June 17, 1954, which were offered on March 11, were opened at the Federal Reserve Banks on March 15.

The details of this issue are as follows:

Total applied for - $2,531,165,000
Total accepted - 1,501,0[illegible],000 (includes $256,957,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.733/ Equivalent rate of discount approx. 1.056% per annum

Range of accepted competitive bids:

High - 99.740 Equivalent rate of discount approx. 1.029% per annum
Low - 99.731 Equivalent rate of discount approx. 1.064% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 45,903,000	$ 42,403,000
New York	1,862,137,000	982,655,000
Philadelphia	44,745,000	16,154,000
Cleveland	47,341,000	41,757,000
Richmond	18,514,000	16,17[illegible],000
Atlanta	38,725,000	37,013,000
Chicago	206,043,000	151,663,000
St. Louis	30,304,000	25,804,000
Minneapolis	33,315,000	12,631,000
Kansas City	43,100,000	38,038,000
Dallas	65,869,000	52,729,000
San Francisco	112,339,000	[illegible]4,028,000
TOTAL	$2,531,185,000	$1,501,0[illegible],000

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work already done in investigating the fair value of imports from these eight countries and in view of the representations which have been made as to the events which may follow the resumption of appraisals, the Treasury directed that investigations as to the fair value of imports from these eight countries should be pursued to completion.

Customs was directed to observe future imports carefully to determine whether their prices and effects warrant the imposition of dumping duties.

RELEASE MORNING NEWSPAPERS
WEDNESDAY, MARCH 17, 1954

H-424

The Treasury Department today announced that it had not found dumping in the case involving alleged dumping of rayon staple fiber from Austria, Belgium, France, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

Under the Antidumping Act of 1921 a finding of dumping is made only if imports are sold below fair value and if the domestic industry is injured or likely to be injured.

In the case of imports from Belgium and the Netherlands there was insufficient evidence to show that sales were made below fair value.

In the case of imports from the other eight countries, the Treasury found that under the particular facts there was insufficient ground for a finding of injury or likelihood of injury to an industry in the United States.

In announcing the decision as to the eight countries other than Belgium and the Netherlands, the Treasury pointed out that the circumstances which existed in the period under investigation were abnormal. Representatives of certain foreign companies and importers had claimed that there had been a historical difference of from 2 to 3¢ per pound between the price of the foreign and the United States product so that no matter what may be the U. S. price, the price on imports would normally be expected to be 2 or 3¢ lower. The Treasury found no basis for this claim. The Treasury was not prepared to state categorically whether future sales at prices under fair value would be likely to injure domestic industry. In view of the amount

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Wednesday, March 17, 1954.

H-424

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Customs was directed to observe future imports carefully to determine whether their prices and effects warrant the imposition of dumping duties.

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, Revised, 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 **March 25, 1954** XXXX, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **March 25, 1954** XXXX. 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-425

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, March 18, 1954.

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 March 25, 1954, in the amount of $1,501,272,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated March 25, 1954, and will mature June 24, 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, March 22, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, March 18, 1954.

H-425

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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 March 25, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing March 25, 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, revised, 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, March 17, 1954.

H-[illegible]

The Treasury Department announced that the tenders for $1,500,000,000, or thereabouts, of Tax Anticipation Series 94-day Treasury bills to be dated March 22 and to mature June 24, 1954, which were offered on March 10, were opened at the Federal Reserve Banks on March 16.

The details of this issue are as follows:

Total applied for - $2,716,773,000
Total accepted - 1,501,159,000 (includes $155,864,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.750/ Equivalent rate of discount approx. 0.956% per annum

Range of accepted competitive bids:

High - 99.775 Equivalent rate of discount approx. 0.862% per annum
Low - 99.747 " " " " " " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,335,000	$ 27,824,000
New York	1,944,697,000	971,576,000
Philadelphia	65,209,000	36,321,000
Cleveland	54,520,000	46,152,000
Richmond	10,303,000	8,303,000
Atlanta	40,485,000	32,909,000
Chicago	313,100,000	200,515,000
St. Louis	25,400,000	16,300,000
Minneapolis	19,858,000	17,520,000
Kansas City	33,591,000	25,106,000
Dallas	33,164,000	18,354,000
San Francisco	141,111,000	100,271,000
TOTAL	$2,716,773,000	$1,501,159,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, March 17, 1954.

H-426

The Treasury Department announced that the tenders for $1,500,000,000, or thereabouts, of Tax Anticipation Series 94-day Treasury bills to be dated March 22 and to mature June 24, 1954, which were offered on March 10, were opened at the Federal Reserve Banks on March 16.

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High - 99.775 Equivalent rate of discount approx. 0.862% per annum
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(88 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,335,000	$ 27,324,000
New York	1,944,697,000	971,576,000
Philadelphia	65,209,000	36,321,000
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Richmond	10,303,000	8,303,000
Atlanta	40,485,000	32,909,000
Chicago	313,100,000	200,515,000
St. Louis	25,400,000	16,300,000
Minneapolis	19,858,000	17,528,000
Kansas City	33,591,000	25,106,000
Dallas	33,164,000	18,354,000
San Francisco	141,111,000	100,271,000
TOTAL	$2,716,773,000	$1,501,159,000

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I am sure that every Congressman in voting on this vital bill will be guided by his highest sense of the national interest.

Sincerely,

Secretary of the Treasury

Honorable Joseph W. Martin, Jr.
Speaker
House of Representatives
Room P-60
Washington, D. C.

NALennartson:nmw
3/17/54

financing by borrowing rather than the issue of securities, which "increases the vulnerability of the economy to serious deflation and unemployment."

4. The minority report of the House Ways and Means Committee in 1948 -- a minority which then included many of the present Democratic members of the Ways and Means Committee -- supported relief from double taxation of dividends. Their report suggested a comprehensive revision of the entire federal tax system and listed "such important matters as the double taxation of dividends" as among "needed amendments."

5. Organizations ranging from the American Farm Bureau Federation to the Investors League and the American Retail Federation have opposed double taxation of dividends in hearings before the Congress from 1947 to the present.

As President Eisenhower told the nation Monday night, the relief provision for double taxation of dividends "will be important to all of us, whether our savings are large or small."

There are 6½ million stockholders among the 47 million people now on the Federal income tax rolls, so the number of taxpayers who will benefit from the removal of this inequity is large, both in numbers and in percentage. But the most important thing is what encouraging incentive to invest means to the future of our economy. Somebody has to provide between eight and ten thousand dollars to provide the tools and facilities to give one American a job. As tax inequities discourage people from investing their savings, there is just that much less money to provide those tools and facilities. Investments make jobs. It keeps millions of workers now engaged in heavy industry at work at their present jobs and it creates new jobs with the tools which heavy industry makes. To encourage investment is in the best interests of all Americans and not a selfish short-sighted advantage to a few.

This well balanced tax program is the cornerstone of the entire program of this Administration as proposed by President Eisenhower in his State of the Union and other messages. It is designed to make America more secure, both from without and from within, and a better, safer, more really prosperous country for us all to live in.

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My dear Speaker Martin:

The House of Representatives is now debating the tax revision bill granting relief to millions of taxpayers as well as the extending of the 52 percent rate on corporations. I want to re-emphasize some of my thoughts as to the vital importance of this bill. I feel as strongly as I can that it is in the long-run interests of the American people that this bill be enacted substantially in its present form.

This program has been developed by the House Ways and Means Committee, under Chairman Daniel A. Reed, working with the Administration after months of study, hearings and careful analysis.

There is a substantial amount of misinformation circulating about one proposal in the revision bill. This is the proposal to reduce by a modest amount or percentage the existing double taxation on dividend income.

This is not something new. Both major political parties have for almost twenty years recognized the unfairness of double taxation of dividends.

1. President Roosevelt recognized the inequity of double taxation of dividends in his tax message of March 1936.

2. The House Committee on Postwar Policy and Planning recommended consideration of the elimination of double taxation in its reports of both 1944 and 1946. This committee, under Democratic chairmanship and composed of 10 Democrats, including Congressman Cooper the ranking Democrat on the present committee, and 8 Republicans, said that "consideration should be given to the elimination of the present double taxation of dividend income" and that this tax reform "would not only correct an inequity in the present tax structure but also provide an important stimulus to risk capital."

3. The Committee for Economic Development, in its November 1947 tax report, described double taxation of dividends as "gross inequity," and pointed out that its existence encourages business

H-427

FOR RELEASE P.M. NEWSPAPERS THURSDAY, MARCH 18, 1954

(Automatic release for newspapers, radio, t-v appearing after 7 a.m. Thursday morning)

The following letter has been sent by Treasury Secretary George M. Humphrey to Speaker of the House of Representatives Joseph W. Martin, Jr.:

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE P.M. NEWSPAPERS,
Thursday, March 18, 1954.

H-427

The following letter has been sent by Treasury Secretary George M. Humphrey to Speaker of the House of Representatives Joseph W. Martin, Jr.:

My dear Speaker Martin: March 17, 1954

The House of Representatives is now debating the tax revision bill granting relief to millions of taxpayers as well as the extending of the 52 percent rate on corporations. I want to re-emphasize some of my thoughts as to the vital importance of this bill. I feel as strongly as I can that it is in the long-run interests of the American people that this bill be enacted substantially in its present form.

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3. The Committee for Economic Development, in its November 1947 tax report, described double taxation of dividends as "gross inequity," and pointed out that its existence encourages business financing by borrowing rather than the issue of securities, which "increases the vulnerability of the economy to serious deflation and unemployment."

4. The minority report of the House Ways and Means Committee in 1948 -- a minority which then included many of the present Democratic members of the Ways and Means Committee -- supported relief from double taxation of dividends. Their report suggested a comprehensive revision of the entire federal tax system and listed "such important matters as the double taxation of dividends" as among "needed amendments."

5. Organizations ranging from the American Farm Bureau Federation to the Investors League and the American Retail Federation have opposed double taxation of dividends in hearings before the Congress from 1947 to the present.

As President Eisenhower told the nation Monday night, the relief provisions for double taxation of dividends "will be important to all of us, whether our savings are large or small."

There are 6-1/2 million stockholders among the 47 million people now on the Federal income tax rolls, so the number of taxpayers who will benefit from the removal of this inequity is large, both in numbers and in percentage. But the most important thing is what encouraging incentive to invest means to the future of our economy. Somebody has to provide between eight and ten thousand dollars to provide the tools and facilities to give one American a job. As tax inequities discourage people from investing their savings, there is just that much less money to provide those tools and facilities. Investments make jobs. It keeps millions of workers now engaged in heavy industry at work at their present jobs and it creates new jobs with the tools which heavy industry makes. To encourage investment is in the best interests of <u>all</u> Americans and not a selfish short-sighted advantage to a few.

This well balanced tax program is the cornerstone of the entire program of this Administration as proposed by President Eisenhower in his State of the Union and other messages. It is designed to make America more secure, both from without and from within, and a better, safer, more really prosperous country for us all to live in.

I am sure that every Congressman in voting on this vital bill will be guided by his highest sense of the national interest.

Sincerely,

/s/ G. M. HUMPHREY
Secretary of the Treasury

Honorable Joseph W. Martin, Jr.
Speaker
House of Representatives
Room P-60
Washington, D. C.

oOo

Trust Company, and Boston Mutual Life Insurance Company. An alumnus of Massachusetts State College, Mr. Brett has devoted considerable time during the past years to associations connected with his alma mater. He is director of the University of Massachusetts, president and director of the University's building association, and president and member of the board of governors of the University of Massachusetts Foundation.

Commenting on Mr. Brett's acceptance, Secretary Humphrey wrote him: "I'm delighted to learn of your willingness to assume the important volunteer role as State Chairman of our savings bonds program for the State of Massachusetts. This program is important to us in our determination to achieve a sound and honest dollar, and the addition of a leader of your stature will help us greatly."

oOo

Immediate ~~Advanced~~ release

H-4-8

Secretary Humphrey today announced the appointment of Alden C. Brett, Treasurer of the Hood Rubber Company, Watertown, Mass., as State Chairman of the U. S. Savings Bonds Advisory Committee for Massachusetts.

Mr. Brett succeeds Corodon S. Fuller, who has been State Chairman since 1950, and actively associated with the savings bonds volunteer organization in Massachusetts since 1941.

In accepting Mr. Fuller's resignation, Secretary Humphrey expressed his personal thanks and the Treasury's official appreciation for the valuable service he rendered during the past 13 years. "It is Cheering ~~heartening~~ indeed," Secretary Humphrey said, "to know that you are willing to lend your ~~render~~ good counsel and assistance to your successor whenever occasions arise."

The new State Chairman, who will direct volunteer activities during the Treasury's "billion more in '54" savings bonds campaign in Massachusetts, has devoted 30 years to the study of finance, economics, and monetary policies. He has been treasurer of Hood Rubber Company since 1929, and also president and director of the Arrow Mutual Liability Insurance Company. He is director of United Services Company, State

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, March 19, 1954.

H-428

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Mr. Brett succeeds Corodon S. Fuller, who has been State Chairman since 1950, and actively associated with the savings bonds volunteer organization in Massachusetts since 1941.

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Commenting on Mr. Brett's acceptance, Secretary Humphrey wrote him: "I'm delighted to learn of your willingness to assume the important volunteer role as State Chairman of our savings bonds program for the State of Massachusetts. This program is important to us in our determination to achieve a sound and honest dollar, and the addition of a leader of your stature will help us greatly."

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

	Dec. 31, 1953	Sept. 30, 1953	Dec. 31, 1952	Increase or decrease since Sept. 30, 1953		Increase or decrease since Dec. 31, 1952	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	56,614,391	53,791,070	56,682,902	2,823,321	5.25	-68,511	-.12
Time	22,863,011	22,548,572	21,517,160	314,439	1.39	1,345,851	6.25
Deposits of U. S. Government	2,817,227	3,859,916	3,238,050	-1,042,689	-27.01	-420,823	-13.00
Postal savings deposits	13,442	13,436	13,588	6	.04	-146	-1.07
Deposits of States and political subdivisions	6,793,634	6,222,445	6,271,676	571,189	9.18	521,958	8.32
Deposits of banks	10,155,942	8,881,040	9,920,522	1,274,902	14.36	235,420	2.37
Other deposits (certified and cashiers' checks, etc.)	1,689,586	1,301,283	1,613,878	388,303	29.84	75,708	4.69
Total deposits	100,947,233	96,617,762	99,257,776	4,329,471	4.48	1,689,457	1.70
Bills payable, rediscounts, and other liabilities for borrowed money	14,851	483,231	75,921	-468,380	-96.93	-61,070	-80.44
Other liabilities	1,745,099	1,902,351	1,739,825	-157,252	-8.27	5,274	.30
Total liabilities, excluding capital accounts	102,707,183	99,003,344	101,073,522	3,703,839	3.74	1,633,661	1.62
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	5,211	5,444	5,666	-233	-4.28	-455	-8.03
Common	2,296,546	2,268,439	2,219,186	28,107	1.24	77,360	3.49
Total	2,301,757	2,273,883	2,224,852	27,874	1.23	76,905	3.46
Surplus	3,523,443	3,425,699	3,334,218	97,744	2.85	189,225	5.68
Undivided profits	1,310,761	1,387,126	1,225,731	-76,365	-5.51	85,030	6.94
Reserves	273,555	269,138	274,420	4,417	1.64	- 865	-.32
Total surplus, profits, and reserves	5,107,759	5,081,963	4,834,369	25,796	.51	273,390	5.66
Total capital accounts	7,409,516	7,355,846	7,059,221	53,670	.73	350,295	4.96
Total liabilities and capital accounts	110,116,699	106,359,190	108,132,743	3,757,509	3.53	1,983,956	1.83
	Percent	Percent	Percent				
RATIOS:							
U.S. Gov't securities to total assets	32.32	33.20	33.23				
Loans & discounts to total assets	34.46	34.83	33.40				
Capital acc[illegible] to total deposits	7.34	7.61	7.11				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks as of December 31, 1953, September 30, 1953, and December 31, 1952

(In thousands of dollars)

	Dec. 31, 1953	Sept. 30, 1953	Dec. 31, 1952	Increase or decrease since Sept. 30, 1953		Increase or decrease since Dec. 31, 1952	
				Amount	Percent	Amount	Percent
Number of banks...............	4,864	4,871	4,916	-7		-52	
ASSETS							
Commercial and industrial loans.	16,468,455	16,612,176	16,895,489	-143,721	-.87	-427,034	-2.53
Loans on real estate............	8,786,686	1/ 8,638,056	8,264,630	148,630	1.72	522,056	6.32
All other loans, including overdrafts....................	13,243,586	1/ 12,342,510	11,477,850	901,076	7.30	1,765,736	15.38
Total gross loans...........	38,498,727	37,592,742	36,637,969	905,985	2.41	1,860,758	5.08
Less valuation reserves...	554,581	543,405	518,296	11,176	2.06	36,285	7.00
Net loans...............	37,944,146	37,049,337	36,119,673	894,809	2.42	1,824,473	5.05
U. S. Government securities:							
Direct obligations............	35,563,334	35,287,324	35,921,239	276,010	.78	-357,905	-1.00
Obligations fully guaranteed..	25,429	25,429	15,203	---	---	10,226	67.26
Total U. S. Securities......	35,588,763	35,312,753	35,936,442	276,010	.78	-347,679	-.97
Obligations of States and political subdivisions......	6,330,265	6,346,681	5,982,753	-16,416	-.26	347,512	5.81
Other bonds, notes and debentures....................	2,086,723	2,035,365	2,176,230	51,358	2.52	-89,507	-4.11
Corporate stocks, including stocks of Fed. Reserve banks..	204,482	201,809	196,860	2,673	1.32	7,622	3.87
Total securities............	44,210,233	43,896,608	44,292,285	313,625	.71	-82,052	-.19
Total loans and securities..	82,154,379	80,945,945	80,411,958	1,208,434	1.49	1,742,421	2.17
Currency and coin...............	1,292,254	1,385,691	1,446,134	-93,437	-6.74	-153,880	-10.64
Reserve with Fed. Reserve banks.	13,130,530	12,570,050	12,956,212	560,480	4.46	174,318	1.35
Balances with other banks.......	12,122,734	10,074,427	11,997,057	2,048,307	20.33	125,677	1.05
Total cash, balances with other banks, including reserve balances and cash items in process of collection...	26,545,518	24,030,168	26,399,403	2,515,350	10.47	146,115	.5[illegible]
Other assets....................	1,416,802	1,383,077	1,321,382	33,725	2.44	95,420	7.2[illegible]
Total assets...............	110,116,699	106,359,190	108,132,743	3,757,509	3.53	1,983,956	1.8[illegible]

1/ Revised.

purpose of purchasing and carrying securities, and to banks, etc., amounted to $13,200,000,000, an increase of 7 percent since September, and 15 percent in the year. The percentage of loans and discounts to total assets on December 31, 1953 was 34.46 in comparison with 34.83 in September and 33.40 in December 1952.

Investments of the banks in United States Government obligations on December 31, 1953 aggregated $35,600,000,000 (including $25,000,000 guaranteed obligations), an increase of $276,000,000 since September. These investments were 32 percent of total assets, compared to 33 percent in September. Other bonds, stocks and securities of $8,600,000,000, which included obligations of States and political subdivisions of $6,300,000,000, were $38,000,000 more than in September, and $266,000,000 more than held in December the year previous. Total securities held amounting to $44,200,000,000 were slightly less than the December 1952 figure.

Cash of $1,300,000,000, reserve with Federal Reserve banks of $13,100,000,000 and balances with other banks (including cash items in process of collection) of $12,100,000,000, a total of $26,500,000,000, showed an increase of $2,500,000,000 since September.

The capital stock of the banks on December 31, 1953 was $2,300,000,000, including $5,000,000 of preferred stock. Surplus was $3,500,000,000, undivided profits $1,300,000,000, and capital reserves $274,000,000, or a total of $5,100,000,000. Total capital accounts of $7,400,000,000, which were 7.34 percent of total deposits, were $53,000,000 more than in September when they were 7.61 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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RELEASE MORNING NEWSPAPERS

The total assets of national banks on December 31, 1953 amounted to more than $110,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,864 active national banks in the United States and possessions. The assets were $3,700,000,000 more than the amount reported by the 4,871 active banks on September 30, 1953, the date of the previous call, and were nearly $2,000,000,000 over the aggregate reported by the 4,916 active banks as of December 31, 1952.

The deposits of the banks on December 31 were $101,000,000,000, an increase of $4,300,000,000 since September, and an increase of over $1,600,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $56,600,000,000, which increased $2,800,000,000, or 5 percent, since September, and time deposits of individuals, partnerships, and corporations of $22,800,000,000, an increase of $314,000,000. Deposits of the United States Government of $2,800,000,000 decreased $1,000,000,000 since September; deposits of States and political subdivisions of $6,800,000,000 showed an increase of $571,000,000; and deposits of banks amounted to $10,200,000,000, an increase of $1,300,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,700,000,000.

Net loans and discounts on December 31, 1953 were $38,000,000,000, an increase of $900,000,000 since September, and $1,800,000,000, or 5 percent, above the December figure the previous year. Commercial and industrial loans of $16,500,000,000 were about the same as in September. Loans on real estate of $8,800,000,000 were up nearly 2 percent. Other loans, including consumer loans to individuals, loans to farmers, to brokers and dealers and others for the

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Wednesday, March 24, 1954.

H-429

The total assets of national banks on December 31, 1953 amounted to more than $110,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,864 active national banks in the United States and possessions. The assets were $3,700,000,000 more than the amount reported by the 4,871 active banks on September 30, 1953, the date of the previous call, and were nearly $2,000,000,000 over the aggregate reported by the 4,916 active banks as of December 31, 1952.

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Investments of the banks in United States Government obligations on December 31, 1953 aggregated $35,600,000,000 (including $25,000,000 guaranteed obligations), an increase of $276,000,000 since September. These investments were 32 percent of total assets, compared to 33 percent in September. Other bonds, stocks and securities of $8,600,000,000, which included obligations of States and political subdivisions of $6,300,000,000, were $38,000,000 more than in September, and $266,000,000 more than held in December the year previous. Total securities held amounting to $44,200,000,000 were slightly less than the December 1952 figure.

Cash of $1,300,000,000, reserve with Federal Reserve banks of $13,100,000,000 and balances with other banks (including cash items in process of collection) of $12,100,000,000, a total of $26,500,000,000, showed an increase of $2,500,000,000 since September.

