U.S. Treasury Dept.
Press Releases

ELEASE MORNING NEWSPAPERS,
esday, May 4, 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 May 6 and to mature August 5, 1954, which were offered on April 29, were opened at the Federal Reserve Banks on May 3.

The details of this issue are as follows:

Total applied for - $2,290,218,000
Total accepted - 1,502,433,000 (includes $199,591,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.805 Equivalent rate of discount approx. 0.773% per annum

Range of accepted competitive bids:

High - 99.808 Equivalent rate of discount approx. 0.760% per annum
Low - 99.803 " " " " " 0.779% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 14,632,000	$ 7,782,000
New York	1,687,770,000	1,077,933,000
Philadelphia	35,189,000	17,242,000
Cleveland	36,567,000	26,227,000
Richmond	9,394,000	5,810,000
Atlanta	21,559,000	11,079,000
Chicago	265,291,000	202,906,000
St. Louis	17,874,000	16,410,000
Minneapolis	19,312,000	17,412,000
Kansas City	67,239,000	42,832,000
Dallas	40,775,000	33,425,000
San Francisco	74,616,000	43,375,000
Total	$2,290,218,000	$1,502,433,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, May 4, 1954.

H-467

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated May 6 and to mature August 5, 1954, which were offered on April 29, were opened at the Federal Reserve Banks on May 3.

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Dallas	40,775,000	33,425,000
San Francisco	74,616,000	43,375,000
TOTAL	$2,290,218,000	$1,502,433,000

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 May 13, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 13, 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

17-468

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 6, 1954 xxx .

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 xxx , or thereabouts, of 91 xxx -day Treasury bills, for cash and in exchange for Treasury bills maturing May 13, 1954 xxx , in the amount of $ 1,501,294,000 , 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 13, 1954 xxx , and will mature August 12, 1954 xxx , 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 10, 1954 xxx . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by

TREASURY DEPARTMENT

WASHINGTON, D.C.

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RELEASE MORNING NEWSPAPERS,
Thursday, May 6, 1954.

H-468

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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 May 13, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 13, 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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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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For Sat. May 8

Sat. morning May 8, 1954

4-469

~~PRESS RELEASE~~

7

The Treasury Department announced today that it is taking steps to liberalize the orders and regulations governing the acquisition and use of gold in the United States. No change in monetary gold policy, or any other basic phase of the Government's gold policy, is involved.

In a notice of proposed amendments to the Gold Regulations published in the Federal Register, the Treasury proposes to relax or eliminate a number of technical procedures and restrictions in order to reduce as far as possible the burden of the regulations on persons engaged in industries, professions and arts which require the use of gold. Among the more significant changes of this type are: increasing from 35 to 50 ounces the amount of gold which can be held by processors without a license, broadening considerably the definition of "fabricated gold" which can be held or exported without a license, and cutting down on reports which have to be filed by persons engaged in gold industries. In addition, another proposed change would clarify the rights of coin collectors to acquire and possess gold coins made prior to 1933.

Some of the existing requirements which it is proposed to relax were instituted at a time when conditions led to illegal diversion and smuggling of gold. For some time now the price of gold in so-called "free" and black markets abroad has been within such a close range of the official United States $35 per ounce price, that there has been little incentive to divert gold from normal channels to such markets.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, May 8, 1954.

H-469

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, May 7, 1954.

The Treasury today announced a 22 percent allotment on subscriptions for more than $10,000 for the current cash offering of 1-7/8 percent Treasury Notes of Series A-1959. None of these subscriptions will be allotted less than $10,000, and subscriptions for $10,000 and less will be allotted in full, as previously announced.

Reports received from the Federal Reserve Banks show that subscriptions total about $9-3/4 billion. Total allotments will be about $2.2 billion.

Details by Federal Reserve Districts as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

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H-470

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~~In Answer to Inquiries:~~

A ~~The~~ Treasury spokesman said the response to the offering was "very satisfactory."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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Friday, May 7, 1954.

H-470

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A Treasury spokesman said the response to the offering was "very satisfactory."

oOo

1954

My dear Admiral O'Neill:

As you retire after four and a half years as Commandant of the Coast Guard, I must tell you again what a distinguished contribution I think you have made to the Service and to the country.

I shall miss working with you; but you have fully earned the retirement that you have now again requested, and I can only wish you Godspeed and many years of happiness, and renew my personal and heartfelt thanks for all that you have done.

Sincerely yours,

Vice Admiral Merlin O'Neill
Commandant
United States Coast Guard
Washington, D. C.

12

MAY 6 1954

My dear Admiral O'Neill:

Please accept my most sincere thanks for your service which you are now ending by requesting retirement from the Coast Guard.

You have my special thanks for postponing retirement for which you expressed a real desire when your ~~term~~ previous term was completed last December. I appreciate your having accepted ~~accepting~~ appointment to a second term because we felt your staying on would help complete certain major organizational changes which were then pending. I agreed then, and I now reluctantly agree to recommend reconsideration of your request by the President, which I understand is now being approved.

For your extended duty, as well as your long years of outstanding service in the Coast Guard, the Treasury and the Nation are very grateful. You have the best wishes of all for the enjoyment of your future years.

Best personal regards and best wishes.

Sincerely,

(Signed) G. M. Humphrey

Secretary of the Treasury

Vice Admiral Merlin O'Neill
Commandant
United States Coast Guard
Washington, D. C.

MALennartson:nmw
5/3/54

Immediate release

Treasury Secretary Humphrey and Assistant Secretary Rose have sent to Vice Admiral Merlin O'Neill, Commandant of the U. S. Coast Guard whose request for ~~who has requested~~ retirement, was approved today by President Eisenhower, letters expressing their appreciation of his outstanding service. The letters follow:

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, May 7, 1954.

H-471

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May 6, 1954

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For your extended duty, as well as your long years of outstanding service in the Coast Guard, the Treasury and the Nation are very grateful. You have the best wishes of all for the enjoyment of your future years.

Best personal regards and best wishes.

Sincerely,

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

Vice Admiral Merlin O'Neill
Commandant
United States Coast Guard
Washington, D. C.

May 7, 1954

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As you retire after four and a half years as Commandant of the Coast Guard, I must tell you again what a distinguished contribution I think you have made to the Service and to the country.

I shall miss working with you; but you have fully earned the retirement that you have now again requested, and I can only wish you Godspeed and many years of happiness, and renew my personal and heartfelt thanks for all that you have done.

Sincerely yours,

/s/ H. Chapman Rose
Assistant Secretary of the Treasury

Vice Admiral Merlin O'Neill
Commandant
United States Coast Guard
Washington, D. C.

oOo

H-472

RELEASE MORNING NEWSPAPERS,
Tuesday, May 11, 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 May 13 and to mature August 12, 1954, which were offered on May 6, were opened at the Federal Reserve Banks on May 10.

The details of this issue are as follows:

Total applied for - $2,285,019,000
Total accepted - 1,500,849,000 (includes $211,612,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.792 Equivalent rate of discount approx. 0.825% per annum

Range of accepted competitive bids:

High - 99.835 Equivalent rate of discount approx. 0.653% per annum
Low - 99.789 " " " " " 0.835% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 18,943,000	$ 17,463,000
New York		1,644,583,000	941,198,000
Philadelphia		28,757,000	13,757,000
Cleveland		35,745,000	32,745,000
Richmond		11,602,000	10,602,000
Atlanta		24,373,000	22,679,000
Chicago		253,381,000	230,726,000
St. Louis		23,074,000	20,174,000
Minneapolis		40,072,000	38,778,000
Kansas City		66,515,000	58,419,000
Dallas		36,723,000	25,623,000
San Francisco		101,251,000	88,685,000
	TOTAL	$2,285,019,000	$1,500,849,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, May 11, 1954.

H-472

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San Francisco	101,251,000	88,685,000
TOTAL	$2,285,019,000	$1,500,849,000

H-7

Immediate Release
Monday May 10, 1954

The Treasury Department today make public the following ~~by~~ letter to the Secretary of State requesting transmittal ~~the State Department to transmit~~ to the Government of Finland a statement concerning imports of hardboard from certain Finnish companies: ~~The letter follows:~~

May 7, 1954

My dear Mr. Secretary:

It would be appreciated if you would transmit the following information to the Finnish Government on behalf of the Treasury.

The Treasury is gratified at the advice received from the Finnish Government that voluntary action on the part of the Finnish Hardboard Association has gone a long way toward solving difficulties arising under the Antidumping Act in regard to hardboard imports from Finland. Several Finnish companies have been selling hardboard in the United States at prices alleged to be under foreign market value. The Treasury is advised that for some time Customs' appraisers have not been appraising these entries and the usual customs notice is being sent to the importers formally advising them that appraisement is being withheld. Preliminary discussions were had with Finnish representatives in Washington concerning Finnish export prices. Before any formal action was taken by the Treasury, the Finnish companies had, according to the above advice, acted independently as a group to raise their prices, based upon their own estimates of what the statute required.

The exact extent to which this price change meets the statutory requirement is now being studied by the Treasury; and the remaining question of injury to the domestic industry will be decided promptly. However, the voluntary and unilateral action of the Finnish companies is a substantial contribution toward a satisfactory solution of this and other cases in this field.

Sincerely yours,

/s/ H. Chapman Rose
Assistant Secretary of the Treasury

The Honorable

The Secretary of State.

Cleared with Messrs. McNeill
Weitzel
cc-Messrs: Thorsten V. Kalijarvi
G. Hayden Raynor-both of State Dept.

JPHendrick:mc 5/6/54 HCR:mc 5/7/54

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, May 10, 1954.

H-473

The Treasury Department today made public the following letter to the Secretary of State requesting transmittal to the Government of Finland a statement concerning imports of hardboard from certain Finnish companies:

May 7, 1954

My dear Mr. Secretary:

It would be appreciated if you would transmit the following information to the Finnish Government on behalf of the Treasury.

The Treasury is gratified at the advice received from the Finnish Government that voluntary action on the part of the Finnish Hardboard Association has gone a long way toward solving difficulties arising under the Antidumping Act in regard to hardboard imports from Finland. Several Finnish companies have been selling hardboard in the United States at prices alleged to be under foreign market value. The Treasury is advised that for some time Customs' appraisers have not been appraising these entries and the usual customs notice is being sent to the importers formally advising them that appraisement is being withheld. Preliminary discussions were had with Finnish representatives in Washington concerning Finnish export prices. Before any formal action was taken by the Treasury, the Finnish companies had, according to the above advice, acted independently as a group to raise their prices, based upon their own estimates of what the statute required.

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Sincerely yours,

/s/ H. Chapman Rose
Assistant Secretary of the Treasury

The Honorable

The Secretary of State.

STATUTORY DEBT LIMITATION

AS OF April 30, 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	$ 22,014,283,000		
Certificates of indebtedness	19,377,175,000		
Treasury notes	32,309,001,900	$ 73,700,459,900	
Bonds -			
Treasury	82,807,121,200		
Savings (current redemp. value)	57,966,560,454		
Depositary	411,537,500		
Investment series	12,824,098,000	154,009,317,154	
Special Funds -			
Certificates of indebtedness	26,790,521,000		
Treasury notes	14,258,681,900	41,049,202,900	
Total interest-bearing		268,758,979,954	
Matured, interest-ceased		303,337,600	
Bearing no interest:			
United States Savings Stamps	50,590,356		
Excess profits tax refund bonds	1,273,075		
Special notes of the United States:			
Internat'l Monetary Fund series	1,378,000,000	1,429,863,431	
Total		270,492,180,985	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	78,779,086		
Matured, interest-ceased	1,046,650	79,825,736	
Grand total outstanding			270,572,006,721
Balance face amount of obligations issuable under above authority			4,427,993,279

Reconcilement with Statement of the Public Debt April 30, 1954
(Date)
(Daily Statement of the United States Treasury, April 30, 1954)
(Date)

Outstanding -	
Total gross public debt	271,046,794,419
Guaranteed obligations not owned by the Treasury	79,825,736
Total gross public debt and guaranteed obligations	271,126,620,155
Deduct - other outstanding public debt obligations not subject to debt limitation	554,613,434
	270,572,006,721

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Savings (current redemp. value)	57,966,560,454		
Depositary	411,537,500		
Investment series	12,824,098,000	154,009,317,154	
Special Funds -			
Certificates of indebtedness	26,790,521,000		
Treasury notes	14,258,681,900	41,049,202,900	
Total interest-bearing		268,758,979,954	
Matured, interest-ceased		303,337,600	
Bearing no interest:			
United States Savings Stamps	50,590,356		
Excess profits tax refund bonds	1,273,075		
Special notes of the United States:			
Internat'l Monetary Fund series	1,378,000,000	1,429,863,431	
Total		270,492,180,985	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	78,779,086		
Matured, interest-ceased	1,046,650	79,825,736	
Grand total outstanding			270,572,006,721
Balance face amount of obligations issuable under above authority			4,427,993,279

Reconcilement with Statement of the Public Debt April 30, 1954
(Date)

(Daily Statement of the United States Treasury, April 30, 1954)
(Date)

Outstanding -	
Total gross public debt	271,046,794,419
Guaranteed obligations not owned by the Treasury	79,825,736
Total gross public debt and guaranteed obligations	271,126,620,155
Deduct - other outstanding public debt obligations not subject to debt limitation	554,613,434
	270,572,006,721

Business grows unhealthy, outmoded and inefficient unless there is a constant flow to it of invested savings to pay for modernization of working conditions and (& the amount of) production. Unless savings are invested, the tools in the hands of theAmerican worker become outmoded and his production -- and so his earning power -- ~~stop growing~~. grows less.

I notice that President Reuther is quoted on the news tickers this morning as pointing out that unemployment is still increasing in basic manufacturing industries. This is an important point. We cannot have prosperity in America unless the heavy industries have prosperity. The buyers of the products of heavy industry -- generators, turbines, etc. -- are the businesses ~~in which~~ [illegible] people have invested their savings. These heavy products are not bought by retail consumers, who [illegible] would ~~benefit from further~~ [illegible] general income tax relief. But provisions of the tax revision bill which will stimulate investment will directly stimulate activity and thus make more sales in the basic manufacturing industries which Mr. Reuther has mentioned.

Such proposals in the tax revision bill as those which ~~would~~ reduce double taxation of dividends and allow more flexible depreciation will help modernize the nation's machinery and industrial plant. And modernization can make more sure more jobs at which millions of people can earn higher wages by producing more and better goods at less cost.

A-47

Extracts from remarks by Secretary of the Treasury George Humphrey before Congress of Industrial Organizations, Hall of Nations Ballroom, Washington Hotel, Washington, D. C., 3:00 p.m., May 11, 1954

~~The figures of last Friday showing that employment in April was up by 500,000 and unemployment down by 260,000 from the previous month indicate that we are heading in the right direction in making the economic transition from higher to lower government spending. Remember that employment in the first four months of this year has been more than 60 million -- highest in any such four months except for last year!~~

~~I believe that as America has confidence that its government is doing the things it ought to do -- and not doing the things it shouldn't do -- we will continue to see an increasingly high level of activity, with more jobs and better living for all.~~

Some people in recent months have asked when the government was going to get "in" the economy and "do something." The fact is that the government is in the economy all the time, in all the many ways that its actions affect large groups of our citizens.

~~It isn't as though, while a house is burning down the street, the government has been waiting in the firehouse waiting for some bell to go off.~~ The actions government takes every day are influencing -- and we believe helping -- the economy to help itself. We are -- and have been -- taking whatever actions are practical and proper and consistent with the Full Employment Act of 1946, which charges the government with helping to promote maximum employment "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

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of the Treasury George A-4

Extracts from remarks by Secretary of the Treasury George Humphrey before Congress of Industrial Organizations, Hall of Nations Ballroom, Washington Hotel, Washington, D. C., 3:00 p.m., May 11, 1954

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Extracts from remarks by Secretary of the Treasury George M. Humphrey before Congress of Industrial Organizations, Hall of Nations Ballroom, Washington Hotel, Washington, D.C., 3:00 p.m., May 11, 1954

Some people in recent months have asked when the government was going to get "in" the economy and "do something." The fact is that the government is in the economy all the time, in all the many ways that its actions affect large groups of our citizens.

The actions government takes every day are influencing -- and we believe helping -- the economy to help itself. We are -- and have been -- taking whatever actions are practical and proper and consistent with the Full Employment Act of 1946, which charges the government with helping to promote maximum employment "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

There is a long list of things that the government has done, is doing, and has proposed, which have a great bearing upon the economy.

These include such things as Federal Reserve Board action on credit; how Treasury handles its financing; the tax program; legislation regarding old age insurance, housing, highway construction; farm price supports, the wool industry and Administration actions on unemployment insurance; stockpiling of minerals; planning for public works; and many other things.

The tax program is a particular concern at Treasury. When the tax revision bill now before the Senate is passed, tax cuts effective this year will total $7.4 billion -- the largest total dollar tax cut in history. Also, the earliest possible enactment of the tax revision bill will help greatly the current economic transition. I hope for its early passage for the good of everybody in America.

While more than $4 billion of tax relief for individuals is provided by the January 1 income tax cut and the excise tax bill, there is also real relief in the tax revision bill to millions of individuals who have been plagued by unjust tax hardships for many years.

But the most important thing about the tax revision bill is that it will stimulate investment of savings to help new businesses to start, old businesses to modernize, and so create more and better jobs and better living for everyone.

America has to make more jobs every year to keep the people of America employed. So things that help the economy expand -- and so make more payrolls -- benefit everyone.

Breaking down the tax revision bill to say "this helps individuals" or "this helps business" is meaningless. Business can't have prosperity unless the great millions of American individuals have prosperity. Likewise, millions of individuals can't have prosperity unless the nation's economy is healthy.

Business grows unhealthy, outmoded and inefficient unless there is a constant flow to it of invested savings to pay for modernization of working conditions and expansion of production. Unless savings are invested, the power and tools in the hands of the American worker become outmoded and his production -- and so his earning power -- grow less.

I notice that President Reuther is quoted on the news tickers this morning as pointing out that unemployment is still increasing in basic manufacturing industries. This is an important point. We cannot have prosperity in America unless the heavy industries have prosperity. The buyers of the products of heavy industry -- generators, turbines, etc. -- are the businesses and the people who invest their savings. These heavy products are not bought by retail consumers, who already have been given general income tax relief. But provisions of the tax revision bill which will stimulate investment will directly stimulate activity and the making of more jobs in the basic manufacturing industries which Mr. Reuther has mentioned.

Such proposals in the tax revision bill as those which reduce double taxation of dividends and allow more flexible depreciation will help modernize the nation's machinery and industrial plant. And modernization can make more sure more jobs at which millions of people can earn higher wages by producing more and better goods at less cost.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

H-476

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 May 11, 1954	Established Quota	Imports May 29, 1953, to May 11, 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

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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

IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

H-477

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 May 1, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of May 1, 1954
Buttons	850,000	Gross	302,909
Cigars	200,000,000	Number	1,004,760
Coconut Oil	448,000,000	Pound	50,632,854
Cordage	6,000,000	Pound	733,423
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	849,784
Sugars (Unrefined			642,310,998
Tobacco	6,500,000	Pound	630,730

TREASURY DEPARTMENT
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IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

TREASURY DEPARTMENT
Washington

H-478

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 May 1, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 1, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	16,038
Cream	Calendar Year	1,500,000	Gallon	308
Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	50,757
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	80,439,787
other		60,000,000	Pound	Quota Filled
Cattle, less than 200 Lbs. each..	12 months from April 1, 1954	200,000	Head	536
Cattle, 700 Lbs. or more each ... (other than diary cows)	April 1, 1954-June 30, 1954	120,000	Head	9,310
Walnuts	Calendar Year	5,000,000	Pound	2,832,999
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,951,479
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	2,463,629
Rye, rye flour and rye meal	Mar. 31, 1954-June 30,1954	31,000,000	Pound	Quota Filled

(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 May 11, 1954, from countries other than Canada.

MMEDIATE RELEASE,
Jednesday, May 12, 1954.

TREASURY DEPARTMENT
Washington

H-478

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COTTON WASTES
(In pounds)

COTTON CARD STRIPS made from cotton having a staple of less than 1-3/16 inches in length, COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE: Provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany, and Italy:

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to May 11, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to May 11, 1954
United Kingdom	4,323,457	501,310	1,441,152	501,310
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,483	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	850,765	1,599,886	550,105

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

H-479

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 May 11, 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	49,274	Paraguay	871	-
British India	2,003,483	34,455	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	6,082,566	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 May 1, 1954

Established Quota (Global)	Imports
70,000,000	8,873,706

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

Established Quota (Global)	Imports
45,656,420	20,140,533

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

H-479

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Imports Sept. 20, 1953, to May 11, 1954, inclusive

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Brazil	618,723	618,723	Netherlands E. Indies	71,388	-
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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	-
			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 May 11, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to May 11, 1954
United Kingdom	4,323,457	501,310	1,441,152	501,310
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,483	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	850,765	1,599,886	550,105

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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.

[redacted]

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 20, 1954 ~~(8)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 20, 1954 ~~(6)~~. 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-480

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 13, 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 20, 1954, in the amount of $1,499,945,000, 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 20, 1954, and will mature August 19, 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 17, 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

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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 20, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 20, 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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May 5, 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 April 1954:

Sales	$50,924,500
Purchases	47,987,000
net sales	$ 2,937,500

C. L. Norman

asst Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Thursday, April 15, 1954.~~
Thursday, May 13, 1954

~~H-449~~
H-481

During the month of ~~March~~ April, 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~~ $2,937,500.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, May 13, 1954.

H-481

During the month of April, 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 $2,937,500.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, May 12, 1954.

H-482

The Treasury Department announced today that subscriptions for the current exchange offering amount to about $2,889 million for the new 4-year and 9-month 1-7/8 percent Treasury notes and $3,881 million for the new one-year 1-1/8 percent certificates, both to be dated May 17, 1954. The exchange allotment for the notes is in addition to about $2.2 billion allotted on cash subscriptions, as announced last Friday.

The first of the following tables shows the amounts outstanding of the four issues eligible for exchange and the amounts of each exchanged for the new issues; the second table shows an analysis of the exchanges by Federal Reserve Districts; and the third table shows subscription and allotment figures by Federal Reserve Districts for the cash portion of the new note offering.

ISSUES ELIGIBLE FOR EXCHANGE	Amount Outstanding	Amount Exchanged for Notes	Amount Exchanged for Certificates
2-5/8% Certificates, maturing 6/1/54	$4,858,173,000	$2,889,328,000	$1,785,399,000
2% Bonds of 1952-54, maturing 6/15/54	1,742,649,500	(not eligible)	1,501,728,000
2-1/4% Bonds of 1952-55, called for redemption on 6/15/54	372,934,900	(not eligible)	322,529,100
2-1/4% Bonds of 1954-56, called for redemption on 6/15/54	311,213,250	(not eligible)	271,640,900
TOTAL	$7,284,970,650	$2,889,328,000	$3,881,297,000

EXCHANGE SUBSCRIPTIONS RECEIVED AND ALLOTTED

Federal Reserve District	1-7/8% Notes	1-1/8% Certificates
Boston	$ 75,513,000	$ 33,908,000
New York	1,341,178,000	2,839,349,000
Philadelphia	101,900,000	86,979,000
Cleveland	141,298,000	111,833,000
Richmond	46,605,000	17,303,000
Atlanta	101,973,000	54,805,000
Chicago	461,973,000	291,186,000
St. Louis	133,247,000	72,957,000
Minneapolis	55,943,000	73,809,000
Kansas City	140,856,000	79,711,000
Dallas	71,569,000	27,184,000
San Francisco	201,833,000	187,263,000
Treasury	15,440,000	5,010,000
TOTAL	$2,889,328,000	$3,881,297,000

CASH SUBSCRIPTIONS AND ALLOTMENTS FOR NEW NOTES

Federal Reserve District	Total Subscriptions	Total Allotments
Boston	$ 427,521,000	$ 95,164,000
New York	4,488,250,000	1,000,133,000
Philadelphia	343,895,000	76,163,000
Cleveland	633,341,000	143,533,000
Richmond	365,111,000	83,609,000
Atlanta	363,239,000	93,944,000
Chicago	1,286,665,000	289,465,000
St. Louis	276,823,000	65,779,000
Minneapolis	164,354,000	37,603,000
Kansas City	270,069,000	62,530,000
Dallas	286,230,000	66,527,000
San Francisco	849,034,000	190,628,000
Treasury	220,000	54,000
TOTAL	$9,754,752,000	$2,205,132,000

The American producer and trader has no fear of fair and free competition in a stronger world. With our enterprise and our productivity — helped by our freer economy here and such things as the tax revision bill — and with renewed emphasis on our proven marketing ability, Americans will win a fair share of any market which is open in the manner which convertibility implies.

With more convertible currencies in the free world and with further relaxation of restrictions, we may expect that markets now closed will be opened to American goods and the total volume of trade and investment will be stimulated. With higher levels of trade and investment based on sound and efficient production and increased economic freedom we shall achieve — together with our allies — the freer, the more unified and more dynamic world of progress which is essential to our greater and sustained political, military and economic strength and freedom.

have strengthened their internal financial stability, their competitive ability, and their gold and dollar reserves. Currencies are sounder. And perhaps most important of all, more government leaders and people are abandoning economic restrictionism and controls and artificial values as instruments of policy. More and more they have turned to greater economic freedom and the value of stronger, more competitive economies.

As we enter a period when convertibility becomes closer, those of us concerned with trade and finance must recognize that the word "convertibility" is only a shorthand phrase which is intended to depict a certain kind of world. Convertibility means international trade and competition at realistic exchange rates with a relatively freely functioning and internationally competitive price mechanism. In its fullest sense it means the greatest possible absence of hampering restrictions, buying in the cheapest market, lowering costs and prices, and spreading technical improvements and new inventions to all parts of the trading world. It means sound and efficient production and trade at a high level and the best allocation of resources for the benefit of all of us.

Convertibility in its fullest sense means a world in which foreign countries have succeeded in balancing their international accounts, and expect to keep them in balance. It means a world in which a foreign country's goods can compete more freely with American goods in its own domestic market, in the United States market, and in third markets throughout the world. It also means a world in which American goods can compete in markets in which they have been previously restricted or even disbarred.

It will also benefit those who buy from us, since it will enable foreign purchasers to choose the supply available at the lowest price, irrespective of the source. This cannot now be done, with inconvertible currencies, because the availability of means of payment limits the range of choices by foreign buyers.

In his message to the Congress on foreign economic policy, the President said "The Commission rightly regards positive progress toward convertibility as an indispensable condition for a freer and healthier international trade." The President approved the Commission's recommendations for cooperation in strengthening the gold and dollar reserves of countries which have prepared themselves for convertibility by sound internal and external policies and said the United States will support the use of the resources of the International Monetary Fund as a bulwark to strengthen the currencies of countries which undertake convertibility.

The initiative and responsibility for introducing currency convertibility must rest with the countries concerned. Fortunately such initiative is being taken. The United Kingdom and other members of the Commonwealth have met twice to consider plans for the convertibility of sterling and they and other important nations of Europe, such as the Federal Republic of Germany, have discussed their aims with us. ~~Perhaps the major fact which impresses itself on all of us is the growing conviction here and abroad that currency convertibility is a realizable objective.~~

Throughout the post-war years the reestablishment of conditions of convertibility and non-discriminatory multilateral trade has been a major aim of the U.S.Government. As we look about us in the world today, we find that trade and payments, while still not as free as we would like, are freer than at any time since the end of the war. Foreign countries

The purposes of the Export-Import Bank are to aid in financing and to facilitate the foreign trade of the United States. Under the law it is to supplement and encourage and not compete with private capital and its loans should generally be for specific purposes and offer reasonable assurance of payment. In carrying out its fundamental purposes the Export-Import Bank is regularly receiving, considering and approving exporter credits at the instance of United States suppliers which are within the terms of the Act and which the Bank considers sound.

The future of our foreign trade will also be conditioned in an important degree by our willingness to import goods and services and thus make it possible for foreign countries to purchase our products. As our program of foreign economic aid is reduced, other countries will have to rely more largely on their sales to us to earn dollars for purchases here. In order to facilitate a freer movement of commerce across national boundaries within the free world, the President has recommended renewal of the Trade Agreements Act, authority for selective revision of our tariffs, the simplification of our customs administration and procedures, and the modification of our Buy American legislation.

Finally, and most basic of the President's proposals, from the point of view of our exports and of our broad objectives, are those which relate to the convertibility of currencies. One of the most important devices which foreign countries use to control their imports is to regulate the expenditure of their foreign exchange resources. To the degree that these regulations are relaxed, and each foreign currency freely exchanged for others, the easier it should be for us to sell our products in foreign markets.

In addition, the President has suggested to the Congress the desirability of broadening the existing authority to provide guarantees against loss on new investments abroad, where these losses are caused by war, revolution, or insurrection. At present, these guarantees may be provided only against the risks of expropriation and inconvertibility of currencies.

Basically, of course, if any extensively increased volume of United States private capital is to flow abroad, the foreign countries themselves must create a more receptive and favorable climate. Private capital cannot be driven to other countries, no matter how friendly. It must be attracted by the nation desiring the capital. United States private capital will be invested where conditions of political and economic stability and fair and equitable treatment provide it an opportunity for reasonable profit and assurance of remitting earnings.

In some foreign countries, the opportunities for American private capital are limited because of the lack of basic facilities, such as roads, port facilities, irrigation, and other fundamental services. For those development projects which may not be suitable for or attractive to private capital, the International Bank for Reconstruction and Development, to which the United States has made important capital contributions, is the primary instrument through which the free world can cooperate in public financing of such economic development. In addition, the Export-Import Bank will consider on their merits applications for financing of development projects which are not being made by the International Bank, and which are in the special interest of the United States, are economically sound, are within the capacity of the prospective borrower to repay and within the prudent loaning capacity of the Bank.

The United Kingdom, for example, has been making steady progress in the past year or so toward restoration of a freer economy by removing controls over the internal economy and by taking steps to increase the freedom of United Kingdom residents to purchase abroad. Internally, food rationing has been steadily eased and will end completely in July; there are now few direct controls over raw materials; private building has been encouraged and restrictions substantially eased; price controls have virtually ended. Import restrictions have been substantially relaxed an government trading in raw materials has almost ended. The range of raw materials, commodities and manufactured goods which may be freely imported from the dollar area has been steadily broadened. As of April 1, 1954, the United Kingdom has decontrolled imports of grains, some oils and oilseeds, condensed and dried milk, and dried and other fruits. A futures market in grain again became operative, mainly for corn, barley and other coarse grains. The Liverpool Cotton Exchange is due to reopen in May. Commodity markets have been reopened in Britain also for rubber, coffee, tin, cocoa, lead, zinc, aluminum, copper and wool. Traders in these markets are free to import these commodities from any part of the world.

The steps which have been taken by many important countries in freeing and strengthening their economies and in relaxing their trade and exchange restrictions should also encourage the flow of United States private investment abroad. This is an integral part of the President's program. To this end the Administration tax bill already passed by the House of Representative contains provisions to encourage private investment abroad. Efforts are also being intensified to work out with other nations of the free world mutually acceptable rules for the fair treatment of foreign investment.

everything but which has important significance. That is the gold and dollar assets held by foreign countries. As a result of improved conditions abroad and our continuing aid programs and large overseas expenditures, gold and dollar assets of foreign countries have increased in the last four years — since just after the major devaluations of 1949 — by more than $8 billion, a gain of more than 50 per cent — and the growth seems to be continuing. It is true that some of these gains in reserves have taken place in countries maintaining the very restrictions on imports of dollar goods which we seek to eliminate. And, we know how unsound internal monetary policies can dissipate reserves. But we are justified in being greatly encouraged by this improvement, a good part of which is firmly based on sound monetary and fiscal practices and improved competitive ability.

As our friends abroad further strengthen their economies and increase their gold and dollar reserves, we can see not only the end of our emergency programs of economic aid but we can also hope for some further relaxation or elimination of the artificial and discriminatory barriers to the sale of American products abroad on a competitive basis. In fact, part of the test of the strength of our friends' economies will come in the further removal of these discriminatory restrictions and greater exposure to the forces of competition from abroad.

Very real progress has already been made in the freeing of economies abroad and in the relaxation or removal of trade and exchange controls which have hampered the sale of our products in foreign countries. Notable gains in this direction have been made in such countries as the United Kingdom, the Federal Republic of Germany, the Netherlands and Belgium.

couraging initiative and freedom and maintaining economic progress and a high level of economic activity at relatively stable prices, with neither inflation nor deflation. Such an economy we believe leads to high levels of demand and world trade on a sound and mutually beneficial basis and makes perhaps our greatest contribution to our friends abroad as well as to ourselves. Moreover, maintaining the strength and value of our United States dollar through sound internal finance and increased productivity is important not only to confidence and the encouragement of savings here at home. It is also a vital part of our contribution to international monetary stability and to the value of our convertible dollar as a stable point of reference — for the United States dollar has become the touchstone for all the currencies of the free world.

As we look abroad today, we find good reason for increased hopefulness for the freer and healthier and more unified trading and financial world we want. Strange as it may seem in the face of continuing political tensions and large defense expenditures, the free world is in much improved and very good shape in purely economic terms — in levels of production, of trade, and of real income.

Balance of payments deficits of most foreign countries have been eliminated or reduced. Production and trade have been maintained at high levels. In most countries budgets have been more nearly balanced and credit measures have been effective in keeping the growth of money supply moderate. Prices have been relatively stable.

In measuring the economic and financial progress that has been made and what we might expect in the way of improved opportunities for American exports, there is one statistic which does not tell us

With our political, military and economic strength, we in the United States face an awesome responsibility — not only in providing leadership in the free world but in maintaining a strong and dynamic economy here at home. We are obliged to have military strength of sufficient power not only for our own defense but also to help promote peace in the world. But in view of the nature of the Soviet threat, we face not a brief period of sudden and sporadic defense expenditure as in the past, but a long period of maintaining high levels of defense. Since our defense expenditures are no longer a passing or temporary phenomenon, it is essential that our military posture over a long period of time be supported by an economy which preserves its economic and financial strength. And we must encourage initiative and further dynamic growth at the same time.

In our domestic economic policy this has meant the removal of controls and restrictions which have hampered initiative and interfered with the freer working of the market mechanism. It has meant trying to get better modern defense for the dollars we spend. It has meant the elimination or postponement of less essential government expenditures and the reduction of the government deficit. It has meant a beginning in reducing and revising over-burdensome taxation which impairs initiative. And it has meant the freedom and independence of the Federal Reserve System to pursue its monetary policies for the general welfare.

Thus, our policies at home are directed toward economic stability and strength and growth — toward greater freedom from government interferen and control — greater freedom for the individual to pursue his business, spend his own money, and live his own life. Our policies aim at en-

"Great mutual advantages to buyer and seller, to producer and consumer, to investor and to the community where investment is made, accrue from high levels of trade and investment. They accrue no less in trade from nation to nation than in trade from community to community within a single country. The internal strength of the American economy has evolved from such a system of mutual advantage."

Our foreign economic policy objectives are the counterpart of and are closely related to our domestic economic policy objectives as well as our national security aims. Our task in the free world is so to organize and conduct ourselves that we achieve maximum political military and economic strength and dynamic progress under a combination of economic and political freedom. We believe that adequate defenses against the forces of the international communist conspiracy can be maintained here and in the free world only if they are supported by sound and competitive economies marked by dynamic growth. Essential to such economic strength and growth are good money, an expanding flow of mutually beneficial international trade, and increased private investment — in short, a world of currency convertibility and non-discriminatory multilateral trade. As the President said in his foreign economic policy message to the Congress on March 30, our program consists of four interrelate major parts:

"Aid - which we wish to curtail;

Investment - which we wish to encourage;

Convertibility - which we wish to facilitate; and

Trade - which we wish to expand."

For Release on Delivery

Cahill - Fin & Devel. Affairs - no object. usually - Asst Sec no objection -

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REMARKS BY ANDREW N. OVERBY, ~~ASSISTANT~~ THE
SECRETARY OF THE TREASURY, ~~BEFORE THE~~
WORLD TRADE DINNER OF MILWAUKEE ASSOCIATION
OF COMMERCE AND MILWAUKEE WORLD TRADE CLUB,
MILWAUKEE, WISCONSIN, 8:15 P.M., MONDAY,
MAY 17, 1954.

CSJ,

INTERNATIONAL FINANCE AND THE OUTLOOK FOR FOREIGN TRADE

Tonight I should like to talk about international finance and the outlook for foreign trade. Since even interpretation of the present is sometimes uncertain, it is usually hazardous to talk about the future - particularly in this often unhappy world, marked by continuing political tensions, large defense expenditures and even military hostilities. Despite the hazard, I should like to examine with you our foreign economic policy objectives and the progress we have made toward them. If I cannot be too precise about the future, perhaps I can nevertheless be cautiously optimistic.

In his foreign economic policy message to the Congress on March 30 the President said:

> "The national interest in the field of foreign economic policy is clear. It is to obtain, in a manner that is consistent with our national security and profitable and equitable for all, the highest possible level of trade and the most efficient use of capital and resources. That this would also strengthen our military allies adds urgency. Their strength is of critical importance to the security of our country.

1-1-483

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by Andrew N. Overby, Assistant Secretary of the Treasury, before the 1954 World Trade Dinner of Milwaukee Association of Commerce and Milwaukee World Trade Club, Milwaukee, Wisconsin, 8:15 P.M., CST, Monday, May 17, 1954.

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H-483

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Thus, our policies at home are directed toward economic stability and strength and growth -- toward greater freedom from government interference and control -- greater freedom for the individual to pursue his business, spend his own money, and live his own life. Our policies aim at encouraging initiative and freedom and maintaining economic progress and a high level of economic activity at relatively stable prices, with neither inflation nor deflation. Such an economy we believe leads to high levels of demand and world trade on a sound and mutually beneficial basis and makes perhaps our greatest contribution to our friends abroad as well as to ourselves. Moreover, maintaining the strength and value of our United States dollar through sound internal finance and increased productivity is important not only to confidence and the encouragement of savings here at home. It is also a vital part of our contribution to international monetary stability and to the value of our convertible dollar as a stable point of reference -- for the United States dollar has become the touchstone for all the currencies of the free world.

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Balance of payments deficits of most foreign countries have been eliminated or reduced. Production and trade have been maintained at high levels. In most countries budgets have been more nearly balanced and credit measures have been effective in keeping the growth of money supply moderate. Prices have been relatively stable.

In measuring the economic and financial progress that has been made and what we might expect in the way of improved opportunities for American exports, there is one statistic which does not tell us everything but which has important significance. That is the gold and dollar assets held by foreign countries. As a result of improved conditions abroad and our continuing aid programs and large overseas expenditures, gold and dollar assets of foreign countries have increased in the last four years -- since just after the major devaluations of 1949 -- by more than $8 billion, a gain of more than 50 percent -- and the growth seems to be continuing. It is true that some of these gains in reserves have taken place in countries maintaining the very restrictions on imports of dollar goods which we seek to eliminate. And, we know how unsound internal monetary policies can dissipate reserves. But we are justified in being greatly encouraged by this improvement, a good part of which is firmly based on sound monetary and fiscal practices and improved competitive ability.

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The steps which have been taken by many important countries in freeing and strengthening their economies and in relaxing their trade and exchange restrictions should also encourage the flow of United States private investment abroad. This is an integral part of the President's program. To this end the Administration tax bill already passed by the House of Representatives contains provisions to encourage private investment abroad. Efforts are also being intensified to work out with other nations of the free world mutually acceptable rules for the fair treatment of foreign investment. In addition, the

President has suggested to the Congress the desirability of broadening the existing authority to provide guarantees against loss on new investments abroad, where these losses are caused by war, revolution, or insurrection. At present, these guarantees may be provided only against the risks of expropriation and inconvertibility of currencies.

Basically, of course, if any extensively increased volume of United States private capital is to flow abroad, the foreign countries themselves must create a more receptive and favorable climate. Private capital cannot be driven to other countries, no matter how friendly. It must be attracted by the nation desiring the capital. United States private capital will be invested where conditions of political and economic stability and fair and equitable treatment provide it an opportunity for reasonable profit and assurance of remitting earnings.

In some foreign countries, the opportunities for American private capital are limited because of the lack of basic facilities, such as roads, port facilities, irrigation, and other fundamental services. For those development projects which may not be suitable for or attractive to private capital the International Bank for Reconstruction and Development, to which the United States has made important capital contributions, is the primary instrument through which the free world can cooperate in public financing of such economic development. In addition, the Export-Import Bank will consider on their merits applications for financing of development projects which are not being made by the International Bank, and which are in the special interest of the United States, are economically sound, are within the capacity of the prospective borrower to repay and within the prudent loaning capacity of the Bank.

The purposes of the Export-Import Bank are to aid in financing and to facilitate the foreign trade of the United States. Under the law it is to supplement and encourage and not compete with private capital and its loans should generally be for specific purposes and offer reasonable assurance of payment. In carrying out its fundamental purposes the Export-Import Bank is regularly receiving, considering and approving exporter credits at the instance of United States suppliers which are within the terms of the Act and which the Bank considers sound.

The future of our foreign trade will also be conditioned in an important degree by our willingness to import goods and services and thus make it possible for foreign countries to purchase our products. As our program of foreign economic aid is reduced, other countries will have to rely more largely on their sales to us to earn dollars for purchases here. In order to facilitate a freer movement of commerce across national boundaries within the free world, the President has recommended renewal of the Trade Agreements Act, authority for selective revision of our tariffs, the simplification of our customs administration and procedures, and the modification of our Buy American legislation.

Finally, and most basic of the President's proposals, from the point of view of our exports and of our broad objectives, are those which relate to the convertibility of currencies. One of the most important devices which foreign countries use to control their imports is to regulate the expenditure of their foreign exchange resources. To the degree that these regulations are relaxed, and each foreign currency freely exchanged for others, the easier it should be for us to sell our products in foreign markets. It will also benefit those who buy from us, since it will enable foreign purchasers to choose the supply available at the lowest price, irrespective of the source. This cannot now be done, with inconvertible currencies, because the availability of means of payment limits the range of choices by foreign buyers.

In his message to the Congress on foreign economic policy, the President said "The Commission rightly regards positive progress toward convertibility as an indispensable condition for a freer and healthier international trade." The President approved the Commission's recommendations for cooperation in strengthening the gold and dollar reserves of countries which have prepared themselves for convertibility by sound internal and external policies and said the United States will support the use of the resources of the International Monetary Fund as a bulwark to strengthen the currencies of countries which undertake convertibility.

The initiative and responsibility for introducing currency convertibility must rest with the countries concerned. Fortunately such initiative is being taken. The United Kingdom and other members of the Commonwealth have met twice to consider plans for the convertibility of sterling and they and other important nations of Europe, such as the Federal Republic of Germany, have discussed their aims with us.

Throughout the post-war years the reestablishment of conditions of convertibility and non-discriminatory multilateral trade has been a major aim of the U.S. Government. As we look about us in the world today, we find that trade and payments, while still not as free as we would like, are freer than at any time since the end of the war. Foreign countries have strengthened their internal financial stability, their competitive ability, and their gold and dollar reserves. Currencies are sounder. And perhaps most important of all, more government leaders and people are abandoning economic restrictionism and controls and artificial values as instruments of policy. More and more they have turned to greater economic freedom and the value of stronger, more competitive economies.

As we enter a period when convertibility becomes closer, those of us concerned with trade and finance must recognize that the word "convertibility" is only a shorthand phrase which is intended to depict a certain kind of world. Convertibility means international trade and competition at realistic exchange rates with a relatively freely functioning and internationally competitive price mechanism. In its fullest sense it means the greatest possible absence of hampering restrictions, buying in the cheapest market, lowering costs and prices, and spreading technical improvements and new inventions to all parts of the trading world. It means sound and efficient production and trade at a high level and the best allocation of resources for the benefit of all of us.

Convertibility in its fullest sense means a world in which foreign countries have succeeded in balancing their international accounts, and expect to keep them in balance. It means a world in which a foreign country's goods can compete more freely with American goods in its own domestic market, in the United States market, and in third markets throughout the world. It also means a world in which American goods can compete in markets in which they have been previously restricted or even disbarred.

The American producer and trader has no fear of fair and free competition in a stronger world. With our enterprise and our productivity -- helped by our freer economy here and such things as the tax revision bill -- and with renewed emphasis on our proven marketing ability, Americans will win a fair share of any market which is open in the manner which convertibility implies.

With more convertible currencies in the free world and with further relaxation of restrictions, we may expect that markets now closed will be opened to American goods and the total volume of trade and investment will be stimulated. With higher levels of trade and investment based on sound and efficient production and increased economic freedom we shall achieve -- together with our allies -- the freer, the more unified and more dynamic world of progress which is essential to our greater and sustained political, military and economic strength and freedom.

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H-484

RELEASE MORNING NEWSPAPERS,
Tuesday, May 18, 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 May 20 and to mature August 19, 1954, which were offered on May 13, were opened at the Federal Reserve Banks on May 17.

The details of this issue are as follows:

Total applied for - $2,227,835,000
Total accepted - 1,501,255,000 (includes $207,455,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.795 Equivalent rate of discount approx. 0.813% per annum

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

High - 99.800 Equivalent rate of discount approx. 0.791% per annum
Low - 99.793 " " " " " 0.819% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 27,342,000	$ 24,592,000
New York	1,620,151,000	974,831,000
Philadelphia	43,122,000	28,122,000
Cleveland	61,217,000	55,917,000
Richmond	16,184,000	15,658,000
Atlanta	35,505,000	23,314,000
Chicago	211,269,000	191,059,000
St. Louis	30,499,000	28,985,000
Minneapolis	22,645,000	21,838,000
Kansas City	44,529,000	40,529,000
Dallas	43,085,000	34,185,000
San Francisco	72,287,000	62,225,000
TOTAL	$2,227,835,000	$1,501,255,000

TREASURY DEPARTMENT

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75 percent of its output would be marketed as cold rolled products and about 25 percent as hot rolled products. The production originally planned for the mill amounted to 400,000 metric tons annually of steel strip, with the hot mill operating at a capacity of approximately 100 tons per hour.

decided to sell the mill in order to realize the highest possible value and to prevent deterioration from further storage.

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.

The sale will also bring relief to several American firms now storing the equipment, which weighs almost 29 million pounds. The Czechoslovak owners have for several years been in default in the payment of storage charges, presently totalling nearly a half-million dollars. The Argentine purchasers of the equipment will satisfy these storage charges before removing the property.

The property sold today 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. 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. The equipment includes a hot mill which does initial rolling to reduce the guage of the metal and a cold mill which further rolls and thins out the material.

The equipment was designed with the expectation that about bid was received. The Argentine bid was accepted as the only one representing a fair price for the entire mill under the circumstances.

The steel mill equipment, for which the Czechoslovaks originally paid approximately $16,000,000, was ordered from the United Engineering and Foundry Company of Pittsburgh before the communist coup in Czechoslovakia but was not completed until after the coup. The sending of the equipment to Czechoslovakia was prevented under the Export Control Law and the Treasury Department blocked the property early in 1952 under the Trading with the Enemy Act to insure that its disposition would be in accordance with the interests of the United States.

Today's sale of the steel mill equipment parallels similar action taken with regard to various foreign-owned property in the United States during World War II where the owners, whether enemies or not, would not or could not effectively use or dispose of property in the United States. The Government has always been willing to allow the Czechoslovak owners to sell the equipment to an acceptable domestic or foreign buyer provided that the proceeds of sale would remain available in connection with the settlement of American claims against Czechoslovakia. In view of the Czechoslovak refusal to dispose of the property on this basis, it was

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H.-485

For release at 5:00 P.M. EDT.
Monday May 17, 1954

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Sealed bids for the property were opened on April 28. The bid of $9,000,000, submitted by the Sociedad Mixta Siderurgia Argentina of Buenos Aires, was the highest received. The next highest bid, of approximately $1,500,000, was made by the Harvey Machine Company, Inc. of Torrance, California.

The Sociedad Mixta Siderurgia Argentina has advised the Treasury that it is a joint enterprise of the Argentine Government and practically all the private steel companies in Argentina. The company has confirmed that it will use the equipment in a new plant being built near Buenos Aires as part of a general expansion of the Argentine steel industry.