The capital stock of the banks on December 31, 1953 was $2,300,000,000, including $5,000,000 of preferred stock. Surplus was $3,500,000,000, undivided profits $1,300,000,000, and capital reserves $274,000,000, or a total of $5,100,000,000. Total capital accounts of $7,400,000,000, which were 7.34 percent of total deposits, were $53,000,000 more than in September when they were 7.61 percent of total deposits.

Statement showing comparison of principal items of assets and liabilities of active national banks as of December 31, 1953, September 30, 1953, and December 31, 1952

(In thousands of dollars)

	Dec. 31, 1953	Sept. 30, 1953	Dec. 31, 1952	Increase or decrease since Sept. 30, 1953		Increase or decrease since Dec. 31, 1952	
				Amount	Percent	Amount	Percent
Number of banks	4,864	4,871	4,916	-7		-52	
ASSETS							
Commercial and industrial loans	16,468,455	16,612,176	16,895,489	-143,721	-.87	-427,034	-2.53
Loans on real estate	8,786,686	1/ 8,638,056	8,264,630	148,630	1.72	522,056	6.32
All other loans, including overdrafts	13,243,586	1/ 12,342,510	11,477,850	901,076	7.30	1,765,736	15.38
Total gross loans	38,498,727	37,592,742	36,637,969	905,985	2.41	1,860,758	5.08
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Net loans	37,944,146	37,049,337	36,119,673	894,809	2.42	1,824,473	5.05
U. S. Government securities:							
Direct obligations	35,563,334	35,287,324	35,921,239	276,010	.78	-357,905	-1.00
Obligations fully guaranteed	25,429	25,429	15,203	---	---	10,226	67.26
Total U. S. Securities	35,588,763	35,312,753	35,936,442	276,010	.78	-347,679	-.97
Obligations of States and political subdivisions	6,330,265	6,346,681	5,982,753	-16,416	-.26	347,512	5.81
Other bonds, notes and debentures	2,086,723	2,035,365	2,176,230	51,358	2.52	-89,507	-4.11
Corporate stocks, including stocks of Fed. Reserve banks	204,482	201,809	196,860	2,673	1.32	7,622	3.87
Total securities	44,210,233	43,896,608	44,292,285	313,625	.71	-82,052	-.19
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Other assets	1,416,802	1,383,077	1,321,382	33,725	2.44	95,420	7.22
Total assets	110,116,699	106,359,190	108,132,743	3,757,50[illegible]	53	1,983,956	1.83

1/ Revised.

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

	Dec. 31, 1953	Sept. 30, 1953	Dec. 31, 1952	Increase or decrease since Sept. 30, 1953		Increase or decrease since Dec. 31, 1952	
				Amount	Percent	Amount	Percent
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Other deposits (certified and cashiers' checks, etc.)	1,689,586	1,301,283	1,613,878	388,303	29.84	75,708	4.69
Total deposits	100,947,233	96,617,762	99,257,776	4,329,471	4.48	1,689,457	1.70
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Other liabilities	1,745,099	1,902,351	1,739,825	-157,252	-8.27	5,274	.30
Total liabilities, excluding capital accounts	102,707,183	99,003,344	101,073,522	3,703,839	3.74	1,633,661	1.62
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Capital stock:							
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Capital accounts to total deposits	7.34	7.61	7.11				

NOTE: Minus sign denotes decrease.

RELEASE MORNING NEWSPAPERS,
Tuesday, March 23, 1954.

H-430

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated March 25 and to mature June 24, 1954, which were offered on March 18, were opened at the Federal Reserve Banks on March 22.

The details of this issue are as follows:

Total applied for - $2,371,847,000
Total accepted - 1,501,440,000 (includes $244,367,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.740 Equivalent rate of discount approx. 1.030% per annum

Range of accepted competitive bids: (Excepting one tender of $127,000)

High - 99.747 Equivalent rate of discount approx. 1.001% per annum
Low - 99.737 " " " " " 1.040% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,128,000	$ 29,338,000
New York	1,668,770,000	875,180,000
Philadelphia	37,507,000	22,507,000
Cleveland	76,978,000	66,658,000
Richmond	15,251,000	15,251,000
Atlanta	26,166,000	25,240,000
Chicago	262,950,000	234,010,000
St. Louis	26,326,000	25,784,000
Minneapolis	13,538,000	12,712,000
Kansas City	51,485,000	50,232,000
Dallas	34,101,000	31,801,000
San Francisco	123,647,000	112,727,000
TOTAL	$2,371,847,000	$1,501,440,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, March 23, 1954.

H-430

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Range of accepted competitive bids: (Excepting one tender of $127,000)

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Low - 99.737 Equivalent rate of discount approx. 1.040% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,128,000	$ 29,338,000
New York	1,668,770,000	875,180,000
Philadelphia	37,507,000	22,507,000
Cleveland	76,978,000	66,658,000
Richmond	15,251,000	15,251,000
Atlanta	26,166,000	25,240,000
Chicago	262,950,000	234,010,000
St. Louis	26,326,000	25,784,000
Minneapolis	13,538,000	12,712,000
Kansas City	51,485,000	50,232,000
Dallas	34,101,000	31,801,000
San Francisco	123,647,000	112,727,000
TOTAL	$2,371,847,000	$1,501,440,000

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IMMEDIATE RELEASE

H-431

Treasury Secretary Humphrey today appointed Virgil R. Lee of Chehalis, Wash., an Assistant to the Secretary.

Secretary Humphrey said that Mr. Lee will assist and advise him in matters of personnel policy.

Mr. Lee has been in the insurance business at Chehalis for 30 years. He served for 12 years in the Washington State Legislature -- two years as State Representative and 10 years as State Senator. He did not seek reelection in the last general election.

While in the Washington State Senate Mr. Lee served as chairman of the Revenue and Taxation Committee for two sessions, and as chairman of the Committee on Insurance for three sessions. He also served as a member of the Joint Interim Committee on Highways and the Legislative Council.

In recognition of his leadership in the insurance business in Washington State he was elevated to the presidency of the Washington Insurance Agents Association. He served as a member of the executive committee of the National Association of Insurance Agents.

When Secretary Humphrey asked him to come to Washington, Mr. Lee turned the management of his insurance business over to his son, William R. Lee, who has been his partner since 1946.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, March 22, 1954.

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The equipment consists of various components, including a hot mill which does initial rolling to reduce the gauge of the metal and a cold mill which further rolls and thins out the material. The finished product of the cold mill can be either coiled or stacked. The machinery which is offered for sale includes coilers, as well as a flying shear line for tin plate which is capable of cutting the finished metal into desired lengths. The equipment is not complete in some respects and certain electrical parts are missing.

This equipment was designed with the expectation that about 75 percent of its output would be marketed as cold rolled products and about 25 percent as hot rolled products. To meet the requirements for the production planned, which amounted to 400,000 metric tons annually of steel strip, the hot mill was to be operated at a capacity of approximately 100 tons per hour. The output of this mill would vary depending upon the products being rolled, the turns per day operated, and the furnace capacity provided for supplying the heated slabs.

Detailed specifications of the property, and information regarding the terms and conditions of sale, together with the bid forms may be obtained from Mr. Laurence B. Robbins, in care of Foreign Assets Control, Treasury Department, Washington 25, D. C.

domestic or foreign buyer provided that the proceeds of sale would remain available in connection with the settlement of American claims against Czechoslovakia. Czechoslovak refusal to dispose of the property on this basis led to an impasse which the sale order now resolves. Funds realized from the sale will be deposited in banks in the United States for the account of the Czechoslovak owners of the property but these amounts will remain blocked pending consideration of American claims against Czechoslovakia.

Today's action will bring relief to the American firms on whose premises in Philadelphia and New Castle, Pennsylvania; Troy, New York; and Youngstown, Ohio, the steel mill equipment is presently being stored. The Czechoslovaks for several years have been in default in the payment of storage charges on the equipment. The successful bidders at the Receiver's sale will have to satisfy the storage charges before being allowed to remove the property.

The property affected by today's order was manufactured by the United Engineering and Foundry Company of Pittsburgh, Pennsylvania, and consists of equipment which was designed for use in rolling and processing steel. It can produce materials which find their end uses in the manufacture of auto bodies, steel furniture, barrels, pipes and tin plate. Certain components of the equipment, properly modified, can also be used for the rolling and processing of non-ferrous metals. The equipment does not produce raw steel but processes steel which has already been put through a blooming or slabbing mill after having come from an open hearth or other steel producing furnace.

~~DRAFT - 3/15/54~~

Release AM newspapers
Thursday March 25 1954

H-432

~~PRESS RELEASE~~

Treasury Secretary Humphrey, acting under the Trading with the Enemy Act, today directed the sale by a Government Receiver of Czechoslovak-owned steel mill equipment which was blocked by the Treasury Department in 1952.

The steel mill equipment, for which the Czechoslovaks paid approximately $16 million, was ordered from an American manufacturer before the communist coup in Czechoslovakia but was not completed until after the coup. Its exportation was prevented under the Export Control Law and the Treasury Department blocked the property to insure that its disposition would be in accordance with the defense interests of the United States.

Laurence B. Robbins, Special Assistant to the Secretary of the Treasury, has been designated as Receiver and directed to sell the equipment by public sale. He is immediately calling for sealed bids on the property as a whole and on its various principal components. Bids will be opened on April 28, 1954.

Secretary Humphrey's order to dispose of the equipment parallels similar action taken with regard to foreign-owned property in the United States during World War II where the owners, whether enemies or non-enemies, would not or could not effectively use or dispose of property in the United States and where the disposition of the property was deemed necessary in the public interest. The Treasury Department has been willing to allow the ~~Czechoslovaks~~ owners to sell the property to an acceptable

TREASURY DEPARTMENT

WASHINGTON. D.C.

RELEASE A.M. NEWSPAPERS,
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oOo

The adoption of the revision bill will make most of the necessary changes in the structure of the tax laws, with the exception of a few areas which we have reserved for further analysis and later recommendations. The revision bill will have far-reaching benefits both to the millions of individuals directly affected and to the whole country through the removal of tax road-blocks to economic growth. Once this revision bill has been adopted, we can look forward to making further reductions in tax rates as additional reductions in Government expenditures are brought into sight. With appropriate reductions in rates, it will be possible to distribute the remaining tax burdens fairly among all citizens. We look forward confidently to the enactment of the tax revision bill.

exemption for the family with three children was $3,200 and the first bracket tax rate was 4 percent. On this comparison, the exemption has gone down 6 percent and the tax rate has gone up 500 percent!

Rate reductions -- and not increases in exemptions -- are called for in any attempt to relieve burdens in the order in which they were imposed.

An increase in the exemption to $1,000 would excuse one taxpayer in three from all Federal income taxes. It would mean that a family with three children would pay no income tax until their income exceeded $5,500 a year, over $450 a month. President Eisenhower, on March 15, said he favored cutting taxes when they could be cut, but that he did not believe that the way to make the cut was to excuse millions of Americans from paying any income tax at all. He went on to say:

> "The good American doesn't ask for favored position or treatment. Naturally he wants all fellow citizens to pay their fair share of the taxes, and he wants every cent collected to be spent wisely and economically. But every real American is proud to carry his share of the burden. In war and peace, I have seen countless examples of American pride and of the unassuming but inspiring courage of young American citizens. I simply don't believe for one second that anyone privileged to live in this country wants someone else to pay his own fair and just share of the cost of his government."

deficit will approach $4 billion if the excise tax reduction is enacted. Additional tax cuts at the present time would jeopardize the entire program of the Administration.

It is for this reason that we oppose the several suggestions which have been made in recent weeks for increases in the personal exemption in the individual income tax by $100, $200, and even $400 above the present figure of $600. We not only oppose any further loss in revenue under existing conditions, but we believe that tax reductions, when they can be made, should take the form of rate reductions.

You will recall that Senator George, who has proposed the largest increases in exemptions, suggested in his speech to you just a month ago that tax burdens should be relieved much in the order in which they had been imposed. We agree with this general principle, but the record shows that it calls for rate reductions, not increases in exemptions.

The present exemption of $600 a person has been in effect since 1948 when it was raised by the Republican Congress from $500, which had been in existence since 1944. Prior to 1944, the exemption was different for single and married people and dependents. But if you take an average family with three children, you will find that the total exemptions as far back as 1941 were $2,700 compared with $3,000 now. At that time, the first bracket tax rate was 10 percent; it is now 20 percent. And in 1940, the last year before Pearl Harbor, the

The policy of the Administration is to pass back to taxpayers through tax reductions savings in Government expenditures as rapidly as this can be done while maintaining a sound budget position. The reductions in expenditures already made and in sight permit the total tax reductions, amounting to almost $6½ billion, while at the same time the deficit, which was over $9 billion in the last fiscal year, is estimated to be less than $3 billion in the next fiscal year.

The bill for reduction of excise taxes now before the Senate will, if adopted, lead to a further loss of revenue of almost $1 billion, bringing total tax reductions close to $7.5 billion. This is a tremendous reduction, all occurring in a short period of time.

In view of the very large reductions in expenditures which are under way, it is sound economic policy to bring taxes down even before the budget is fully balanced. A balanced budget is and will remain one of the objectives of the Administration. But a very rapid curtailment of Government expenditures without tax reduction would cause too great a dislocation in the economy, which has been artificially supported by Government deficits.

We have noted that between $6½ and $7½ billion in tax cuts are likely to be made in the first six months of this year. We do not feel that the present situation requires an emergency tax reduction program. The deficits for both the current fiscal year and the next year are even now estimated at about $3 billion, and next year's

I want to turn finally to a brief discussion of the general tax and budget policy of the Administration.

In the spring of last year, we were confronted with the prospect of a very large deficit on the basis of the expenditure and tax program of the prior administration. This deficit turned out to be more than $9 billion. And projected expenditures for fiscal 1954 were $4 billion higher than 1953.

~~Our~~ The first decision was to maintain revenues until the expenditures and deficits could be reduced. The new Administration recommended, and the Congress voted, a 6-months extension of the excess profits tax, even though we did not like this tax.

Expenditures for the current -- 1954 -- fiscal year are being reduced $7 billion below those originally projected and a further reduction of more than $5 billion is estimated for the 1955 fiscal year.

On the basis of these expenditure reductions, the January 1st tax reductions could be made. They were welcome first steps towards lower taxes.

The reductions in individual income taxes mean a savings to taxpayers -- and a loss of revenue to the Government -- of $3 billion in a full year. The elimination of the excess profits tax amounts to $2 billion. The tax revision bill will involve additional savings to taxpayers of about $1.5 billion.

We are receiving criticisms from business concerns of the provision which requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5 percent per quarter in 1955, and reaching 25 percent in 1959. Companies with tax liabilities of less than $50,000 would not be affected -- these represent 90 percent of the corporations.

This proposal would assist the Treasury by spreading the collections evenly throughout the year -- otherwise we will get all our taxes from corporations in March and June. It will, in the long run, help put corporations in a sounder financial condition -- too many now depend on their tax liability to help finance their operations. Individuals are now on a pay-as-you-go basis and with this change, corporations will by 1959 be about as close to a current basis as is feasible.

These are only a few of the many changes in the Internal Revenue Code. As you have observed, it is a tax reform bill, designed to correct the major defects and to help the whole economy, both immediately and in the long run. It is quite unfair to attempt to compare it with other plans to give immediate tax reductions on a big scale.

The cost of the bill in loss of revenue is $1.4 billion, but an important feature is that the corporation rate is continued at 52 percent instead of being permitted to go down to 47 percent. This will bring in $1.2 billion -- almost enough to finance the entire cost. Thus, it is not a "hand-out" to business.

and to risky enterprises; the additional year for the carryback increases the opportunity for prompt tax relief in the year of loss when the refund is most needed.

Important changes have been made to remove handicaps on investment abroad.

Two and a half million farmers will benefit from changes in the treatment of depreciation and the increased allowance for soil conservation expenses.

In addition to giving tax relief to many millions by removing these inequities, the bill will also plug a number of loopholes which have crept into the system, and thus save revenue. Chairman Reed described fifty specific provisions to close loopholes.

Carrying charges on installment purchases will be deductible as interest, even if the amount of these charges is not stated separately in the purchase contract.

Many of the revisions will be of particular benefit to small business; several of them were recommended by the Small Business Committees of the Congress, including those of previous Administrations. The depreciation and double taxation of dividends provisions will be particularly helpful to small business. Laws covering the taxation of partnerships will be spelled out in the statute for the first time. This will facilitate the formation and continued operation of partnerships. An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the Government in cases involving the unreasonable accumulation of earnings will be beneficial. The changes concerning corporate reorganizations will help make it possible for smaller companies to maintain their continued independent existence when one owner-management group retires or needs to realize on part of its investment. The longer averaging period for corporation income will be of particular benefit to small businesses with fluctuating incomes if he earns more than $600, -- 1,500,000 taxpayers will benefit from this change.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live, -- one million taxpayers will be affected by these changes.

Medical expenses in excess of 3 percent of a taxpayer's income will be deductible, compared with those over 5 percent under present law, -- eight and a half million taxpayers will benefit.

Child care expenses will be deductible by half a million working widows who support young children.

Up to $100 a week of sickness and accident benefits will be non-taxable to many millions of employees.

Employees' pension and profit-sharing plans will be strengthened.

Up to $1200 a year of retirement income will be tax exempt for one million persons aged 65 and over.

is between $8,000 and $10,000. The present tax system makes it difficult to attract risk capital to create these jobs. It encourages corporations to finance themselves by bonded indebtedness, because interest can be deducted for tax purposes. In recent years over three-quarters of the financing by industry has taken the form of bonded indebtedness. This makes the economy more vulnerable in periods of business unsettlement.

This plan for partial relief of double taxation of dividends was not designed to give relief to any one group, but to help all. In recent years people in the lower income groups have been investing more and more in common stocks. You are familiar with the figures which were recently released by one of the large corporations showing that of their 300,000 stockholders, 56 percent made less than $5000 per year from all sources. By giving tax exemption to the first $100 of dividends ($200 to married people when both own stock), many people with lower incomes would be encouraged to become shareholders and thus participate in the growth of American industry.

Many provisions of the bill will benefit individuals. One will permit parents to claim a child as a dependent even

For many years, England has had a system which largely eliminates double taxation. It is interesting to note that this plan has not been changed during the periods when the Labor Government was in control. Canada, several years ago, adopted a plan under which the stockholder now receives a credit of 20 percent of dividends received, compared to 10 percent in the pending bill.

The plan proposed in the bill generally follows ~~somewhat along~~ the lines of the Canadian plan except that the smaller stockholder receives more favorable treatment than in Canada. The first $50 of dividends -- $100 in 1955 -- would be exempt from taxation and the stockholder would receive, in addition, a credit of 5 percent -- 10 percent the second year -- on dividends received. This plan (except for those in the lower income tax brackets, where the relief is greater) provides relief of only about half as much as existed prior to 1936,

The present double taxation, we feel, represents a real handicap to expansion of business. This is a capitalistic system; in the past we have depended on risk capital for development of new enterprises and for expansion of old ones. Large sums are needed to create jobs. It is estimated that the average cost of providing plant and equipment for one job stockholder in turn pays a tax varying from 20 percent to 91 percent. If you follow through on $100 of earnings of a corporation you will find that the corporation pays a tax of $52, leaving $48. If all this were paid out in dividends, the stockholder in the lowest bracket would then pay a 20 percent tax, leaving him $38 out of the $100 and if he should be in the $50,000 bracket the net would be $13 for a single taxpayer and $20 for a married couple.

Prior to 1936 dividends were entirely free from the normal tax, which was usually the same as what we now call the first bracket rate. If we had the same plan in operation today, dividends would be free from the first 20 percent tax. In the Tax Message of 1936, President Roosevelt, in proposing a change in the corporate tax, recognized the inequity of double taxation of dividends, and he suggested a plan under which the corporation would be taxed only for the earnings which were not distributed to the shareholder. In the confusion over the enactment of this proposal, the dividends-received credit to the individual was abolished and has not been in the law since. Thus, since 1936, dividends have been subject to full double taxation.

about two-thirds of the cost of new buildings, machinery and equipment, including farm equipment, is depreciated in the first half of its life. This would encourage investment because the taxpayer could get a larger share of the cost back in a shorter period of time. It would be particularly helpful to small concerns in financing the purchase of new equipment. What we are doing is simply to allow tax deductions for depreciation in accord with the facts. As everyone knows, the value of an automobile, for instance, declines at a faster rate during the first year. In the long run, of course, there is no increase in tax deductions; in later years the tax allowance would be less but taxes higher. This provision is one of the most important in the bill and would greatly stimulate spending for modernizing and expanding plants and for creating jobs.

Next, let us discuss the provision to grant limited relief to the double taxation of dividends -- a provision which many dispatches would indicate is the only thing in the bill.

There is an inequity in the present tax treatment of dividends. The corporation pays a 52 percent tax on earnings before anything is distributed to stockholders. Then the written off only once. The law itself provides that "there shall be allowed as deductions... a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)--". In 1934, in a search for additional revenue, the Ways and Means Committee was considering a bill to reduce depreciation allowances by 25 percent, across the board. The Treasury realized that this meat-axe approach would cause many hardships, especially to smaller businesses, and proposed a more flexible alternative, but one which would nevertheless increase the revenue considerably. This plan was adopted.

Since that time there has been a great deal of criticism that the allowances were inadequate and not in accord with actual practice. This probably is the most widespread criticism of the tax structure. In recent years many countries have considerably liberalized the treatment of depreciation, with the view to stimulating plant expansion and modernization. The changes were effective.

The revision bill would permit more latitude in selection of methods of depreciation and would permit larger depreciation charges during the earlier years of use. Under one method -- the so-called double rate declining balance --

The Committee for Economic Development, in 1947, in its objective tax study, recommended, among other things, that the tax system be revised to give greater depreciation leeway; that tax rates be lowered rather than personal exemptions increased; and that steps be taken to reduce the double taxation of dividends.

Many other reports could be cited to show the demand for tax revisions and that the objectives of many provisions in this bill have had widespread support. In many cases there has been pretty general agreement as to what should be done.

Thus, this bill does not contain revisions which we have suddenly cooked up; its provisions are based upon many investigations and long objective study.

Now let us look at some of the major revisions: first, the allowance for depreciation.

Prior to 1934, the taxpayer had wide leeway as to the amount which he could write off each year against his current income as allowance for the cost of machinery, equipment and buildings. So long as ~~this~~ his policy was consistent and in accordance with sound accounting practice, the tax authorities raised little question, realizing that the cost could be

House Special Committee on Post-War Economic Policy and Planning (the Colmer Committee), which consisted of ten Democrats and eight Republicans, made a number of recommendations in 1944 and 1946 on tax policy which would facilitate the conversion from war to peace and would encourage the creation of jobs. For instance, they stated that in view of the heavy tax load which we would have for some time, all citizens, other than those below a minimum subsistence level, should bear some share of the income tax burden. They suggested that consideration be given to the elimination of the present double taxation of dividend income, and that this tax reform would not only correct an inequity in the present tax structure, but would also provide an important stimulus to risk capital. The reports also contained a proposal to permit greater latitude in making annual allowances for depreciation.