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individual business, and therefore to

lawyer and as a corporate director, I know how important details of this kind can be to the level of United States foreign trade. In the long run, the level of our exports depends upon the level of our imports; and our imports, in turn, depend on a host of individual decisions by foreign business men that it is worth a considerable expenditure of their time and money to enter the American market. The simplicity and reliability of these ~~our Customs~~ procedures is therefore a vital foundation for the high level of imports on which depends the President's objective of a high level of foreign trade for the United States.

Those decisions will be largely influenced by whether our Customs procedures are simple and reliable.

Another large area of uncertainty and delay in which pending legislation would give us substantial help is the field of valuation of imports. The present provisions, with the judicial interpretations that have grown up around them, reach results which are in many cases commercially unrealistic, and for that reason produce ~~results~~ situations which are unpredictable by any but the most experienced importers. Furthermore, by requiring in many cases ~~the determination of~~ an investigation of the value of merchandise in the home market of the exporting country, they require ~~a degree~~ an amount of foreign inquiry which substantially delays the appraising of merchandise in many cases. These defects in present procedures would be largely cured by the Jenkins Bill, which passed the House at the last session and is now pending before the Senate Finance Committee; and the President, in his foreign trade message on March 30, recommended its ~~early~~ enactment ~~or consideration.~~

The matters which I have discussed in one sense are matters of detail. But from ~~my~~ a considerable experience with American business, both as a

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a pattern of finding one device or another to discourage imports as they become important. This state of mind, whether justified or not, — and of course it is not — can have ~~of course~~ a very damaging effect by deterring others from making the expenditures of time and money required to enter the American market.

There are several things that we can do about this. The first is to make known more widely ~~publicize~~ the fact that over the same period there have been at least as many reclassifications of commodities that have reduced the duties on them. Thus we can to some extent rebut the mistaken notion that reclassification is used as a tool to discourage imports. ~~Then we can perhaps be super than we have~~ been in the past ~~that~~ Then in view of the fact that foreign and domestic businesses come to depend on a classification once decided, which changes ~~should~~ be made, either up ~~or~~ down, only when the we as Customs can in the future more rigid apply the princ established classification is shown to be clearly wrong. And finally, the recommendations of the Randall report and of the President's message for simplifying commodity definitions and rate structures will be of substantial help

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procedure thus has greatly speeded up the process, and we are convinced that it has ~~had no perceptible effect in encouraging~~ that decreased the practical protection against smuggling.

This, then, is ~~very broadly the picture of~~ what we have been doing to reduce the interlocking problem of complexity and delay in Customs procedures. P We are equally concerned with the problem of ~~achieving greater certainty~~ reducing an uncertainty ~~in [illegible]~~ in various phases of Customs work, and achieving a better understanding at home and abroad of the principles that will be applied in a given situation. I may illustrate the importance of this objective by a single example:

First, as indicated above, Customs procedures ~~the statutes~~ properly provide that an American manufacturer can challenge the classification of an import, and that if, after proper notice and consideration, Customs decides ~~it has made a mistake,~~ the ruling should be changed it can ~~change~~ reverse that classification. There have been fifty or so instances of this in the last half-dozen years which have resulted in an increase of duty. Most of these changes did not involve important volumes of imports; but they had a psychological effect beyond their economic significance. ~~For~~ In some cases foreign exporters have interpreted these actions as part of money, but also to expedite. Care had to be taken, of course, not to do anything that would let down the bars to smuggling.

A statistical and trial survey showed that satisfactory and effective results could be obtained by examining at least one arbitrarily selected piece of the baggage of every passenger~~s~~; examining all the baggage of som ~~occasional~~ passengers, ~~selected at random by the inspector~~; and of course, more intensive exami~~ning~~tion of all of a passenger's luggage and, if necessary, his person, whenever suspicious ~~suspicious~~ circumstances ~~indicated~~ exist.

Because ~~Due to the irregularity of~~ passenger liners arrive ~~arrivals~~ at New York at irregular inter, Customs cannot afford to maintain a permanent staff of employees for baggage examinations only. The men normally are on duty at the freight piers processing commercial shipments, and are temporarily assigned to passenger piers whenever required. Thus, it is as important to commercial importers as it is to the travelers to shorten the time it takes to process passengers, and this new procedure has accomplished it. It of course used to require 4 to 5 ~~6~~ hours to clear the pier after the QUEEN ELIZABETH had landed. Now the last passenger is through with his customs examination within 2½ to 3 ~~[illegible]~~ hours. The new beyond their current load. In short, Customs is ~~developing the kind of~~ increasingly adopting flexible, informed management techniques that one expects of ~~the modern~~ a modern well-managed American business. ~~and this is beginning to show the results that you would expect from it.~~

I have given you a very ~~This is a pretty~~ general statement of the way in which procedures have been improved; and I should like to add ~~give you~~ just one concrete illustration of what that has meant to the travelling and importing public.

Last year we made a change in the method of examining passengers' baggage ~~on the docks at New York~~. The instructions previously in effect called for examining every piece of every passenger's luggage. To take New York as an example, The cost of this examination at that port was running about $1 million dollars a year. The total amount of import duty collected on passengers' baggage in New York was also about $1 million dollars a year. Most of this, of course, was on articles voluntarily declared and only a small fraction came from undeclared articles picked up by the examination procedures. ~~It was therefore costing $1 million dollars a year to collect a small fraction of that amount.~~ This seemed like an obvious place not only to save some

We are therefore exercising ~~what~~ such ~~similar~~ administrative ~~freedom~~ discretion as we had before the Customs Simplification Act was passed, and also the additional ~~freedom~~ discretion which that Act gave to us, ~~and what~~ we are doing ~~with it~~ is simply to apply modern management techniques and methods which are common to most progressive business concerns. Means of measuring workload and manpower requirements have been developed and instituted; ~~and~~ certain operating practices have been modernized, streamlined and simplified; and ~~In~~ some instances, the basic organizational structure in the field offices has been reset ~~to ensure that all groups of employees are contributing full shares to the aggregate productive output~~. ¶ Customs has 44 ports of entry in this country; now for the first time we are in a position to know with some precision the rates of production of each, in each department of its activity. no ¶

As a result, we find that some offices have almost completely worked off their local backlogs. Others, while they now seem to be staffed appropriately for normal current workload volume, still have a substantial backlog. In such cases the backlogs are being moved to the offices with little or no backlogs of their own but with some indicated capacity

The effect of this one change has been to expedite the final determination of duties payable on individual importations and to free a substantial number of experienced employees for more productive work. These people thus released have contributed greatly to the reduction of backlog which I have described.

The solution was found in two approaches: First, in the areas ~~when~~ where the statutes let us do so, to revise procedures and improve management in search of more efficiency; and, second, to ask for legislative changes where the statutes ~~enforced~~ required inefficient or wasteful procedures. A large part of the legislative changes we ~~requested~~ recommended was enacted in the Customs Simplification Act of 1953. This Act, which was the culmination of several years' study, cut down materially on the amount of unproductive work that Customs was required to do by statute, and eliminated many of the cumbersome and outmoded procedures that had accumulated in the enactments of more than a hundred years.

One of the most helpful steps was the repeal of obsolete accounting procedures. Previously, the Customs had been required to conduct a 100% audit of every entry, whether the goods were dutiable or free. The repeal of this provision ~~paved the way for~~ allowed us to begin the ~~the~~ installation of a modern accounting and internal audit system.

which had increased almost 3 times and represented the equivalent of a whole year's work at the prevailing rate of production.

The backlog of unliquidated entries continued to rise to its all-time peak of 886,000 on September 30 of ~~last year~~ [reached]. But then we turned the corner. The measures that had been taken began to make themselves felt. In six months we have reduced this backlog by more than one-fifth. This reduction is accelerating; and by the end of 1954 we expect the backlog to be down to a 60-to-90-day basis. So while the intermingled problems of complexity and delay in customs procedure has been by no means fully solved as yet, great strides have been taken in that direction.

Now, how has this been done? Not by adding more people or spending more money. Customs will spend a little less money, and employ somewhat fewer people, this year than last year, and next year than this year. The repeal of this provision ~~paved the way for~~ allowed us to begin the ~~the~~ installation of a modern accounting and internal audit system.

customs procedures had also succeeded, by and large, in currently processing the freight shipments that had come in, so that the physical merchandise itself had entered the country without any substantial delay. However, Customs had ~~materially~~ fallen substantially behind in the work of finally determining how much duty was owing. The backlog of ~~unliquidated~~ or unsettled import entries had grown from ~~277,131,~~ about 277,000 in or the equivalent of about one-half a year's work, ~~in 1947~~ to ~~750,000~~ about 800,000 or almost a whole year's work at the ~~prevailing~~ increased rate of liquidation which had been attained.

And, as I pointed out, although the importer may have physically received his merchandise, an unliquidated entry is still an important matter to him because, until final liquidation, he does not know the exact amount of duty, and this may make it difficult for him to determine ~~his~~ the selling price for the goods ~~-loss money,~~

~~and so~~ To sum up the problem, we found a current workload that had gone up 50 to 100 per cent, and a backlog of unliquidated entries full postwar fiscal year, June 30, 1946 - 1947 compare as follows with those of fiscal 1953:

The number of shipments that entered this country rose from 541,000 to 981,000, or 81 per cent; the number of carriers, substantial ~~including~~ ships, automobiles, trains and airplanes, ~~the like,~~ rose from 18.1 million to 30.9 million, or 70 per cent; and the number of people crossing the borders increased from 78.9 million to 117.9, or 49 per cent. about 27,000 in about 800,000 increased which had been attained These figures cannot be averaged out in terms of a single measurement of workload; but in the various categories the increase ranged from 50 to 100 per cent.

In spite of various important steps that were taken to increase productivity, the Customs Service it had not been able to keep up with ~~the increased workload~~ on right during this period. It had, of course, to process currently all of the people and the baggage they bring with them, because you cannot let people stack up on the docks and piers, or in automobiles or trains at the borders. The

I have been told that this action was sufficient to cause a discussion even though it exported to us only $36,000 worth this comm[odity] in a wh[ole] year. in the legislature of the originating country. Though the amount involved was trivial, the incident was thought to have symbolic importance to other exporters as perhaps indicating that a ~~sword of Damocles was~~ ~~[...]ding~~ policy existed in this country to restrict imports by reclassification of commodities ~~just over the heads of other exporters.~~ ~~And~~

I have had many an importer complain to me that while his goods were physically processed through Customs with sufficient speed, the delay in figuring his final bill for duties was a real handicap to selling them.

or the increase ranged

To indicate the size of this problem of delay which we faced a year ago and what has been done about it since then, let me give you a few facts about the Customs workload and backlog.

The best measure of the Customs workload is the number of shipments of goods entering the country and the number of people and vehicles that come in each year. The figures for the first

...ers, or in automobiles or trains at the borders. The significant deterrent to imports; more importantly, they create irritations which are detrimental to our total foreign relations."

$36,00 worth [illegible] in a [illegible] year.

...ary, though the ...ount

... was thought to have symbolic

~~I have had this statement proved to me a number of times by complaints~~ ~~[illegible] a [illegible]. The [illegible] effect of [illegible]~~ ~~made to me in my own office. For example,~~ a change in classification [illegible] was made that increased the duty on ~~one product of which we had been~~ a certain commodity. ~~importing only $64,000 per year.~~

...his goods were physically...

~~One of certain [illegible] the total imports of that commodity only 64000 a year yet~~

...the delay was a real handicap to selling

The psychological effect of uncertainty or delay in a particular case may be entirely out of proportion to its economic importance.

... this problem of delay ...

... about the Customs workload and backlog.

The best measure of the Customs workload is the number of shipments of goods entering the country and the number of people and vehicles that come in each year. The figures for the first been dealing with the problem, I have become convinced that businesslike customs procedures ~~are more~~ of substantial importance to our world trade. ~~with problem than most people realize~~. I know that ~~mmmmx~~ many of you are among those who do realize it; the Randall report has emphasized it; but nevertheless I would like to describe my own reasons for feeling this way and then go on to indicate what we have done so far about the problem as we have seen it: what good we think this has accomplished; and what more we can do and should do in this direction.

The three main criticisms that have come to me regarding customs procedures have been uncertainty, undue complexity, and delay. Before I evaluate these three, I should like to say that in the fifteen months of my close association with it, I have come to have a high regard for the efficiency, integrity and quality of the Customs Service and its personnel. Nevertheless, partly because of the Statutes under which it operated, and partly because of ~~the~~ procedures ~~and form of organization~~ which have been inherited from an earlier day, there has been some ~~is some~~ validity to ea one of the three criticisms that I named.

The Randall report described their effect in these words:

"The present complexities of customs administration are a businesslike

I want to talk to you today about the significance of customs procedures to United States world trade.

On March 30, the President, in the light of the Randall report, defined the broad objective of our foreign trade policy in the following words:

> "The national interest in the field of economic policy is clear. It is to obtain in a manner that is consistent with our national security and profitable and equitable for all the highest possible level of trade and the most efficient use of capital and resources. . . . ."

Bills have already been introduced in Congress, and others will follow, covering the various elements of ~~that~~ March 30 message on foreign economic policy.

There are many important aspects of ~~ingredients in~~ it; but I want to concentrate on the one that is closest to the field of my own departmental responsibility. That is the relationship of customs procedures to the objective~~s~~ which the President has stated.

My reason for this is that, in the year or so in which I have

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TREASURY DEPARTMENT
Washington

C O R R E C T I O N

In Treasury release H-486, text of address by H. Chapman Rose, Assistant Secretary of the Treasury, May 17 before the World Trade Conference at the Shoreham Hotel, Washington, the last sentence in the third paragraph on page 5 should read:

> "The new procedure thus has greatly speeded up the process, and we are convinced that it has not decreased the practical protection against smuggling."

The first sentence of the fifth paragraph on the same page should read:

> "We are equally concerned with the problem of reducing an uncertainty in various phases of Customs work, and achieving a better understanding at home and abroad of the principles that will be applied in a given situation."

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by H. Chapman Rose, Assistant Secretary of the Treasury, before the World Trade Conference at the Shoreham Hotel, Washington, D. C., 4:00 PM, EDT, Monday, May 17, 1954.

H-486

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by H. Chapman Rose, Assistant Secretary of the Treasury, before the World Trade Conference at the Shoreham Hotel, Washington, D. C., 4:00 PM, EDT, Monday, May 17, 1954.

I want to talk to you today about the significance of customs procedures to United States world trade.

On March 30, the President, in the light of the Randall report, defined the broad objective of our foreign trade policy in the following words:

> "The national interest in the field of economic policy is clear. It is to obtain in a manner that is consistent with our national security and profitable and equitable for all the highest possible level of trade and the most efficient use of capital and resources. . . . ."

Bills have already been introduced in Congress, and others will follow, covering the various elements of the March 30 message on foreign economic policy.

There are many important aspects of it; but I want to concentrate on the one that is closest to the field of my own departmental responsibility. That is the relationship of customs procedures to the objective which the President has stated.

My reason for this is that, in the year or so in which I have been dealing with the problem, I have become convinced that business-like customs procedures are of substantial importance to our world trade. I know that many of you are among those who do realize it; the Randall report has emphasized it; but nevertheless I would like to describe my own reasons for feeling this way and then go on to indicate what we have done so far about the problem as we have seen it; what good we think this has accomplished; and what more we can do and should do in this direction.

H-486

The three main criticisms that have come to me regarding customs procedures have been uncertainty, undue complexity, and delay. Before I evaluate these three, I should like to say that in the fifteen months of my close association with it, I have come to have a high regard for the efficiency, integrity and quality of the Customs Service and its personnel. Nevertheless, partly because of the statutes under which it operated, and partly because of procedures which have been inherited from an earlier day, there has been some validity to each one of the three criticisms that I named.

The Randall report described their effect in these words:

> "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."

The psychological effect of uncertainty or delay in a particular case may be entirely out of proportion to its economic importance. For example, a change in classification was made that increased the duty on a certain commodity. I have been told that this action was sufficient to cause a discussion in the legislature of the originating country, even though it exported to us only $36,000 worth of this commodity in a whole year. Though the amount involved was trivial, the incident was thought to have symbolic importance to other exporters as perhaps indicating that a policy existed in this country to restrict imports by reclassification of commodities.

I have had many an importer complain to me that while his goods were physically processed through Customs with sufficient speed, the delay in figuring his final bill for duties was a real handicap to selling them.

To indicate the size of this problem of delay which we faced a year ago and what has been done about it since then, let me give you a few facts about the Customs workload and backlog.

The best measure of the Customs workload is the number of shipments of goods entering the country and the number of people and vehicles that come in each year. The figures for the first full postwar fiscal year, June 30, 1946 - 1947 compare as follows with those of fiscal 1953:

The number of shipments that entered this country rose from 541,000 to 981,000, or 81 percent; the number of carriers, including ships, automobiles, trains and airplanes, rose from 18.1 million to 30.9 million, or 70 percent; and the number of people crossing the borders increased from 78.9 million to 117.9, or 49 percent. These figures cannot be averaged out in terms of a single measurement of workload; but in the various categories the increase ranged from 50 to 100 percent.

In spite of various important steps that were taken to increase productivity, the Customs Service had not been able to keep up with this increased workload during this period. It had, of course, to process currently all of the people and the baggage they bring with them, because you cannot let people stack up on the docks and piers, or in automobiles or trains at the borders. The customs procedures had also succeeded, by and large, in currently processing the freight shipments that had come in, so that the physical merchandise itself had entered the country without any substantial delay. However, Customs had fallen substantially behind in the work of finally determining how much duty was owing. The backlog of unliquidated or unsettled import entries had grown from about 277,000 in 1947, or the equivalent of about one-half a year's work, to about 800,000 or almost a whole year's work at the increased rate of liquidation which had then been attained. And, as I pointed out, although the importer may have physically received his merchandise, an unliquidated entry is still an important matter to him because, until final liquidation, he does not know the exact amount of duty, and this may make it difficult for him to determine the right selling price for the goods.

To sum up the problem, we found a current workload that had gone up 50 to 100 percent, and a backlog of unliquidated entries which had increased almost 3 times and represented the equivalent of a whole year's work at the prevailing rate of production.

The backlog of unliquidated entries continued to rise to its all-time peak of 886,000 on September 30 of last year. But then we turned the corner. The measures that had been taken began to make themselves felt. In six months we have reduced this backlog by more than one-fifth. This reduction is accelerating; and by the end of 1954 we expect the backlog to be down to a 60-to-90-day basis. So while the intermingled problems of complexity and delay in customs procedure has been by no means fully solved as yet, great strides have been taken in that direction.

Now, how has this been done? Not by adding more people or spending more money. Customs will spend a little less money, and employ somewhat fewer people, this year than last year, and next year than this year.

The solution was found in two approaches: First, in the areas where the statutes let us do so, to revise procedures and improve management in search of more efficiency; and, second, to ask for legislative changes where the statutes required inefficient or wasteful procedures. A large part of the legislative changes we recommended was enacted in the Customs

Simplification Act of 1953. This Act, which was the culmination of several years' study, cut down materially on the amount of unproductive work that Customs was required to do by statute, and eliminated many of the cumbersome and outmoded procedures that had accumulated in the enactments of more than a hundred years.

One of the most helpful steps was the repeal of obsolete accounting procedures. Previously, the Customs had been required to conduct a 100% audit of every entry, whether the goods were dutiable or free. The repeal of this provision allowed us to begin the installation of a modern accounting and internal audit system. The effect of this one change has been to expedite the final determination of duties payable on individual importations and to free a substantial number of experienced employees for more productive work. These people thus released have contributed greatly to the reduction of backlog which I have described.

We are therefore exercising such limited administrative discretion as we had before the Customs Simplification Act was passed, and also the additional discretion which that Act gave to us. What we are doing is simply to apply modern management techniques and methods which are common to most progressive business concerns. Means of measuring workload and manpower requirements have been developed and instituted; certain operating practices have been modernized, streamlined and simplified; and in some instances, the basic organizational structure in the field offices has been reset.

Customs has 44 ports of entry in this country; now for the first time we are in a position to know with some precision the rates of production of each, in each department of its activity. As a result, we find that some offices have almost completely worked off their local backlogs. Others, while they now seem to be staffed appropriately for normal current workload volume, still have a substantial backlog. In such cases the backlogs are being moved to the offices with little or no backlogs of their own but with some indicated capacity beyond their current load. In short, Customs is increasingly adopting the flexible, informed management techniques that one expects of a modern well-managed American business.

I have given you a very general statement of the way in which procedures have been improved; and I should like to add just one concrete illustration of what that has meant to the travelling and importing public.

Last year we made a change in the method of examining passengers' baggage. The instructions previously in effect called for examining every piece of every passenger's luggage. To take New York as an example, the cost of this examination at that port was running about $1 million a year. The total amount of import duty collected on passengers' baggage in New York was also about $1 million a year. Most of this, of course, was on articles voluntarily declared and only a small fraction came from undeclared articles picked up by the examination procedures. This seemed like an obvious place not only to save some money, but also to expedite. Care had to be taken, of course, not to do anything that would let down the bars to smuggling.

A statistical and trial survey showed that satisfactory and effective results could be obtained by examining at least one arbitrarily selected piece of the baggage of every passenger; examining all the baggage of some passengers; and of course, more intensive examination of all of a passenger's luggage and, if necessary, of his person, whenever suspicious circumstances exist.

Because passenger liners arrive at New York at irregular intervals, Customs cannot afford to maintain a permanent staff of employees for baggage examinations only. The men normally are on duty at the freight piers processing commercial shipments, and are temporarily assigned to passenger piers whenever required. Thus, it is as important to commercial importers as it is to the travelers to shorten the time it takes to process passengers, and this new procedure has accomplished it. It often used to require 4 to 5 hours to clear the pier after the QUEEN ELIZABETH had landed. Now the last passenger is through with his customs examination within 2-1/2 to 3 hours. The new procedure thus has greatly speeded up the process, and we are convinced that it has not decreased the practical protection against smuggling.

This, then, is what we have been doing to reduce the interlocking problem of complexity and delay in Customs procedures.

We are equally concerned with the problem of reducing an uncertainty in various phases of Customs work, and achieving a better understanding at home and abroad of the principles that will be applied in a given situation. I may illustrate the importance of this objective by a single example:

First, as I indicated above, Customs procedures properly provide that an American manufacturer can challenge the classification of an import, and that if, after proper notice and consideration, Customs decides the ruling should be changed, it can revise that classification. There have been fifty or so instances of this in the last half-dozen years which have resulted in an increase of duty. Most of these changes did not involve important volumes of imports; but they had a psychological effect beyond their economic significance. In some cases foreign exporters have interpreted these actions as part of a pattern of finding one device or another to discourage imports as they become important. This state of mind, whether justified or not -- and of course it is not -- can have a very damaging effect by deterring others from making the expenditures of time and money required to enter the American market.

There are several things that we can do about this. The first is to make known more widely the fact that over the same period there have been at least as many reclassifications of commodities that have reduced the duties on them. Thus we can to some extent rebut the mistaken notion that reclassification is used as a tool to discourage imports. Then in view of the fact that foreign and domestic businesses come to depend on a classification once decided, we in Customs can in the future more rigidly apply the principle changes which will be made, either up or down, only when the established classification is shown to be clearly wrong. And finally, the recommendations of the Randall report and of the President's message for simplifying commodity definitions and rate structures will be of substantial help.

Another large area of uncertainty and delay in which pending legislation would give us substantial help is the field of valuation of imports. The present provisions, with the judicial interpretations that have grown up around them,reach results which are in many cases commercially unrealistic, and for that reason produce situations which are unpredictable by any but the most experienced importers. Furthermore, by requiring in many cases an investigation of the value of merchandise in the home market of the exporting country, they require an amount of foreign inquiry which substantially delays the appraising of merchandise in many cases. These defects in present procedures would be largely cured by the Jenkins Bill, which passed the House at the last session and is now pending before the Senate Finance Committee; and the President, in his foreign trade message on March 30, recommended its enactment.

The matters which I have discussed are in one sense matters of detail, But from a considerable experience with American business, both as a lawyer and as a corporate director, I know how important details of this kind can be to individual business, and therefore to the level of United States foreign trade.