The Democratic minority of the House Ways and Means Committee, in 1947 and 1948, suggested a comprehensive revision of the entire income tax system and listed such important matters as double taxation of dividends and more flexible depreciation. Incidentally, this minority report was signed by many of the men who are now minority members of the Ways and Means Committee.

in some immediate loss in revenue.

Some of the inequities and handicaps in the present system date back to the changes which were made in the early 1930's. The effects of these restraints were not so evident then because the Federal taxes represented a comparatively small amount of the total national income. We might be able to get by for awhile with a bad tax system which takes 7 percent of the national income, as it did in 1936, but it is a different story when the Federal tax receipts represent about 25 percent of the national income, as they do today.

It is our view that the present tax system, unless changed, will exert serious restraint on economic growth in the future. In recent years, war and inflation have kept the economy active, and again the bad effects of the tax system have been hidden. None of us wants to depend on war and inflation in the future; we must depend on the normal incentives for growth.

Since World War II, there has been a persistent demand for revision of the tax structure. Many of the provisions of the bill have been recommended by Congressional committees in the past and by many organizations. For instance, the

Since we were first asked by the President, in his 1953 State of the Union Message, to review the tax system with a view to making recommendations to Congress, our aim has been to determine what changes should be made for the best interests of the country as a whole. We have been aided considerably by the studies of the tax system which have been made in recent years by Treasury and Congressional staffs, and by many organizations. Because of the tight budget situation, we have also had to keep constantly in mind the revenue loss involved in each change. We gave priority to those changes which were needed to remove the gross inequities or those which we thought would, by stimulating activity, increase the national income and, incidentally, tax revenues in later years.

Before discussing the major revisions in the bill, we should consider for a moment the background of our present tax system. It has grown haphazardly over the last 20 years, with taxes being added on top of taxes. This, of course, was due largely to the great need for increased revenue to finance World War II and the defense build-up since Korea. It is almost impossible to revise a tax system with revenue requirements increasing, since almost every reform or revision results

FOR RELEASE AT 1 P.M. WEDNESDAY, MARCH 24, 1954

EXTRACTS FROM REMARKS BY UNDER SECRETARY OF THE TREASURY MARION B. FOLSOM BEFORE THE NATIONAL PRESS CLUB LUNCHEON MEETING, WASHINGTON, D. C. MARCH 24, 1954.

~~Remarks By~~
~~Under Secretary of the Treasury Marion B. Folsom~~
~~Before the~~
National ~~Press Club, Washington, D.C.~~
~~March 24, 1954~~

H-433

THE IMPORTANCE OF THE TAX REVISION BILL

I am very glad to have this opportunity to talk to you about the Tax Revision Bill which last week was passed by the House of Representatives by a vote of 339 to 80. This 875-page bill represents many months of intensive work by the combined tax staffs of Congress and the Treasury Department, by the members of the Ways and Means Committee and Treasury officials. It constitutes a major revision of the Internal Revenue Code -- the first complete overhaul since the Income Tax was first adopted. Its purposes are to remove inequities; to reduce restraints on economic growth and the creation of jobs; to close loopholes; and to simplify the tax laws as far as possible.

This bill was not designed as a tax reduction measure but it is a long overdue tax reform. Many of its provisions, however, will give relief to millions of individual taxpayers. The immediate enactment will be particularly helpful at this time when we need to encourage private spending by business concerns to create jobs, as well as spending by consumers.

TREASURY DEPARTMENT
Washington

FOR RELEASE 1 P.M.,
Wednesday, March 24, 1954.

H-433

Extracts from remarks by Under Secretary of the Treasury Marion B. Folsom before the National Press Club Luncheon Meeting, Washington, D. C., March 24, 1954.

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Before discussing the major revisions in the bill, we should consider for a moment the background of our present tax system. It has grown haphazardly over the last 20 years, with taxes being added on top of taxes. This, of course, was due largely to the great need for increased revenue to finance World War II and the defense build-up since Korea. It is almost impossible to revise a tax system with revenue requirements increasing, since almost every reform or revision results in some immediate loss in revenue.

Some of the inequities and handicaps in the present system date back to the changes which were made in the early 1930's. The effects of these restraints were not so evident then because the Federal taxes represented a comparatively small amount of the total national income. We might be able to get by for awhile with a bad tax system which takes 7 percent of the national income, as it did in 1936, but it is a different story when the Federal tax receipts represent about 25 percent of the national income, as they do today.

It is our view that the present tax system, unless changed, will exert serious restraint on economic growth in the future. In recent years, war and inflation have kept the economy active, and again the bad effects of the tax system have been hidden. None of us wants to depend on war and inflation in the future; we must depend on the normal incentives for growth.

Since World War II, there has been a persistent demand for revision of the tax structure. Many of the provisions of the bill have been recommended by Congressional committees in the past and by many organizations. For instance, the House Special Committee on Post-War Economic Policy and Planning (the Colmer Committee), which consisted of ten Democrats and eight Republicans, made a number of recommendations in 1944 and 1946 on tax policy which would facilitate the conversion from war to peace and would encourage the creation of jobs. For instance, they stated that in view of the heavy tax load which we would have for some time, all citizens, other than those below a minimum subsistence level, should bear some share of the income tax burden. They suggested that consideration be given to the elimination of the present double taxation of dividend income, and that this tax reform would not only correct an inequity in the present tax structure, but would also provide an important stimulus to risk capital. The reports also contained a proposal to permit greater latitude in making annual allowances for depreciation.

The Democratic minority of the House Ways and Means Committee, in 1947 and 1948, suggested a comprehensive revision of the entire income tax system and listed such important matters as double taxation of dividend and more flexible depreciation. Incidentally, this minority report was signed by many of the men who are now minority members of the Ways and Means Committee.

The Committee for Economic Development, in 1947, in its objective tax study, recommended, among other things, that the tax system be revised to give greater depreciation leeway; that tax rates be lowered rather than personal exemptions increased; and that steps be taken to reduce the double taxation of dividends.

Many other reports could be cited to show the demand for tax revisions and that the objectives of many provisions in this bill have had widespread support. In many cases there has been pretty general agreement as to what should be done.

Thus, this bill does not contain revisions which we have suddenly cooked up; its provisions are based upon many investigations and long objective study.

Now let us look at some of the major revisions: first, the allowance for depreciation.

Prior to 1934, the taxpayer had wide leeway as to the amount which he could write off each year against his current income as allowance for the cost of machinery, equipment and buildings. So long as his policy was consistent and in accordance with sound accounting practice, the tax authorities raised little question, realizing that the cost could be written off only once. The law itself provides that "there shall be allowed as deductions... a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)--". In 1934, in a search for additional revenue, the Ways and Means Committee was considering a bill to reduce depreciation allowances by 25 percent, across the board. The Treasury realized that this meat-axe approach would cause many hardships, especially to smaller businesses, and proposed a more flexible alternative, but one which would nevertheless increase the revenue considerably. This plan was adopted.

Since that time there has been a great deal of criticism that the allowances were inadequate and not in accord with actual practice. This probably is the most widespread criticism of the tax structure. In recent years many countries have considerably liberalized the treatment of depreciation, with the view to stimulating plant expansion and modernization. The changes were effective.

The revision bill would permit more latitude in selection of methods of depreciation and would permit larger depreciation charges during the earlier years of use. Under one method -- the so-called double rate declining balance --about two-thirds of the cost of new buildings, machinery and equipment, including farm equipment, is depreciated in the first half of its life. This would encourage investment because the taxpayer could get a larger share of the cost back in a shorter period of time. It would be particularly helpful to small concerns in financing the purchase of new equipment. What we are doing is simply to allow tax deductions for depreciation in accord with the facts. As everyone knows, the value of an automobile, for instance, declines at a faster rate during the first year. In the long run, of course, there is no increase in tax deductions; in later years the tax allowance would be less but taxes higher. This provision is one of the most important in the bill and would greatly stimulate spending for modernizing and expanding plants and for creating jobs.

Next, let us discuss the provision to grant limited relief to the double taxation of dividends -- a provision which many dispatches would indicate is the only thing in the bill.

There is an inequity in the present tax treatment of dividends. The corporation pays a 52 percent tax on earnings before anything is distributed to stockholders. Then the stockholder in turn pays a tax varying from 20 percent to 91 percent. If you follow through on $100 of earnings of a corporation you will find that the corporation pays a tax of $52, leaving $48. If all this were paid out in dividends, the stockholder in the lowest bracket would then pay a 20 percent tax, leaving him $38 out of the $100 and if he should be in the $50,000 bracket the net would be $13 for a single taxpayer and $20 for a married couple.

Prior to 1936 dividends were entirely free from the normal tax, which was usually the same as what we now call the first bracket rate. If we had the same plan in operation today, dividends would be free from the first 20 percent tax. In the Tax Message of 1936, President Roosevelt, in proposing a change in the corporate tax, recognized the inequity of double taxation of dividends, and he suggested a plan under which the corporation would be taxed only for the earnings which were not distributed to the shareholder. In the confusion over the enactment of this proposal, the dividends-received credit to the individual was abolished and has not been in the law since. Thus, since 1936, dividends have been subject to full double taxation.

For many years, England has had a system which largely eliminates double taxation. It is interesting to note that this plan has not been changed during the periods when the Labor Government was in control. Canada, several years ago, adopted a plan under which the stockholder now receives a credit of 20 percent of dividends received, compared to 10 percent in the pending bill.

The plan proposed in the bill generally follows the lines of the Canadian plan except that the smaller stockholder receives more favorable treatment than in Canada. The first $50 of dividends -- $100 in 1955 -- would be exempt from taxation and the stockholder would receive, in addition, a credit of 5 percent -- 10 percent the second year -- on dividends received. This plan provides relief of only about half as much as existed prior to 1936, except for those in the lower income tax brackets, where the relief is greater.

The present double taxation, we feel, represents a real handicap to expansion of business. This is a capitalistic system; in the past we have depended on risk capital for development of new enterprises and for expansion of old ones. Large sums are needed to create jobs. It is estimated that the average cost of providing plant and equipment for one job is between $8,000 and $10,000. The present tax system makes it difficult to attract risk capital to create these jobs. It encourages corporations to finance themselves by bonded indebtedness, because interest can be deducted for tax purposes. In recent years over three-quarters of the financing by industry has taken the form of bonded indebtedness. This makes the economy more vulnerable in periods of business unsettlement.

This plan for partial relief of double taxation of dividends was not designed to give relief to any one group, but to help all. In recent years people in the lower income groups have been investing more and more in common stocks. You are familiar with the figures which were recently released by one of the large corporations showing that of their 300,000 stockholders, 56 percent made less than $5,000 per year from all sources. By giving tax exemption to the first $100 of dividends ($200 to married people when both own stock), many people with lower incomes would be encouraged to become shareholders and thus participate in the growth of American industry.

Many provisions of the bill will benefit individuals. One will permit parents to claim a child as a dependent even if he earns more than $600 -- 1,500,000 taxpayers will benefit from this change.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live -- one million taxpayers will be affected by these changes.

Medical expenses in excess of 3 percent of a taxpayer's income will be deductible, compared with those over 5 percent under present law -- eight and a half million taxpayers will benefit.

Child care expenses will be deductible by half a million working widows who support young children.

Up to $100 a week of sickness and accident benefits will be non-taxable to many millions of employees.

Employees' pension and profit-sharing plans will be strengthened.

Up to $1200 a year of retirement income will be tax exempt for one million persons aged 65 and over.

Carrying charges on installment purchases will be deductible as interest, even if the amount of these charges is not stated separately in the purchase contract.

Many of the revisions will be of particular benefit to small business; several of them were recommended by the Small Business Committees of the Congress, including those of previous Administrations. The depreciation and double taxation of dividends provisions will be particularly helpful to small business. Laws covering the taxation of partnerships will be spelled out in the statute for the first time. This will facilitate the formation and continued operation of partnerships. An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the Government in cases involving the unreasonable accumulation of earnings will be beneficial.

The changes concerning corporate reorganizations will help make it possible for smaller companies to maintain their continued independent existence when one owner-management group retires or needs to realize on part of its investment. The longer averaging period for corporation income will be of particular benefit to small businesses with fluctuating incomes and to risky enterprises; the additional year for the carryback increases the opportunity for prompt tax relief in the year of loss when the refund is most needed.

Important changes have been made to remove handicaps on investment abroad.

Two and a half million farmers will benefit from changes in the treatment of depreciation and the increased allowance for soil conservation expenses.

In addition to giving tax relief to many millions by removing these inequities, the bill will also plug a number of loopholes which have crept into the system, and thus save revenue. Chairman Reed described fifty specific provisions to close loopholes.

We are receiving criticisms from business concerns of the provision which requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5 percent per quarter in 1955, and reaching 25 percent in 1959. Companies with tax liabilities of less than $50,000 would not be affected -- these represent 90 percent of the corporations.

This proposal would assist the Treasury by spreading the collections evenly throughout the year -- otherwise we will get all our taxes from corporations in March and June. It will, in the long run, help put corporations in a sounder financial condition -- too many now depend on their tax liabilities to help finance their operations. Individuals are now on a pay-as-you-go basis and with this change, corporations will by 1959 be about as close to a current basis as is feasible.

These are only a few of the many changes in the Internal Revenue Code. As you have observed, it is a tax reform bill, designed to correct the major defects and to help the whole economy, both immediately and in the long run. It is quite unfair to attempt to compare it with other plans to give immediate tax reductions on a big scale.

The cost of the bill in loss of revenue is $1.4 billion, but an important feature is that the corporation rate is continued at 52 percent instead of being permitted to go down to 47 percent. This will bring in $1.2 billion -- almost enough to finance the entire cost. Thus, it is not a "hand-out" to business.

I want to turn finally to a brief discussion of the general tax and budget policy of the Administration.

In the spring of last year, we were confronted with the prospect of a very large deficit on the basis of the expenditure and tax program of the prior administration. This deficit turned out to be more than $9 billion. And projected expenditures for fiscal 1954 were $4 billion higher than 1953.

The first decision was to maintain revenues until the expenditures and deficits could be reduced. The new Administration recommended, and the Congress voted, a 6-months extension of the excess profits tax, even though we did not like this tax.

Expenditures for the current -- 1954 -- fiscal year are being reduced $7 billion below those originally projected and a further reduction of more than $5 billion is estimated for the 1955 fiscal year.

On the basis of these expenditure reductions, the January 1st tax reductions could be made. They were welcome first steps towards lower taxes.

The reductions in individual income taxes mean a savings to taxpayers -- and a loss of revenue to the Government -- of $3 billion in a full year. The elimination of the excess profits tax amounts to $2 billion. The tax revision bill will involve additional savings to taxpayers of about $1.5 billion.

The policy of the Administration is to pass back to taxpayers through tax reductions savings in Government expenditures as rapidly as this can be done while maintaining a sound budget position. The reductions in expenditures already made and in sight permit the total tax reductions, amounting to almost $6-1/2 billion, while at the same time the deficit, which was over $9 billion in the last fiscal year, is estimated to be less than $3 billion in the next fiscal year.

The bill for reduction of excise taxes now before the Senate will, if adopted, lead to a further loss of revenue of almost $1 billion, bringing total tax reductions close to $7.5 billion. This is a tremendous reduction, all occurring in a short period of time.

In view of the very large reductions in expenditures which are under way, it is sound economic policy to bring taxes down even before the budget is fully balanced. A balanced budget is and will remain one of the objectives of the Administration. But a very rapid curtailment of Government expenditures without tax reduction would cause too great a dislocation in the economy, which has been artificially supported by Government deficits.

We have noted that between $6-1/2 and $7-1/2 billion in tax cuts are likely to be made in the first six months of this year. We do not feel that the present situation requires an emergency tax reduction program. The deficits for both the current fiscal year and the next year are even now estimated at about $3 billion, and next year's deficit will approach $4 billion if the excise tax reduction is enacted. Additional tax cuts at the present time would jeopardize the entire program of the Administration.

It is for this reason that we oppose the several suggestions which have been made in recent weeks for increases in the personal exemption in the individual income tax by $100, $200, and even $400 above the present figure of $600. We not only oppose any further loss in revenue under existing conditions, but we believe that tax reductions, when they can be made, should take the form of rate reductions.

You will recall that Senator George, who has proposed the largest increases in exemptions, suggested in his speech to you just a month ago that tax burdens should be relieved much in the order in which they had been imposed. We agree with this general principle, but the record shows that it calls for rate reductions, not increases in exemptions.

The present exemption of $600 a person has been in effect since 1948 when it was raised by the Republican Congress from $500, which had been in existence since 1944. Prior to 1944, the exemption was different for single and married people and dependents. But if you take an average family with three children, you will find that the total exemptions as far back as 1941 were $2,700 compared with $3,000 now. At that time, the first bracket tax rate was 10 percent; it is now 20 percent. And in 1940, the last year before Pearl Harbor, the exemption for the family with three children was $3,200 and the first bracket tax rate was 4 percent. On this comparison, the exemption has gone down 6 percent and the tax rate has gone up 500 percent!

Rate reductions -- and not increases in exemptions -- are called for in any attempt to relieve burdens in the order in which they were imposed.

An increase in the exemption to $1,000 would excuse one taxpayer in three from all Federal income taxes. It would mean that a family with three children would pay no income tax until their income exceeded $5,500 a year, over $450 a month. President Eisenhower, on March 15, said he favored cutting taxes when they could be cut, but that he did not believe that the way to make the cut was to excuse millions of Americans from paying any income tax at all. He went on to say:

> "The good American doesn't ask for favored position or treatment. Naturally he wants all fellow citizens to pay their fair share of the taxes, and he wants every cent collected to be spent wisely and economically. But every real American is proud to carry his share of the burden. In war and peace, I have seen countless examples of American pride and of the unassuming but inspiring courage of young American citizens. I simply don't believe for one second that anyone privileged to live in this country wants someone else to pay his own fair and just share of the cost of his government."

The adoption of the revision bill will make most of the necessary changes in the structure of the tax laws, with the exception of a few areas which we have reserved for further analysis and later recommendations. The revision bill will have far-reaching benefits both to the millions of individuals directly affected and to the whole country through the removal of tax road-blocks to economic growth. Once this revision bill has been adopted, we can look forward to making further reductions in tax rates as additional reductions in Government expenditures are brought into sight. With appropriate reductions in rates, it will be possible to distribute the remaining tax burdens fairly among all citizens. We look forward confidently to the enactment of the tax revision bill.

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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, Revised, 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 April 1, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 1, 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,

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TREASURY DEPARTMENT
Washington

H-434

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, March 25, 1954.

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 April 1, 1954, in the amount of $1,502,270,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 1, 1954, and will mature July 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, March 29, 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

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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 April 1, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 1, 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.

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Thursday - Mar. 25
2:30 p.m.
Sec. Humphrey's office

Treasury ~~Secretary~~ Secretary ~~George M.~~ Humphrey today awarded to the employees of Pittsburgh Plate Glass Company a special citation for the outstanding Savings Bonds record they achieved during a recent payroll savings drive.

The Secretary presented the citation to Harry B. Higgins, president of Pittsburgh Plate Glass, who, in accepting on behalf of the company's employees, said 21,520 workers -- over 70 per cent of the number employed -- are now purchasing United States Savings Bonds regularly through the payroll savings plan at a rate of ~~and thus investing~~ close to $5½ million a year. ~~in bonds.~~

~~In presenting the citation,~~ Secretary Humphrey told Mr. Higgins that the management and ~~he and the~~ employees of the Pittsburgh Plate Glass Company in promoting the payroll savings plan so effectively are giving practical support to the national effort for sound Government financing.

"Your ~~This~~ payroll savings record ~~which you established~~ is an achievement in which every participant can take pride," the Secretary said. ~~This~~ "Bond-buying helps ~~patriotic effort is helping~~ each employee provide for his own future security, and helps the Treasury manage ~~while he directly assists through his bond purchases the financing of his Government," the Secretary said.~~ ~~"Through the payroll~~ savings plan, ~~every worker can personally help the Treasury Department in its difficult task of financing~~ the national debt in a manner that will preserve the relative stability of the American dollar over the years."

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Immediate Release
Thursday, March 5

H-435

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"Your payroll savings record is an achievement in which every participant can take pride," the Secretary said. "Bond-buying helps each employee provide for his own future security, and helps the Treasury manage the national debt in a manner that will preserve the relative stability of the American dollar over the years."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, March 25, 1954.

H-435

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national affairs. The determination to bring budgets under control, to avoid credit inflation, to look outward as well as inward--these are progressing at a hopeful rate. If these developments can be encouraged and continued, they will pave the way for further stability and further relaxation of controls.

commodities have been re-opened. In many countries, internal finance has been brought under control, and international payments have been brought more nearly into balance.

Trade and payments, while still not so free as we would like, are freer than at any other time since the end of the war. Foreign countries have increased their gold and dollar balances by about $8 billion in the past four years. The need for United States aid is lessening. All of these developments bring us closer to the day when foreign countries will find their economies sufficiently stable to permit the convertibility of their currencies and the freer movement of commerce. These are goals which we are striving for. In the words of the Commission on Foreign Economic Policy, "convertible currencies constitute an indispensable condition for the attainment of world-wide multilateral trade and the maintenance of balanced trade in a relatively free market."

We are making progress. There is a firmer determination--not everywhere, but in many important countries--to turn away from the politically easy thing, and toward the economically necessary thing, in the conduct of economy are better today than they have been for a very long time. Step by step, in a countless number of ways, a healthier world economy is being constructed.

There has been a marked improvement in the underlying stability of the free world economy. Many countries have improved their balance of payments, strengthened their monetary reserves, and continued to increase their production.

All of this is happening quietly and without fanfare. Economic collapse makes good headlines, but the road back to good money and economic health is usually less dramatic. We are therefore likely to be unaware of how much forward progress is being made until long after the event.

Nevertheless, if we look carefully at the record of the last year, we are able to find many reasons for optimism. Many steps forward--none of them world-shaking but each of them a step in the right direction--have taken place.

Discriminations against dollar goods have been reduced, and in one case at least, eliminated. Recent moves have been made to reduce the complexity of arrangements with regard to sterling, the guilder and the Deutsche mark. General markets for the sale and purchase of important could set in motion long-term inflationary forces through increases in the volume of money, and in additions to the reserves of the banking system, which would provide the basis for a large potential expansion of money and credit, out of proportion to the business volume.