In the long run, the level of our exports depends upon the level of our imports; and our imports, in turn, depend on a host of individual decisions by foreign business men that it is worth a considerable expenditure of their time and money to enter the American market. Those decisions will be largely influenced by whether our Customs procedures are simple and reliable. The simplicity and reliability of these procedures is therefore a vital foundation for the high level of imports on which depends the President's objective of a high level of foreign trade for the United States.

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~~Proposed Press Release~~

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Immediate
5/18/54

H-487

The Bureau of Customs has announced that it has under consideration adoption of rules for the handling of imported wheat being transported or warehoused under bond.

The proposed regulations would prohibit, except as specifically authorized under sections 311 and 562 of the Tariff Act of 1930, as amended, the mixing, blending, commingling, or manipulation in customs bonded elevators, during transportation in bond, while on conveyor belts on the way to the exporting vessel, or while otherwise in customs custody of imported wheat with domestic wheat of any class. while

Notice of the intended rule making, with text of the proposed regulations, was made by publication under the Administrative Procedure Act, in the Federal Register of Friday, May 14, 1954. Interested parties may submit their views in writing to the Commissioner of Customs within a period of 30 days from the date of publication. No hearing will be held.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, May 18, 1954.

H-487

The Bureau of Customs has announced that it has under consideration adoption of rules for the handling of imported wheat being transported or warehoused under bond.

The proposed regulations would prohibit, except as specifically authorized under sections 311 and 562 of the Tariff Act of 1930, as amended, the mixing, blending, commingling, or manipulation of imported wheat with domestic wheat of any class while in customs bonded elevators, during transportation in bond, while on conveyor belts on the way to the exporting vessel, or while otherwise in customs custody.

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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 **May 27, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **May 27, 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,

Room 3417

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TREASURY DEPARTMENT
Washington

H-488

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 20, 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 27, 1954**, in the amount of $**1,500,726,000**, 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 27, 1954**, and will mature **August 26, 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~~ **Daylight Saving** time, **Monday, May 24, 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, May 20, 1954.

H-488

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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 27, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 27, 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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~~Washington, D. C., May 20.~~ Treasury Secretary ~~George M.~~ Humphrey today presented four aircraft companies ~~special~~ Treasury department citations to for their outstanding record in promoting the sale of U. S. Savings Bonds through the Payroll Savings Plan during a recent nation-wide Payroll Savings Campaign. ¶ The awards, made at ~~Accepting the awards on behalf of their employees during~~ the annual meeting of the Aircraft Industry Association in Williamsburg, Va., were accepted on behalf of their employees by W. M. Allen, president, Boeing Aircraft Company; J. V. Nash, executive vice-president, Consolidated Vultee; Carl Squier, vice-president, Lockheed Aircraft Corporation; and Lt. Gen. Ira C. Eaker, vice-president, Hughes Aircraft Corporation.

In an ~~[illegible]~~ industry-wide campaign under the chairmanship of Robert E. Gross, president and chairman of the board of the Lockheed Aircraft Corp., more than ~~over~~ 196,000 new payroll savers were added to ~~in~~ the aircraft industry rolls, bringing ~~This brings~~ to ~~a total of over~~ 400,000 the number of aircraft employees now purchasing savings bonds regularly. This represents ~~an increase from 29 to~~ 57 per cent ~~[illegible]~~ employee participation. The investment being made in Savings ~~Close to $100,000,000 are being invested annually in Savings~~ bonds by the aircraft employees is close to $100,000,000 annually. ~~on the Payroll Savings plan~~

Secretary Humphrey in presenting the awards told the aircraft leaders that their payroll savings record is an achievement in which every participant can take pride. "It sets a most commendable example for every employer and employee in American industry," the Secretary said. "Systematic bond buying on the payroll savings ~~part of~~ plan ~~all Americans~~ aids the Treasury in managing the public ~~national~~ debt in a manner that will help preserve the value ~~relative stability~~ of the ~~American~~ dollar ~~and helps~~ at the same time, it helps each bond buyer ~~to~~ provide for his own security."

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Citations were presented several months ago to Mundy Peale, president of Republic Aviation Co. of New York, and H. M. Horner, president of United Aircraft Corporation of Connecticut, for outstanding payroll savings participation records among aircraft manufacturing companies in the East.

Competition between employees of the various companies to establish the best bond-buying records was marked by the attainment of 100 percent employee participation in an Arizona plant of Hughes Aircraft with 2,000 employees, and 99.25 percent participation at a Georgia plant of Lockheed Aircraft with 14,000 employees.

Secretary Humphrey in presenting today's awards told the aircraft leaders assembled here that their payroll savings record is an achievement in which every participant can take pride.

"It sets a most commendable example for every employer and employee in American industry," the Secretary said. "Systematic bond buying on the payroll savings plan greatly aids the Treasury in managing the public debt in a manner that will help preserve the value of the dollar. At the same time it helps each bond buyer provide for his own security."

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RELEASE MORNING NEWSPAPERS,
Friday, May 21, 1954.

H-489

Williamsburg, Va., May 20 — Treasury Secretary Humphrey today presented Treasury Department citations to four aircraft companies for their outstanding records in promoting the sale of U. S. Savings Bonds through the Payroll Savings Plan during a recent nation-wide Payroll Savings Campaign.

The awards, made at the annual meeting of the Aircraft Industries Association in Williamsburg, ~~Va.~~ were accepted on behalf of their employees by W. M. Allen, president, Boeing Aircraft Company, Seattle, Wash.; J. V. Naish, executive vice-president, Consolidated Vultee Aircraft Corporation, San Diego, Calif.; Carl Squier, vice-president, Lockheed Aircraft Corporation, Burbank, Calif.; and Lt. Gen. Ira C. Eaker, vice-president, Hughes Aircraft Corporation, Culver City, Calif.

In an industry-wide campaign under the chairmanship of Robert E. Gross, president and chairman of the board of the Lockheed Aircraft Corporation, more than 196,000 new payroll savers were added to the aircraft industry rolls, bringing to 400,000 the number of aircraft employees now purchasing savings bonds regularly. This represents 57 percent employee participation. The investment being made in Savings Bonds by the aircraft employees is close to $100,000,000 annually.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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RELEASE MORNING NEWSPAPERS,
Friday, May 21, 1954.

H-489

Williamsburg, Va., May 20 -- Treasury Secretary Humphrey today presented Treasury Department citations to four aircraft companies for their outstanding records in promoting the sale of U. S. Savings Bonds through the Payroll Savings Plan during a recent nation-wide Payroll Savings Campaign in the aircraft industry.

The awards, made at the annual meeting of the Aircraft Industries Association in Williamsburg, were accepted on behalf of their employees by W. M. Allen, president, Boeing Aircraft Company, Seattle, Wash.; J. V. Naish, executive vice-president, Consolidated Vultee Aircraft Corporation, San Diego, Calif., (now Convair division of General Dynamics Corporation); Carl Squier, vice-president, Lockheed Aircraft Corporation, Burbank, Calif.; and Lt. Gen. Ira C. Eaker, vice-president, Hughes Aircraft Corporation, Culver City, Calif.

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"It sets a most commendable example for every employer and employee in American industry," the Secretary said. "Systematic bond buying on the payroll savings plan greatly aids the Treasury in managing the public debt in a manner that will help preserve the value of the dollar. At the same time it helps each bond buyer provide for his own security."

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~~in this past year may be compared with that in 1949~~.

The rapidity with which moves have been taken to ~~expand~~ issue the availability of credit during the last year has done much to ease the current adjustment. With credit ~~readily~~ available, businessmen have been able to carry out a gradual ~~liquidation~~ reduction of ~~any~~ excess inventories. An ample credit supply has also permitted housing, plant and equipment development, and municipal construction to ~~be~~ ~~xxxx~~ move forward as defense orders have been cut. It has enabled many businesses to convert from defense production to production of things for more and better living.

The present business outlook is reassuring. We have ~~greater~~ confidence ~~than ever before~~ that our program is sound. The steps that have been taken have been significant in smoothing the current transition. But, more important, they are laying the groundwork for the healthy long term ~~continued~~ economic growth of our nation. ~~on which further improvement of our human welfare depends so heavily.~~

* * * * *

National Board of Fire Underwriters before we took office

Draft #2
5/~~18~~/54

a policy begun months

Board, ~~As Chairman Martin of the Federal Reserve Board indicated~~ the System's policy of restraint took the ~~earlier this year, "A year ago, the System raised rediscount rates~~ form of higher discount rates and an ~~and followed a policy of restraint of excessive bank credit ex-~~ open market policy that kept pressure ~~pansion in order to be on the safe side in guarding against in-~~ on bank reserves. ~~flationary pressures".~~

While the major responsibility for monetary policy rested with the ~~Board~~ Federal Reserve, the Treasury worked in the same direction with other executive departments to reduce Government spending, and to ~~adjust~~ plan the Government's financing operations so as to avoid adding to the expansion of bank credit.

<u>The Readjustment</u>

Beginning with ~~The~~ the middle of last year there was a turn in the economic situation. ~~As usual,~~ ~~when an~~ The inflationary trend ~~is~~ was checked; ~~there is an almost inevitable~~ a readjustment followed. That readjustment involved a gradual shift from Government to private spending, from the accumulation of inventories to their reduction, and from a steady expansion of consumer credit to a desire to repay debts. ~~and a shift from extravagance to economy.~~ ~~In many respects the adjustment which has taken place~~

National Board of Fire Underwriters — Draft #2 5/18/54

The second principle is to recognize recession in its early stages and to establish a governmental climate favorable to recovery.

This is the broad background of the economic philosophy against which ~~we sought~~ to interpret the events of the past sixteen months. The Treasury, working with the Federal Reserve System, has been ~~seeking to~~ using its influence to avoid inflation or deflation.

When this Administration came into power, we were in the latter stages of an inflationary boom which had followed the Korean military effort which, in its turn, had followed the inflation of World War II. These inflations had cut the value of the dollar in half, with much of this shrinkage since the end of World War II.

What happened in the first half of 1953 was ~~just~~ the coming to a head of the inflationary movement that had gone on for a number of years. In dealing with this movement, Treasury policy was in accord with the policy of restraint by the nonpartisan Federal Reserve after, followed by the inflation of Korea, had cut the buying power of the dollar nearly in half and, if continued, would have run the risk of a violent deflation.

In recent years we have learned more about these great economic movements which can carry such grave dangers. Experience both here and abroad has demonstrated some of the principles of keeping them under control and curbing their destructive power over ~~on~~ human welfare. A major cause of these movements has been unwise government~~al~~ policies. A major cure is found in sound fiscal and monetary policies.

The first principle is to avoid and stop inflation. Mr. Bernard Baruch was quoted a few days ago as saying that ~~so far as supply and demand is concerned, "We can only adjust its workings to our needs and ourselves to its principles.~~ "If we want to prevent depressions, we must first learn how to prevent inflation....."

country to make long-term, dynamic progress; freedom to make more and better jobs and to produce higher standards of living.

Aside from war, what are the economic enemies of human progress? One such enemy is too much Government; too many controls, too high taxes, and too much Government spending. It is the people of the country who make prosperity -- with their effort, their initiative, and their genius. This Government's program for economy, lower taxes, reducing controls, and freer markets is a program to release more of the energies of the American people to work for their own welfare.

Another great enemy of human welfare has been inflation or deflation. Inflation robs the saver for the benefit of the speculator and ~~creates the conditions which lead to~~ too often paves the way for deflation. This country has had bitter experiences with both inflation and deflation. The inflation of World War I was followed by the deflation of 1921. The inflation of the late 20's was followed by the deflation of the '30's. The inflation of World War II and securities, or if the Reserve System is used for political purposes. Freedom of the Federal Reserve System from these pressures was partially regained in 1951, as a result of Congressional hearings and public pressures. Its freedom has been more fully regained in the past sixteen months, ~~and~~ The System ~~has~~ used its powers ~~first~~ to combat inflation in ~~the second half of~~ 1952 and the early part of 1953. ~~and in the past year~~ In the ~~last~~ past year it acted with equal vigor to create a financial climate to ease the impact of cuts in Govt. spending. ~~to throw its influence against [any possible] downturn.~~

The third requirement for honest money is that our great national debt of $270 billion shall be so handled as to more nearly neutralize its influence for inflation or deflation. This means spreading the debt out over a longer period of years and gradually placing it more widely among the people. Progress has been made in doing so through larger sales of Savings bonds and ~~[illegible]~~ market bonds.

Now let me come back to the basic human principles of this program. The great, outstanding purpose is more freedom and the removal of handicaps to freedom; freedom for the people of this

Draft #2
5/18/54

National Board of Fire Underwriters

measure
~~bill~~, its early enactment by the Congress will be ~~very~~ helpful during the present transition period to less defense spending by Government. It will help in the shift of workers from public to private employment.

The third aim of the Treasury is honest money -- money that will retain its general ~~genuine~~ level of buying power over the years so that the person who buys U. S. Savings Bonds, or saves money in other ways, may reasonably expect that when he comes to use his savings, they will have about the same value as when he saved them.

Honest money requires first a budget that is under control -- that is not a cause of continued inflation. The figures given above show that the budget is being brought under this control. ~~While it has not been completely balanced, the deficit has lost its inflationary pressure.~~

A second requirement for honest money is the Federal Reserve System's freedom to perform its statutory duty of influencing the money supply for the public welfare. This cannot be done if the powers of the System are used to peg the price of Government

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National Board of Fire Underwriters

This bill provides ~~People generally may not realize th~~e many benefits for the sixty million American earners of wages and salaries~~, which this tax revision bill provides~~. In addition, more flexible depreciation allowances, as well as partial relief from double taxation of dividends are among the provisions which will stimulate business. These ~~benefits~~ changes will not only help new businesses get started but will encourage existing businesses to expand, to modernize, and so create more and better jobs~~, which only an expanding economy can provide~~.

The tax revision bill will result in loss of revenue of $1.4 billion, but ~~it also provides that the corporation tax rate should continue~~ this loss is largely offset by continuing the corporation tax rate at 52 percent instead of going down to 47 percent. ~~This will bring in $1.2 billion — almost enough to finance the whole cost of the bill.~~

~~The revision bill is an integral part of the tax and budget policy of the Administration.~~ While ~~it~~ this bill is basically a tax reform

First, the Administration's budget for fiscal 1955 is $12 billion less than the budget submitted to the Congress by the past Administration for fiscal 1954. We are cutting spending as rapidly ~~quickly~~ as possible without either endangering our military strength or risking too severe a readjustment in the economy.

Second, tax cuts which will be effective this year, if the President's program is adopted, will total $7.4 billion, the largest total dollar tax ~~cuts~~ cut made in any year in the history of the country.

About two-thirds of the tax ~~cuts~~ cut go directly to individuals. The other third goes to stimulate production more directly and make more and better jobs and improve standards of living. ~~Let us not forget that~~ These tax cuts are possible only because we have reduced Government spending.

Part of this tax program is the tax revision bill now before the Senate Finance Committee. It is a comprehensive revision of the whole revenue code. This bill is the result of more than a year's work of our Treasury tax team and the Committees of the Congress.

* ~~[illegible]~~

~~Draft #2~~
~~5/18/54~~

Extract from

Address by W. Randolph Burgess
Deputy to the Secretary, before the
National Board of Fire Underwriters,
Commodore Hotel, New York City,
7:30 p.m., Thursday, May 20, 1954.

"PUBLIC FINANCE AND THE PEOPLE'S WELFARE"

~~After a year's work The President has presented to the~~ present ~~Congress a~~ carefully wrought legislative program which is conservative in economic ~~matters and liberal~~ in human affairs. Important parts of ~~that~~ program ~~are within the field of responsibility of the U. S.~~ Treasury ~~Department~~.

Tonight ~~I shall outline the aims and objectives of the Treasury Department. I shall remind you of what has been done to achieve those aims, and let those aims and achievements be judged by the standard of their effect on human welfare.~~

The aims and objectives of the financial program of the Administration ~~Treasury can~~ be summarized as economy, lower taxes, and honest money. These are clear ~~and simple~~ aims, and they have important implications for human welfare.

People generally may not realize how much has been done in sixteen months towards reaching these three objectives.

Draft #2
5/18/54

It has enabled many businesses to convert from defense production to production of things for more and better living.

The present business outlook is reassuring. We have confidence that our program is sound. The steps that have been taken have been significant in smoothing the current transition. But, more important, they are laying the groundwork for the healthy long term economic growth of our nation.

The rapidity with which moves have been taken to insure the availability of credit during the last year has done much to ease the current adjustment. With credit available, businessmen have been able to carry out a gradual reduction of excess inventories. An ample credit supply has also permitted housing, plant and equipment development, and municipal construction to move forward as defense orders have been cut

THE READJUSTMENT

Beginning with the middle of last year there was a turn in the economic situation. The inflationary trend was checked; a readjustment followed. That readjustment involved a gradual shift from Government to private spending, from the accumulation of inventories to their reduction, and from a steady expansion of consumer credit to a desire to repay debts.

While the major responsibility for monetary policy rested with the Federal Reserve, the Treasury worked in the same direction with other executive departments to reduce Government spending, and to plan the Government's financing operations so as to avoid adding to the expansion of bank credit.

What happened in the first half of 1953 was the coming to a head of the inflationary movement that had gone on for a number of years. In dealing with this movement, Treasury policy was in accord with the policy of restraint by the nonpartisan Federal Reserve Board, a policy begun months before we took office. The System's policy of restraint took the form of higher discount rates and an open market polic that kept pressure on bank reserves.

The Treasury, working with the Federal Reserve System, has been using its influence to avoid inflation or deflation.

When this Administration came into power, we were in the latter stages of an inflationary boom which had followed the Korean military effort which, in its turn, had followed the inflation of World War II. These inflations had cut the value of the dollar in half, with much of this shrinkage since the end of World War II.

Mr. Bernard Baruch was quoted a few days ago as saying that "if we want to prevent depressions, we must first learn how to prevent inflation. . . ."

The second principle is to recognize recession in its early stages and to establish a governmental climate favorable to recovery effort.

This is the broad background of the economic philosophy against which to interpret the events of the past sixteen months, with much of this

nce the end of World War II

Experience both here and abroad has demonstrated some of the principles of keeping them under control and curbing their destructive power over human welfare. A major cause of these movements has been unwise government policies. A major cure is found in sound fiscal and monetary policies.

The first principle is to avoid and stop inflation.

The inflation of the late '20's was followed by the deflation of the '30's. The inflation of World War II and after, followed by the inflation of Korea, had cut the buying power of the dollar nearly in half and, if not continued, would have run the risk of a violient deflation.

In recent years we have learned more about these great economic movements which can carry such grave dangers.

Another great enemy of human welfare has been inflation or deflation. Inflation robs the saver for the benefit of the speculator and too often paves the way for deflation. This country has had bitter experiences with both inflation and deflation. The inflation of World War I was followed by the deflation of 1921.

One such enemy is too much Government -- too many controls, too high taxes, and too much Government spending. It is the people of the country who make prosperity -- with their effort, their initiative, and their genius. This Government's program for economy, lower taxes, reducing controls, and freer markets is a program to release more of the energies of the American people to work for their own welfare.

Now let me come back to the basic human principles of this program. The great, outstanding purpose is more freedom and the removal of handicaps to freedom; freedom for the people of this country to make long-term, and dynamic progress; freedom to make more and better jobs and to produce higher standards of living.

Aside from war, what are the economic enemies of human progress?

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The third requirement for honest
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Freedom of the Federal Reserve System from these pressures was partially regained in 1951, as a result of Congressional hearings and public pressures. Its freedom has been more fully regained in the past sixteen months. The System used its powers to combat inflation in 1952 and the early part of 1953. In the past year it acted with equal vigor to create a financial climate to ease the impact of cuts in Government spending.

The figures given above show that the budget is being brought under this control.

A second requirement for honest money is the Federal Reserve System's freedom to perform its statutory duty of influencing the money supply for the public welfare. This cannot be done if the powers of the System are used to peg the price of Government securities, or if the Reserve System is used for political purposes.

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The third aim of the Treasury honest money -- money that will retain its general level of buying power over the years so that the person who buys U. S. Savings Bonds, or saves money in other ways, may reasonably expect that when he comes to use his savings, they will have about the same value as when he saved them.

Honest money requires first a budget that is under control--that is not a cause of continued inflation.

The tax revision bill will result in loss of revenue of $1.4 billion, but this loss is largely offset by continuing the corporation tax rate at 52 percent instead of going down to 47 percent.

While this bill is basically a tax reform measure, its early enactment by the Congress will be helpful during the present transition period to less defense spending by Government. It will help in the shift of workers from public to private employment.

This bill provides many benefits for the sixty million American earners of wages and salaries. In addition, more flexible depreciation allowances, as well as partial relief from double taxation of dividends are among the provisions which will stimulate business. These changes will not only help new businesses get started but will encourage existing businesses to expand, to modernize, and so create more and better jobs.

These tax cuts are possible only because we have reduced Government spending.

Part of this tax program is the tax revision bill now before the Senate Finance Committee. comprehensive revision of the whole revenue code. This bill is the result of more than a year's work of our Treasury tax team and the Committees of the Congress.

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About two-thirds of the tax cut goes directly to individuals. The other third goes to stimulate production more directly and make more and better jobs and improve standards of living.

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"PUBLIC FINANCE AND THE PEOPLE'S WELFARE"

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EXTRACT FROM ADDRESS BY

W. RANDOLPH BURGESS, DEPUTY TO THE SECRETARY

BEFORE THE

NATIONAL BOARD OF FIRE UNDERWRITERS

COMMODORE HOTEL, NEW YORK CITY

7:30 P.M., THURSDAY, MAY 20, 1954

140 TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Extracts from address by W. Randolph Burgess, Deputy to the Secretary of the Treasury, before the National Board of Fire Underwriters, at the Commodore Hotel, New York, N. Y., 7:30 PM, EDT, Thursday, May 20, 1954.

"PUBLIC FINANCE AND THE PEOPLE'S WELFARE"

H-490

TREASURY DEPARTMENT
Washington

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While the major responsibility for monetary policy rested with the Federal Reserve, the Treasury worked in the same direction with other executive departments to reduce Government spending, and to plan the Government's financing operations so as to avoid adding to the expansion of bank credit.

THE READJUSTMENT

Beginning with the middle of last year there was a turn in the economic situation. The inflationary trend was checked; a readjustment followed. That readjustment involved a gradual shift from Government to private spending, from the accumulation of inventories to their reduction, and from a steady expansion of consumer credit to a desire to repay debts.

The rapidity with which moves have been taken to insure the availability of credit during the last year has done much to ease the current adjustment. With credit available, businessmen have been able to carry out a gradual reduction of excess inventories. An ample credit supply has also permitted housing, plant and equipment development, and municipal construction to move forward as defense orders have been cut. It has enabled many businesses to convert from defense production to production of things for more and better living.

The present business outlook is reassuring. We have confidence that our program is sound. The steps that have been taken have been significant in smoothing the current transition. But, more important, they are laying the groundwork for the healthy long term economic growth of our nation.

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H-491

RELEASE MORNING NEWSPAPERS,
Tuesday, May 25, 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 May 27 and to mature August 26, 1954, which were offered on May 20, were opened at the Federal Reserve Banks on May 24.

The details of this issue are as follows:

Total applied for - $2,327,388,000
Total accepted - 1,503,051,000 (includes $173,311,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.818/ Equivalent rate of discount approx. 0.718% per annum

Range of accepted competitive bids:

High - 99.822 Equivalent rate of discount approx. 0.704% per annum
Low - 99.817 " " " " " 0.724% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 22,290,000	$ 18,790,000
New York	1,743,744,000	1,095,207,000
Philadelphia	23,190,000	6,240,000
Cleveland	38,167,000	23,843,000
Richmond	8,182,000	7,182,000
Atlanta	18,619,000	12,458,000
Chicago	257,463,000	170,453,000
St. Louis	17,481,000	16,436,000
Minneapolis	16,740,000	10,790,000
Kansas City	46,737,000	29,741,000
Dallas	53,910,000	44,360,000
San Francisco	80,865,000	67,551,000
Total	$2,327,388,000	$1,503,051,000

TREASURY DEPARTMENT

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Dallas	53,910,000	44,360,000
San Francisco	80,865,000	67,551,000
TOTAL	$2,327,388,000	$1,503,051,000

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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.

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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 **June 3, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **June 3, 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-492

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 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 June 3, 1954, in the amount of $1,500,998,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 3, 1954, and will mature September 2, 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 time, Friday, May 28, 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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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 June 3, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 3, 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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TREASURY DEPARTMENT
Washington

FOR RELEASE A.M. PAPERS MAY 26, 1954

Remarks by Secretary of the Treasury George M. Humphrey, Farm-City Conference, Town Hall, New York City, about 8:30 p.m., Tuesday, May 25, 1954 (following presentation of the Government Economy Award to former President Hoover, Senator Harry Byrd and Secretary Humphrey).

The American economy is the key economy in the world. It is vital to the security and well-being of our millions of citizens. And, every other nation is vitally affected by its strength or weakness.

As long as our economy is sound and growing, there will be more and better jobs for our people and better living for all. And as long as the American economy is sound, growing and prosperous, our allies are helped. Together, we can not only protect ourselves against aggression but, from a position of strength, can work to achieve real peace in the world.

If our economy should be weak and faltering, so as to cause loss of general confidence, we would be in danger of having large numbers of people out of work, less production, and so lowered standards of living all around. But we would not suffer alone. Our allies would also suffer. The strength of the whole free world would be threatened.

To maintain this vital strength of our nation we must have economical and efficient operation of our own government. For the way in which our government conducts its affairs sets the pattern for the nation's whole economy.

In 17 of the past 20 years, this government has engaged in deficit financing -- spending more than its income.

This course for a government, as for a family, can only lead to eventual disaster. The resulting depreciation of our currency has already seriously hurt millions of Americans. Continued cheapening of the dollar might finally result in the collapse of our entire economic system. History records that many great nations have fallen because of unchecked inflation leading to economic collapse.

This Administration, when it took office in January 1953, pledged its efforts to institute sound money policies. We pledged ourselves to reduce government expenditures and to strive toward attaining a balanced budget as rapidly as proper regard for our security would permit.

The trend toward continually growing deficit financing and all its evils has been halted.

The deficit for fiscal 1953 was almost $9½ billion. The budget this Administration found when it assumed office presented an estimated deficit of nearly $10 billion. But because of overestimates of revenue, this deficit would actually have been more than $11 billion.

The Eisenhower Administration has cut requested appropriations by more than $12 billion, and expenditures in this fiscal year have been reduced by about $7 billion. This will give us an estimated budget deficit in our first full year of operation of less than $4 billion. In the coming year, Fiscal 1955, we have further cut planned expenditures by more than an additional $5 billion.

Our plans, of course, can badly miscarry if adverse serious developments occur in the world, resulting in a revision of our future foreign undertakings.

We must and will always spend whatever is needed for our security; that is our first concern.

But, the worth of our defense must be measured not by its cost but by its wisdom.

And barring major unexpected future international developments, we must provide adequately for our security for the long pull and still continue to strive to make further savings in addition to those already made.

The cornerstone of our whole program is our firm belief that a sound economy is an absolute prerequisite to a strong defense over any extended period. It is the balance needed for maximum development of both that we must maintain.

I am honored to accept this tribute in behalf of this Administration, which is dedicated to obtain more economy and efficiency in government. I am honored to receive this award with such distinguished and effective workers for economy and efficiency in government as former President Hoover and Senator Byrd, who have made such conspicuous contributions to its accomplishment over such a long period of years.

The achievements for which these awards are presented are vital. They are vital because they go to the very heart of the maintenance of a strong and healthy economy in this nation which is not only the foundation for better jobs and better living for all our people but actually is the free world's first line of defense.

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May 21, 1954

Dear Mr. Secretary:

It has been a great privilege for me to have served under you in the Treasury for the past year and to have done what I could to advance the financial program of this Administration in which I deeply believe.

I have been on leave from the First Wisconsin Trust Company in Milwaukee, and for reasons which you understand I feel that I must now return there. I am, therefore, submitting my resignation as an Assistant to the Secretary, effective May 31.

I look forward to continuing to work in private life for the objectives which you and the other members of your distinguished "Treasury Team" are seeking with such unselfish devotion here in Washington.

Sincerely,

CBC

Catherine B. Cleary

Honorable George M. Humphrey
Secretary of the Treasury
Washington, D.C.

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MAY 24 1954 H-494

Dear Miss Cleary:

It is with sincere regret that I accept your resignation as Assistant to the Secretary and from the Government service effective May 31.

Much as we in the Treasury shall hate to lose you, I must honestly say that I am pleased about what I understand are your prospects for greater opportunity on your return to the company from which you have been on leave since coming into Government a year ago.

As Assistant Treasurer of the United States for six months, and later as Assistant to the Secretary, you have given loyal and intelligent public service. While I recognize that the opportunity for advancement in your private field is a compelling one at this time, I must say that your talent will be truly missed here at Treasury.

My sincere best wishes for all possible success and happiness on your return to private life and deepest thanks for your months of splendid service to the Government.

Best personal regards,

Sincerely

(Signed) G. M. Humphrey

Miss Catherine B. Cleary
Assistant to the Secretary
Treasury Department
Washington, D. C.

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5/24/54

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Wednesday, May 26, 1954

H-494

The Treasury Department today made public the following exchange of letters by Assistant to the Secretary Catherine B. Cleary and Treasury Secretary Humphrey pertaining to Miss Cleary's resignation to be effective May 31:

May 24, 1954

Dear Miss Cleary:

It is with sincere regret that I accept your resignation as Assistant to the Secretary and from the Government service effective May 31.

Much as we in the Treasury shall hate to lose you, I must honestly say that I am pleased about what I understand are your prospects for greater opportunity on your return to the company from which you have been on leave since coming into Government a year ago.

As Assistant Treasurer of the United States for six months, and later as Assistant to the Secretary, you have given loyal and intelligent public service. While I recognize that the opportunity for advancement in your private field is a compelling one at this time, I must say that your talent will be truly missed here at Treasury.

My sincere best wishes for all possible success and happiness on your return to private life and deepest thanks for your months of splendid service to the Government.

Best personal regards,

Sincerely,

/s/ G. M. HUMPHREY

Miss Catherine B. Cleary
Assistant to the Secretary
Treasury Department
Washington, D. C.

May 21, 1954

Dear Mr. Secretary:

It has been a great privilege for me to have served under you in the Treasury for the past year and to have done what I could to advance the financial program of this Administration in which I deeply believe.

I have been on leave from the First Wisconsin Trust Company in Milwaukee, and for reasons which you understand I feel that I must now return there. I am, therefore, submitting my resignation as an Assistant to the Secretary, effective May 31.

I look forward to continuing to work in private life for the objectives which you and the other members of your distinguished "Treasury Team" are seeking with such unselfish devotion here in Washington.

Sincerely,

/s/ Catherine B. Cleary

Catherine B. Cleary

Honorable George M. Humphrey
Secretary of the Treasury
Washington, D. C.

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H-485

RELEASE MORNING NEWSPAPERS,
Saturday, May 29, 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 June 3 and to mature September 2, 1954, which were offered on May 25, were opened at the Federal Reserve Banks on May 28.

The details of this issue are as follows:

Total applied for - $2,200,412,000
Total accepted - 1,500,501,000 (includes $159,080,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.820 Equivalent rate of discount approx. 0.714% per annum

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

High - 99.825 Equivalent rate of discount approx. 0.692% per annum
Low - 99.818 " " " " " 0.720% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 36,258,000	$ 28,929,000
New York		1,680,372,000	1,083,193,000
Philadelphia		28,705,000	13,636,000
Cleveland		32,551,000	28,729,000
Richmond		8,830,000	6,674,000
Atlanta		16,186,000	13,951,000
Chicago		232,306,000	188,173,000
St. Louis		11,718,000	11,294,000
Minneapolis		8,910,000	8,810,000
Kansas City		46,551,000	41,981,000
Dallas		39,076,000	21,357,000
San Francisco		58,949,000	53,774,000
	TOTAL	$2,200,412,000	$1,500,501,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, May 29, 1954.

H-495

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TOTAL	$2,200,412,000	$1,500,501,000

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country in times of peace and to stand ready to help fight its battles if war should come. It is the price that was paid ten years ago by those Coast Guardsmen who faced the Japanese forces at Guam and Okinawa. It is the price that was paid by those young men who parachuted to death or slavery for our protection in the jungles of Indo-China this very month.

You have shown the willingness and have taken a long step toward the accomplishment of your purpose. A grateful Nation is indebted to you for dedicating yourselves to this Service, and it claims you, as do your own parents and families today, as our very own.

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in it for them! But at this particular time in the world's affairs it was a shining light of hope -- hope that men are still willing to answer a call to a service that is above and beyond self -- a hope that men's imaginations and loyalties can still be stirred to a point where the sacrifice of life itself is not too great to make for a great cause.

Every loyal American will agree that the preservation of freedom in the world is such a cause. But this cause cannot be won without the will of free men to pay the price of winning it. The price to be paid is the willingness of young Americans to offer their services, as you have done, to promote the best interests of your

Less than a month ago, several hundred young men from France volunteered as paratroopers to drop into a doomed and dying fortress in Indo-China in an effort to breathe life into an obviously hopeless military situation. These youngsters, many of whom had never worn a parachute before, jumped to certain death or capture -- which to many has been worse than death -- when they parachuted into the fortress at Dien Bien Phu in Indo-China, hoping to bolster the morale and spirit of their comrades who had withstood intolerable attacks for weeks on end. Why did they do it? What did they hope to gain? What was in it for them? Well, I don't know. In the light of cold logic or reason perhaps there was no sense in it. Certainly, there was nothing patriotism and high resolve are encouraged by the example of others, I would like to call to your mind a very recent demonstration of the fact that young men of your generation still possess these virtues in a high degree.

There is much of cynicism; there is much of defeatism; there is much of despair in parts of the world today. We are sometimes concerned about apparent unwillingness or lack of courage to stand, fight and, if need be, to die for something bigger than ourselves. It is particularly heartening, therefore, to see an example of courage, patriotism -- yes, of idealism, if you please, that shows that the human spirit still rises above the discouragements and defeats of the day.

life that calls young men into the Coast Guard as a career. There was something of the spirit and of the heart, as well as of the head, that caused each of you to take your oath as a Coast Guardsman.

The nation is indebted to you for the decision you made to enter this Service, and it is indebted to you for the days of toil and the nights of study that have been the ingredients of your success at this Academy. The nation will, I am sure, have cause to continue to be indebted to you for your willingness to keep constantly fit and efficient, as an essential part of the security team, to protect and, if need be, to defend your country.

Since I am convinced that the qualities of courage, lifeboat of the United States Coast Guard Cutter TAMPA. It is the only tangible scrap that remains of this ship which was torpedoed in the English Channel in September 1918, during the First World War. The loss of the crew of one hundred Coast Guardsmen by the sinking of the TAMPA was, up to that time, the second largest single naval loss ever suffered by the United States. In proportion to its strength, the Coast Guard suffered the highest losses of any of the Armed Services during the First World War.

Sacrifices of this kind are not made by men who are just looking for an easy berth for life -- men who are just trying to make a living. There must be something beyond the mere ambition to get ahead in for whom the leader is responsible, and a willingness to share fully unpleasant and difficult, as well as dangerous responsibilities. Every officer who possesses these qualities should go far towards making his own solid contribution to maintaining and constantly renewing the high esprit de corps that has always characterized the United States Coast Guard.

In the main Treasury Building in Washington there is a small trophy room -- there can be found mementoes of past achievement by the Treasury Department and by its bureaus and services. One of the proudest exhibits there is a small brass plate about 2 inches wide by 5 inches long. It was picked up on a French beach in 1924. It is the identification plate from a

The faithful and efficient performance of these duties that might mean so much to American security can be guaranteed only if the high morale that has been traditional in the United States Coast Guard is maintained. I am sure that each of you members of the graduating class of 1954 will make your own contribution to standards of leadership upon which morale depends. I have no doubt but that during your courses at the Academy you have had frequent instruction in leadership. From my own observation I am convinced that real leadership cannot exist in the absence of certain human qualities of the leader. These are a complete devotion to duty, a thorough knowledge of the task to be accomplished, a high sense of fairness to every person

Just as more constant tension has caused the United States temporarily to abandon its traditional policy to the extent of maintaining armed forces by compulsory military service, so a greater part of the activities of your dual service has become related to essential tasks involving the nation's security. Not only is the degree of military preparedness, which you as officers will be required to maintain in your future commands, higher than during former periods of peace, but it is also true that a greater proportion of your current activities will be performed with the feeling of urgency that arises from the knowledge that upon their faithful performance may rest important security interests of your country.

job in time of war.

The role of the Coast Guard, it seems to me, illustrates uniquely America's historical military posture. Until the threat of world domination by imperialist dictatorships became a constant hazard, it had always been American policy to rely on small professional fighting forces, supplemented in time of war by a trained and alert citizenry. The Coast Guard is the only organization in American life that is designed to follow this precise pattern. It performs essential functions covering the whole field of maritime aids in time of peace, but becomes an efficient war machine as a part of the Navy in time of war.

Even a short visit to this section of our country, which was truly one of the cradles of the Republic, reminds one that not only is the United States Coast Guard a proud Service, but it is an old Service. In fact, it is about as old as the Republic itself. Alexander Hamilton first recommended the founding of the Lighthouse Service and the Revenue Marine in the years 1789 and 1790. During the entire period of 165 years, this Service has combined in a very peculiar way those practices which ought to be a part of every American's course of conduct; that is, the performance of a worthwhile peace time job when the nation enjoys the blessings of peace, and an instant readiness and ability to perform an effective and valiant military these stirring pictures to mind is that every American is thrilled by a demonstration of his country's military might. Furthermore, nearly every American boy is born with two strong sentiments -- one: a love of country; and the other: a love for the sea. I am sure you do not need to be reminded by me that these two sentiments will play a great part in every day of your lives as commissioned officers in the United States Coast Guard. They have combined during the history of our Republic to produce the finest tradition of naval performance in time of war and an equally fine tradition of maritime service in time of peace. To both of these great traditions the Coast Guard has made a major contribution.

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I say it is not difficult to conjure up this picture. Nor is it hard to see again a similar scene nine months later when the largest fleet of battle and troop ships ever to assemble in a single operation lay off the coast of Okinawa to commence the battle that rang down the curtain of the Pacific War. I suppose the reason that it is not difficult to call the great armada of ships that stood off the shores of Guam on that July day in 1944, the great American Service which you are today entering as commissioned officers was well represented.

I deeply appreciate the privilege that has been given me today to speak to the graduating class of 1954, since it affords me an opportunity in such a public way to pay tribute to a sister Service of the United States Army, in which, as a civilian soldier, I have maintained an active interest for 35 years. While it is a far cry, both in years and miles, to that mid-Pacific July morning of 1944, and while it is difficult to imagine a greater contrast with the surroundings of this beautiful spot on a peaceful

Address by Elbert P. Tuttle, General Counsel of the Treasury Department, at the 68th Commencement Exercises of the United States Coast Guard Academy, New London, Connecticut, May 28, 1954, 2:00 p.m. EDT.

Admiral O'Neill, Admiral Hall, Members of the Graduating Class of 1954, Ladies and Gentlemen:

A few days ago I received from General Lemuel C. Shepherd, Jr., Commandant of the United States Marine Corps, an illustrated history published by the Marines, entitled "The Recapture of Guam". This little book brought back to my mind most vividly, both by picture and text, days and nights of high purpose and achievement by American arms in one of the momentous battles of the War with Japan. It seems appropriate for me to mention this event today, because it gave me my first strong tie and bond of common interest with the United States Coast Guard. For, in

H-496

TREASURY DEPARTMENT
Washington

FOR RELEASE 2:00 P.M., EDT
Friday, May 28, 1954

H-496

Address by Elbert P. Tuttle, General Counsel of the Treasury Department, at the 68th Commencement Exercises of the United States Coast Guard Academy, New London, Connecticut, May 28, 1954, 2:00 p.m. EDT.

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Just as more constant tension has caused the United States temporarily to abandon its traditional policy to the extent of maintaining armed forces by compulsory military service, so a greater part of the activities of your dual service has become related to essential tasks involving the nation's security. Not only is the degree of military preparedness, which you as officers will be required to maintain in your future commands, higher than during former periods of peace, but it is also true that a greater proportion of your current activities will be performed with the feeling of urgency that arises from the knowledge that upon their faithful performance may rest important security interests of your country.

The faithful and efficient performance of these duties that might mean so much to American security can be guaranteed only if the high morale that has been traditional in the United States Coast Guard is maintained. I am sure that each of you members of the graduating class of 1954 will make your own contribution to standards of leadership upon which morale depends. I have no doubt but that during your courses at the Academy you have had frequent instruction in leadership. From my own observation I am convinced that real leadership cannot exist in the absence of certain human qualities of the leader. These are a complete devotion to duty, a thorough knowledge of the task to be accomplished, a high sense of fairness to every person for whom the leader is responsible, and a willingness to share fully unpleasant and difficult, as well as dangerous responsibilities. Every officer who possesses these qualities should go far towards making his own solid contribution to maintaining and constantly renewing the high esprit de corps that has always characterized the United States Coast Guard.

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The nation is indebted to you for the decision you made to enter this Service, and it is indebted to you for the days of toil and the nights of study that have been the ingredients of your success at this Academy. The nation w ill, I am sure, have cause to continue to be indebted to you for your willingness to keep constantly fit and efficient, as an essential part of the security team, to protect and, if need be, to defend your country.

Since I am convinced that the qualities of courage, patriotism and high resolve are encouraged by the example of others, I would like to call to your mind a very recent demonstration of the fact that young men of your generation still possess these virtues in a high degree.

There is much of cynicism; there is much of defeatism; there is much of despair in parts of the world today. We are sometimes concerned about apparent unwillingness or lack of courage to stand, fight and, if need be, to die for something bigger than ourselves. It is particularly heartening, therefore, to see an example of courage, patriotism -- yes, of idealism, if you please, that shows that the human spirit still rises above the discouragements and defeats of the day.

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Every loyal American will agree that the preservation of freedom in the world is such a cause. But this cause cannot be won without the will of free men to pay the price of winning it. The price to be paid is the willingness of young Americans to offer their services, as you have done, to promote the best interests of your country in times of peace and to stand ready to help fight its battles if war should come. It is the price that was paid ten years ago by those Coast Guardsmen who faced the Japanese forces at Guam and Okinawa. It is the price that was paid by those young men who parachuted to death or slavery for our protection in the jungles of Indo-China this very month.

You have shown the willingness and have taken a long step toward the accomplishment of your purpose. A grateful Nation is indebted to you for dedicating yourselves to this Service, and it claims you, as do your own parents and families today, as our very own.

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June
First
1954

Dear John

Thank you for your note of June 1. We appreciate very much your suggestion.

It is not my responsibility to nominate members of the Federal Reserve Board, but I am sure it is most desirable to seek out prospective members with broad background and understanding coupled with the highest possible competence and qualification, by experience, to perform the particular duties and responsibilities of this Board.

Thanks again for your suggestion.

Sincerely

Mr. John L. Lewis
900 Fifteenth Street, N. W.
Washington, D.C.

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE
Tuesday, June 1, 1954 H-497

The following letter was sent by Treasury Secretary George M. Humphrey tonight to John L. Lewis, President of the United Mine Workers of America, in reply to a letter received earlier today from Mr. Lewis:

"Dear John

Thank you for your note of June 1. We appreciate very much your suggestion.

It is not my responsibility to nominate members of the Federal Reserve Board, but I am sure it is most desirable to seek out prospective members with broad background and understanding coupled with the highest possible competence and qualification, by experience, to perform the particular duties and responsibilities of this Board.

Thanks again for your suggestion.

Sincerely,

/s/ George

Mr. John L. Lewis
900 Fifteenth Street, N. W.
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, 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 **June 10, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **June 10, 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-498

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 3, 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 June 10, 1954, in the amount of $1,501,139,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 10, 1954, and will mature September 9, 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 time, Monday, June 7, 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, June 3, 1954.

H-498

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Governmental programs, the paper said, deal with four major causes of income loss: industrial accidents, old age, death of the family provider, and unemployment.

"The multiplicity of financing problems associated with our public programs for the assurance of income maintenance should not obscure the fact that we have a program that has thus far functioned remarkably well," Mr. Folsom summed up. "That is due in part to the resiliency of our economy. It is also due to the fact that our social security program has been designed to stimulate individual thrift and initiative and not to replace them. The future achievement of the program will be measured by its continued stimulus to these ancient virtues."

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Mr. Folsom's report to the Columbia Bicentennial Conference IV was made in a paper entitled "Current Issues In Financing Income Security." He pointed out that plans of industry and Government are intended to supplement the efforts of individuals themselves.

> "It is one of our strongest traditions that the individual shall rely first of all on his own efforts to acquire the protection necessary for those periods when income may be interrupted or terminated," he said. "In all of our plans, both in Government and in industry, we proceed on the assumption that such efforts on the part of the individual will be continued, if not intensified. For example, our social security program has been consciously formulated with a view toward providing no more than a basic minimum of protection so that it will stimulate additional, supplementary efforts by the individual. By providing this minimum protection, old-age and survivors insurance was designed to encourage additional efforts to achieve a comfortable retirement."

Among employer-sponsored plans to provide additional protection for individual workers, the thrift and savings type of plan is receiving increasing attention, Mr. Folsom said. Industrial pension plans remain the most important financially, however. At the end of 1953 there were an estimated 17,000 pension plans covering some 11 million persons.

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Fifty-four percent of all non-farm families owned their homes at the beginning of 1953, compared with 41 percent before World War II.

An estimated 5,500,000 persons now own American industrial stocks directly, with many millions more owning equities indirectly through investment trusts, insurance companies and trust funds. Stock ownership is not restricted to high income families; a recent analysis showed that 74 percent of 200,000 U.S. Steel Corporation shareholders had income of less than $10,000 and 56 percent had income of less than $5,000. These groups owned 53 percent and 37 percent of the stock, respectively.

Proposed partial relief from double taxation of dividend income would stimulate further investment in equity securities.

Four out of five families now have some life insurance on one or more of their members, with the grand total of life insurance in force amounting at the end of 1953 to $305 billion, representing protection for 90 million ordinary, industrial or group policy-holders. The grand total more than doubled after the end of World War II.

Extracts from remarks by Under Secretary of the Treasury Marion B. Folsom before Bicentennial Celebration, Columbia University, New York City, New York, 9:30 a.m., Friday, June 4.

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CURRENT ISSUES IN FINANCING INCOME SECURITY

Progress of a three-pronged American program to provide income security for individuals was described to a Columbia University Bicentennial Conference today by Marion B. Folsom, Under ~~and~~ Secretary of the Treasury.

The three elements ~~Prongs~~ of the nation's attack on potential economic adversities were listed by Mr. Folsom as the efforts of individuals themselves, of employers, and of the Government, with individual self-reliance the force of ~~traditional~~ first importance. Praising ~~Of~~ the results of individual effort, ~~self-reliance,~~ Mr. Folsom said:

> "Various indicators suggest that, on the whole, individuals have acquired a greater measure of protection against the loss of earnings than ever before. That protection takes various forms, including cash and bank deposits, home ownership, investment in securities (both privately issued and governmental), and the ownership of insurance, property and productive business enterprises."

Some of the details given by Mr. Folsom were:

Liquid assets in the hands of individuals at the end of 1953 amounted to about $230 billion, an average of over $4,500 for each of approximately 51 million families and unattached individuals.

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TREASURY DEPARTMENT
Washington

FOR RELEASE PM NEWSPAPERS
Friday, June 4, 1954

H-499

TREASURY DEPARTMENT
Washington

FOR RELEASE PM NEWSPAPERS,
Friday, June 4, 1954.

H-499

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"It is one of our strongest traditions that the individual shall rely first of all on his own efforts to acquire the protection necessary for those periods when income may be interrupted or terminated," he said. "In all of our plans, both in Government and in industry, we proceed on the assumption that such efforts on the part of the individual will be continued, if not intensified. For example, our social security program has been consciously formulated with a view toward providing no more than a basic minimum of protection so that it will stimulate additional, supplementary efforts by the individual. By providing this minimum protection, old-age and survivors insurance was designed to encourage additional efforts to achieve a comfortable retirement."

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14-510

Friday, IMMEDIATE RELEASE
~~Thursday, June 3, 1954~~
June 4, 195-

The Bureau of Customs announced today that the Canadian wheat and wheat flour quotas prescribed in the President's Proclamation of May 28, 1941, as modified, were filled at the opening moment of the quota period, 12:00 noon eastern standard time on June 1, 1954.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, June 4, 1954.