Furthermore, such a move would upset a relationship which has been of great importance to ourselves and to the world. The value of the dollar is firmly linked to gold. With only one major change this has been true throughout the history of our country, under Administrations of both parties. Our people, and foreigners as well, have come to think of the dollar as a secure currency, steadfastly defined in terms of a specific amount of our basic monetary metal. This is a relationship which should not be disrupted. It would be a grievous error, particularly at a time when the world is achieving some element of stability, to open up the possibility that this nation was prepared to make periodic devaluations of its currency in terms of gold.

Progress Being Made

In spite of the instabilities and dangers which remain, the world is making progress. That is the final point I wish to make here today. The prospects for a stable free world of a free gold market in the United States, which is recommended in two of the bills before the committee.

Under such a free market there would be two alternatives: either the United States Government, with its $22 billion in reserves, would stay out of the market, and we would have a gold price that fluctuated up and down depending upon the demand for a relatively small amount of new gold production; or the Government would stand ready to buy and sell gold at the official price to prevent fluctuations. The first alternative would tend in the opposite direction from our ultimate goal--it would be in the direction of more instability instead of more stability. The second alternative would be, in effect, full convertibility of the currency into gold.

Price of Gold

Another bill before the Committee suggests that we increase the price of gold. We believe that such a move would be against the best interests of the United States and our foreign friends. An increase in the price, with the consequent upward revaluation of this country's gold stock, would be contrary to the program of maintaining stability in our economy. A revaluation of the gold stock

Another fact emphasizes that underlying forces of instability still remain in the world. Except in the case of a few countries, international trade and payments are still hedged around by a multitude of administrative and political controls such as quotas, excessive tariffs, and exchange controls.

When more restrictions have been removed and convertibility has been restored at least among the principal currencies, we shall be freer to consider the return to gold redemption. If we were to try to force the pace by resuming gold payments before the foundations were more firmly laid through a continuation of recent policies toward sounder budget, credit and price practices, the gold released in this country might simply move out into hoards, and become the tool of the international speculator. Gold payments are the seal of approval of good money, and the free world has not yet gone far enough in the achievement of good money. It is doubtful whether the United States should consider gold redeemability of its currency until other major countries are ready and able to do likewise.

<u>Free Gold Market</u>

The same factors which make it unwise for us to return to a gold coin standard now also argue against the opening

During periods of strict wartime controls, almost the whole of new production went into monetary reserves--and, indeed, even more as many nations required their people to turn their gold into government stocks. At other times there has been great variation in the use of new gold. In 1951 only seventeen percent went into monetary reserves. In 1952 it was better--thirty-seven percent--and for 1953 it is estimated at forty-nine percent.

These facts demonstrate the powerful and capricious forces which could be focused upon any stock of gold coins or other forms of monetary gold permitted to circulate freely within the United States. If coins were circulated, they would be subject to the pull of demand from overseas sources--a demand which would rise and fall with every political and economic turn of events.

In this connection, it should be noted from my first table that foreign countries and international institutions hold about $12 billion in short-term dollar balances in this country. Under present circumstances, these balances constitute no danger to our economy, but in a different situation--one in which gold could be drawn from the Treasury in unlimited amounts and hoarded or exported without limit, these balances could be troublesome.

The figures in this table, derived from publications of the International Monetary Fund, are for gold bars and you will note the fluctuations in price and the recent trend toward lower prices.

Prices for coins were higher. Even now, when conditions are more stable than at any time since the end of World War II, gold sovereigns are selling at the equivalent of about $40 an ounce in various markets.

Another way of judging world psychology about gold is to observe the amount of new gold production which has been going into world monetary stocks as compared with the amount going into hoards or into industry and the arts. This is shown in Table III.

Table III

Office Memorandum • UNITED STATES GOVERNMENT

TO :

DATE:

FROM :

SUBJECT:

Insert Table III

Here

Office Memorandum • UNITED STATES GOVERNMENT

TO :

DATE:

FROM :

SUBJECT:

Insert Table II

Here

This ebb and flow of strength and confidence in foreign countries, which in large part accounted for these successive increases and decreases of our gold reserves, was reflected also in changes in the price of gold in markets throughout the world. This is shown in the second table which I should like to lay before the committee.

Table II

As shown in Table I, between the end of World War II and the exchange rate adjustments of 1949, our gold reserves increased almost one-fourth, from twenty billion dollars to almost twenty-five billion dollars. The more realistic currency and price relationships which foreign countries achieved from the devaluations, and the added windfall from our large imports of goods after the fighting began in Korea -- as well as the support afforded by the continuing flow of American assistance and United States Government expenditures abroad -- caused foreign reserves to rise; so that our gold stock fell to twenty-two billion dollars by the middle of 1951.

Then, as foreigners again began to demand relatively more of our goods, they once more found it necessary to send us gold. Our reserves rose one and one-half billion dollars between August 1951 and April 1952.

There soon followed a substantial improvement in the economic stability of important countries overseas. This greater stability was reflected in a renewed outflow of gold from the United States. We have sold one and a half billion dollars worth of gold to foreign countries in the last eighteen months.

Office Memorandum • UNITED STATES GOVERNMENT

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TO :

DATE:

FROM :

SUBJECT:

Insert Table I

Here

Other crises which have swept the world in recent years have been economic in origin. When severe, these crises have shaken the exchange rates of the countries concerned. Whether severe or not, they have put pressures on their gold reserves. The United States gold stock has been a focal point which feels the impact of these crises.

Mr. Chairman, with your permission, I will place in the record a table which shows by years the gold stock of the United States, and the required legal reserves of the Federal Reserve System, and also foreign holdings of bank balances or short-term investments in the United States which are potential claims on our gold.

Table 1

and becoming unavailable for monetary reserves. Until the public temper is one of greater security, it would be unwise to expose our gold freely to the hoarder.

In making basic changes of policy, it is desirable to act courageously and firmly. But it is just as important to avoid acting prematurely. Premature moves invite the possibility of having to reverse the steps taken, perhaps under crisis conditions. And a retreat from an important advance can cause damage which far exceeds the benefits derived from the original advance.

Since the end of the war the free world has experienced a series of crises. Some of these crises have been political in origin, arising out of the division between free nations and those dominated from Moscow. A state of international tension has been punctuated at intervals by physical aggression or the threat of aggression. Each of these attacks upon the security of the world has caused widespread political unrest and, as always, people all over the world have sought the safety of gold during such intermittent crises. I wish we were able to predict, today, that there would be no further disruptions of this sort. Unfortunately, we cannot make that prediction and a prudent government cannot act upon a basis of wishful thinking.

world values. It is a major reason why the dollar can be used everywhere to settle international transactions.

In summary, this is our present gold policy: we are maintaining an assured ability to support a constant relationship between gold and the dollar -- a relationship which is as important to foreign countries as it is to us.

This continuing and unchanging link is, in fact, the most important part of our policy. It is more important than the redeemability of currency into gold. It is a point of stability in a world which sorely needs a stable basis upon which to build a secure and healthy international economy.

Changes in Policy Proposed by Bills

One of the questions raised by the bills before you is whether it is now wise to reduce the restrictions which we have maintained to protect this monetary reserve. Can we safely now run the risk of letting both our own people and people elsewhere draw down this gold freely and perhaps dissipate it so that the strength of our monetary reserves is impaired?

It is the position of the Treasury that it would not be wise now to take the risk of a major step in relaxing restraints. We still live in a very uncertain world. A large part of the world's new gold production has been vanishing into gold hoards the regulations concerning gold, in an endeavor to find ways in which we may reduce the administrative burdens which they impose on individuals and firms. We hope that present conditions in the world's economy will permit us to publish soon certain simplifications of the gold regulations, which I believe will be welcomed, although they will not involve any modification of our general gold policy.

The object of our policy and regulations is to protect our gold reserves, which support the value of money and can be used to settle international balances. The United States holds $22 billion of gold out of the world's monetary stock of gold of $36 billion. This huge stock of gold is a bulwark for confidence in the value of currency. In a world of great uncertainties it is one of the anchors of value on which business transactions depend.

It has been said sometimes that the gold in Fort Knox and other Mint institutions is idle and useless. Nothing could be less true. This gold is the legal reserve of the Federal Reserve System against its deposits and currency in circulation. For twenty years the knowledge all over the world that the United States dollar had back of it this stock of gold coupled with the intention and the assured ability to maintain a constant price of gold, was at least one firm basis for measuring in substance terminated the power of the Secretary of the Treasury to buy or sell gold at other than the established price of $35 an ounce.

Under present laws and regulations this country is on what may be termed an international gold bullion standard. We buy and sell gold freely with other countries through their central banks and treasuries at the price of $35 an ounce, plus or minus a handling charge of one-fourth of one percent.

We do not coin gold. We do not allow our citizens to hold gold except in industry and the arts and as jewelry, or collectors' items. Individuals and businesses cannot export gold without license. Our citizens can buy gold dust but have shown little interest in doing so.

Our rules governing our citizens in these matters are basically similar to those of other countries with developed economies. There is no one of these countries where the central bank or treasury redeems its currency freely in gold coin, though in a number of countries the citizens can buy gold in a so-called "free market", at whatever price it may be available.

Since the removal of unnecessary restrictions on the citizen is a steadfast objective of this administration, we are reviewing terms of the United States dollar.

Our Present Gold Policy

Now, I should like to review just what our present gold policy is, and how it got that way.

You will recall that in the banking holiday in March, 1933 we stopped redeeming currency in gold, and in April, under emergency legislation, the public was required to surrender gold coin and gold bullion to the Government.

The Agricultural Adjustment Act of May, 1933 gave the President power to alter the gold content of the dollar. Under emergency authority a series of increases in the price of gold was made. The Gold Reserve Act of 1934 in effect confirmed the previous emergency actions and gave the Secretary of the Treasury broad powers in buying and selling gold and issuing regulations with respect to gold. Thereupon the President, in January 1934, established the dollar value of gold at $35 per ounce, an increase of 69 percent from the value maintained for over 140 years.

Since January 1934 there has been no change in the official price of gold. The President's power to change the gold content of the dollar lapsed in 1943. The Bretton-Woods Act of 1945 to gold. The gold value of the dollar, established under Washington and Hamilton, was not changed, except fractionally, for over 140 years. The confidence in the value of the dollar which this helped instill in our people and the people of other countries was one of the foundations of the Nation's spectacular economic success.

All business life depends on the making of promises, commitments and their fulfillment. Lending and borrowing money, contracts to buy and sell goods and services, savings and investments all depend on confidence that money will keep its value. When this confidence is broken, as we have seen in so many countries, the economic life is disorganized and retarded.

The solid link between the dollar and gold is a valuable heritage. Fundamentally, of course, the confidence of the people in their money must lie in their faith that their government will conduct itself efficiently and prudently -- that all of its policies, and particularly its budgetary and fiscal and monetary arrangements, will be honest and competently conducted. Nevertheless, a fixed relationship between gold and the currency of a country gives an added element of confidence and security.

In recent years the link between the dollar and gold has represented a basic stable relationship in an unstable world economy. Economic values the world over have been measured in

STATEMENT OF [redacted] W. RANDOLPH BURGESS, DEPUTY TO THE SECRETARY OF THE TREASURY, BEFORE THE SUBCOMMITTEE ON FEDERAL RESERVE MATTERS OF THE BANKING AND CURRENCY COMMITTEE OF THE SENATE,

MARCH 29, 1954

Mr. Chairman and Members of the Committee:

I welcome this opportunity to appear before you to discuss the important subject of gold.

This Committee is considering bills which raise three questions of gold policy. S. 2332 would put the United States back on the gold standard as we knew it prior to 1933. S. 13 and S. 2364 would establish a domestic free market for gold, and the fourth bill, S. 2514, involves, among other things, the question of an increase in the official price for gold. It is appropriate that the Congress should examine these questions.

Various aspects of these questions were reviewed by Sub-Committees of the Joint Committee on the Economic Report under Senator Douglas in 1949-1950 and Congressman Patman in 1952.

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H-436

TREASURY DEPARTMENT

Washington

Statement of W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the Subcommittee on Federal Reserve Matters of the Banking and Currency Committee of the Senate, March 29, 1954

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Mr. Chairman, with your permission, I will place in the record a table which shows by years the gold stock of the United States, and the required legal reserves of the Federal Reserve System, and also foreign holdings of bank balances or short-term investments in the United States which are potential claims on our gold.

TABLE I

U.S. GOLD RESERVE VS REQUIREMENTS AND POTENTIAL CLAIMS 1922-1953
(In millions of dollars)

End of Year	U.S. Gold Reserves	(A) U.S. Required Gold Reserves	(B) Foreign Short-Term Dollar Balances 2/	Total of A and B
1922	3,506	1,686	1,009	2,695
1923	3,834	1,652	997	2,649
1924	4,090	1,599	1,237	2,836
1925	3,985	1,558	1,193	2,751
1926	4,083	1,564	1,639	3,203
1927	3,977	1,624	2,591	4,215
1928	3,746	1,621	2,483	4,104
1929	3,900	1,611	2,673	4,284
1930	4,225	1,562	2,335	3,897
1931	4,052	1,781	1,304	3,085
1932	4,045	1,967	746	2,713
1933	4,012	2,166	392	2,558
1934	8,259 1/	2,729	670	3,399
1935	10,124	3,610	1,301	4,911
1936	11,422	4,101	1,623	5,724
1937	12,790	4,170	1,893	6,063
1938	14,591	5,099	2,158	7,257
1939	17,800	6,354	3,221	9,575
1940	22,042	7,897	3,938	11,835
1941	22,761	8,310	3,679	11,989
1942	22,739	9,997	4,205	14,202
1943	21,981	11,902	5,375	17,277
1944	20,631	14,350	5,820	20,170
1945	20,083	10,868	7,074	17,942
1946	20,706	10,731	6,481	17,212
1947	22,868	11,294	7,135	18,429
1948	24,399	11,894	7,756	19,650
1949	24,563	10,753	7,623	18,376
1950	22,820	11,005	9,222	20,227
1951	22,873	11,720	9,302	21,022
1952	23,252	12,055	10,731	22,786
1953	22,090	12,151	11,771	23,922
1954, Jan. 31	22,044	11,799	11,947	23,746

Footnotes on following page.

TABLE I (Continued)

1/ Includes $2,806 million, the increment resulting from the reduction in the weight of the gold dollar, January 1934.

2/ Data are based on three somewhat differing series, as follows: 1922-1928, estimates based on 1929 figure, adjusted for previous years by changes in foreign banking claims on the United States as published by the Department of Commerce; 1929-1933, as reported to the Federal Reserve Bank of New York by banks in New York City; 1934-1953, as reported to the Treasury Department by banks in the United States. Data represent short-term dollar balances of foreign official and private institutions and of international organizations. For the period 1944-1953, holdings of U. S. Government securities maturing within 20 months after date of purchase are included.

SOURCES: Foreign Short-Term Dollar Balances: Department of Commerce, The United States in the World Economy; Board of Governors of the Federal Reserve System, Banking and Monetary Statistics; Monthly Treasury Bulletin and Federal Reserve Bulletin.

U.S. Gold Reserves and Required Gold Reserves: 1922-1941 Banking and Monetary Statistics

1942-1953 Federal Reserve Bulletin.

As shown in Table I, between the end of World War II and the exchange rate adjustments of 1949, our gold reserves increased almost one-fourth, from twenty billion dollars to almost twenty-five billion dollars. The more realistic currency and price relationships which foreign countries achieved from the devaluations, and the added windfall from our large imports of goods after the fighting began in Korea -- as well as the support afforded by the continuing flow of American assistance and United States Government expenditures abroad -- caused foreign reserves to rise; so that our gold stock fell to twenty-two billion dollars by the middle of 1951.

Then, as foreigners again began to demand relatively more of our goods, they once more found it necessary to send us gold. Our reserves rose one and one-half billion dollars between August 1951 and April 1952.

There soon followed a substantial improvement in the economic stability of important countries overseas. This greater stability was reflected in a renewed outflow of gold from the United States. We have sold one and a half billion dollars worth of gold to foreign countries in the last eighteen months.

This ebb and flow of strength and confidence in foreign countries, which in large part accounted for these successive increases and decreases of our gold reserves, was reflected also in changes in the price of gold in markets throughout the world. This is shown in the second table which I should like to lay before the Committee.

TABLE II

FREE MARKET GOLD PRICES

(In $ per fine ounce for bar gold, converted at free market rates of exchange)

Date	Paris	Hong Kong	Beirut
Dec. 31, 1947	—	52.06	—
Dec. 31, 1948	49.54	48.76	—
Dec. 31, 1949	46.30	40.18	41.63
May 31, 1950 (pre-Korea)	38.48	37.31	36.26
July 31, 1950 (post Korea)	43.39	44.59	39.14
Dec. 31, 1950	43.05	44.47	40.13
Dec. 31, 1951	41.38	42.71	39.00
Dec. 31, 1952	38.95	40.48	37.81
Dec. 31, 1953	35.62	37.25	35.57
Feb. 27, 1954	35.86	37.58	35.31

Taken from International Financial Statistics published by International Monetary Fund.

The figures in this table, derived from publications of the International Monetary Fund, are for gold bars and you will note the fluctuations in price and the recent trend toward lower prices.

Prices for coins were higher. Even now, when conditions are more stable than at any time since the end of World War II, gold sovereigns are selling at the equivalent of about $40 an ounce in various markets.

Another way of judging world psychology about gold is to observe the amount of new gold production which has been going into world monetary stocks as compared with the amount going into hoards or into industry and the arts. This is shown in Table III.

TABLE III

WORLD OFFICIAL GOLD RESERVES AND GOLD PRODUCTION

(Excluding Russia)

Gold at $20.67 per ounce to 1933; $35 beginning with 1934.
Partly estimated.

(Dollar amounts in millions)

Year ended Dec. 31	(1) Year-end Total	(2) Increase during year	(3)	(4)	(5) New Production	(6) Column (2) as % of Col. (5)
			%			%
1913	$ 4,073				$433	
1914	4,542	$469	11.5)		412	113.8
1915	5,410	868	19.1)		443	195.9
1916	5,872	462	8.5)	8-year	432	106.9
1917	6,481	609	10.4)	average	403	151.1
1918	6,816	335	5.2)	9.0% p.a.	373	89.8
1919	6,805	-11	- .2)		354	-3.1
1920	7,256	451	6.6)		332	135.8
1921	8,045	789	10.9)		330	239.1
1922	8,415	370	4.6		316	117.1
1923	8,608	193	2.3)		363	53.2
1924	8,904	296	3.4)		374	79.1
1925	8,904	0	0.)		373	0.
1926	9,149	245	2.8)		379	64.6
1927	9,496	347	3.8)	11-year average	380	91.3
1928	9,966	470	4.9)	3.0% p.a.	382	123.0
1929	10,189	223	2.2)		382	58.4
1930	10,696	507	5.0)		401	126.4
1931	10,996	300	2.8)		427	70.3
1932	11,566	570	5.2)		458	124.5
1933	11,589	23	.2)		469	4.9

TABLE III (Continued)

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	$	$	%		$	%
1934	21,685	10,096	87.1		823	1,226.7
1935	22,660	975	4.5)		883	110.4
1936	24,090	1,430	6.3)		972	147.1
1937	25,990	1,900	7.9)	7-year	1,041	182.5
1938	26,160	170	.65)	average	1,137	15.0
1939	28,100	1,940	7.4)	5.3% p.a.	1,209	160.5
1940	29,870	1,770	6.3)		1,297	136.5
1941	31,100	1,230	4.1)		1,266	97.2
1942	32,170	1,070	3.4		1,126	95.0
1943	33,000	830	2.7		872	95.2
1944	33,380	380	1.2)		777	48.9
1945	33,770	390	1.2)		739	52.8
1946	34,120	350	1.0)	10-year	756	46.3
1947	34,550	430	1.3)	average	767	56.1
1948	34,930	380	1.1)	1.1% p.a.	798	47.6
1949	35,410	480	1.4)		833	57.6
1950	35,820	410	1.2)		858	47.8
1951	35,960	140	.4)		840	16.7
1952	36,280	320	.9)		865	37.0
1953	36,706	426	1.2)		865 est.	49.2

Note: Gold reserves include international financial institutions.

Source of gold reserves and production data is Board of Governors of Federal Reserve System. Data on reserves for some years are subject to some statistical uncertainties and should be interpreted as approximations only.

During periods of strict wartime controls, almost the whole of new production went into monetary reserves -- and, indeed, even more as many nations required their people to turn their gold into government stocks. At other times there has been great variation in the use of new gold. In 1951 only seventeen percent went into monetary reserves. In 1952 it was better -- thirty-seven percent -- and for 1953 it is estimated at forty-nine percent.

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In this connection, it should be noted from my first table that foreign countries and international institutions hold about $12 billion in short-term dollar balances in this country. Under present circumstances, these balances constitute no danger to our economy, but in a different situation -- one in which gold could be drawn from the Treasury in unlimited amounts and hoarded or exported without limit, these balances could be troublesome.

Another fact emphasizes that underlying forces of instability still remain in the world. Except in the case of a few countries, international trade and payments are still hedged around by a multitude of administrative and political controls such as quotas, excessive tariffs, and exchange controls.

When more restrictions have been removed and convertibility has been restored at least among the principal currencies, we shall be freer to consider the return to gold redemption. If we were to try to force the pace by resuming gold payments before the foundations were more firmly laid through a continuation of recent policies toward sounder budget, credit and price practices, the gold released in this country might simply move out into hoards, and become the tool of the international speculator. Gold payments are the seal of approval of good money, and the free world has not yet gone far enough in the achievement of good money. It is doubtful whether the United States should consider gold redeemability of its currency until other major countries are ready and able to do likewise.

Free Gold Market

The same factors which make it unwise for us to return to a gold coin standard now also argue against the opening of a free gold market in the United States, which is recommended in two of the bills before the committee.

Under such a free market there would be two alternatives: either the United States Government, with its $22 billion in reserves, would stay out of the market, and we would have a gold price that fluctuated up and down depending upon the demand for a relatively small amount of new gold production; or the Government would stand ready to buy and sell gold at the official price to prevent fluctuations. The first alternative would tend in the opposite direction from our ultimate goal -- it would be in the direction of more instability instead of more stability. The second alternative would be, in effect, full convertibility of the currency into gold.

Price of Gold

Another bill before the Committee suggests that we increase the price of gold. We believe that such a move would be against the best interests of the United States and our foreign friends. An increase in the price, with the consequent upward revaluation of this country's gold stock, would be contrary to the program of maintaining stability in our economy. A revaluation of the gold stock could set in motion long-term inflationary forces through increases in the volume of money, and in additions to the reserves of the banking system, which would provide the basis for a large potential expansion of money and credit, out of proportion to the business volume.

Furthermore, such a move would upset a relationship which has been of great importance to ourselves and to the world. The value of the dollar is firmly linked to gold. With only one major change this has been true throughout the history of our country, under Administrations of both parties. Our people, and foreigners as well, have come to think of the dollar as a secure currency, steadfastly defined in terms of a specific amount of our basic monetary metal. This is a relationship which should not be disrupted. It would be a grievous error, particularly at a time when the world is achieving some element of stability, to open up the possibility that this nation was prepared to make periodic devaluations of its currency in terms of gold.

Progress Being Made

In spite of the instabilities and dangers which remain, the world is making progress. That is the final point I wish to make here today. The prospects for a stable free world economy are better today than they have been for a very long time. Step by step, in a countless number of ways, a healthier world economy is being constructed.

There has been a marked improvement in the underlying stability of the free world economy. Many countries have improved their balance of payments, strengthened their monetary reserves, and continued to increase their production.

All of this is happening quietly and without fanfare. Economic collapse makes good headlines, but the road back to good money and economic health is usually less dramatic. We are therefore likely to be unaware of how much forward progress is being made until long after the event.

Nevertheless, if we look carefully at the record of the last year, we are able to find many reasons for optimism. Many steps forward -- none of them world-shaking but each of them a step in the right direction-- have taken place.

Discriminations against dollar goods have been reduced, and in one case at least, eliminated. Recent moves have been made to reduce the complexity of arrangements with regard to sterling, the guilder and the Deutsche mark. General markets for the sale and purchase of important commodities have been re-opened. In many countries, internal finance has been brought under control, and international payments have been brought more nearly into balance.

Trade and payments, while still not so free as we would like, are freer than at any other time since the end of the war. Foreign countries have increased their gold and dollar balances by about $8 billion in the past four years. The need for United States aid is lessening. All of these developments bring us closer to the day when foreign countries will find their economies sufficiently stable to permit the convertibility of their currencies and the freer movement of commerce. These are goals which we are striving for. In the words of the Commission on Foreign Economic Policy, "convertible currencies constitute an indispensable condition for the attainment of world-wide multilateral trade and the maintenance of balanced trade in a relatively free market."

We are making progress. There is a firmer determination -- not everywhere, but in many important countries -- to turn away from the politically easy thing, and toward the economically necessary thing, in the conduct of national affairs. The determination to bring budgets under control, to avoid credit inflation, to look outward as well as inward -- these are progressing at a hopeful rate. If these developments can be encouraged and continued, they will pave the way for further stability and further relaxation of controls.

H-437

RELEASE MORNING NEWSPAPERS,
Tuesday, March 30, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 1 and to mature July 1, 1954, which were offered on March 25, were opened at the Federal Reserve Banks on March 29.

The details of this issue are as follows:

Total applied for - $2,339,935,000
Total accepted - 1,500,672,000 (includes $191,561,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.731/ Equivalent rate of discount approx. 1.063% per annum

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

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.729 " " " " " 1.072% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 23,248,000	$ 20,598,000
New York	1,791,461,000	1,071,461,000
Philadelphia	32,720,000	17,720,000
Cleveland	64,760,000	55,460,000
Richmond	17,715,000	14,715,000
Atlanta	29,186,000	26,887,000
Chicago	177,912,000	122,002,000
St. Louis	27,074,000	26,774,000
Minneapolis	7,470,000	6,970,000
Kansas City	33,774,000	30,724,000
Dallas	28,705,000	18,305,000
San Francisco	105,910,000	89,056,000
TOTAL	$2,339,935,000	$1,500,672,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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TOTAL	$2,339,935,000	$1,500,672,000

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RALPH KELLY, COMMISSIONER OF CUSTOMS

Birth place: Boston, Massachusetts

Birth date : August 16, 1888

Education : Received a B.S. degree in electrical engineering from Harvard University in 1909.

Occupational record :

1909 to 1917 - Employed as an apprentice ~~and~~ in the Engineering Department of the Westinghouse Electric Corporation at East Pittsburgh, Pennsylvania.

1917 to 1919 - United States Navy.

1919 to 1920 - Employed by the Arma Engineering Company, New York, New York.

1920 to 1930 - Employed in the Engineering and Sales Departments, Westinghouse Electric Corporation.

1930 to 1932 - Employed in the St. Louis, Missouri, sales office of the Westinghouse Electric Corporation as District Manager.

1932 to 1934 - District Manager, Westinghouse Electric Corporation, Pittsburgh, Pennsylvania.

1934 to 1938 - Vice President in Charge of the East Pittsburgh Plant, Westinghouse Electric Corporation.

1938 to 1942 - Vice President in Charge of sales, Westinghouse Electric Corporation. Voluntarily resigned in 1942 to accept another position.

1942 to 1943 - Executive Vice President and Director of the Baldwin Locomotive Works, Eddystone, Pennsylvania.

1943 to 1947 - President, Baldwin Locomotive Works, Eddystone, Pennsylvania.

1947 to 1949 - Member of the Executive Committee of the Board of the Baldwin Locomotive Works, Eddystone, Pennsylvania. Voluntarily resigned on May 5, 1949.

In addition to the above, Mr. Kelly has served as Chairman of the Hospital Planning Agency; ~~and is serving as a~~ Member of the Board of Directors of the Pennsylvania Company for Banking and Trust, Philadelphia, Pennsylvania;
Member of the Board of Directors of the Pennsylvania Bell Telephone Company, Philadelphia, Pennsylvania; and a Member of the Board of Trustees of the Philadelphia Savings Fund Society.

Appointed Commissioner of Customs, Treasury Department,

March 29, 1954.

He resigned from the Pennsylvania Company for Banking and Trust and the Pennsylvania Bell Telephone directorates upon his appointment as Commissioner of Customs.

As Commissioner, Mr. Kelly will supervise Customs Service operations in Washington headquarters and in the field. He will direct a headquarters staff which includes an assistant commissioner, four deputy commissioners and approximately 225 employees. The field service embraces 45 customs collection districts in continental U.S., Alaska, Hawaii and Puerto Rico, with the Virgin Islands covered by special statutes. Field service employees number approximately 8,500, assigned to the country's designated ports of entry, customs laboratories, and other customs installations.

Magnitude of the operations of the Service is indicated by the scope of customs transactions handled in the fiscal year 1953. There were filed with the bureau nearly 5,000,000 entries of merchandise and more than 7,000,000 declarations concerning exports. In dollar value, imports exceeded $10,000,000,000 and duties collected exceeded $600,000,000. Carriers requiring the attention of Customs included about 50,000 ships entering our seaports, airplanes landing on about 90,000 international flights, and about 28,000,000 vehicles crossing our borders. Nearly 120,000,000 individuals passed through customs inspections in the one year.

(A biographical sketch of Mr. Kelly is attached.)

Immediate
7/29/54

H-436

Secretary Humphrey today appointed and administered the oath of office to Ralph Kelly, a Philadelphian of wide business and industrial experience, as Commissioner of Customs. ~~Mr. Kelly, will be sworn in on at~~ .

Mr. Kelly succeeds Frank Dow, who retired last March 31.

Mr. Kelly was President of the Baldwin Locomotive Works from 1943 to 1947, having advanced to the presidency from the post of executive vice president. He went to the Baldwin Company from the Westinghouse Electric Corporation, in which he started as an apprentice and rose to vice-president in charge of the corporation's East Pittsburgh plant and later vice-president in charge of sales.

He has responded to many calls upon him for public service. He was President of the Philadelphia Chamber of Commerce in 1949-1950.

He is a veteran of World War I, having served in the Navy with the rank of lieutenant.

His office in private business has been at 311 South Juniper Street, Philadelphia.

Mr. Kelly is Vice Chairman of the Philadelphia Council of the Newcomen Society of North America, an international organization which documents various phases of industrial advancement. He is Chairman of the Franklin Institute Vermilye Medal Committee, Philadelphia, which presents a medal for outstanding industrial management every two years.

Mr. Kelly married Ethel Burgess in Boston in 1914.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, March 29, 1954.

H-438

Secretary Humphrey today appointed and administered the oath of office to Ralph Kelly, a Philadelphian of wide business and industrial experience, as Commissioner of Customs.

Mr. Kelly succeeds Frank Dow, who retired last March 31.

Mr. Kelly was President of the Baldwin Locomotive Works from 1943 to 1947, having advanced to the presidency from the post of executive vice president. He went to the Baldwin Company from the Westinghouse Electric Corporation, in which he started as an apprentice and rose to vice-president in charge of the corporation's East Pittsburgh plant and later vice-president in charge of sales.

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(A biographical sketch of Mr. Kelly is attached.)

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Appointed Commissioner of Customs, Treasury Department, March 29, 1954.

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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, Revised ~~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 April 8, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 8, 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,

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TREASURY DEPARTMENT
Washington

14-431

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 1, 1954.
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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 April 8, 1954, in the amount of $1,500,289,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 8, 1954, and will mature July 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, April 5, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 1, 1954.

H-439

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 April 8, 1954, in the amount of $1,500,289,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 8, 1954, and will mature July 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).

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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 April 8, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 8, 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, revised, 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

Between 1946 and 1950 Mr. Tormoen was counsel and president of Backer Electric Company, of Rotherham, England, and a group of associated small manufacturing concerns in Scandinavia, and spent most of this period abroad. Recalled to active military duty in 1950, he served for two years as legal officer at Washington for the Army operation of railroads.

He was awarded the Legion of Merit, Bronze Star, Purple Heart, and St. Olav's Medal (Norwegian). He is a reserve Colonel, JAGC, and a member of the Bar of Minnesota and New York.

He ~~was~~ married ~~in~~ [illegible] to Helen L. Baldwin of Minneapolis in 1929

Immediate

H-440

~~Draft of proposed release.~~

~~Treasury Secretary Humphrey today appointed~~ Clarence O. Tormoen, of Duluth, Minnesota, (was today appointed an Assistant to the Secretary of the Treasury and designated ~~him~~ as Personnel Security Officer of the Treasury Department. The oath was administered this afternoon by Asst Sec H. Chapman Rose.

Mr. Tormoen, ~~who~~ was born in Duluth in 1903, ~~became a railroad laborer at an early age, and continued this work to help pay for his education~~. He graduated from the Law College of the University of Minnesota in 1926, and ~~gained prominence~~ practiced as a trial lawyer in ~~his home city.~~ Duluth where

He was active in ~~Duluth~~ civic affairs, ~~and~~ He was District Director of the 1930 federal census in the Duluth area.

He entered military service in 1942 and served in the European Theater. As Assistant Theater Judge Advocate with the rank of lieutenant colonel ~~he was~~ head~~ed~~ ~~of~~ a group of officers which reviewed all records of trials by courts-martial involving ~~the death sentence~~ capital offenses and officer dismissals, which cases required the personal action of ~~General Eisenhower.~~ the theater commanders.

~~He is credited with the preparation of a study of war crimes which was relied upon by the Army for policy and organizational decisions in setting up the procedures for the prosecution of war criminals.~~

He became Judge Advocate of Taskforce "Nightlight," the American component of Allied Land Forces in Norway, in 1945, and while serving in Oslo during the occupation of that country, was assigned as the Army observer at the trial of Vidkun Qvisling. In 1946 he became Executive Officer of the Judge Advocate Division at the American headquarters in Frankfurt, Germany.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, April 1, 1954.

H-440

Clarence O. Tormoen of Duluth, Minnesota was today appointed an Assistant to the Secretary of the Treasury and designated as Personnel Security Officer of the Treasury Department. The oath was administered this afternoon by Assistant Secretary H. Chapman Rose.

Mr. Tormoen was born in Duluth in 1903. He graduated from the Law College of the University of Minnesota in 1926, and practiced as a trial lawyer in Duluth where he was active in civic affairs. He was District Director of the 1930 federal census in the Duluth area.

He entered military service in 1942 and served in the European Theater. As Assistant Theater Judge Advocate with the rank of lieutenant colonel he headed a group of officers which reviewed all records of trials by courts-martial involving capital offenses and officer dismissals, which cases required the personal action of the theater commander.

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oOo

in the raid yesterday. Commissioner Anslinger said that in most instances the heroin was brought into the country concealed on the persons of seamen. Ornately carved Oriental camphorwood chests with specially built compartments were also used for the smuggling operations.

One of the dealers arrested in San Francisco operated a florist shop and made his deliveries of heroin disguised as boxes of flowers. Other dealers made deliveries to undercover agents in the usual manner in such places as Chinese restaurants and hangouts for seamen. Arrangements for sales of heroin were often negotiated over elaborate Chinese dinners. Chinese social clubs were frequently the meeting places to arrange for sale and delivery of the narcotics. One such Chinese social club is known to authorities as a gathering place for Communist Chinese and Chinese alien smugglers, Mr. Anslinger said.

A full report of this Communist heroin traffic will be made to the United Nations for discussion during the forthcoming meeting of the United Nations Narcotic Commission which begins April 19, 1954.

Lee Dong Kan, age 67, 1055 Washington Street, San Francisco,

Lee Chee Young, age 49, 870 Clay Street, San Francisco,

Leong Ming, age 53, 1206 Stockton Street, San Francisco,

Chan Him, age 47, 900 Jackson Street, San Francisco, employed at the Cathay House, 718 California Street, San Francisco,

Hoo Ah Sze, age 49, 66 Clay Street, San Francisco.

Mr. Anslinger said it had been definitely established that the heroin was smuggled from Communist China to the illicit market in the United States. The principal source of the heroin was identified as Judah Isaac Ezra, age 62, of Hong Kong, operator of a combined hotel-restaurant-dance hall-gambling emporium. Ezra, formerly a large trafficker in narcotics on the West Coast, was sentenced in 1933 to 15 years in a United States penitentiary for narcotic violations and was deported from the United States at the end of his prison term. It is expected that Ezra will be prosecuted in San Francisco.

Merchant seamen who frequented Ezra's establishment obtained the heroin from Ezra and smuggled it into the United States for the narcotic dealers taken

Immediate Apr 5

H-441

~~U.S. Narcotics~~ Commissioner Harry J. Anslinger of the Bureau of Narcotics ~~has~~ reported to the Treasury Department ~~Secretary Humphrey~~ the arrest in San Francisco this morning ~~last~~ night by Federal narcotic agents of a group of major narcotic traffickers. They were taken into custody in raids which culminated months of intensive investigation by undercover agents of the Treasury's Bureau of Narcotics. Assisting in the raids were U.S. Attorney Lloyd Burke and his assistants.

Pure heroin taken in the raids or purchased as evidence by agents during the investigation amounted to six pounds, worth millions of dollars in the illicit narcotics market. The source of the heroin was identified by Commissioner Anslinger as Communist China.

All of those arrested in the San Francisco raids yesterday were Chinese. Their names and addresses were given as follows:

Ly Hing Soo, age 49, wealthy merchant, 1530 Jones Street, San Francisco,

Chan Chun, age 66, 766 Sacramento Street, San Francisco, operator of the China Emporium, 733 Grant St.,San Francisco, convicted of a narcotic violation in 1943,

Pon Wai, age 64, 53 Brennan Place, San Francisco, operator of the Fragrant Flower Shop, 729 Washington St., San Francisco,

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, April 5, 1954 H-441

Commissioner Harry J. Anslinger of the Bureau of Narcotics this morning reported to the Treasury Department the arrest in San Francisco Sunday night by Federal narcotic agents of a group of major narcotic traffickers. They were taken into custody in raids which culminated months of intensive investigation by undercover agents of the Treasury's Bureau of Narcotics. Assisting in the raids were U. S. Attorney Lloyd Burke and his assistants.

Pure heroin taken in the raids or purchased as evidence by agents during the investigation amounted to six pounds, worth millions of dollars in the illicit narcotics market. The source of the heroin was identified by Commissioner Anslinger as Communist China.

All of those arrested in the San Francisco raids yesterday were Chinese. Their names and addresses were given as follows:

Ly Hing Soo, age 49, wealthy merchant, 1530 Jones Street, San Francisco,

Chan Chun, age 66, 766 Sacramento Street, San Francisco, operator of the China Emporium, 733 Grant Street, San Francisco, convicted of a narcotic violation in 1943,

Pon Wai, age 64, 53 Brennan Place, San Francisco, operator of the Fragrant Flower Shop, 729 Washington Street, San Francisco,

Lee Dong Kan, age 67, 1055 Washington Street, San Francisco,

Lee Chee Young, age 49, 870 Clay Street, San Francisco,

Leong Ming, age 53, 1206 Stockton Street, San Francisco,

Chan Him, age 47, 900 Jackson Street, San Francisco, employed at the Cathay House, 718 California Street, San Francisco,

Hoo Ah Sze, age 49, 66 Clay Street, San Francisco.

Mr. Anslinger said it had been definitely established that the heroin was smuggled from Communist China to the illicit market in the United States. The principal source of the heroin was identified as Judah Isaac Ezra, age 62, of Hong Kong, operator of a combined hotel-restaurant-dance hall-gambling emporium. Ezra, formerly a large trafficker in narcotics on the West Coast, was sentenced in 1933 to 15 years in a United States penitentiary for narcotic violations and was deported from the United States at the end of his prison term. It is expected that Ezra will be prosecuted in San Francisco.

Merchant seamen who frequented Ezra's establishment obtained the heroin from Ezra and smuggled it into the United States for the narcotic dealers taken in the raid yesterday. Commissioner Anslinger said that in most instances the heroin was brought into the country concealed on the persons of seamen. Ornately carved Oriental camphorwood chests with specially built compartments were also used for the smuggling operations.

One of the dealers arrested in San Francisco operated a florist shop and made his deliveries of heroin disguised as boxes of flowers. Other dealers made deliveries to undercover agents in the usual manner in such places as Chinese restaurants and hangouts for seamen. Arrangements for sales of heroin were often negotiated over elaborate Chinese dinners. Chinese social clubs were frequently the meeting places to arrange for sale and delivery of the narcotics. One such Chinese social club is known to authorities as a gathering place for Communist Chinese and Chinese alien smugglers, Mr. Anslinger said.

A full report of this Communist heroin traffic will be made to the United Nations for discussion during the forthcoming meeting of the United Nations Narcotic Commission which begins April 19, 1954.

H-44

RELEASE MORNING NEWSPAPERS,
Tuesday, April 6, 1954.

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

The details of this issue are as follows:

Total applied for - $2,137,984,000
Total accepted - 1,500,053,000 (includes $194,245,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.744 Equivalent rate of discount approx. 1.013% per annum

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

High - 99.747 Equivalent rate of discount approx. 1.001% per annum
Low - 99.742 " " " " " 1.021% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 33,592,000	$ 32,983,000
New York		1,610,218,000	1,050,718,000
Philadelphia		35,100,000	18,600,000
Cleveland		41,769,000	38,669,000
Richmond		14,784,000	11,984,000
Atlanta		25,635,000	22,843,000
Chicago		202,859,000	180,709,000
St. Louis		18,009,000	17,709,000
Minneapolis		8,483,000	8,043,000
Kansas City		31,803,000	24,303,000
Dallas		37,688,000	36,828,000
San Francisco		73,044,000	56,664,000
	TOTAL	$2,137,984,000	$1,500,053,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

350

RELEASE MORNING NEWSPAPERS,
Tuesday, April 6, 1954.

H-442

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Dallas	37,688,000	36,828,000
San Francisco	73,044,000	56,664,000
TOTAL	$2,137,984,000	$1,500,053,000

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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, Revised, 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 April 15, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 15, 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,

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 8, 1954.

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 April 15, 1954, in the amount of $1,500,428,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 15, 1954, and will mature July 15, 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, April 12, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 8, 1954.

H-443

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 **April 15, 1954**, in the amount of **$1,500,428,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **April 15, 1954**, and will mature **July 15, 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, April 12, 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 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 **April 15, 1954,** in cash or other immediately available funds or in a like face amount of Treasury bills maturing **April 15, 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, revised, 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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STATUTORY DEBT LIMITATION

AS OF March 31, 1954

~~April 8~~, 1954

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	$21,012,578,000		
Certificates of indebtedness	19,377,175,000		
Treasury notes	32,368,145,800	$ 72,757,898,800	
Bonds -			
Treasury	82,807,986,700		
Savings (current redemp. value)	57,902,177,091		
Depositary	410,631,500		
Investment series	12,845,692,000	153,966,487,291	
Special Funds -			
Certificates of indebtedness	26,674,794,000		
Treasury notes	14,327,531,900	41,002,325,900	
Total interest-bearing		267,726,711,991	
Matured, interest-ceased		510,039,660	
Bearing no interest:			
United States savings stamps	50,366,285		
Excess profits tax refund bonds	1,298,294		
Special notes of the United States:			
Internat'l Monetary Fund series	1,391,000,000	1,442,664,579	
Total		269,679,416,230	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	76,032,636		
Matured, interest-ceased	1,054,100	77,086,736	
Grand total outstanding			269,756,502,966
Balance face amount of obligations issuable under above authority			5,243,497,034

Reconcilement with Statement of the Public Debt March 31, 1954
(Date)

(Daily Statement of the United States Treasury, March 31, 1954)
(Date)

Outstanding -	
Total gross public debt	270,235,368,469
Guaranteed obligations not owned by the Treasury	77,086,736
Total gross public debt and guaranteed obligations	270,312,455,205
Deduct - other outstanding public debt obligations not subject to debt limitation	555,952,239
	269,756,502,966

H-444

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H-444

Immediate

Secretary Humphrey today sent the following letter to Chairman Millikin of the Senate Finance Committee:

H-445 lengthy

Dear Mr. Chairman:

I am glad that you have announced that technical representatives of the Joint Congressional Committee on Internal Revenue Taxation, and technical people from the Treasury staff will constitute a working group to consider all technical criticisms or suggestions regarding the tax revision bill which may be made.

The Treasury is very glad to participate in this method of resolving technical suggestions concerning this bill. As you said this morning, in revising anything as complicated as this ~~900~~page measure, there were bound to be some technical, clerical or even printing errors. We all want to get these things corrected to provide the best possible final bill.

The earliest possible enactment of this bill is imperative to assist in the vital expansion of our economy and creation of thousands of jobs. Straightening out of minor technical defects by this group which you have announced should materially help in prompt consideration of this vital bill as a whole.

With best personal regards.

Sincerely,

s/ G. M. Humphrey

Secretary of the Treasury

Honorable Eugene D. Millikin
Chairman,
Senate Finance Committee
Washington, D. C.