H-500

The Bureau of Customs announced today that the Canadian wheat and wheat flour quotas prescribed in the President's Proclamation of May 28, 1941, as modified, were filled at the opening moment of the quota period, 12:00 noon eastern standard time on June 1, 1954.

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H-501

RELEASE MORNING NEWSPAPERS,
Tuesday, June 8, 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 June 10 and to mature September 9, 1954, which were offered on June 3, were opened at the Federal Reserve Banks on June 7.

The details of this issue are as follows:

Total applied for - $2,068,870,000
Total accepted - 1,500,160,000 (includes $187,307,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.844/ Equivalent rate of discount approx. 0.616% per annum

Range of accepted competitive bids:

High - 99.846 Equivalent rate of discount approx. 0.609% per annum
Low - 99.842 " " " " " 0.625% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,150,000	$ 18,436,000
New York	1,508,989,000	1,034,199,000
Philadelphia	31,335,000	16,235,000
Cleveland	28,942,000	27,282,000
Richmond	12,338,000	10,393,000
Atlanta	31,353,000	22,553,000
Chicago	227,788,000	198,228,000
St. Louis	16,896,000	16,896,000
Minneapolis	9,450,000	8,950,000
Kansas City	26,905,000	25,455,000
Dallas	45,318,000	40,288,000
San Francisco	104,406,000	81,245,000
TOTAL	$2,068,870,000	$1,500,160,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 8, 1954.

H-501

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TOTAL	$2,068,870,000	$1,500,160,000

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Bonds. A true and devoted volunteer to the cause of public service whose contribution to the economic welfare of the nation and the individual security of the people will be long and gratefully remembered."

The task force agency executives and advertising media representatives present were outspoken in their pledge of continued support for the Savings Bonds program. They included:

Eugene J. Garvy and John M. Rolfe of Foote, Cone & Belding
Thomas H. Lane of McCann-Erickson, Inc.
Fred Adams and Walter F. Mulhall of G. M. Basford Company
F. W. Townshend of Campbell-~~Edward~~ Ewald, Inc.
William Scudder of Compton Advertising, Inc.
Fred Vosse of Schwimmer and Scott, Inc.
Lewis Gifford of J. Walter Thompson Company
John R. Buckley of Hearst Magazines, Inc.
Albert E. Winger of Crowell-Collier Publishing Company
Leonard W. Trester of General Outdoor Advertising Co., Inc.
Philip Everest of Transportation Displays, Inc.
Donald M. Bernard of the Washington Post & Times Herald
Ralph Hardy of National Association of Radio & Television Broadcasters
Earl H. Gammons of Columbia Broadcasting System
Everett Holles of Mutual Broadcasting System
Leslie G. Arries, Jr. of DuMont Television Network
George Wheeler of National Broadcasting Company
Harry O'Mealia, Jr. of O'Mealia Outdoor Advertising Co.

The Advertising Council was represented by its president Theodore S. Repplier, Hector Perrier, and James Lambie, Jr. of the White House. Those attending from the Treasury Department and Savings Bonds Division in addition to Secretary Humphrey, Mr. Burgess and Mr. Shreve were: Arthur B. Hill, special assistant to Mr. Shreve; Edmund J. Linehan, assistant national director for Advertising and Promotion.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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New York

FOR IMMEDIATE RELEASE
Tuesday, June 8, 1954

H-502

Treasury Secretary Humphrey today presented the Treasury's Distinguished Service Award to Thomas H. Young, ~~Dayton, Ohio~~, advertising executive, who is retiring after six years' service as The Advertising Council's volunteer coordinator for Savings Bonds advertising.

Presentation was made at a luncheon at the Statler Hotel sponsored by The Advertising Council and attended by nearly 50 executives of advertising agencies and national media who have volunteered their services to promote the sale of Savings Bonds. Secretary Humphrey also congratulated Robert R. Mathews of New York, New York, vice president of the American Express Company, who last week was announced as succeeding Mr. Young as coordinator.

The appreciation of President Eisenhower for the volunteer work of the advertising industry was conveyed by Sherman Adams, The Assistant to the President, during a three hour morning session at the Treasury Department prior to the luncheon. Appreciation to the advertising men in behalf of Secretary Humphrey was given by Nils A. Lennartson, Assistant to the Secretary.

Principal speakers at the morning session included W. Randolph Burgess, Deputy to the Secretary: Dr. Neil H. Jacoby of the Council of Economic Advisers, and Earl O. Shreve, National Director of the Treasury's Savings Bonds Division, who presided.

Mr. Shreve gave an optimistic report on current sales of Savings Bonds, stating that sales of the E and H series since January 1 have each month broken records for 7 to 9 years.

The Distinguished Service Award was presented to Mr. Young by the Secretary "for leadership in building security for the people and the nation through United States Savings Bonds," and carried the following engraved text: "Citation to Thomas H. Young, Advertising Council Coordinator of the United States Savings Bonds Program from 1948 to 1954, under whose leadership the advertising industry contributed more than three hundred million dollars in time and space for the promotion of Savings

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE,
Tuesday, June 8, 1954.

H-502

Treasury Secretary Humphrey today presented the Treasury's Distinguished Service Award to Thomas H. Young, New York, N. Y., advertising executive, who is retiring after six years' service as The Advertising Council's volunteer coordinator for Savings Bonds advertising.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-503

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, 1954, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1954, to June 8, 1954	Established Quota	Imports May 29, 1954, to June 8, 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	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-503

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, 1954, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1954, to June 8, 1954	Established Quota	Imports May 29, 1954, to June 8, 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	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

TREASURY DEPARTMENT
Washington

H-504

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 May 29, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 29, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	22,258
Cream	Calendar Year	1,500,000	Gallon	336
Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	51,072
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	96,651,662
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	2,395
Cattle, 700 lbs. or more each .. (other than dairy cows)	April 1, 1954-June 30, 1954	120,000	Head	19,879
Walnuts	Calendar Year	5,000,000	Pound	3,682,968
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,983,180
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	6,820
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,529,820
*Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953-Sept. 30, 1954	2,500,000	Bushel	2,463,629
Rye, rye flour and rye meal	Mar. 31, 1954-June 30, 1954	31,000,000	Pound	Quota Filled

(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 June 8, 1954, from countries other than Canada.

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

TREASURY DEPARTMENT
Washington

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H-504

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 May 29, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 29, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	22,258
Cream	Calendar Year	1,500,000	Gallon	336
Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	51,072
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	96,651,662
Other		60,000,000	Pound	Quota Filled
Cattle, less than 200 lbs. each..	12 months from April 1, 1954	200,000	Head	2,395
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Walnuts	Calendar Year	5,000,000	Pound	3,682,968
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,983,180
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	6,820
Peanut Oil	12 months from July 1, 1953	80,000,000	Pound	1,529,820
*Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953-Sept. 30, 1954	2,500,000	Bushel	2,463,629
Rye, rye flour and rye meal	Mar. 31, 1954-June 30, 1954	31,000,000	Pound	Quota Filled

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* Imports through June 8, 1954, from countries other than Canada.

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-505

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 May 29, 1954, inclusive, as follows.

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of May 29, 1954
Buttons	850,000	Gross	365,039
Cigars	200,000,000	Number	1,342,135
Coconut Oil	448,000,000	Pound	57,906,561
Cordage	6,000,000	Pound	1,002,899
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	849,784
Sugars (Unrefined			847,878,819
Tobacco	6,500,000	Pound	693,230

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-505

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Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	849,784
Sugars (Unrefined			847,878,819
Tobacco	6,500,000	Pound	693,230

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 June 8, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to June 8, 1954
United Kingdom	4,323,457	501,310	1,441,152	501,310
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	850,826	1,599,886	550,105

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-506

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 June 8, 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	49,274	Paraguay	871	-
British India	2,003,483	34,455	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	6,256,331	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	431,975	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 May 29, 1954

Established Quota (Global)	Imports
70,000,000	9,658,422

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

Established Quota (Global)	Imports
45,656,420	23,855,343

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Wednesday, June 9, 1954.

H-506

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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Argentina	5,203	-	1/Other British W. Indies	21,321	-
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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.

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(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to June 8, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to June 8, 1954
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Netherlands	68,240	16,668	22,747	16,668
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Belgium	38,559	1,099	12,853	1,099
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	850,826	1,599,886	550,105

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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, ~~xxxxxxxxxx~~ 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 June 17, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 17, 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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[redacted]

[redacted]

TREASURY DEPARTMENT
Washington

H-507

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 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 June 17, 1954, in the amount of $1,501,048,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 17, 1954, and will mature September 16, 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/[redacted] time, Monday, June 14, 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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, June 10, 1954.

H-507

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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 June 17, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 17, 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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CORRECTED COPY

STATUTORY DEBT LIMITATION

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AS OF May 31, 1954

June 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	$22,019,266,000		
Certificates of indebtedness	18,576,790,000		
Treasury notes	37,266,226,600	$ 77,862,282,600	
Bonds -			
Treasury	80,709,981,700		
Savings (current redemp. value)	58,025,444,800		
Depositary	406,714,500		
Investment series	12,812,380,000	151,954,521,000	
Special Funds -			
Certificates of indebtedness	27,128,662,000		
Treasury notes	14,238,338,900	41,367,000,900	
Total interest-bearing		271,183,804,500	
Matured, interest-ceased		275,575,335	
Bearing no interest:			
United States savings stamps	50,385,488		
Excess profits tax refund bonds	1,261,368		
Special notes of the United States:			
Internat'l Monetary Fund series	1,411,000,000	1,462,646,856	
Total		272,922,026,691	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	79,418,236		
Matured, interest-ceased	1,035,050	80,453,286	
Grand total outstanding			273,002,479,977
Balance face amount of obligations issuable under above authority			1,997,520,023

Reconcilement with Statement of the Public Debt May 31, 1954
(Date)

(Daily Statement of the United States Treasury, May 28, 1954)
(Date)

Outstanding -	
Total gross public debt	273,474,781,147
Guaranteed obligations not owned by the Treasury	80,453,286
Total gross public debt and guaranteed obligations	273,555,234,433
Deduct - other outstanding public debt obligations not subject to debt limitation	552,754,456
	273,002,479,977

H-508

CORRECTED COPY

STATUTORY DEBT LIMITATION

AS OF May 31, 1954

June 10, 1954

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Certificates of indebtedness	18,576,790,000		
Treasury notes	37,266,226,600	$ 77,862,282,600	
Bonds -			
Treasury	80,709,981,700		
Savings (current redemp. value)	58,025,444,800		
Depositary	406,714,500		
Investment series	12,812,380,000	151,954,521,000	
Special Funds -			
Certificates of indebtedness	27,128,662,000		
Treasury notes	14,238,338,900	41,367,000,900	
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Debentures: F.H.A.	79,418,236		
Matured, interest-ceased	1,035,050	80,453,286	
Grand total outstanding			273,002,479,977
Balance face amount of obligations issuable under above authority			1,997,520,023

Reconcilement with Statement of the Public Debt May 31, 1954 (Date)

(Daily Statement of the United States Treasury, May 28, 1954 (Date))

Outstanding -	
Total gross public debt	273,474,781,147
Guaranteed obligations not owned by the Treasury	80,453,286
Total gross public debt and guaranteed obligations	273,555,234,433
Deduct - other outstanding public debt obligations not subject to debt limitation	552,754,456
	273,002,479,977

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This proposal has been discussed fully with the President and Cabinet members and has their enthusiastic support.

Early enactment of the bill is recommended so that this protection can be given families of employees as soon as possible. On the average, about 1,000 Federal employees die each month. If enactment is delayed until the next session of Congress many families will lose the insurance benefits this plan ~~will~~ would provide.

coverage would be continued at present premium rates. To take advantage of this arrangement, the association would have to terminate all of its life insurance agreements and turn over assets sufficient, if possible, to cover the liabilities involved.

If this bill passes, there will probably be about 1,750,000 employees take advantage of the program if the acceptance is as general as ~~indicated.~~ in industry. The amount of insurance issued will be in the neighborhood of 7 billion dollars; and the annual premium collections will be in the neighborhood of 70 million dollars, of which about $22,750,000 will be the Government's contribution. These are large amounts, and it would seem desirable to establish an Advisory Council on Group Insurance to advise with the Commission on the program. The bill provides for such a Council consisting of the Secretary of the Treasury as Chairman, the Secretary of Labor, and the Director of the Bureau of the Budget. In addition, the Commission would report annually to Congress upon the operation of this Act.

The bill provides that the insurance and contribution provisions would be effective when directed by the Civil Service Commission, following its purchase of the required policies and the completion of administrative arrangements necessary to put the program into effect.

This amount would be ~~distributed~~ to the states in ~~proportion to~~ the geographical distribution of the insured Federal employees. Thus each state would gain tax income in equitable proportion.

One special problem would have to be resolved if this plan is adopted. Since the Federal Government has never provided group life insurance for its employees, there ~~have~~ has grown up over the years a number of non-profit employee beneficial associations. We have record of 17 such associations covering 135,000 employees. ~~kmkxthsrsxarsxprobablyxmorex~~ They exist simply for the purpose of providing Federal employees with small amounts of group life insurance. They have no official connection with the Federal Government, although their officers are usually Federal employees. The premiums charged under these plans are higher than under the proposed group life plan. In some cases the current premiums would probably have to be increased in the future to avoid financial difficulties. This would be particularly true if new and younger members are not recruited.

Because of the advantages of lower ~~premiums~~ of the proposed plan, it may thus be difficult for ~~these~~ some of beneficial association plans to continue. The bill accordingly provides that in fairness to former employees not eligible to participate in the new program, but whose insurance protection might otherwise be lost because of it, their present

2/11

rates would be made as experience required. The insurance companies would be required to report annually to the Civil Service Commission, accounting for all income and expenses under the policies. Any excess of premium income over mortality and other claim charges and expenses would be held as an interest-bearing contingency reserve, for use only to meet future charges under the policy or for eventual return to the Treasury.

It is contemplated that expenses of the plan, including the cost of the administrative ~~District~~ office of the insurance companies and the administrative expense and risk charges of the individual companies, will be less than 2 percent of the premiums. There will be no underwriting ~~commissions~~ included in the expenses. It is interesting ~~encouraging~~ to note that the National Association of Life Underwriters National Council unanimously endorsed this ~~the~~ proposal of group life insurance for Federal employees despite the fact that no underwriting commissions would be paid.

Another item ~~Included~~ in the cost ~~would be an item~~ which should be particularly drawn to your attention is ~~xx~~ the taxes imposed by the states on insurance companies. On the average, the rate is 2 percent of premium income. Since under this bill it is estimated the insurance companies will receive premium income of $70 million, the companies would be taxed by the states about $1.4 million.

The bill authorizes the Commission to contract directly with one or more life insurance companies which are licensed to transact business in all states and the District of Columbia and have in force at least 1 percent of total employee group life insurance. About eight (8) companies meet this test at present.

The company or companies selected would be required to reinsure portions of the total insurance with other companies electing to participate in the underwriting of the risk. The reinsurance would be apportioned according to a formula which would give the smaller companies a larger share in relation to their total group life insurance business than the larger companies. All companies including those which manage the plan ~~and~~ would participate in accordance with ~~subject to~~ the formula.

Accordingly, the underwriting of the proposed plan would be spread among all the insurance companies with a reasonable minimum of experience in the employees group life insurance field desiring to participate, rather than be concentrated in one, or only a few companies.

The premium rates to be charged by insurance companies would be determined by the Civil Service Commission on a basis consistent with the lowest rates charged large employers for group life and group accidental death and dismemberment insurance. Adjustment of available to private employers, it is proposed that the insurance be cooperatively underwritten through the facilities of a large group of life insurance companies having experience in employee group life insurance benefits. These companies would establish a single administrative office to assure the utmost economy in the operation of the plan."

The bill provides that any life insurance company with group life insurance in force on employees of at least 25 different employers can participate in the underwriting of the risk. Well over seventy-five (75) companies meet this test, and nation-wide company representation in the program would thus be possible.

It is not practical to make direct separate contracts with each such company. Among other reasons, federal employees are located in all sections of the country, while many of the life insurance companies are not licensed to transact business in every state and the District of Columbia. Hence, the approach used in the bill is similar to that often used by the Government, whereby a large contract of purchase is made with one or more prime contractors who in turn would sub-contract to many other concerns. A similar procedure is followed by a number of other large employers who obtain insurance of various kinds through a reinsurance arrangement among several insurance companies.

premium payments to insurance companies and for expenses of the Civil Service Commission in administering the Act.

If the employee should leave the Federal service because of reduction in force, resignation, or other reasons, his group insurance is discontinued. However, he does become entitled to a very valuable privilege--he has the right to purchase from the company or companies with whom we contract, any policy that the company issues (with the exception of term insurance), without medical examination, and at the usual rate charged by the company. I want to stress particularly that it isn't necessary that the individual be in good health to obtain this insurance at the usual rates charged by the insurance company at the time of separation from the Federal service. The insurance company would be prohibited from charging an extra premium because the separated employee was a poor insurance risk.

Another most valuable feature of this bill has to do with people who retire in the future. This bill provides that if an employee retires on an immediate annuity, regardless of his age at the time of retirement, his insurance is continued without the payment of any further premiums on his part whatsoever. The full amount of insurance continues in effect until he attains the age of 65, at which time it starts to decrease as previously described.

The President's message stated that:

"In order to have advantages under this plan that are normally the employee would have dismemberment insurance in accordance with schedules to be laid down by the Commission. Normally this kind of contract provides that the face amount of the policy is payable for loss of two members (such as two legs or two arms) and one-half the face amount of the policy is payable for loss of one member.

As his share of the cost of all three types of insurance--life, accidental death, and dismemberment--an amount would be withheld from each salary payment at a rate not exceeding 25 cents bi-weekly for each $1,000 of his group life insurance. Thus the annual cost would be $6.50 for $1,000 of salary or, for example, $26.00 a year for the $4,000 salaried employee. This represents about the average premium now being paid by employees in private industry for similar insurance. The employing agency would contribute from its salary appropriations an amount not exceeding one-half the amount withheld from the employee. The experience in industry would indicate that net costs, over the long run, can be reduced below those figures. It is necessary, however, that a ~~contingency~~ reserve be built up during the early years for contingencies and to meet the future increase in death benefits, resulting from the coverage of ~~as~~ more people ~~become covered~~ afte retirement.

The contributions by employees and employers would be deposite to a special fund in the Treasury, which would be available for he did not wish to participate. In this way the employee is guaranteed the protection unless he takes a positive action to indicate to his agency that he does not want to have deductions taken from his pay to provide this insurance. He can also drop out of the plan on any pay date in the future by formal notice.

Nearly all civilian employees of the three branches of the Government, and of the government of the District of Columbia, would be eligible for insurance coverage. This includes members of Congress, judges, and elected as well as appointed officials of the executive branch. Non-citizen employees stationed overseas would be excluded. The Civil Service Commission could by regulation, after consultation with the agency head concerned, exclude employees whose coverage would be administratively impracticable.

The amount of life insurance for which an employee would be eligible would equal annual compensation raised to the next higher multiple of $1,000, subject to a maximum of $20,000. No choice as to amount would be permitted. Following more recent industrial practice, the amount of insurance would be reduced by 2 percent per month after the employee attained age 65, subject to a minimum of not less than 25 percent of the original amount.

In addition, if the employee should die by accidental means, double the face amount of insurance would be payable. Furthermore,

Statement of Marion B. Folsom
Under Secretary of the Treasury
Before the
Senate Committee on Post Office and Civil Service
Thursday, June 10, 1954 On S. 3507

Mr. Chairman, I am glad to have this opportunity to discuss this group life insurance proposal with you. The purpose of this bill is to offer to Federal employees the same opportunity to buy life insurance on a low-cost basis that many millions in private industry have had for a number of years.

The principal reasons why group life insurance has proved to be so popular with employees in industry are: its low cost, the sharing of the cost by the employer, and its availability without physical examination. The insurance offered is term insurance with no reserve accumulation, which is the lowest cost insurance available. As the average age of a large group shows little fluctuation, the premium doesn't increase from year to year as it would in case of an individual term policy. Another factor, which reduces the cost, is the low administrative expense in handling the insurance on a large group basis.

The overwhelming majority of group life insurance plans similar to that proposed in the bill are on a contributory basis, the cost being shared by the employees and the employer.

This plan is purely voluntary. In order to save time and expense, the bill provides that the protection would be automatically granted to each employee unless he signed a paper indicating

H-509

TREASURY DEPARTMENT
Washington

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In addition, if the employee should die by accidental means, double the face amount of insurance would be payable. Furthermore, the employee would have dismemberment insurance in accordance with schedules to be laid down by the Commission. Normally this kind of contract provides that the face amount of the policy is payable for loss of two members (such as two legs or two arms) and one-half the face amount of the policy is payable for loss of one member.

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> "In order to have advantages under this plan that are normally available to private employers, it is proposed that the insurance be cooperatively underwritten through the facilities of a large group of life insurance companies having experience in employee group life insurance benefits. These companies would establish a single administrative office to assure the utmost economy in the operation of the plan."

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This proposal has been discussed fully with the President and Cabinet members and has their enthusiastic support.

Early enactment of the bill is recommended so that this protection can be given families of employees as soon as possible. On the average, about 1,000 Federal employees die each month. If enactment is delayed until the next session of Congress many families will lose the insurance benefits this plan would provide.

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Immediate Release
Thurs, June 10, 1954

H-510

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the first quarter of 1954. The net gold outflow from the United States in this period was $63 million, the smallest volume of net sales for any quarter since the third quarter of 1952.

The outward gold movement from the United States continued to be low in the second quarter of 1954. U.S. net purchases of $44 million in April were offset by net sales of $48 million in May. Data for these two months are not yet available for publication on a country-by-country basis.

A table showing net transactions, by country, for the first quarter of 1954 and calendar 1953 is attached.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, June 10, 1954.

H-510

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A table showing net transactions, by country, for the first quarter of 1954 and calendar 1953 is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
January 1, 1954 - March 31, 1954

(in millions of dollars at $35 per ounce)

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

Country	First Quarter 1954	Calendar Year 1953
Argentina	-	-$84.8
Belgium	-	-84.9
Belgian Congo	-	-9.9
Bolivia	$13.2	-
Colombia	-	-3.5
Denmark	-	-13.2
Germany	-40.0	-130.0
Lebanon	-8.8	-4.6
Mexico	-	-28.1
Netherlands	-	-65.0
Norway	-	-5.0
Portugal	-20.0	-59.9
Sweden	-	-20.0
Switzerland	-	-65.0
Switzerland-Bank for International Settlements	-7.9	-94.3
Syria	-	-.5
Turkey	-	-3.3
United Kingdom	-	-480.0
Uruguay	-5.0	-15.0
Vatican City	5.5	4.0
All Other	-.2	-1.5
Total	-$63.0	-$1,164.2

Figures may not add to totals because of rounding.

H-571

RELEASE MORNING NEWSPAPERS,
Tuesday, June 15, 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 June 17 and to mature September 16, 1954, which were offered on June 10, were opened at the Federal Reserve Banks on June 14.

The details of this issue are as follows:

Total applied for - $2,225,453,000
Total accepted - 1,500,303,000 (includes $203,913,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.840 Equivalent rate of discount approx. 0.633% per annum

Range of accepted competitive bids:

High	- 99.850	Equivalent rate of discount approx. 0.593% per annum
Low	- 99.837	" " " " " 0.645% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 27,103,000	$ 22,103,000
New York	1,585,054,000	942,754,000
Philadelphia	24,610,000	9,610,000
Cleveland	46,241,000	46,241,000
Richmond	14,102,000	12,102,000
Atlanta	34,987,000	34,587,000
Chicago	221,983,000	187,933,000
St. Louis	13,626,000	13,626,000
Minneapolis	10,710,000	10,110,000
Kansas City	54,664,000	49,664,000
Dallas	55,717,000	54,417,000
San Francisco	136,656,000	117,156,000
Total	$2,225,453,000	$1,500,303,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, June 15, 1954.