NALennartson/klc
Writeen 4/8/54

TREASURY DEPARTMENT

WASHINGTON, D.C.

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With best personal regards.

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S/ G. M. Humphrey

Secretary of the Treasury

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H-446

RELEASE MORNING NEWSPAPERS,
Tuesday, April 13, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 15 and to mature July 15, 1954, which were offered on April 8, were opened at the Federal Reserve Banks on April 12.

The details of this issue are as follows:

Total applied for - $2,214,164,000
Total accepted - 1,501,274,000 (includes $241,667,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.731 Equivalent rate of discount approx. 1.066% per annum

Range of accepted competitive bids: (Excepting one tender of $325,000)

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.728 " " " " " 1.076% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 33,487,000	$ 32,487,000
New York		1,563,328,000	965,953,000
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Cleveland		43,453,000	39,903,000
Richmond		21,528,000	19,528,000
Atlanta		32,639,000	31,197,000
Chicago		194,112,000	163,209,000
St. Louis		35,304,000	30,504,000
Minneapolis		34,562,000	34,052,000
Kansas City		66,719,000	59,519,000
Dallas		46,126,000	29,576,000
San Francisco		106,105,000	72,145,000
	TOTAL	$2,214,164,000	$1,501,274,000

TREASURY DEPARTMENT

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Immediate
Tues Apr 13

H-447

Secretary Humphrey today announced the appointment of S. L. Butterfield, president of the Bank of Nevada, Las Vegas, Nevada, as State Chairman of the U. S. Savings Bonds Advisory Committee for Nevada.

Mr. Butterfield succeeds A. C. Grant, who resigned last February to become a candidate for Governor of Nevada.

Secretary Humphrey said in a letter to [redacted] the new Nevada chairman: [redacted]

"It gives me extreme pleasure to appoint you Chairman of the Savings Bonds program for Nevada. Your broad experience in local, as well as national, banking circles should aid us mightily in our efforts to achieve and maintain a sound and honest dollar."

Mr. Butterfield has been successfully identified with banking in Nevada since 1926. He [redacted] served as manager of the Bank of Sparks. In 1934 he was appointed manager of the Carson City Branch of the First National Bank of Nevada, where he served until 1941, when he became identified with the Bank of Nevada at Las Vegas.

Mr. Butterfield served last year as President of the Nevada State Bankers Association, and was recently appointed ABA Vice President for Nevada. A native of Illinois, he has lived in Nevada since 1917. [redacted] He was educated in the Reno schools and the University of Nevada. Mr. Butterfield is a Past President of the Las Vegas Chamber of Commerce, a Rotarian, [redacted] an active and popular civic leader, and [redacted] a forceful public speaker. ~~and is well known throughout Nevada.~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-447

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Mr. Kingman release -

Commenting on Mr. Kingman's acceptance, Secretary Humphrey wrote him: "We at the Treasury are enthusiastic over your decision to accept this appointment, as our Savings Bonds program is important to us in our determination to achieve and maintain a sound and honest dollar. It needs men of your calibre."

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Release Wednesday PMs
Apr 14

14-446

~~HENRY S. KINGMAN APPOINTED STATE SAVINGS BONDS CHAIRMAN FOR MINNESOTA~~

Secretary Humphrey today announced the appointment of Henry S. Kingman, President of the Farmers and Mechanics Savings Bank of Minneapolis, as State Chairman of the U. S. Savings Bonds Advisory Committee for Minnesota.

Mr. Kingman succeeds J. C. Cornelius, Executive Vice-President of Batton, Barton, Durstine & Osborn, Inc., who has been State Chairman since 1950.

In accepting Mr. Cornelius' resignation, Secretary Humphrey expressed his personal thanks and the Treasury's official appreciation for the valuable service the retiring chairman ~~he has~~ rendered. "The Treasury appreciates deeply the fine contributions you have made, and is comforted by the knowledge that you will still be available to lend us your advice and counsel when needed," the Secretary wrote.

The new State Chairman, who will direct volunteer activities in Minnesota during the Treasury's "billion more in '54" savings bonds campaign, has been an officer of the Farmers and Mechanics Savings Bank of Minneapolis for 28 years, serving first as Secretary, later as Treasurer from 1932 to 1939, when he was elected President. He is a director of Soo Line Railroad; General Mills, Inc.; and the Title Insurance Company of Minnesota. He is a graduate of Harvard School of Business Administration and an alumnus of Amherst College, of which he is at present a trustee. He is also a trustee of the Mutual Life Insurance Company of New York; Dunwoody Industrial Institute of Minneapolis; Mayo Association of Rochester, Minnesota; and the Minneapolis Foundation. Mr. Kingman served as President of the National Association of Mutual Savings Banks from 1949 to 1950 and has served on its Council of Administration since 1931. He is Vice-Chairman of the Board of Directors of the International Thrift Institute with headquarters in Amsterdam Netherlands, and is a Director of the National Thrift Committee with headquarters in Chicago.

(more)

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE AFTERNOON NEWSPAPERS,
Wednesday, April 14, 1954.

H-448

Secretary Humphrey today announced the appointment of Henry S. Kingman, President of the Farmers and Mechanics Savings Bank of Minneapolis, as State Chairman of the U. S. Savings Bonds Advisory Committee for Minnesota.

Mr. Kingman succeeds J. C. Cornelius, Executive Vice-President of Batton, Barton, Durstine & Osborn, Inc., who has been State Chairman since 1950.

In accepting Mr. Cornelius' resignation, Secretary Humphrey expressed his personal thanks and the Treasury's official appreciation for the valuable service the retiring chairman rendered. "The Treasury appreciates deeply the fine contributions you have made, and is comforted by the knowledge that you will still be available to lend us your advice and counsel when needed," the Secretary wrote.

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Commenting on Mr. Kingman's acceptance, Secretary Humphrey wrote him: "We at the Treasury are enthusiastic over your decision to accept this appointment, as our Savings Bonds program is important to us in our determination to achieve and maintain a sound and honest dollar. It needs men of your calibre."

oOo

Release Wednesday P.M.s
Apr 14

H-448

~~HENRY S. KINGMAN APPOINTED STATE SAVINGS BONDS CHAIRMAN FOR MINNESOTA~~

Secretary Humphrey today announced the appointment of Henry S. Kingman, President of the Farmers and Mechanics Savings Bank of Minneapolis, as State Chairman of the U. S. Savings Bonds Advisory Committee for Minnesota.

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TREASURY DEPARTMENT

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oOo

April 7, 1954

MEMORANDUM TO: MR. BARTELT

The following transactions were made in direct and guaranteed securities of the Government for Treasury investments and other accounts during the month of March, 1954:

Sales	$62,461,550
Purchases	40,024,000
Net Sales	$22,437,550

C. L. NORMAN

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Monday, March 15, 1954.~~
Thursday, April 15, 1954

H-441
~~H-422~~

During the month of ~~February~~ March, 1954, 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
$22,437,550
~~$4,008,550~~.

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, April 15, 1954.

H-449

During the month of March, 1954, 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 $22,437,550.

oOo

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

TREASURY DEPARTMENT
Washington

H-450

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, 1954, to April 3, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of April 3, 1954
Buttons	850,000	Gross	184,828
Cigars	200,000,000	Number	711,075
Coconut Oil	448,000,000	Pound	28,529,776
Cordage	6,000,000	Pound	567,822
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	-
Sugars (Unrefined			403,349,308
Tobacco	6,500,000	Pound	137,503

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

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Sugars (Unrefined			403,349,308
Tobacco	6,500,000	Pound	137,503

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 April 13, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to April 13, 1954
United Kingdom	4,323,457	473,808	1,441,152	473,808
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,483	-	-
Netherlands	68,240	16,668	22,747	16,668
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	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	816,776	1,599,886	522,603

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

H-451

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 April 13, 1954, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	49,274
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	6,049,405
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	425,384
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 April 3, 1954

Established Quota (Global)	Imports
70,000,000	7,175,201

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to April 13, 1954

Established Quota (Global)	Imports
45,656,420	17,221,605

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

H-451

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(In pounds)

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British India	69,627	54,483	-	-
Netherlands	68,240	16,668	22,747	16,668
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	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	816,776	1,599,886	522,603

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

H-452

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 April 13, 1954	Established Quota	Imports May 29, 1953 to April 13, 19
	(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	140
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	3,815,240

TREASURY DEPARTMENT
Washington

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H-452

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	(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	140
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	3,815,240

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

TREASURY DEPARTMENT
Washington

H-453

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 April 3, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of April 3, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	11,385
Cream	Calendar year	1,500,000	Gallon	259
Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	10
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar year	33,950,386	Pound	10,766,945 (1)
White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	73,084,254
other	Sept. 15, 1953	60,000,000	Pound	Quota filled
Cattle, less than 200 Lbs. each..	12 months from April 1, 1954	200,000	Head	14
Cattle, 700 Lbs. or more each.... (other than dairy cows)	April 1, 1954-June 30, 1954	120,000	Head	278
Walnuts	Calendar year	5,000,000	Pound	1,867,163
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,497,861
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
*Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953-Sept. 30, 1954	2,500,000	Bushel	2,463,129
**Rye, rye flour and rye meal	Mar. 31, 1954-June 30, 1954	31,000,000	Pound	1,167,480

(1) Imports for consumption at the quota rate are limited to 16,975,194 pounds during the first six months of the calendar year.

* Imports through April 13, 1954, from countries other than Canada.

** Imports through April 13, 1954.

IMMEDIATE RELEASE,
Wednesday, April 14, 1954.

TREASURY DEPARTMENT
Washington

H-453

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White or Irish potatoes:				
certified seed	12 months from	150,000,000	Pound	73,084,254
other	Sept. 15, 1953	60,000,000	Pound	quota filled
Cattle, less than 200 Lbs. each..	12 months from April 1, 1954	200,000	Head	14
Cattle, 700 Lbs. or more each.... (other than dairy cows)	April 1, 1954-June 30, 1954	120,000	Head	278
Walnuts	Calendar year	5,000,000	Pound	1,867,163
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Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,531,090
Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953-Sept. 30, 1954	2,500,000	Bushel	2,463,129
Rye, rye flour and rye meal	Mar. 31, 1954-June 30, 1954	31,000,000	Pound	1,167,460

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* Imports through April 13, 1954, from countries other than Canada.

** Imports through April 13, 1954.

ALPHA

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, Revised ~~xxxxxxxxxx~~, 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 April 22, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 22, 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,

TREASURY DEPARTMENT
Washington

H-454

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 15, 1954.

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 April 22, 1954, in the amount of $1,501,961,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 22, 1954, and will mature July 22, 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, April 19, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 15, 1954.

H-454

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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 April 22, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 22, 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, revised, 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, April 14, 1954

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The $1.5 billion of tax anticipation bills issued on March 22 which will mature on June 24 will also be accepted in payment of income and profits taxes due on June 15, 1954; thus making the total amount of Treasury bills to be paid off out of June tax receipts, $2.5 billion.

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Rate reductions — and not increases in exemptions — are called for in any attempt to relieve burdens in the order in which they were imposed.

An increase in the exemption to $1,000 would excuse one taxpayer in three from all Federal income taxes. It would mean that a family with three children would pay no income tax until their income exceeded $5,500 a year, over $450 a month. President Eisenhower, on March 15, said he favored cutting taxes when they could be cut, but that he did not believe that the way to make the cut was to excuse millions of Americans from paying any income tax at all. He went on to say:

> "The good American doesn't ask for favored position or treatment. Naturally he wants all fellow citizens to pay their fair share of the taxes, and he wants every cent collected to be spent wisely and economically. But every real American is proud to carry his share of the burden. In war and peace, I have seen countless examples of American pride and of the unassuming but inspiring courage of young American citizens. I simply don't believe for one second that anyone privileged to live in this country wants someone else to pay his own fair and just share of the cost of his government."

The adoption of the revision bill will make most of the necessary changes in the structure of the tax laws, with the exception of a few areas which we have reserved for further analysis and later recommendations. The revision bill will have far-reaching benefits both to the millions of individuals directly affected and to the whole country through the removal of tax roadblocks to economic growth. ~~Once this revision bill has been adopted, we can look forward to making further reductions in tax rates as additional reductions in Government expenditures are brought into sight. With appropriate reductions in rates, it will be possible to distribute the remaining tax burdens fairly among all citizens.~~

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(Insert on Page 8) (dictated by MBF)

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On the basis of these expenditure reductions, the January 1st tax reductions could be made. They were welcome first steps towards lower taxes.

The reductions in individual income taxes mean a savings to taxpayers — and a loss of revenue to the Government — of $3 billion in a full year. The elimination of the excess profits tax amounts to $2 billion. The tax revision bill will involve additional savings to taxpayers of about $1.5 billion. The excise tax reduction act which went into effect April 1 meant a further loss of revenue of almost $1 billion bringing total tax reductions close to $7.5 billion. This is a tremendous reduction, all occurring in a short period of time, the greatest dollar tax reduction in one year in the history of the country.

The policy of the Administration is to pass back to taxpayers through tax reductions savings in Government expenditures as rapidly as this can be done while maintaining a sound budget position. In view of the very large reductions in expenditures which are under way, it is sound economic policy to bring taxes down even before the budget is fully balanced. A balanced budget is and will remain one of the objectives of the Administration. But a very rapid curtailment of Government expenditures without tax reduction would cause too great a dislocation in the economy, which has been artificially supported by Government deficits.

We have noted that $7-1/2 billion in tax cuts are likely to be made in the first six months of this year. We do not feel that the present situation requires an emergency tax reduction program. The deficits for both the current fiscal year and the next year were estimated at about $3 billion, and next year's deficit will approach $4 billion as a result of the excise tax reduction.

It is for this reason that we oppose the several suggestions which have been made for increases in the personal exemption in the individual income tax by $100, $200, and even $400 above the present figure of $600. We not only oppose any further loss in revenue under existing conditions, but we believe that tax reductions, when they can be made, should take the form of rate reductions.

The present exemption of $600 a person has been in effect since 1948 when it was raised by the Republican Congress from $500, which had been in existence since 1944. Prior to 1944, the exemption was different for single and married people and dependents. But an average family with three children had total exemptions in 1941 of $2,700 compared with $3,000 now. At that time, the first bracket tax rate was 10 percent; it is now 20 percent. And in 1940, the last year before Pearl Harbor, the exemption for the family with three children was $3,200 and the first bracket tax rate was 4 percent. On this comparison, the exemption has gone down 6 percent and the tax rate has gone up 500 percent.

One provision requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5 percent per quarter in 1955, and reaching 25 percent in 1959. Companies with tax liabilities of less than $50,000 would not be affected — these represent 90 percent of the corporations.

This proposal would assist the Treasury by spreading the collections evenly throughout the year — otherwise we will get all our taxes from corporations in March and June. It will, in the long run, help put corporations in a sounder financial condition — too many now depend on their tax liabilities to help finance their operations. Individuals are now on a pay-as-you-go basis and with this change, corporations will by 1959 be about as close to a current basis as is feasible.

In addition to giving tax relief to many millions by removing these inequities, the bill will also plug a number of loopholes which have crept into the system, and thus save revenue. Chairman Reed described fifty specific provisions to close loopholes.

These are only a few of the many changes in the Federal Tax System. This is a tax reform bill, designed to correct the major defects and to help the whole economy, both immediately and in the long run. It is quite unfair to attempt to compare it with other plans to give immediate tax reductions on a big scale.

The cost of the bill in loss of revenue is $1.4 billion, but an important feature is that the corporation rate is continued at 52 percent instead of being permitted to go down to 47 percent. This will bring in $1.2 billion — almost enough to finance the entire cost.

The revision bill is an integral part of the tax and budget policy of the Administration.

In the spring of last year, we were confronted with the prospect of a very large deficit on the basis of the expenditure and tax program of the prior Administration. This deficit turned out to be more than $9 billion. And projected expenditures for fiscal 1954 were $4 billion higher than 1953.

The first decision was to maintain revenues until the expenditures and deficits could be reduced. The new Administration recommended, and the Congress voted, a 6-months extension of the excess profits tax, even though we did not like this tax.

Expenditures for the current — 1954 — fiscal year are being reduced $7 billion below those originally projected and a further reduction of more than $5 billion is estimated for the 1955 fiscal year.

An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the Government in cases involving the unreasonable accumulation of earnings will be beneficial.

The changes concerning corporate reorganizations will help make it possible for smaller companies to maintain their continued independent existence when one owner-management group retires or needs to realize on part of its investment. The longer averaging period for corporation income will be of particular benefit to small businesses with fluctuating incomes and to risky enterprises; the additional year for the carryback increases the opportunity for prompt tax relief in the year of loss when the refund is most needed.

Important changes have been made to remove handicaps on investment abroad.

Two and a half million farmers will benefit from changes in the treatment of depreciation and the increased allowance for soil conservation expenses.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live -- one million taxpayers will be affected by these changes.

Medical expenses in excess of 3 percent of a taxpayer's income will be deductible, compared with those over 5 percent under present law -- eight and a half million taxpayers will benefit.

Child care expenses will be deductible by about half a million working widows who support young children.

Many of the revisions will be of particular benefit to small business; several of them were recommended by the Small Business Committees of the Congress, including those of previous Administrations. The depreciation and double taxation of dividends provisions will be particularly helpful to small business. Laws covering the taxation of partnerships will be spelled out in the statute for the first time. This will facilitate the formation and continued operation of partnerships.

pension plans

-4-

income from ~~teachers, firemen, policemen, and other~~ pension plans or their widows, will receive relief through a provision which will exempt ~~from~~ the first-bracket taxes up to $1200 of retirement income. ~~Under this provision~~ Thus the pensions to these people ~~are treated the same~~ as social security benefits. we give almost the same treatment

The method of taxing annuities is ~~also~~ improved and fairer treatment is given to survivorship annuities where an employee elects to receive a lower retirement income with the benefit being continued to his wife after his death.

Workers in the low income group will ~~also benefit from a provision which will~~ be able to exempt from taxation the first $100 of dividends received and ~~receive~~ will have a credit up to 10% on other dividends. Many workers are now investing a part of their savings in ~~xxxxxx~~ common stocks to provide for their old age.

Workers and many others will benefit from the provision which permits deduction of interest charges on installment ~~pxxxxxx~~ purchases ~~from their taxable income.~~ even if these charges are not separately stated in the contract.

(copied from page 5 + 5A) Of course, many other provisions of the bill will benefit the wage earner. He will be permitted to claim a child as a dependent even if the child earns more than $600 - 1,500,000 taxpayers will benefit from this change immediately.

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Economic bill, now before the Senate Finance Committee

The ~~new~~ tax ~~bill~~ provides many benefits ~~to employed persons,~~ for the 60 million American wage-earners. This is particularly true in the more liberal tax treatment of employee benefits. For several years it has been rumored that the Treasury would seek to tax as income, employer contributed fringe benefits ~~received by employees under the so-called "fringe [illegible]~~ which in recent years have been widely adopted in industry. The bill has definite provisions to the effect that employer's contributions to sickness & accident plans are not to be taxed. In addition ~~that~~ benefits such as those under the Blue Cross and Blue Shield plans ~~and other sickness and accident insurance plans~~ such plans as are not taxable if they are paid in accordance with a ~~definite plan which is not~~ non-discriminatory plan.

5 Under another important provision, sickness benefits paid to employees as compensation for loss of wages will be tax exempt up to $100 a week, provided ~~it is~~ the benefits are paid under a ~~qualified plan which is~~ non-discriminatory plan. At present these sick benefits are taxable unless ~~exempt only if~~ they are paid under plans insured by insurance companies.

The bill contains provisions to simplify the rules regarding employees ~~xxxxfi~~ pensions and profit-sharing plans, which will make it easier for small companies to set up pension plans for their employees.

Over a million and a half persons, ~~and others who do not receive social security~~, who are now receiving retirement rate during the first year. In the long run, of course, there is no increase in tax deductions; in later years the tax allowance would be less but taxes higher. This provision is one of the most important in the bill and would greatly stimulate spending for modernizing and expanding plants and for creating jobs.

Another provision of the bill would grant limited relief to the present full double taxation of dividends.

There is an inequity in the present tax treatment of dividends. The corporation pays a 52 percent tax on earnings before anything is distributed to stockholders. Then the stockholder in turn pays a tax varying from 20 percent to 91 percent. If you follow through on $100 of earnings of a corporation you will find that the corporation pays a tax of $52, leaving $48. If all this were paid out in dividends, the stockholder in the lowest bracket would then pay a 20 percent tax, leaving him $38 out of the $100 and if he should be in the $50,000 bracket the net would be $13 for a single taxpayer and $20 for a married couple.

Prior to 1936 dividends were entirely free from the normal tax, which was usually the same as what we now call the first bracket rate. If we had the same plan in operation today, dividends would be free from the first 20 percent tax. In the Tax Message of 1936, President Roosevelt, in proposing a change in the corporate tax, recognized the inequity of double taxation of dividends, and he suggested a plan under which the corporation would be taxed only for the earnings which were not distributed to the shareholder. In the confusion over the enactment of this proposal, the dividends-received credit to the individual was abolished and has not been in the law since. Thus, since 1936, dividends have been subject to full double taxation.

Since 1803, England has had a system which largely eliminates double taxation. It is interesting to note that this plan has not been changed during the periods when the Labor Government was in control. Canada, several years ago, adopted a plan under which the stockholder now receives a credit of 20 percent of dividends received, compared to 10 percent in the pending bill.

The plan proposed in the bill generally follows the lines of the Canadian plan except that the smaller stockholder receives more favorable treatment than in Canada. The first $50 of dividends — $100 in 1955 — would be exempt from taxation and the stockholder would receive, in addition, a credit of 5 percent — 10 percent the second year — on dividends received. This plan provides relief of only about half as much as existed prior to 1936, except for those in the lower income tax brackets, where the relief is greater.

The present double taxation, we feel, represents a real handicap to expansion of business. This is a capitalistic system; in the past we have depended on risk capital for development of new enterprises and for expansion of old ones. Large sums are needed to create jobs. It is estimated that the average cost of providing plant and equipment for one job is between $8,000 and $1[illegible],000. The present tax system makes it difficult to attract risk capital of the tight budget situation. The emphasis was on changes needed to remove gross inequities or increase the national income and, incidentally, tax receipts in later years. Many loopholes had to be closed and the tax laws needed simplification.

The tax revision bill is the result of cooperation between Treasury and Congressional staffs. Working closely, these staffs formed a number of joint study groups to analyze particular tax areas and make recommendations for changes. The Ways and Means Committee of the House of Representatives, and its Chairman, Congressman Reed of New York, deserve the highest praise for their efforts on behalf of this tax reform measure. Through long hearings and many weeks of executive sessions, this Committee labored to improve the tax system and put into effect a long overdue tax reform.

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The revision bill contains a great many provisions, far more than can be mentioned here. But a few of the major revisions will be singled out for comment; first depreciation allowances.

Prior to 1934, the taxpayer had wide leeway as to the amount which he could write off each year against his current income as allowance for the cost of machinery, equipment and buildings. So long as his policy was consistent and in accordance with sound accounting practice, the tax authorities raised little question, realizing that the cost could be written off only once. The law itself provides that "there shall be allowed as deductions... a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)--". In 1934, in a search for additional revenue, the Ways and Means Committee was considering a bill to reduce depreciation allowances by 25 percent, across the board. The Treasury realized that this meat-axe approach would cause many hardships, especially to smaller businesses, and proposed a more flexible alternative, but one which would nevertheless increase the revenue considerably. This plan was adopted.

Since that time there has been a great deal of criticism that the allowances were inadequate and not in accord with actual practice. This probably is the most widespread criticism of the tax structure. In recent years many countries have considerably liberalized the treatment of depreciation, with the view to stimulating plant expansion and modernization. The changes were effective.

The revision bill would permit more latitude in selection of methods of depreciation and would permit larger depreciation charges during the earlier years of use. Under one method -- the so-called double rate declining balance -- about two-thirds of the cost of new buildings, machinery and equipment, including farm equipment, is depreciated in the first half of its life. This would encourage investment because the taxpayer could get a larger share of the cost back in a shorter period of time. It would be particularly helpful to small concerns in financing the purchase of new equipment. What we are doing is simply to allow tax deductions for depreciation in accord with the facts. As everyone knows, the value of an automobile, for instance, declines at a faster

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~~DRAFT - Cleveland Speech~~
~~4/14/54~~

Senator Millikin, Chairman of the Senate Finance Committee, and Secretary Humphrey have announced that technical representatives of the Congressional and Treasury staffs have formed a working group to consider technical criticisms and suggestions regarding the bill. Representatives of ~~several~~ some organizations such as the Bar Association and the American Institute of Accountants have already met with this group. Agreements have been reached to recommend several changes which would clarify certain sections of the bill and correct minor defects. This technical group would welcome suggestions for improvement of the bill.

H-430

THE IMPORTANCE OF THE TAX REVISION BILL

The tax revision bill which has passed the House and is pending in the Senate is the first complete overhaul of the Federal Tax System since before the turn of the century and the enactment of the income tax. Our present tax structure has grown up haphazardly over many years. Taxes have been added upon taxes, mainly to finance the huge costs of World War II and the defense build-up since Korea.

Any tax system diverts to Government use goods and services which would otherwise be available for private purposes. It is vitally important that our tax system provide adequate revenue with a minimum of adverse effects on the economy. As the tax system has developed it has imposed serious inequities as well as restraints on economic growth and the creation of jobs. The effects of these restraints were not so evident when Federal taxes took a relatively small part of total National income. We could get by with a bad tax system which took 7 percent of the National income, as it did in 1936, but it is quite different when Federal tax receipts are about 25 percent of National income, as they are today.

The bad effects of the present system have not created serious problems only because war and inflation have kept the economy active. Unless the system is changed, serious tax restraints will affect economic growth. None of us want to depend on war and inflation in the future; we must depend on the normal incentives for growth.

Since World War II Congressional Committees have called attention to the pressing need for revision of the tax structure. Many private groups, representing divergent points of view, have suggested changes -- and there have been broad areas of agreement in the plans proposed by these groups.

The President, in his 1953 State of the Union Message, asked the Treasury Department to review the tax system with a view to making recommendations to Congress ~~. The President said:~~ which would

> ~~"... the tax structure as a whole deserves study. 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."~~

In this study the Treasury's aim has been to determine what changes should be made in the best interests of the country as a whole. Of course, the revenue cost involved in each change had to be given careful attention because

Rate reductions -- and not increases in exemptions -- are called for in any attempt to relieve burdens in the order in which they were imposed.

An increase in the exemption to $1,000 would excuse one taxpayer in three from all Federal income taxes. It would mean that a family with three children would pay no income tax until their income exceeded $5,500 a year, over $450 a month.

An increase in the personal exemption to $1,000 would result in a loss of $7.8 billion in revenue, reducing the present revenue from individual income taxes from about $30 billion to about $22.2 billion. To offset the loss resulting from such an increase in exemptions would require an average increase of about 40 percent in taxes from those still subject to individual income tax. Even an increase of $100 in exemptions would represent an increase of 9 percent in the tax on those not relieved from paying any individual income tax whatever.

President Eisenhower, on March 15, said he favored cutting taxes when they could be cut, but that he did not believe that the way to make the cut was to excuse millions of Americans from paying any income tax at all. He went on to say:

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The reductions in individual income taxes mean a savings to taxpayers -- and a loss of revenue to the government -- of $3 billion in a full year. The elimination of the excess profits tax amounts to $2 billion. The tax revision bill will involve additional savings to taxpayers of about $1.5 billion. The excise tax reduction act which went into effect April 1 meant a further loss of revenue of almost $1 billion bringing total tax reductions close to $7.5 billion. This is a tremendous reduction, all occurring in a short period of time, the greatest dollar tax reduction in one year in the history of the country.

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We have noted that $7-1/2 billion in tax cuts are likely to be made in the first six months of this year. We do not feel that the present situation requires an emergency tax reduction program. The deficits for both the current fiscal year and the next year were estimated at about $3 billion, and next year's deficit will approach $4 billion as a result of the excise tax reduction.

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An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the Government in cases involving the unreasonable accumulation of earnings will be beneficial.

The changes concerning corporate reorganizations will help make it possible for smaller companies to maintain their continued independent existence when one owner-management group retires or needs to realize on part of its investment. The longer averaging period for corporation income will be of particular benefit to small businesses with fluctuating incomes and to risky enterprises; the additional year for the carryback increases the opportunity for prompt tax relief in the year of loss when the refund is most needed.

Important changes have been made to remove handicaps on investment abroad.

Two and a half million farmers will benefit from changes in the treatment of depreciation and the increased allowance for soil conservation expenses.

One provision requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5 percent per quarter in 1955, and reaching 25 percent in 1959. Companies with tax liabilities of less than $50,000 would not be affected -- these represent 90 percent of the corporations.

Under another important provision, sickness benefits paid to employees as compensation for loss of wages will be tax exempt up to $100 a week, provided the benefits are paid under a non-discriminatory plan. At present these sick benefits are taxable unless they are paid under plans insured by insurance companies.

The bill contains provisions to simplify the rules regarding employees pensions and profit-sharing plans, which will make it easier for small companies to set up pension plans for their employees.

Over a million and a half persons, who are now receiving retirement income from pension plans for teachers, firemen, policemen, or their widows, will receive relief through a provision which will exempt from the first-bracket tax up to $1200 of retirement income. Thus the pensions to these people are given about the same treatment as social security benefits.

The method of taxing annuities is improved and fairer treatment is given to survivorship annuities where an employee elects to receive a lower retirement income with the benefit being continued to his wife after his death.

Workers in the low income group will be able to exempt from taxation the first $100 of dividends received and will have a credit up to 10 percent on other dividends. Many workers are now investing a part of their savings in common stocks to provide for their old age.

Workers and many others will benefit from the provision which permits deduction of interest charges on installment purchases even if these charges are not separately stated in the contract.

Of course, many other provisions of the bill will benefit the wage earner. He will be permitted to claim a child as a dependent even if the child earns more than $600 -- 1,500,000 taxpayers will benefit from this change immediately.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live -- one million taxpayers will be affected by these changes.

Wage-earner's benefits from Tax Revision Bill

in the corporate tax, recognized the inequity of double taxation of dividends, and he suggested a plan under which the corporation would be taxed only for the earnings which were not distributed to the shareholder. In the confusion over the enactment of this proposal, the dividends-received credit to the individual was abolished and has not been in the law since. Thus, since 1936, dividends have been subject to full double taxation.

Since 1803, England has had a system which largely eliminates double taxation. It is interesting to note that this plan has not been changed during the periods when the Labor Government was in control. Canada, several years ago, adopted a plan under which the stockholder now receives a credit of 20 percent of dividends received, compared to 10 percent in the pending bill.

The plan proposed in the bill generally follows the lines of the Canadian plan except that the smaller stockholder receives more favorable treatment than in Canada. The first $50 of dividends -- $100 in 1955 -- would be exempt from taxation and the stockholder would receive, in addition, a credit of 5 percent -- 10 percent the second year -- on dividends received. This plan provides relief of only about half as much as existed prior to 1936, except for those in the lower income tax brackets, where the relief is greater.

The present double taxation, we feel, represents a real handicap to expansion of business. This is a capitalistic system; in the past we have depended on risk capital for development of new enterprises and for expansion of old ones. Large sums are needed to create jobs. It is estimated that the average cost of providing plant and equipment for one job is between $8,000 and $10,000. The present tax system makes it difficult to attract risk capital.

The tax revision bill now before the Senate Finance Committee provides many benefits for the 60 million American wage-earners. This is particularly true in the more liberal tax treatment of employee benefits. For several years it has been rumored that the Treasury would seek to tax as income, employer's contributions for "fringe" benefits which in recent years have been widely adopted in industry. The bill has definite provisions to the effect that employer's contributions to employee's sickness and accident plans are not to be taxed. In addition, benefits such as those under such plans as the Blue Cross and Blue Shield plans are not taxable if they are paid in accordance with a non-discriminatory plan.

a bill to reduce depreciation allowances by 25 percent, across the board. The Treasury realized that this meat-axe approach would cause many hardships, especially to smaller businesses, and proposed a more flexible alternative, but one which would nevertheless increa the revenue considerably. This plan was adopted.

Since that time there has been a great deal of criticism that the allowances were inadequate and not in accord with actual practic. This probably is the most widespread criticism of the tax structure. In recent years many countries have considerably liberalized the treatment of depreciation, with the view to stimulating plant expansion and modernization. The changes were effective.

The revision bill would permit more latitude in selection of methods of depreciation and would permit larger depreciation charges during the earlier years of use. Under one method -- the so-called double rate declining balance -- about two-thirds of the cost of new buildings, machinery and equipment, including farm equipment, is depreciated in the first half of its life. This would encourage investment because the taxpayer could get a larger share of the cost back in a shorter period of time. It would be particularly helpful to small concerns in financing the purchase of new equipment. What we are doing is simply to allow tax deductions for depreciation in accord with the facts. As everyone knows, the value of an automobile, for instance, declines at a faster rate during the first year. In the long run, of course, there is no increase in tax deductions; in later years the tax allowance would be less but taxes higher. This provision is one of the most important in the bill and would greatly stimulate spending for modernizing and expanding plants and for creating jobs.

Another provision of the bill would grant limited relief to the present full double taxation of dividends.

There is an inequity in the present tax treatment of dividends. The corporation pays a 52 percent tax on earnings before anything is distributed to stockholders. Then the stockholder in turn pays a tax varying from 20 percent to 91 percent. If you follow through on $100 of earnings of a corporation you will find that the corporation pays a tax of $52, leaving $48. If all this were paid out in dividends, the stockholder in the lowest bracket would then pay a 20 percent tax, leaving him $38 out of the $100 and if he should be in the $50,000 bracket the net would be $13 for a single taxpayer and $20 for a married couple.

Prior to 1936 dividends were entirely free from the normal tax, which was usually the same as what we now call the first bracket rate. If we had the same plan in operation today, dividends would be free from the first 20 percent tax. In the Tax Message of 1936, President Roosevelt, in proposing a change

The President, in his 1953 State of the Union Message, asked the Treasury Department to review the tax system with a view to making recommendations to Congress which would"develop a system of taxation which will impose the least possible obstacle to the dynamic growth of the country."

In this study the Treasury's aim has been to determine what changes should be made in the best interests of the country as a whole. Of course, the revenue cost involved in each change had to be given careful attention because of the tight budget situation. The emphasis was on changes needed to remove gross inequities or increase the national income and, incidentally, tax receipts in later years. Many loopholes had to be closed and the tax laws needed simplification.

The tax revision bill is the result of cooperation between Treasury and Congressional staffs. Working closely, these staffs formed a number of joint study groups to analyze particular tax areas and make recommendations for changes. The Ways and Means Committee of the House of Representatives, and its Chairman, Congressman Reed of New York, deserve the highest praise for their efforts on behalf of this tax reform measure. Through long hearings and many weeks of executive sessions, this Committee labored to improve the tax system and put into effect a long overdue tax reform.

Senator Millikin, Chairman of the Senate Finance Committee, and Secretary Humphrey have announced that technical representatives of the Congressional and Treasury staffs have formed a working group to consider technical criticisms and suggestions regarding the bill. Representatives of some organizations such as the Bar Association and the American Institute of Accountants have already met with this group. Agreements have been reached to recommend several changes which would clarify certain sections of the bill and correct minor defects. This technical group would welcome suggestions for improvement of the bill.

The revision bill contains a great many provisions, far more than can be mentioned here. But a few of the major revisions will be singled out for comment; first depreciation allowance.

Prior to 1934, the taxpayer had wide leeway as to the amount which he could write off each year against his current income as allowance for the cost of machinery, equipment and buildings. So long as his policy was consistent and in accordance with sound accounting practice, the tax authorities raised little question, realizing that the cost could be written off only once. The law itself provides that "there shall be allowed as deductions...a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)--". In 1934, in a search for additional revenue, the Ways and Means Committee was considering

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FOR RELEASE ON DELIVERY

H-456

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before National Petroleum Association, Cleveland Hotel, Cleveland, Ohio, at approximately 2:30 P.M. EST Thursday, April 15, 1954.

THE IMPORTANCE OF THE TAX REVISION BILL

The tax revision bill which has passed the House and is pending in the Senate is the first complete overhaul of the Federal Tax System since before the turn of the century and the enactment of the income tax. Our present tax structure has grown up haphazardly over many years. Taxes have been added upon taxes, mainly to finance the huge costs of World War II and the defense build-up since Korea.

Any tax system diverts to Government use goods and services which would otherwise be available for private purposes. It is vitally important that our tax system provide adequate revenue with a minimum of adverse effects on the economy. As the tax system has developed it has imposed serious inequities as well as restraints on economic growth and the creation of jobs. The effects of these restraints were not so evident when Federal taxes took a relatively small part of total national income. We could get by with a bad tax system which took 7 percent of the national income, as it did in 1936, but it is quite different when Federal tax receipts are about 25 percent of National income, as they are today.

The bad effects of the present system have not created serious problems only because war and inflation have kept the economy active. Unless the system is changed, serious tax restraints will affect economic growth. None of us want to depend on war and inflation in the future; we must depend on the normal incentives for growth.

Since World War II Congressional Committees have called attention to the pressing need for revision of the tax structure. Many private groups, representing divergent points of view, have suggested changes -- and there have been broad areas of agreement in the plans proposed by these groups.

H-456

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WAGE-EARNER'S BENEFITS FROM TAX REVISION BILL

The tax revision bill now before the Senate Finance Committee provides many benefits for the 60 million American wage-earners. This is particularly true in the more liberal tax treatment of employee benefits. For several years it has been rumored that the Treasury would seek to tax as income, employer's contributions for "fringe" benefits which in recent years have been widely adopted in industry. The bill has definite provisions to the effect that employer's contributions to employee's sickness and accident plans are not to be taxed. In addition, benefits such as those under such plans as the Blue Cross and Blue Shield plans are not taxable if they are paid in accordance with a non-discriminatory plan.

Under another important provision, sickness benefits paid to employees as compensation for loss of wages will be tax exempt up to $100 a week, provided the benefits are paid under a non-discriminatory plan. At present these sick benefits are taxable unless they are paid under plans insured by insurance companies.

The bill contains provisions to simplify the rules regarding employees pensions and profit-sharing plans, which will make it easier for small companies to set up pension plans for their employees.

Over a million and a half persons, who are now receiving retirement income from pension plans for teachers, firemen, policemen, or their widows, will receive relief through a provision which will exempt from the first-bracket tax up to $1200 of retirement income. Thus the pensions to these people are given about the same treatment as social security benefits.

The method of taxing annuities is improved and fairer treatment is given to survivorship annuities where an employee elects to receive a lower retirement income with the benefit being continued to his wife after his death.

Workers in the low income group will be able to exempt from taxation the first $100 of dividends received and will have a credit up to 10 percent on other dividends. Many workers are now investing a part of their savings in common stocks to provide for their old age.

Workers and many others will benefit from the provision which permits deduction of interest charges on installment purchases even if these charges are not separately stated in the contract.

Of course, many other provisions of the bill will benefit the wage earner. He will be permitted to claim a child as a dependent even if the child earns more than $600 -- 1,500,000 taxpayers will benefit from this change immediately.

Several people sharing the support of a dependent may decide among themselves that some one of them is to have the benefit of the exemption; foster children will be included as dependents; full split income treatment will be allowed to widows and widowers with dependent children and single people with very close dependent relatives, regardless of where they live -- one million taxpayers will be affected by these changes.

Medical expenses in excess of 3 percent of a taxpayer's income will be deductible, compared with those over 5 percent under present law -- eight and a half million taxpayers will benefit.

Child care expenses will be deductible by about half a million working widows who support young children.

Many of the revisions will be of particular benefit to small business; several of them were recommended by the Small Business Committees of the Congress, including those of previous Administrations. The depreciation and double taxation of dividends provisions will be particularly helpful to small business. Laws covering the taxation of partnerships will be spelled out in the statute for the first time. This will facilitate the formation and continued operation of partnerships.

An option to capitalize or write off currently the cost of research and development work will permit small companies to do what larger companies with well-established research laboratories already have done. Likewise, a shifting of the burden of proof to the government in cases involving the unreasonable accumulation of earnings will be beneficial.

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One provision requires corporations to make partial advance payments in the third and fourth quarters of the taxable year. This plan would be put into effect very gradually, starting with 5 percent per quarter in 1955, and reaching 25 percent in 1959. Companies with tax liabilities of less than $50,000 would not be affected -- these represent 90 percent of the corporations.

This proposal would assist the Treasury by spreading the collections evenly throughout the year -- otherwise we will get all our taxes from corporations in March and June. It will, in the long run, help put corporations in a sounder financial condition -- too many now depend on their tax liabilities to help finance their operations. Individuals are now on a pay-as-you-go basis and with this change, corporations will by 1959 be about as close to a current basis as is feasible.

In addition to giving tax relief to many millions by removing these inequities, the bill will also plug a number of loopholes which have crept into the system, and thus save revenue. Chairman Reed described fifty specific provisions to close loopholes.

These are only a few of the many changes in the Federal Tax System. This is a tax reform bill, designed to correct the major defects and to help the whole economy, both immediately and in the long run. It is quite unfair to attempt to compare it with other plans to give immediate tax reductions on a big scale.

The cost of the bill in loss of revenue is $1.4 billion, but an important feature is that the corporation rate is continued at 52 percent instead of being permitted to go down to 47 percent. This will bring in $1.2 billion -- almost enough to finance the entire cost.

The revision bill is an integral part of the tax and budget policy of the Administration.

The adoption of the revision bill will make most of the necessary changes in the structure of the tax laws, with the exception of a few areas which we have reserved for further analysis and later recommendations. The revision bill will have far-reaching benefits both to the millions of individuals directly affected and to the whole country through the removal of tax roadblocks to economic growth; the bill will stimulate the creation of more and better jobs. Early enactment of this vital legislation will be particularly helpful during the present transition period.

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TREASURY DEPARTMENT
Washington

FOR RELEASE P.M. NEWSPAPERS,
Thursday, April 15, 1954.

H-457

Remarks by Treasury Secretary George M. Humphrey before American Society of Newspaper Editors, Statler Hotel, Washington, D. C., 9:15 a.m., Thursday, April 15, 1954

Just about a year ago I had the pleasure of appearing before you. If you will remember there was then great concern as to whether or not a hoped for peace in Korea would quickly bring on a depression. My talk to the Associated Press Annual Meeting in New York two days later, which many of you here today attended, began with these words:

"There is no reason to fear peace.

"We are not headed for depression."

We all were grateful that the fighting in Korea soon ended and 1953 was the biggest and the best year in American history.

Then we had only plans for reduction of government expenditures and only hopes of tax reductions to follow.

And now a year later with actual accomplishments in both fields where then we had but plans and hopes many people have again been concerned with fears of depression and the prophets of gloom have been loud in their dire predictions.

It is easy to be misled about how "good or bad" business really is in this country after all the loose talking that has been done. It would be especially unfortunate if the editors of the great newspapers of this country should not have the proper perspective on the state of our economy.

Let us remember such things as these:

Average employment in the first three months of this year was 60 million people -- the highest number of people employed during that period of the year in any year of our history except for the first three months of last year immediately following President Eisenhower's election.

Construction contracts awarded in March of this year were 13 percent higher than a year ago.

Total personal income is running higher than it was a year ago.

There are some other indicators which are down, and we recognize that unemployment is up over a year ago. Moreover we fully realize that each individual who is out of a job has a serious personal problem, and this Administration is greatly concerned to see that everyone who wants work can have employment.

But basically our present economic condition is a result of necessary inventory adjustments plus a transition from wartime to peacetime spending by the government. As we cut government spending, we must return to the people in tax cuts -- as we are now doing -- the billions of dollars of government money saved so that it can then be put to making new jobs for the people who previously got their income from government spending.

We are transferring this money back to the people by tax cuts which, when the tax revision bill is passed, will mean total tax cuts effective this year of $7.4 billion -- the largest single dollar tax cut in any year in the nation's history.

When our tax program is fully effective every single taxpayer in this country will have received some tax cut and benefit in this year.

The jobs which came from the government's spending of these billions must now be found -- and are being found -- in private industry making things for the people to buy. All of those people who were making tanks and guns must now make washing machines and other things for peaceful living.

The fact that employment continues at the very high level of 60 million people at work shows that this transition to making things for living instead of for killing is being made remarkably well.

I am confident of the future and that we are not now headed for a depression.

Some people, fearing further downward trends, ask when the government is going to get "in" and do something about it.

The fact is that the government is always "in." There are so many things that the government does -- or does not do -- that have a very real bearing on the state of the economy.

There are many things that the government has already done; things recommended which are now before the Congress; and things which the Administration has proposed either for the future or for action by executive agencies, all of which have and will help strengthen our economy.

First, in things already done, we should look at an area of government action very close to us at Treasury -- the area of flexible debt management and monetary policy.