H-511

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St. Louis	13,626,000	13,626,000
Minneapolis	10,710,000	10,110,000
Kansas City	54,664,000	49,664,000
Dallas	55,717,000	54,417,000
San Francisco	136,656,000	117,156,000
TOTAL	$2,225,453,000	$1,500,303,000

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June 2, 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 May, 1954:

Purchases — — — — —	$3,799,000.00
Sales — — — —	1,037,800.00
net purchases — — —	$2,761,200.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

Thelma: put out Tuesday

IMMEDIATE RELEASE,
~~Thursday, May 13, 1954.~~
Tuesday, June 15, 1954

~~H-481~~
H-512

During the month of ~~April~~ May, 1954, 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 ~~$2,937,500~~. $2,761,200

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, June 15, 1954.

H-512

During the month of May, 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 $2,761,200.

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~~The Division of Disbursement operated the largest disbursing system in the world through its office in Washington and twenty-six regional offices located in financial centers throughout the United States, the territories and the Philippines. In addition to its disbursing functions the division has received $50 billion in collections for the government and issued 17 million United States Savings Bonds under Mr. Banning.~~

An outstanding ~~operation under~~ example of Mr. Banning's leadership was the organization [redacted] of a program in 1950 for the issuance of some 15,000,000 dividend checks in five months at a cost of 3/4 cents each, to veteran policy holders of National Service Life Insurance.

Mr. Banning entered the Government service in 1918 in the Ordnance Disbursing Office of the War Department. In the Treasury he has served as Chief Accountant, Assistant Commissioner of Accounts and Deputy Director of the Fiscal Branch of the Procurement Division as well as Chief Disbursing Officer.

During World War II he was a Lieutenant Colonel in the United States Army and for a time served as Chief Accountant for the Allied Commission in Italy.

Mr. Banning was born in Mt. Vernon, Ohio, August 17, 1892. He attended Oberlin College in Ohio, Georgetown University Law School and Pace Institute both in Washington. In addition to holding a [redacted] law degree he is ~~holds a degree as~~ a Certified Public Accountant.

He resides [redacted] at 3902 Jocelyn Street, northwest, in Washington.

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The ~~Chief Disbursing Officer~~ (official named today) directs the operations of the Treasury's Division of Disbursement and its 26 regional disbursing offices in the United States, Puerto Rico, Alaska, Honolulu and the Philippines. He supervises the disbursing activities of 1700 assistant disbursing officers and agent cashiers in the United States and foreign countries.

The Division of Disbursement makes payments f

The Division of Disbursement makes payments for all agencies of the executive branch of the Government except the military, the Post Office, the U. S. Marshals and a few Government corporations. The volume of payments made by the Division annually ~~totals~~ is more than 200 million items, totaling ~~representing an expenditure of~~ in excess of $40 billion.

The items include payments from Soc Sec + other trust funds + transfers of funds between Govt Depts.

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"Mr. Banning's constant search for management improvements has enabled the Division of Disbursement to realize substantial and tangible savings which have been returned each year to the Treasury. Because of his far-reaching, intuitive understanding and his pursuance of management and operating principles which have brought forth these savings, Mr. Banning has consistently been commended by the Congress during appropriation hearings for his devotion to his assignment," the Treasury Awards Committee said in recommending Mr. Banning for the Exceptional Civilian Service Certificate.

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Immediate Release
Tuesday, June 15, 1954

H-513

Paul D. Banning, ~~since 1947~~ Chief Disbursing Officer of the Treasury Department, who will retire on June 30 after 34 years of Government service, today received the Treasury's certificate for Exceptional Civilian Service.

Presentation of the award, including a certificate, gold medal and lapel button, was made to Mr. Banning by W. Randolph Burgess, Deputy to Secretary Humphrey, in a ceremony at the USO quarters adjoining the Treasury Annex. The award was made "for the development and improvement of methods and procedures which have accomplished extroardinary results for the Treasury Department."

Accomplishments of the Treasury's Division of Disbursement under Mr. Banning's direction included decreasing the average unit cost of issuing Government checks from 6-3/8 cents in 1947 to 5-2/5 cents in 1953. This reduction was made despite higher salaries and increased cost of equipment and supplies. The Division wrote 27 million more checks in 1953 than in 1947 with approximately 1,000 fewer employees.

In ~~the entire period of~~ his service since 1947 as Chief Disbursing Officer, Mr. Banning disbursed $203 billion in one and a half billion checks.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Tuesday, June 15, 1954

H-513

Paul D. Banning, Chief Disbursing Officer of the Treasury Department who will retire on June 30 after 34 years of Government service, today received the Treasury's Certificate for Exceptional Civilian Service.

Presentation of the award, including a certificate, gold medal and lapel button, was made to Mr. Banning by W. Randolph Burgess, Deputy to Secretary Humphrey, in a ceremony at the USO quarters adjoining the Treasury Annex. The award was made "for the development and improvement of methods and procedures which have accomplished extraordinary results for the Treasury Department."

Accomplishments of the Treasury's Division of Disbursement under Mr. Banning's direction included decreasing the average unit cost of issuing Government checks from 6-3/8 cents in 1947 to 5-2/5 cents in 1953. This reduction was made despite higher salaries and increased cost of equipment and supplies. The division wrote 27 million more checks in 1953 than in 1947 with approximately 1,000 fewer employees.

In his service since 1947 as Chief Disbursing Officer, Mr. Banning disbursed $203 billion in one and a half billion checks.

"Mr. Banning's constant search for management improvements has enabled the Division of Disbursement to realize substantial and tangible savings which have been returned each year to the Treasury. Because of his far-reaching, intuitive understanding and his pursuance of management and operating principles which have brought forth these savings, Mr. Banning has consistently been commended by the Congress during appropriation hearings for his devotion to his assignment," the Treasury Awards Committee said in recommending Mr. Banning for the Exceptional Civilian Service Certificate.

The official honored today directs the operations of the Treasury's Division of Disbursement and its 26 regional disbursing offices in the United States, Puerto Rico, Alaska, Honolulu and the Philippines. He supervises the disbursing activities of 1,700 assistant disbursing officers and agent cashiers in the United States and foreign countries.

The Division of Disbursement makes payments for all agencies of the executive branch of the Government except the military, the Post Office, the U. S. Marshals and a few Government corporations. The volume of payments made by the Division annually is more than 200 million items, totaling in excess of $40 billion. The items include payments from social security and other trust funds and transfers of funds between Government departments.

An outstanding example of Mr. Banning's leadership was the organization of a program in 1950 for the issuance of some 15,000,000 dividend checks in five months at a cost of 3-1/4 cents each, to veteran policyholders of National Service Life Insurance.

Mr. Banning entered the Government service in 1918 in the Ordnance Disbursing Office of the War Department. In the Treasury he has served as Chief Accountant, Assistant Commissioner of Accounts and Deputy Director of the Fiscal Branch of the Procurement Division as well as Chief Disbursing Officer.

During World War II he was a Lieutenant Colonel in the United States Army and for a time served as Chief Accountant for the Allied Commission in Italy.

Mr. Banning was born in Mt. Vernon, Ohio, August 17, 1892. He attended Oberlin College in Ohio, Georgetown University Law School and Pace Institute both in Washington. In addition to holding a law degree he is a Certified Public Accountant.

He resides at 3902 Jocelyn Street, Northwest, in Washington.

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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.

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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 **June 24, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **June 24, 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-14

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 17, 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 **June 24, 1954** , in the amount of $**1,501,190,000** , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **June 24, 1954** , and will mature **September 23, 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, June 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.

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, June 17, 1954.

H-514

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human welfare. A major cause of these movements has been unwise government policies. A major cure is found in sound fiscal and monetary policies. This is our objective, to ~~[illegible]~~ avoid the excesses of inflation and deflation ~~and the~~ other handicaps to the prosperity and economic growth of the country

Aside from war, what are the economic enemies of human progress? One such enemy is too much Government — too many controls, too high taxes, and too much Government spending. It is the people of the country who make prosperity — with their effort, their initiative, and their genius. This Government's program for economy, lower taxes, reducing controls, and freer markets is a program to release more of the energies of the American people to work for their own welfare.

Another great enemy of human welfare has been inflation or deflation. Inflation robs the saver for the benefit of the speculator and too often paves the way for deflation. This country has had bitter experiences with both inflation and deflation. The inflation of World War I was followed by the deflation of 1921. The inflation of the late '20's was followed by the deflation of the '30's. The inflation of World War II and after, followed by the inflation of Korea, had cut the buying power of the dollar nearly in half and, if continued, would have run the risk of a violent deflation.

Experience both here and abroad has demonstrated some of the principles of avoiding inflation and deflation and curbing their destructive power over

The Federal Reserve System has been freed to exercise its powers through the discount rate and open market operations and changes in reserve requirements to check the inflationary tendency in early 1953 and, when the turn came, to encourage the free use of money and check recession. It has been a flexible policy

In their efforts to encourage stability and growth, the Treasury and the Reserve System have been following precisely the principles laid down in 1950 by the Douglas Subcommittee of the Joint Committee on the Economic Report, as follows:

> "We recommend not only that appropriate, vigorous, and coordinated monetary, credit, and fiscal policies be employed to promote the purposes of the Employment Act, but also that such policies constitute the Government's primary and principal method of promoting those purposes."

It should be noted also that the Patman Subcommittee of the same general committee endorsed in 1952 the foregoing statement by the Douglas Subcommittee.

The great, outstanding purpose of the program of this Administration is more freedom and the removal of handicaps to freedom; freedom for the people of this country to make long-term, dynamic progress; freedom to make more and better jobs and to produce higher standards of living.

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while still maintaining adequate defense and not

be cut ~~without weakening defense or~~ giving the economy too severe a jolt.

~~And~~ Contrary to some reports, there is no present plan for changing this budget program.

Taxes: Cuts in taxes, effective last January 1, totaled five billion dollars a year. The excise tax cut on April 1 was about one billion dollars. The tax reform bill now before Congress, if passed, will reduce taxes another 1.4 billion dollars. These cuts add up to 7.4 billion dollars, the largest dollar tax reduction ever made in a single year.

About two-thirds of these cuts go to individuals. The rest relieves business and encourages it to move ahead — to employ more people.

Honest money: For a year and a half, the price level has been relatively stable. Inflation was stopped; the ensuing readjustment was mild and gives evidence of leveling off.

The Treasury and the Federal Reserve System have used their powers vigorously toward economic stability and growth. Cutting expenses and reducing taxes were for that purpose. The arrangement of types of Treasury financing has been adjusted to this end.

Draft No. 1

EXTRACT FROM ADDRESS BY W. RANDOLPH BURGESS, DEPUTY TO THE SECRETARY OF THE TREASURY, TO THE GRADUATE SCHOOL OF BANKING, AMERICAN BANKERS ASSOCIATION, AT RUTGERS UNIVERSITY, NEW BRUNSWICK, NEW JERSEY, AT 7:0 PM, FRIDAY, JUNE 18, 1954.

A year ago when I spoke here, it was only possible to tell you the aims and purposes of the Eisenhower Administration.

Martin

Today, we can begin to speak of achievement.

A legislative program has been presented to the Congress which was as thoroughly prepared as any program of legislation ever presented. This program is conservative in economic principles, liberal in human objectives.

Much of the program is well on its way through the Congress. Some of it is in controversy and needs the thoughtful attention of people like you.

In finance, we can report some success. The aims were simple: economy, lower taxes, honest money. These aims had to be pursued in an atmosphere of international tension, which required the maintenance and strengthening of the military power of this country and our allies. Nevertheless, progress has been made.

Economy: We have cut spending this fiscal year, which ends in a few days, by seven billion dollars from the Truman budget. Next fiscal year, we have budgeted for a reduction of another five billion dollars. The total decrease in

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY H-515

Extract from address by W. Randolph Burgess, Deputy to the Secretary of the Treasury, to the Graduate School of Banking, American Bankers Association, at Rutgers University, New Brunwick, New Jersey, at 7:00 P.M., EDT, Friday, June 18, 1954.

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Experience both here and abroad has demonstrated some of the principles of avoiding inflation and deflation and curbing their destructive power over human welfare. A major cause of these movements has been unwise government policies. A major cure is found in sound fiscal and monetary policies. This is our objective, to avoid the excesses of inflation and deflation and other handicaps to the prosperity and economic growth of the country.

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H-576

RELEASE MORNING NEWSPAPERS,
Tuesday, June 22, 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 June 24 and to mature September 23, 1954, which were offered on June 17, were opened at the Federal Reserve Banks on June 2

The details of this issue are as follows:

Total applied for - $2,207,297,000
Total accepted - 1,500,973,000 (includes $224,335,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.840 Equivalent rate of discount approx. 0.635% per annum

Range of accepted competitive bids:

High	- 99.845	Equivalent rate of discount approx. 0.613% per annum
Low	- 99.836	" " " " " 0.649% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 29,051,000	$ 25,051,000
New York		1,569,696,000	898,156,000
Philadelphia		31,067,000	16,067,000
Cleveland		49,888,000	49,888,000
Richmond		15,847,000	15,847,000
Atlanta		30,552,000	29,522,000
Chicago		237,575,000	230,695,000
St. Louis		19,603,000	19,603,000
Minneapolis		15,386,000	15,286,000
Kansas City		44,891,000	44,547,000
Dallas		46,955,000	46,955,000
San Francisco		116,786,000	109,356,000
	TOTAL	$2,207,297,000	$1,500,973,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 22, 1954.

H-516

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Atlanta	30,552,000	29,522,000
Chicago	237,575,000	230,695,000
St. Louis	19,603,000	19,603,000
Minneapolis	15,386,000	15,286,000
Kansas City	44,891,000	44,547,000
Dallas	46,955,000	46,955,000
San Francisco	116,786,000	109,356,000
TOTAL	$2,207,297,000	$1,500,973,000

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[redacted]

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 24, 1954

H-517

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 July 1, 1954, in the amount of $1,500,672,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 1, 1954, and will mature September 30, 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, June 28, 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, June 24, 1954.

H-517

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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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unchanged into the new code. This is true of most of the excise provisions.

Moreover, some income tax provisions which would have been changed under the House bill were restored to their old form in the Senate. The time available was too short for working out some of the problems which developed while the bill was before the Finance Committee.

A number of areas have been reserved for further study before recommendations for change are submitted to the Congress. In his Budget Message, the President specifically placed in this category the taxation of capital gains and losses, taxation of oil and mining industries, the tax treatment of cooperatives and tax-exempt organizations, and provisions relating to retirement income to people not covered by pension plans. These important subjects are necessarily reserved for future legislation.

I conclude with a few words recently written about this legislation by Secretary Humphrey:

> "In my opinion, our tax system is a key to whether or not this country stays strong and growing. This program will breathe into American industry a new incentive that will create more and better jobs, more and better production, and above all, will bring our money affairs to a level of sanity."

I am confident, none the less, that the convenience of having the related provisions accumulated under a single chapter in a logically organized volume will quickly win more loyal friends for the new code than the old could ever have hoped to accumulate.

Conclusion

I would not want to leave with you a false sense of optimism with regard to the achievements of the 1954 codification. It will not solve everybody's tax problems. No quick nor easy solutions are available to everybody's problems and if they were available they probably could not be put into effect immediately, if only because of budgetary limitations.

It is well to recognize also that no tax bill, however well-conceived and well-drafted, would please everyone. Our economy is too diverse and the inter-relationships of economic interest too intricate to permit a satisfactory resolution of every taxpayer's problem without bogging down into a mire of hopeless statutory complexity.

Some very important sections of present law, involving frequently criticized provisions, are being carried over largely

To facilitate comparison between the 1939 and 1954 code, two cross-reference tables are appended to the statute. One is keyed to the section numbers in the 1939 code; the other to the section numbers in the 1954 code. In addition, each section carries in its margin cross references to the corresponding sections in the 1939 code.

Incidentally, these cross-reference tables provide a quick, bird's eye view of the extent to which widely scattered provisions in present law have been brought together in one section. In some cases, one new section replaces 30 or more separate, widely scattered provisions in present law. A striking illustration is section 6601(a), which prescribes the general rule pertaining to interest on underpayment, nonpayment, or extensions of time for payment of tax. This five-line section takes the place of parts of provisions scattered through almost 40 sections of the present code.

Those accustomed to working with the 1939 code and conversant with the particular provisions of most direct concern in their practice will doubtless feel some nostalgia for the old and familiar volumes. I am afraid that there just isn't any escaping for all of us having to relearn section numbers.

are separate income tax subchapters on such topics as accounting requirements, exempt organizations, banking institutions, natural resources, insurance companies, capital gains and losses and inter-year adjustments.

In Subtitle F, which deals with tax procedure and administration, the organization follows the ordinary sequence in taxpayer procedures. Moreover, the materials pertaining to the corresponding aspect of all the taxes are brought together into one chapter whenever this was practicable. The provisions pertaining to dates for filing tax returns, time and place for paying taxes, assessment, collection, abatements, credits and refunds, interest on overpayments and underpayments, definitions of crimes and other offenses, each comprise separate chapters.

Each subtitle is subdivided into numbered chapters and these in turn into subchapters. There are 92 chapters. As in the 1939 code, the section numbers run consecutively through the volume from section 1 through section 8023, with a generous quantity of section numbers having been reserved throughout the book for future legislation.

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same and related topics. Where this was not possible, cross references were provided generously. As a result, you can find the related provisions in the code by reference to a simple table of contents and without using an elaborate index.

The entire code is organized under seven subtitled S designated by capital letters. The first five relate to respective tax categories. Subtitle A covers the income tax; es Subtitle B, estate and gift taxes; Subtitle C, employment taxes; Subtitle D, miscellaneous excise taxes; and Subtitle E, alcohol, ~~and~~ tobacco, AND CERTAIN OTHER EXCISES taxes. These are followed by Subtitle F, which brings together all procedural and administrative provisions hitherto scattered throughout the code. The final and by far the shortest subtitle, designated G, describes the organization, membership, powers and duties of the Joint Committee on Internal Revenue Taxation.

The several subtitles are organized ~~along~~ ACCORDING TO a uniform pattern. They begin with the tax-imposing sections and those setting the tax rates. These are followed by other provisions of general applicability to all taxpayers. The concluding sections of each subtitle pertain to the provisions of more limited applicability and those relating to specialized situations. For example, there

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I have related at this length the principal steps in the progress of this legislation to convey to you some sense of the magnitude of the effort which has gone into the task, giving it the benefit of the best thinking and the differing shades of opinion in the country.

<u>Structure and Organization of the New Code</u>

While one is reluctant to describe a piece of legislation before its Congressional processing is completed and the President has appended his signature, this one is sufficiently well advanced to permit at least a brief description of the physical form it is likely to take.

I hold in my hand the bill as it emerged from the House and was introduced in the Senate. It is a 7½- by 11 inch document of almost 900 pages.

When you come to examine it in detail, you will be impressed, I think, as I have been, with the amount of time and effort that must have gone into putting it into a form which will make it as useable and understandable as the complexities of present-day economic life permit.

The guiding principle in this phase of the undertaking has been to bring together all provisions of the law pertaining to the

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This, as you know, is only part of the story. The process is now being continued on the Senate side of the Capitol.

The Finance Committee devoted most of April to public hearings on the subject. It ~~has~~ received almost 2,500 printed pages of testimony.

The material presented to the Finance Committee was analyzed by staffs of the Joint Committee [redacted] and the Treasury.

The Finance Committee ~~has~~ spent most of the month of May and part of this month in examining the House bill in the light of the testimony it has received. The staffs ~~have~~ kept pace by assembling information for the use of the Committee on the contested provisions of the bill and by drafting statutory

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Moreover, the committees of Congress had the assistance of studies undertaken by ~~over~~ MORE THAN 25 national organizations, such as the American Bar Association, the American Institute of Accountants, and the bar associations of individual States. These materials were analyzed and processed by the Staffs of the Joint Committee, the Treasury Department and the Internal Revenue Service. By the time the bill passed the House, these technicians had spent over 300,000 man-hours at the task.

Next followed the executive sessions of the Committee on Ways and Means. At these sessions, Treasury officials and the Chief of the Staff of the Joint Committee outlined the basic policy issues and alternative remedies with respect to the different problems, on the basis of the reports of the staff groups which took into account the suggestions obtained through the questionnaires, letters from taxpayers, committee hearings, and reports of advisory groups.

The specific policies included in the bill and the language used to impliment them were, of course, determined by the Committee on Ways and Means itself, which painstakingly devoted virtually every working day during a period of eight weeks to this task.

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While these studies were going on, the Committee on Ways and Means conducted nearly two months of public hearings on 40 separate tax topics. These hearings, frequently lasting well into the night, totaled almost 3,000 ~~closely~~ printed pages of testimony. Over 600 witnesses were heard representing every class and segment of tax opinion. The views of these witnesses were included in the analyses being prepared by the staff working groups.

In addition, at the direction of the Chairman of the Ways and Means Committee, advisory groups composed of outside experts were organized to look into the more technical tax areas. Leading tax experts throughout the country volunteered to participate in this effort. Such technical areas as those relating to taxation of estates and trusts, income from foreign sources, depreciation, double taxation of dividends, pension trusts and profit-sharing plans, and corporation reorganizations were examined in this manner. To insure a balanced and objective approach, it was regarded as extremely desirous to obtain the views of persons who meet problems of this sort in the normal course of business and who are likely to be more immediately and directly affected by new provisions in ~~this~~ THESE areas. These groups served in an advisory capacity.

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The Joint Committee Staff analyzed these replies to the questionnaire and the correspondence. Later it prepared and published for the use of the Joint Committee on Internal Revenue Taxation a report of 150 closely printed pages, presenting a comprehensive digest of problems raised by taxpayers and remedies they proposed.

Early in 1953, the Treasury and the Joint Committee organized some 50 working groups of government tax specialists to examine particular tax problems and prepare materials which would be helpful to the Congressional tax committees in revising the tax laws. These working groups consisted of attorneys, accountants, economists, and tax administrators from the staffs of the Joint Committee, the Treasury, and the Internal Revenue Service. They examined the problems and suggestions which had been outlined by taxpayers.

Each of these working groups prepared a report on the specific problem assigned to it, defining the problem and presenting a digest of the considerations relevant to an evaluation of alternative solutions. These reports were submitted to the Chief of Staff of the Joint Committee on Internal Revenue Taxation and to the Treasury officials concerned with tax policy.

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President's economic program, the Administration was determined to bring to this task the best skills, talents and knowledge available. The development of a revenue code best suited to the interests of the majority of the people and to the good of the entire country has been a lengthy, painstaking and time-consuming undertaking.

The machinery was set in motion in the summer of 1952, when under authority of a resolution adopted by the Joint Committee on Internal Revenue Taxation on the motion of Chairman Reed, its staff sent a detailed questionnaire to those groups and taxpayers interested in the revision of the tax laws. Some of you in this room probably participated in this survey.

The response to the questionnaire was immediate and widespread from all parts of the country. Thousands of individual taxpayers, businesses, tax practitioners, professional groups, and trade associations responded. Over 15,000 taxpayer suggestions for improvements were received.

In addition, the staffs of the Joint Committee and of the Treasury Department received a large number of unsolicited letters from individuals who described the types of tax problems confronting them and suggested changes in the law.

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professional tax counsel. I have no doubt that tax practitioners can prosper without this kind of artificial subsidy provided at the expense of the taxpaying public.

Some of the objectives I have just cited entail largely technical revisions with little loss of revenue. Others, which unfortunately include some of those of greatest importance incentive-wise, involve revenue losses of varying amounts. Some of these will of necessity need to be deferred, for the existing budgetary situation imposes severe limitations on the additional revenue loss the Government can take at this time.

I think that the people agree with the President that taxes and expenditures should come down together; that we can afford tax reduction only as rapidly as progress in expenditure reduction makes it possible. However much the appeal of a particular tax reform, it must take second place to the over-all goal of bringing the Federal budget under control.

The Process of Tax Revision

Because the revision of the revenue code is so essential to the welfare of the country and comprises a major element in the short-term call dates against ordinary income and subsequently realizing a profit on the sale at capital gains rates. The revenue laws contain a variety of these kinds of provisions which permit those in position to exploit them to ~~avoid taxes which they should rightly pay.~~ use them in a manner not intended in order to minimize their tax obligations

Finally, there is the objective of simplification and clarification. Taxpayers have been pleading for years that Congress make the tax law clearer and more ~~certain~~ DEFINITE. This will lighten the burden of compliance and reduce the amount of paper work. Clarification of the tax laws and regulations will go a long way toward reducing arbitrary interference with business decisions, minimizing areas of unnecessary dispute and controversy, and eliminating painful uncertainties in the final determination of tax liability. It will obviate needless adjustment in income and deduction items from one year to another.