The Federal Reserve Board -- with its responsibility for monetary policy -- reduced reserve requirements of member banks substantially as early as last June to make sure that there would be no bar to the proper volume of bank credit necessary to a growing economy. The Federal Reserve has purchased short-term government securities in the market, to increase bank reserves, for a considerable period. The rate at which bankers can borrow from the Federal Reserve was reduced in February and again just day before yesterday a further reduction was approved.

Treasury debt management also has been a positive factor, and government interest rates have fallen to the lowest point in many years. Last July the Treasury had to pay 2-1/2 percent for a 8-month loan. In February we paid the same rate for a loan running almost 8 years. And our last one-year money borrowing was at 1-5/8 percent. Ninety-day bills cost close to 2-1/2 percent last June; now they are down to 1 percent.

In the current economic environment the Treasury has purposely done its financing in a way that would not interfere with the availability of long-term investment funds to corporations, state and local governments, and for mortgages to home owners. We want to be sure that plant and equipment, home building, and other construction all have ample available funds. The fact that construction thus far this year is running so high demonstrates how effective these policies are.

We have the Small Business Administration to ease the proper handling of credit in this particular and vital part of our economy.

A committee for State, local and federal planning has been appointed and is now at work.

The President has asked the Office of Defense Mobilization to redirect its stockpiling program, which will help distressed mining areas.

The Administration is going ahead with improved planning of its public works programs which can be available for any emergency.

Last but far from least, the tax revision bill now before the Senate Finance Committee will upon enactment have a tremendously helpful effect upon the economy. While it is basically a long-overdue tax reform bill, it can help greatly the current economic transition. There are many business projects around the country which are being held up pending final decision on this revision bill. It is imperative that the earliest possible action should be taken. When the bill is enacted, these new or expanding businesses can go ahead with their plans, which will result in the creation of thousands of jobs and the vital expansion of our economy.

But the success of our economy depends -- not upon a single government act or edict -- but upon all the people trying to do a little more for themselves, trying to better themselves and their loved ones. Government can only help provide a fertile field in which the 161 million Americans can work. The tax revision bill will help provide a more fertile field by giving further relief to millions of taxpayers and stimulating the incentive and the enterprise which we need to create more and better jobs.

Jobs are more important than tax cuts. Jobs are what America lives on. The entire fiscal policy of the government is designed and operated to promote more and better jobs, which more efficiently create the better cheaper goods, and the expansion of industry that makes for the ever improving standard of living we all want in America.

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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, or the amount of income or profits taxes paid by means of the bills, during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

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, noncompetitive 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 April 27, 1954, in cash or other immediately available funds, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its District.

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

RELEASE MORNING NEWSPAPERS,
Friday, April 16, 1954.

H-458

The Treasury Department, by this public notice, invites tenders for $1,000,000,000, or thereabouts, of 52-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated April 27, 1954, and they will mature June 18, 1954. They will be accepted at face value in payment of income and profits taxes due on June 15, 1954, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1954, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch not more than fifteen days before June 15, 1954, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1954, to the District Director of Internal Revenue for the district in which such taxes are payable. 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, Wednesday, April 21, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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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, noncompetitive 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 April 27, 1954, in cash or other immediately available funds, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury Tax and Loan Account for Treasury bills allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its District.

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, or the amount of income or profits taxes paid by means of the bills, during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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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A-459

RELEASE MORNING NEWSPAPERS,
Tuesday, April 20, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 22 and to mature July 22, 1954, which were offered on April 15, were opened at the Federal Reserve Banks on April 19.

The details of this issue are as follows:

Total applied for - $2,364,475,000
Total accepted - 1,501,394,000 (includes $230,763,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.740/ Equivalent rate of discount approx. 1.027% per annum

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

High - 99.743 Equivalent rate of discount approx. 1.017% per annum
Low - 99.739 " " " " " 1.033% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 14,233,000	$ 13,933,000
New York	1,732,977,000	984,752,000
Philadelphia	32,451,000	14,351,000
Cleveland	31,874,000	24,914,000
Richmond	9,971,000	9,971,000
Atlanta	42,940,000	38,760,000
Chicago	252,151,000	216,701,000
St. Louis	31,966,000	24,960,000
Minneapolis	10,852,000	8,892,000
Kansas City	52,938,000	47,198,000
Dallas	50,167,000	45,087,000
San Francisco	101,955,000	71,875,000
TOTAL	$2,364,475,000	$1,501,394,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, April 20, 1954.

H-459

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Dallas	50,167,000	45,087,000
San Francisco	101,955,000	71,875,000
TOTAL	$2,364,475,000	$1,501,394,000

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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, Revised ~~xxxxxxxxxx~~, 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 April 29, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 29, 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,

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TREASURY DEPARTMENT
Washington

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FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 22, 1954.
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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 April 29, 1954, in the amount of $1,500,313,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 29, 1954, and will mature July 29, 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 Daylight Saving ~~Standard~~ time, Monday, April 26, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 22, 1954.

H-460

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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 April 29, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 29, 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, revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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RELEASE MORNING NEWSPAPERS,
Thursday, April 22, 1954.

The Treasury Department announced last evening that the tenders for $1,000,000,000, or thereabouts, of Tax Anticipation Series 52-day Treasury bills to be dated April 27 and to mature June 18, 1954, which were offered on April 16, were opened at the Federal Reserve Banks on April 21.

The details of this issue are as follows:

Total applied for - $2,986,820,000
Total accepted - 1,000,883,000 (includes $207,595,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.895/ Equivalent rate of discount approx. 0.726% per annum

Range of accepted competitive bids:

High - 99.903 Equivalent rate of discount approx. 0.672% per annum
Low - 99.892 " " " " " 0.748% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 143,996,000	$ 43,802,000
New York	1,428,380,000	281,165,000
Philadelphia	124,738,000	23,600,000
Cleveland	166,585,000	45,320,000
Richmond	108,162,000	34,176,000
Atlanta	81,344,000	39,444,000
Chicago	331,602,000	257,640,000
St. Louis	67,678,000	33,347,000
Minneapolis	56,086,000	30,478,000
Kansas City	99,645,000	47,672,000
Dallas	89,370,000	44,555,000
San Francisco	289,234,000	119,684,000
Total	$2,986,820,000	$1,000,883,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 22, 1954.

H-461

The Treasury Department announced last evening that the tenders for $1,000,000,000, or thereabouts, of Tax Anticipation Series 52-day Treasury bills to be dated April 27 and to mature June 18, 1954, which were offered on April 16, were opened at the Federal Reserve Banks on April 21.

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Kansas City	99,645,000	47,672,000
Dallas	89,370,000	44,555,000
San Francisco	289,234,000	119,684,000
TOTAL	$2,986,820,000	$1,000,883,000

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EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEARS ENDED DECEMBER 31, 1953 and 1952 - Continued

(Amounts in thousands of dollars)

	1953	1952	Change since 1952
Recoveries, transfers from valuation reserves and profits:			
On securities:			
Recoveries	$ 7,876	$ 6,884	+992
Transfers from valuation reserves	15,226	14,844	+382
Profits on securities sold or redeemed	23,459	20,165	+3,294
On loans:			
Recoveries	16,502	11,654	+4,848
Transfers from valuation reserves	5,328	14,949	-9,621
All other	13,626	12,604	+1,022
TOTAL RECOVERIES, TRANSFERS FROM VALUATION RESERVES AND PROFITS	82,017	81,100	+917
Losses, charge-offs, and transfers to valuation reserves:			
On securities:			
Losses and charge-offs	96,676	61,233	+35,443
Transfers to valuation reserves	31,454	16,739	+14,715
On loans:			
Losses and charge-offs	15,494	11,349	+4,145
Transfers to valuation reserves	77,164	83,978	-6,814
All other	45,763	29,982	+15,781
TOTAL LOSSES, CHARGE-OFFS, AND TRANSFERS TO VALUATION RESERVES	266,551	203,281	+63,270
PROFITS BEFORE INCOME TAXES	1,038,894	966,572	+72,322
Taxes on net income:			
Federal	446,687	387,963	+58,724
State	18,920	17,128	+1,792
TOTAL TAXES ON NET INCOME	465,607	405,091	+60,516
NET PROFITS BEFORE DIVIDENDS	573,287	561,481	+11,806
Cash dividends declared:			
On preferred stock	332	400	-68
On common stock	274,884	258,663	+16,221
TOTAL CASH DIVIDENDS DECLARED	275,216	259,063	+16,153
Number of banks 2/	4,864	4,916	-52
Rate of net profits:	Percent	Percent	Percent
To capital funds	7.92	8.17	-.25
Rate of cash dividends:			
To capital funds	3.80	3.77	+.03

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

2/ At end of period.

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEARS ENDED DECEMBER 31, 1953 and 1952

(Amounts in thousands of dollars)

	1953	1952	Change since 1952
Capital stock, par value: 1/			
Preferred	$ 5,512	$ 6,862	-1,350
Common	2,258,234	2,171,026	+87,208
TOTAL CAPITAL STOCK	2,263,746	2,177,888	+85,858
Capital funds 1/	7,235,820	6,875,134	+360,686
Earnings from current operations:			
Interest and dividends:			
On U. S. Government obligations	694,815	633,688	+61,127
On other securities	176,433	164,228	+12,205
Interest and discount on loans	1,751,596	1,536,789	+214,807
Service charges on deposit accounts	150,490	136,272	+14,218
Other service charges, commissions, fees, and collection and exchange charges	88,993	77,772	+11,221
Trust department	85,990	80,627	+5,363
Other current earnings	119,619	121,191	-1,572
TOTAL EARNINGS FROM CURRENT OPERATIONS	3,067,936	2,750,567	+317,369
Current operating expenses:			
Salaries and wages:			
Officers	298,121	271,744	+26,377
Employees other than officers	595,596	535,618	+59,978
Fees paid to directors and members of executive, discount, and advisory committees	16,094	14,545	+1,549
Interest on time deposits (including savings deposits)	299,064	260,995	+38,069
Taxes other than on net income	84,517	78,646	+5,871
Recurring depreciation on banking house, furniture and fixtures	47,388	42,205	+5,183
Other current operating expenses	503,728	458,061	+45,667
TOTAL CURRENT OPERATING EXPENSES	1,844,508	1,661,814	+182,694
NET EARNINGS FROM CURRENT OPERATIONS	1,223,428	1,088,753	+134,675

Cash dividends declared on common and preferred stock in 1953 totaled $275,000,000 in comparison with $259,000,000 in the previous year. The rate of cash dividends was 3.80 percent of average capital funds. The cash dividends in 1953 were 48 percent of net profits available for the year. The remaining 52 percent of net profits, or $298,000,000, was retained by the banks in their capital funds.

On December 31, 1953, there were 4,864 national banks in operation, as compared to 4,916 at the end of 1952.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE MORNING NEWSPAPERS,
Wednesday, April 28, 1954.

H-462

National banks in the United States and possessions had net profits before dividends for the year 1953 of $573,000,000 which amounts to 7.92 percent of average capital funds, Comptroller of the Currency Ray M. Gidney announced today. Net profits for the previous year were $561,000,000, or 8.17 percent of average capital funds.

Net earnings from operations for the calendar year 1953 of $1,223,000,000 showed an increase of $135,000,000 over the year 1952. Adding to net earnings from operations profits on securities sold of $23,000,000 and recoveries on loans and investments, etc. (including adjustments in valuation reserves) of $59,000,000 and deducting losses and charge-offs (including current additions to valuation reserves) of $266,000,000 and taxes on net income of $466,000,000, the net profits of the banks before dividends for the year 1953, as noted above, were $12,000,000 more than for the year 1952.

Gross earnings were $3,068,000,000, an increase of $317,000,000 over 1952. Principal items of operating earnings in 1953 were $1,752,000,000 from interest and discount on loans, an increase of $215,000,000 over 1952, and $695,000,000 from interest on United States Government obligations, an increase of $61,000,000. Other principal operating earnings were $176,000,000 from interest and dividends on securities other than United States Government, and $150,000,000 from service charges on deposit accounts. Operating expenses, excluding taxes on net income, were $1,845,000,000 as against $1,662,000,000 in 1952. Principal operating expenses were $910,000,000 for salaries and wages of officers and employees and fees paid to directors, an increase of $88,000,000 over 1952, and $299,000,000 expended for interest on time deposits, an increase of $38,000,000.

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Cash dividends declared on common and preferred stock in 1953 totaled $275,000,000 in comparison with $259,000,000 in the previous year. The rate of cash dividends was 3.80 percent of average capital funds. The cash dividends in 1953 were 48 percent of net profits available for the year. The remaining 52 percent of net profits, or $298,000,000, was retained by the banks in their capital funds.

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(Amounts in thousands of dollars)

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Trust department	85,990	80,627	+5,363
Other current earnings	119,619	121,191	-1,572
TOTAL EARNINGS FROM CURRENT OPERATIONS	3,067,936	2,750,567	+317,369
Current operating expenses:			
Salaries and wages:			
Officers	298,121	271,744	+26,377
Employees other than officers	595,596	535,618	+59,978
Fees paid to directors and members of executive, discount, and advisory committees	16,094	14,545	+1,549
Interest on time deposits (including savings deposits)	299,064	260,995	+38,069
Taxes other than on net income	84,517	78,646	+5,871
Recurring depreciation on banking house, furniture and fixtures	47,388	42,205	+5,183
Other current operating expenses	503,728	458,061	+45,667
TOTAL CURRENT OPERATING EXPENSES	1,844,508	1,661,814	+182,694
NET EARNINGS FROM CURRENT OPERATIONS	1,223,428	1,088,753	+134,675

EARNINGS, EXPENSES, AND DIVIDENDS OF NATIONAL BANKS FOR YEARS ENDED DECEMBER 31, 1953 and 1952 - Continued

(Amounts in thousands of dollars)

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Recoveries, transfers from valuation reserves and profits:			
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Losses, charge-offs, and transfers to valuation reserves:			
On securities:			
Losses and charge-offs	96,676	61,233	+35,443
Transfers to valuation reserves	31,454	16,739	+14,715
On loans:			
Losses and charge-offs	15,494	11,349	+4,145
Transfers to valuation reserves	77,164	83,978	-6,814
All other	45,763	29,982	+15,781
TOTAL LOSSES, CHARGE-OFFS, AND TRANSFERS TO VALUATION RESERVES	266,551	203,281	+63,270
PROFITS BEFORE INCOME TAXES	1,038,894	966,572	+72,322
Taxes on net income:			
Federal	446,687	387,963	+58,724
State	18,920	17,128	+1,792
TOTAL TAXES ON NET INCOME	465,607	405,091	+60,516
NET PROFITS BEFORE DIVIDENDS	573,287	561,481	+11,806
Cash dividends declared:			
On preferred stock	332	400	-68
On common stock	274,884	258,663	+16,221
TOTAL CASH DIVIDENDS DECLARED	275,216	259,063	+16,153
Number of banks 2/	4,864	4,916	-52
Rate of net profits:	Percent	Percent	Percent
To capital funds	7.92	8.17	-.25
Rate of cash dividends:			
To capital funds	3.80	3.77	+.03

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

2/ At end of period.

H-463

RELEASE MORNING NEWSPAPERS,
Tuesday, April 27, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 29 and to mature July 29, 1954, which were offered on April 22, were opened at the Federal Reserve Banks on April 2

The details of this issue are as follows:

Total applied for - $2,493,521,000
Total accepted - 1,502,504,000 (includes $215,978,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.776 Equivalent rate of discount approx. 0.886% per annum

Range of accepted competitive bids:

High	- 99.778	Equivalent rate of discount approx. 0.878% per annum
Low	- 99.775	" " " " " 0.890% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 57,601,000	$ 37,466,000
New York	1,807,891,000	1,105,144,000
Philadelphia	43,660,000	24,330,000
Cleveland	68,203,000	47,813,000
Richmond	12,341,000	8,641,000
Atlanta	23,355,000	13,855,000
Chicago	241,477,000	123,942,000
St. Louis	31,807,000	23,789,000
Minneapolis	13,840,000	10,640,000
Kansas City	62,256,000	36,566,000
Dallas	36,491,000	19,055,000
San Francisco	94,599,000	51,263,000
TOTAL	$2,493,521,000	$1,502,504,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, April 27, 1954.

H-463

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 29 and to mature July 29, 1954, which were offered on April 22, were opened at the Federal Reserve Banks on April 26.

The details of this issue are as follows:

Total applied for - $2,493,521,000
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TOTAL	$2,493,521,000	$1,502,504,000

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Economic Club, Detroit Athletic Club, Public Relations Society of America and the Detroit Chamber of Commerce.

Commenting on Mr. Travis' acceptance, Secretary Humphrey wrote him: "We at the Treasury are enthusiastic, as our Savings Bonds Program is important to us in our determination to achieve and maintain a sound and honest dollar. Your broad experience in banking as well as local and national circles will contribute heavily to this determination."

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H-464

In Apr 30 morning newspapers

Secretary Humphrey today announced the appointment of Noble D. Travis, Vice-President of the Detroit Trust Company, as State Chairman of the U. S. Savings Bonds Advisory Committee for Michigan.

Mr. Noble succeeds Frank N. Isbey who resigned in February after serving as Michigan State Chairman since the inception of the savings bonds program in May, 1941.

The new State Chairman, who will direct volunteer activities in Michigan during the Treasury's "billion more in '54" savings bonds campaign, has been associated with the Detroit Trust Company since 1929 and was elected Vice-President in 1945 with his principal responsibility the development of business throughout the state of Michigan. He served for three years as Chairman of the Public Relations Committee of the Michigan Bankers Association during which time he set up a program which has been adopted by many banking associations throughout the country.

A graduate of the University of Michigan Law School, Mr. Travis is active in many educational, civic and charitable affairs. In 1951, he served as Chairman of the Special Events Committee of Detroit's 250th Birthday Festival. He was Chairman of the Finance Division of the Detroit Community Chest for five years, and for three years was President of the Family Service Society of which he is still a director. He is a member of the Board of Directors and Treasurer of both the International Institute of Detroit and Junior Achievement, Inc. He served for several years on the Committee on Cooperation with community leaders of the National Association of Manufacturers. He is an active member of many Detroit groups including Detroit Committee on Foreign Relations, Church-Industry Group, Adcraft Club,

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Friday, April 30, 1954.

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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, Revised, 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 **May 6, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **May 6, 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,

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TREASURY DEPARTMENT
Washington

H-465

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 29, 1954.

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 **May 6, 1954**, in the amount of $ **1,500,318,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **May 6, 1954**, and will mature **August 5, 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 **Daylight Saving** ~~Standard~~ time, **Monday, May 3, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 29, 1954.

H-465

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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 May 6, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 6, 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, revised, 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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Accrued interest on the securities surrendered in exchange will be credited to their respective maturity or call dates, and accrued interest on the new securities from May 17, 1954, will be charged to those same dates.

The exchange subscription books for both issues, which will open on Wednesday, May 5, will close at the close of business Friday,May 7. Any exchange subscription addressed to a Federal Reserve Bank or branch or the Treasury Department, placed in the mail before midnight May 7, will be considered as timely.

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The exchange subscription books for both issues, which will open on Wednesday

EXCHANGE OFFERING

Subscription books will be opened on May 5 for the following:

(a) A 1-1/8 percent Certificate of Indebtedness dated May 17, 1954, to mature May 17, 1955 to be offered in exchange for

1. $1,743,115,500 of outstanding 2 percent Bonds of 1952-54, maturing June 15, 1954

2. $373,161,500 of outstanding 2-1/4 percent Bonds of 1952-55 called for redemption on June 15,1954

3. $311,551,150 of outstanding 2-1/4 percent Bonds of 1954-56 called for redemption on June 15,1954

(b) The 1 1/8 percent Certificate of Indebtedness, dated May 17, 1954, to mature May 17, 1955 or ~~the~~ 1 7/8 percent Treasury Note, dated May 17, 1954, to mature February 15, 1959, to be issued in exchange for:

$4,858,173,000 of outstanding 2-5/8 percent Certificates of Indebtedness, Series B of 1954, maturing June 1, 1954.

Immediate Release
~~FOR RELEASE AT 12:00 NOON EDT,~~
Friday, April 30, 1954. H- 466

Secretary of the Treasury Humphrey announced today the following offerings of Treasury Securities:

CASH OFFERING

On Tuesday, May 4, the books will be opened for cash subscriptions to an issue of $2,000,000,000, or thereabouts, of ~~year at~~ percent Treasury Notes to be dated May 17, 1954, and to mature February 15, 1959

4 years and 9 months

1 7/8

addressed to a Federal Reserve Bank or Branch or to the Treasury Department.

The books for cash subscription to this offering will be open only one day. Cash subscriptions placed in the mail before ~~12 o'clock~~ midnight, May 4, will be considered as having been entered before the close of the subscription books.

Subscriptions may be paid for by credit in Treasury Tax and Loan accounts. Subscriptions from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account, will be received without deposit, but will be restricted in each case to an amount not exceeding one-half the combined capital, surplus, and undivided profits of the subscribing bank. A payment of 10 percent of the amount of notes subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions. All subscriptions for amounts up to and including $10,000 will be allotted in full, and larger subscriptions will be allotted on an equal percentage basis, but not less than $10,000 on any one subscription.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the notes subscribed for, to cover the 10 percent deposits required to be paid when subscriptions are entered. A certification by the subscribing bank that no such loan has been made will be required on each subscription entered by it for account of its customers. A certification that the bank has no beneficial interest in its customers' subscriptions, and that no customers have any beneficial interest in the bank's own subscription, will also be required.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, April 30, 1954. H-466

Secretary of the Treasury Humphrey announced today the following offerings of Treasury Securities:

CASH OFFERING

On Tuesday, May 4, the books will be opened for cash subscriptions to an issue of $2,000,000,000, or thereabouts, of 4-year and 9 months' 1-7/8 percent Treasury Notes to be dated May 17, 1954, and to mature February 15, 1959.

The books for cash subscription to this offering will be open only one day. Cash subscriptions addressed to a Federal Reserve Bank or branch or the Treasury Department placed in the mail before midnight, May 4, will be considered as having been entered before the close of the subscription books.

Subscriptions may be paid for by credit in Treasury Tax and Loan accounts. Subscriptions from commercial banks, which for this purpose are defined as banks accepting demand deposits, for their own account, will be received without deposit, but will be restricted in each case to an amount not exceeding one-half the combined capital, surplus, and undivided profits of the subscribing bank. A payment of 10 percent of the amount of notes subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions. All subscriptions for amounts up to and including $10,000 will be allotted in full, and larger subscriptions will be allotted on an equal percentage basis, but not less than $10,000 on any one subscription.

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DATE LOANED	BORROWER'S NAME	PHONE NUMBER