The Federal tax system has for some time been called the tax practitioners paradise. What is meant by this is that our laws are so complex that taxpayers find it necessary to employ

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This and related changes can be instrumental in stimulating building, revamping and modernization of plants and equipment and providing incentives for greater production.

Nothing is so vital to national strength and preparedness for international contingencies as a modernized industrial plant. Nothing will insure more jobs paying higher wages than continued modernization.

Here one should include also the problem of double taxation of corporate dividends. This item has had a top billing on almost every prescription of tax reform offered in the past several years.

A beginning in the direction of relieving double taxation of dividends will stimulate the supply of investment capital. It will contribute to the soundness of the whole economy by making

Second, the objectives of tax revision include the reduction of tax deterrents to enterprise. As business is permitted and encouraged to grow and expand, it creates bigger payrolls, more and better jobs, and larger and more widely distributed incomes. This increases the national income and, incidentally, tax revenues.

Fairer tax treatment of depreciation is one of the outstanding examples in this area. Under present law, deductions on account of depreciation of investment are usually written off uniformly and often, especially in the early years, in amounts less than actual depreciation. This discourages long-range investment on which the risk cannot be clearly foreseen, and retards the replacement of old with new, improved equipment. It also makes it more difficult to obtain financing.

Pending changes in this area would permit taxpayers to compute depreciation under the declining-balance method or any other consistent method which does not result in greater depreciation than would be available under the declining-balance method. The maximum amount of depreciation which may be taken prosperity made conditional on war and inflation. We prefer normal incentives and wholesome progress. The revenue revision of 1954 is designed to contribute to this end.

The Objectives of Tax Revision

In his first State of the Union Message, President Eisenhower set as one of the goals of his Administration the development of a tax system which will impose the "least possible obstacle to the dynamic growth of the country." Secretary Humphrey calls this the creation of "a proper economic climate in America." This broad objective seeks to achieve a number of separate but inter-dependent results.

First, it seeks to make tax burdens fairer for millions of individual taxpayers by removing inequities and tax complications. This involves also the removal of provisions which serve as a trap for the unwary.

In this category one might include better tax treatment for working children, child care expenses, doctors' bills, and annuities. Others are the provisions relating to the filing of tax returns and declarations of estimated tax.

~~taxpayers are directly affected by the income tax provisions.~~ This has meant that during the time when their wider impact, in terms of numbers of the population affected, called for simpler tax laws, they were becoming more complex and more difficult for the taxpayer to comprehend.

There has been a change also in the direction of a better general appreciation of the intimate relationship between our tax laws and economic health. There is evident an increasingly better comprehension of the importance of sound and fair tax provisions to the efficient functioning of private enterprise and its continuing contribution to dynamic economic growth.

The experience of the past quarter century suggests that to insure steady economic progress, without inflation and wasteful public spending, the tax system must be rid as quickly as possible of inequities to individuals and of barriers to enterprise and risk taking. The tax system must not be permitted to inflict serious restraints on future development.

While war and inflation stimulated the economy, faulty tax provisions could be tolerated. However, none of us wants

Some of the inequities in the present tax system date back to the early '30's. However, their restraining effects were not so evident then because all Federal taxes in the aggregate represented a comparatively small part of national income.

A faulty provision in the revenue code may be tolerable to the country as a whole when the total Federal tax structure takes less than 10 percent of national income, as it did in the pre-1940 years. It becomes of major moment, however, when Federal tax collections approach a quarter of national income, as they do today.

When as much as a quarter of national income goes for the support of the Federal Government, the economy becomes sensitive to faulty taxation. It begins to be reflected in the stifling of industrial ingenuity and in a general reluctance to proceed with venturesome expansion. In these and other ways tax considerations become a major factor in businessmen's decisions.

It is significant, too, that the growing complexity of the tax laws occurred during a period when the proportion of our population directly affected by Federal taxes markedly increased. In 1939, there were scarcely four million individual income taxpayers. Since then, the number has increased ~~14~~ 12 fold. Today ~~more than 55 million~~ THE NUMBER OF TAXABLE RETURNS IS APPROACHING 50 MILLION.

particularly during the past ~~25~~ 20 ODD years, as the administration in office and the Congress sought to meet year-to-year revenue problems. There have been exceptions, such as the Revenue Act of 1948, but the typical process was TO adding taxes on top of taxes.

During the four decades since the ~~enactment~~ IMPOSITITION of the income tax, we have had some 30 separate revenue acts, generally enacted under the stimulus and pressure of one national crisis or another. Now and then important structural changes were made, but they were generally added to the existing structure without any attempt to integrate the related provisions into a complete unit.

A limited codification of the tax laws was accomplished in 1939, but this did not include revision of all of the technical provisions of then existing law. Moreover, since that time, as you know, we have had important revenue legislation from virtually every subsequent session of Congress.

When the pressure is for legislation to provide more revenue, tax reform generally occupies a secondary role. The reason is that reform, especially of the variety readily accepted, generally results in revenue reduction.

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urged since the closing months of World War II, as thoughtful people in Washington and other parts of the country turned their attention to post-war problems. Implicit in this widespread movement was a recognition of the importance of sound taxation for peace-time economic prosperity.

During the post-war years, several Congressional committee reports dealt with the subject. Taxpayer organizations, trade associations, professional organizations and citizens groups have all urged legislation to bring the tax structure into better alignment with the requirements of a private enterprise economy. Indeed, the numerous reports on this subject would fill a good-sized bookshelf.

Equally striking is the WIDESPREAD ~~high degree of~~ agreement in regard to the areas which require urgent attention and what should be done about them. This explains why so many of the provisions in the new code have been publicly supported by men in all walks of life, by business, LARGE AND SMALL, BY labor and farmer; ~~by large and small business~~ and by political groups on both sides of the aisle.

This general dissatisfaction with present law results from the way the tax system has developed. It has evolved piecemeal, The tax revision bill is a vital part of the President's tax program and that program, to be sure, includes a large measure of tax reduction. In fact, as the President pointed out in one of his recent press conferences, 1954 witnessed the ~~largest tax~~ total dollar reduction made in any single year in our history.

The year began with a reduction in individual income taxes and the expiration of the excess profits tax on January 1, aggregating $5 billion. The excise tax reduction bill passed in the Spring amounted to an additional $1 billion.

The revision of the revenue code, to which my remarks are directed, is primarily a reform measure. It will, however, result in ~~[illegible]~~ $1.4 billion of tax reduction, in fiscal year 1955, of which approximately $800 million will accrue to individuals and $600 million to corporations. This revenue loss will be largely offset by extension of the 52 percent corporation income tax ~~bill~~ RATE provided for by the same legislation, which ~~amounts to~~ WILL NET about $1.2 billion this year.

The Need for Tax Reform

A striking feature of the pending tax legislation is the unanimity and persistence with which it has been requested for some time. The revision of the tax structure has been consistently

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by Elbert P. Tuttle, General Counsel of the Treasury Department, at the Sixth Annual Conference on Federal Taxation at the University of Virginia Law School, Charlottesville, Virginia
Thursday, June 24, 1954, 9:30 a.m., EST

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It occurs to me that you may be interested in hearing something of the Administration's objectives in giving this legislation high priority, of the procedures followed in its development, and of the pattern and organizational structure of the new product.

I would ask you to view my comments as those of an observer not directly involved in the day-to-day work on the bill. However, with benefit of a ring-side seat, I may be able to give you a play-by-play account of the performance.

My talk concerns tax reform and tax revision, and not tax reduction. While the two are inter-related, it is well to keep them apart, for they involve a different group of considerations.

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THE BACKGROUND AND ORGANIZATION OF THE INTERNAL REVENUE CODE OF 1954

I am glad to have an opportunity to discuss with you some aspects of the Internal Revenue Code of 1954, now in process of being legislated. The bill passed the House on March 18 and is now in the Senate.

I phrase my assignment in restricting terms for, as you know, the new code is a monumental undertaking not to be explained in 20, or even 30 minutes. As a technical task, it represents legislation of a scope never before even attempted.

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A striking feature of the pending tax legislation is the unanimity and persistence with which it has been requested for some time. The revision of the tax structure has been consistently urged since the closing months of World War II, as thoughtful people in Washington and other parts of the country turned their attention to post-war problems. Implicit in this widespread movement was a recognition of the importance of sound taxation for peace-time economic prosperity.

During the post-war years, several Congressional committee reports dealt with the subject. Taxpayer organizations, trade associations, professional organizations and citizens groups have all urged legislation to bring the tax structure into better alignment with the requirements of a private enterprise economy. Indeed, the numerous reports on this subject would fill a good-sized bookshelf.

Equally striking is the widespread agreement in regard to the areas which require urgent attention and what should be done about them. This explains why so many of the provisions in the new code have been publicly supported by men in all walks of life, by business, large and small, by labor and farmers, and by political groups on both sides of the aisle.

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There has been a change also in the direction of a better general appreciation of the intimate relationship between our tax laws and economic health. There is evident an increasingly better comprehension of the importance of sound and fair tax provisions to the efficient functioning of private enterprise and its continuing contribution to dynamic economic growth.

The experience of the past quarter century suggests that to insure steady economic progress, without inflation and wasteful public spending, the tax system must be rid as quickly as possible of inequities to individuals and of barriers to enterprise and risk taking. The tax system must not be permitted to inflict serious restraints on future development.

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The Objectives of Tax Revision

In his first State of the Union Message, President Eisenhower set as one of the goals of his Administration the development of a tax system which will impose the "least possible obstacle to the dynamic growth of the country." Secretary Humphrey calls this the creation of "a proper economic climate in America." This broad objective seeks to achieve a number of separate but interdependent results.

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In this category one might include better tax treatment for working children, child care expenses, doctors' bills, and annuities. Others are the provisions relating to the filing of tax returns and declarations of estimated tax.

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The Process of Tax Revision

Because the revision of the revenue code is so essential to the welfare of the country and comprises a major element in the President's economic program, the Administration was determined to bring to this task the best skills, talents and knowledge available. The development of a revenue code best suited to the interests of the majority of the people and to the good of the entire country has been a lengthy, painstaking and time-consuming undertaking.

The machinery was set in motion in the summer of 1952, when under authority of a resolution adopted by the Joint Committee on Internal Revenue Taxation on the motion of Chairman Reed, its staff sent a detailed questionnaire to those groups and taxpayers interested in the revision of the tax laws. Some of you in this room probably participated in this survey.

The response to the questionnaire was immediate and widespread from all parts of the country. Thousands of individual taxpayers, businesses, tax practitioners, professional groups, and trade associations responded. Over 15,000 taxpayer suggestions for improvements were received.

In addition, the staffs of the Joint Committee and the Treasury Department received a large number of unsolicited letters from individuals who described the types of tax problems confronting them and suggested changes in the law.

The Joint Committee Staff analyzed these replies to the questionnaire and the correspondence. Later it prepared and published for the use of the Joint Committee on Internal Revenue Taxation a report of 150 closely printed pages, presenting a comprehensive digest of problems raised by taxpayers and remedies they proposed.

Early in 1953, the Treasury and the Joint Committee organized some 50 working groups of government tax specialists to examine particular tax problems and prepare materials which would be helpful to the Congressional tax committees in revising the tax laws. These working groups consisted of attorneys, accountants, economists, and tax administrators from the staffs of the Joint Committee, the Treasury, and the Internal Revenue Service. They examined the problems and suggestions which had been outlined by taxpayers.

Each of these working groups prepared a report on the specific problem assigned to it, defining the problem and presenting a digest of the considerations relevant to an evaluation of alternative solutions. These reports were submitted to the Chief of Staff of the Joint Committee on Internal Revenue Taxation and to the Treasury officials concerned with tax policy.

While these studies were going on, the Committee on Ways and Means conducted nearly two months of public hearings on 40 separate tax topics. These hearings, frequently lasting well into the night, totaled almost 3,000 printed pages of testimony. Over 600 witnesses were heard representing every class and segment of tax opinion. The views ot these witnesses were included in the analyses being prepared by the staff working groups.

In addition, at the direction of the Chairman of the Ways and Means Committee, advisory groups composed of outside experts were organized to look into the more technical tax areas. Leading tax experts throughout the country volunteered to participate in this effort. Such technical areas as those relating to taxation of estates and trusts, income from foreign sources, depreciation, double taxation of dividends, pension trusts and profit-sharing plans, and corporation reorganizations were examined in this manner. To insure a balanced and objective approach, it was regarded as extremely desirous to obtain the views of persons who meet problems of this sort in the normal course of business and who are likely to be more immediately and directly affected by new provisions in these areas. These groups served in an advisory capacity.

Moreover, the committees of Congress had the assistance of studies undertaken by more than 25 national organizations, such as the American Bar Association, the American Institute of Accountants, and the bar associations of individual States. These materials were analyzed and processed by the staffs of the Joint Committee, the Treasury Department and the Internal Revenue Service. By the time the bill passed the House, these technicians had spent over 300,000 man-hours at the task.

Next followed the executive sessions of the Committee on Ways and Means. At these sessions, Treasury officials and the Chief of the Staff of the Joint Committee outlined the basic policy issues and alternative remedies with respect to the different problems, on the basis of the reports of the staff groups which took into account the suggestions obtained through the questionnaires, letters from taxpayers, committee hearings, and reports of advisory groups.

The specific policies included in the bill and the language used to implement them were, of course, determined by the Committee on Ways and Means itself, which painstakingly devoted virtually every working day during a period of eight weeks to this task.

This, as you know, is only part of the story. The process is now being continued on the Senate side of the Capitol.

The Finance Committee devoted most of April to public hearings on the subject. It received almost 2,500 printed pages of testimony.

The material presented to the Finance Committee was analyzed by staffs of the Joint Committee and the Treasury.

The Finance Committee spent most of the month of May and part of this month in examining the House bill in the light of the testimony it has received. The staffs kept pace by assembling information for the use of the Committee on the contested provisions of the bill and by drafting statutory language to give effect to the policy decisions of the Committee.

The Senate version of this legislation differs in some important respects from the bill as passed in the House. The more significant differences are in the provisions relating to pension, profit-sharing and stock bonus plans, income from foreign sources, corporate reorganizations and distributions, the tax treatment of the natural resources industries, consolidated returns, heads of households, child care, and the introduction in the Finance Committee bill of an election which would permit certain restricted classes of corporations to be taxed as partnerships and certain partners and individual proprietors to be taxed as corporations. It will devolve on the conferees of the two Houses to reconcile these differences.

I have related at this length the principal steps in the progress of this legislation to convey to you some sense of the magnitude of the effort which has gone into the task, giving it the benefit of the best thinking and the differing shades of opinion in the country.

Structure and Organization of the New Code

While one is reluctant to describe a piece of legislation before its Congressional processing is completed and the President has appended his signature, this one is sufficiently well advanced to permit at least a brief description of the physical form it is likely to take.

I hold in my hand the bill as it emerged from the House and was introduced in the Senate. It is a 7-1/2 by 11-inch document of almost 900 pages.

When you examine it in detail, you will be impressed, I think, as I have been, with the amount of time and effort that must have gone into putting it into a form which will make it as useable and understandable as the complexities of present-day economic life permit.

The guiding principle in this phase of the undertaking has been to bring together all provisions of the law pertaining to the same and related topics. Where this was not possible, cross references were provided generously. As a result, you can find the related provisions in the code by reference to a simple table of contents and without using an elaborate index.

The entire code is organized under seven subtitles designated by capital letters. The first five relate to respective tax categories. Subtitle A covers the income taxes; Subtitle B, estate and gift taxes; Subtitle C, employment taxes; Subtitle D, miscellaneous excise taxes; and Subtitle E, alcohol, tobacco and certain other excise taxes. These are followed by Subtitle F, which brings together all procedural and administrative provisions hitherto scattered throughout the code. The final and by far the shortest subtitle, designated G, describes the organization, membership, powers and duties of the Joint Committee on Internal Revenue Taxation.

The several subtitles are organized according to a uniform pattern. They begin with the tax-imposing sections and those setting the tax rates. These are followed by other provisions of general applicability to all taxpayers. The concluding sections of each subtitle pertain to the provisions of more limited applicability and those relating to specialized situations. For example, there are separate income tax subchapters on such topics as accounting requirements, exempt organizations, banking institutions, natural resources, insurance companies, capital gains and losses and inter-year adjustments.

In Subtitle F, which deals with tax procedure and administration, the organization follows the ordinary sequence in taxpayer procedures. Moreover, the materials pertaining to the corresponding aspect of all the taxes are brought together into one chapter whenever this was practicable. The provisions pertaining to dates for filing tax returns, time and place for paying taxes, assessment, collection, abatements, credits and refunds, interest on overpayments and underpayments, definitions of crimes and other offenses, each comprise separate chapters.

Each subtitle is subdivided into numbered chapters and these in turn into subchapters. There are 92 chapters. As in the 1939 code, the section numbers run consecutively through the volume from section 1 through section 8023, with a generous quantity of section numbers having been reserved throughout the book for future legislation.

To facilitate comparison between the 1939 and 1954 code, two cross-reference tables are appended to the statute. One is keyed to the section numbers in the 1939 code; the other to the section numbers in the 1954 code. In addition, each section carries in its margin cross references to the corresponding sections in the 1939 code.

Incidentally, these cross-reference tables provide a quick, bird's eye view of the extent to which widely scattered provisions in present law have been brought together in one section. In some cases, one new section replaces 30 or more separate, widely scattered provisions in present law. A striking illustration is section 6601(a), which prescribes the general rule pertaining to interest on underpayment, nonpayment, or extensions of time for payment of tax. This five-line section takes the place of parts of provisions scattered through almost 40 sections of the present code.

Those accustomed to working with the 1939 code and conversant with the particular provisions of most direct concern in their practice will doubtless feel some nostalgia for the old and familiar volume. I am afraid that there just isn't any escape for all of us having to relearn section numbers.

I am confident, none the less, that the conveniences of having the related provisions accumulated under a single chapter in a logically organized volume will quickly win more loyal friends for the new code than the old could ever have hoped to accumulate.

Conclusion

I would not want to leave with you a false sense of optimism with regard to the achievements of the 1954 codification. It will not solve everybody's tax problems. No quick nor easy solutions are available to everybody's problems; and if they were available they probably could not be put into effect immediately, if only because of budgetary limitations.

It is well to recognize also that no tax bill, however well-conceived and well-drafted, would please everyone. Our economy is too diverse and the inter-relationships of economic interest too intricate to permit a satisfactory resolution of every taxpayer's problem without bogging down into a mire of hopeless statutory complexity.

Some very important sections of present law, involving frequently criticized provisions, are being carried over largely unchanged into the new code. This is true of most of the excise provisions.

Moreover, some income tax provisions which would have been changed under the House bill were restored to their old form in the Senate. The time available was too short for working out some of the problems which developed while the bill was before the Finance Committee.

A number of areas have been reserved for further study before recommendations for change are submitted to the Congress. In his Budget Message, the President specifically placed in this category the taxation of capital gains and losses, taxation of oil and mining industries, the tax treatment of cooperatives and tax-exempt organizations, and provisions relating to retirement income to people not covered by pension plans. These important subjects are necessarily reserved for future legislation.

I conclude with a few words recently written about this legislation by Secretary Humphrey:

> "In my opinion, our tax system is a key to whether or not this country stays strong and growing. This program will breathe into American industry a new incentive that will create more and better jobs, more and better products, and above all, will bring our money affairs to a level of sanity."

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H-517

Extracts from remarks by Marion B. Folsom,
Under Secretary of the Treasury, before the
National Council for Community Improvement,
~~Washington, D. C.~~, Thursday, June 24, 1954

— Mayflower Hotel, Washington, D.C., 7 P.M. EDT

The financial condition of our governments -- Federal, State and local -- must be strengthened.

Forty years ago State and local taxes were about 75 percent of total tax revenues; now Federal taxes are 75 percent of the total. The total debts of all three levels of government were $5.5 billion 40 years ago, $42 billion 20 years ago, and are now about $296 billion. The 1953 debt was about 81 percent of our gross national product compared to 75 percent in 1933 and 14 percent in 1913.

At the Federal level we have been getting our financial house in better order. The deficit has been cut from $9.4 billion last year to an estimated $3.3 in the fiscal year which ends next week. Expenditures have been cut $7 billion this year with another $5 billion cut projected for next year. These reductions in expenditures have made possible tax cuts of $6.0 billion already; and if the revision bill now pending in Congress is passed, the total tax reduction this year will be $7.4 billion, the greatest dollar reduction in taxes in one year in our country's history. That includes a $1 billion reduction in excise taxes, a field in which the States and municipalities are particularly interested. No corresponding reduction has been made in the Federal grant-in-aid contributions for State and local governments.

These grants-in-aid amount to about $3 billion a year. This is 4 percent of total Federal expenditures but, looked at a different way, is the equivalent of 17 percent of the Budget excluding National Security and interest expenditures.

In recent years, Federal aid to State and local governments has averaged about 11 percent of all State and local revenues, and in the poorer States the aid has amounted to a much higher percentage. These grant-in-aid programs have accumulated for years. Many originated piece-meal with small, initial appropriations to encourage particular activities. Twenty-five years ago all Federal aids to State and local governments totaled well under $200 million.

This whole question of grants-in-aid is one of the most important parts of the work of the Commission on Intergovernmental Relations. All of us on the Commission agree that it is time to have an objective appraisal of this whole system to see what should be done with it -- to find out, first, whether the functions are really necessary; what level of government can best perform these functions; and, assuming we must continue some grant-in-aid programs, what is the best type of formula we can work out to do it on a basis fair to the States, the local governments, and Federal government combined.

The Commission is developing objective, constructive recommendations. The fundamental importance of strengthening local governments will receive heavy weight in the Commission's deliberations as it does in the Administration's program.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY H-519

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Statement showing comparison of principal items of assets and liabilities of active national banks as of April 15, 1954, December 31, 1953, and April 20, 1953

(In thousands of dollars)

	April 15, 1954	Dec. 31, 1953	April 20, 1953	Increase or decrease since Dec. 31, 1953		Increase or decrease since Apr. 20, 1953	
				Amount	Percent	Amount	Percent
Number of banks	4,848	4,864	4,890	-16		-42	
ASSETS							
Commercial and industrial loans	16,075,240	16,468,455	16,785,508	-393,215	-2.39	-710,268	-4.23
Loans on real estate	8,991,911	8,786,686	8,391,963	205,225	2.34	599,948	7.15
All other loans, including overdrafts	13,199,073	13,243,586	11,920,912	-44,513	-.34	1,278,161	10.72
Total gross loans	38,266,224	38,498,727	37,098,383	-232,503	-.60	1,167,841	3.15
Less valuation reserves	562,576	554,581	531,577	7,995	1.44	30,999	5.83
Net loans	37,703,648	37,944,146	36,566,806	-240,498	-.63	1,136,842	3.11
U. S. Government securities:							
Direct obligations	34,560,499	35,563,334	33,449,868	-1,002,835	-2.82	1,110,631	3.32
Obligations fully guaranteed	26,997	25,429	21,283	1,568	6.17	5,714	26.85
Total U. S. Securities	34,587,496	35,588,763	33,471,151	-1,001,267	-2.81	1,116,345	3.33
Obligations of States and political subdivisions	6,783,450	6,330,265	6,314,550	453,185	7.16	468,900	7.43
Other bonds, notes and debentures	1,936,535	2,086,723	2,068,282	-150,188	-7.20	-131,747	-6.37
Corporate stocks, including stocks of Fed. Reserve banks	209,664	204,482	199,290	5,182	2.53	10,374	5.21
Total securities	43,517,145	44,210,233	42,053,273	-693,088	-1.57	1,463,872	3.48
Total loans and securities	81,220,793	82,154,379	78,620,079	-933,586	-1.14	2,600,714	3.31
Currency and coin	1,260,549	1,292,254	1,289,432	-31,705	-2.45	-28,883	-2.24
Reserve with Fed. Reserve banks	12,638,566	13,130,530	13,013,129	-491,964	-3.75	-374,563	-2.88
Balances with other banks	10,303,967	12,122,734	9,678,259	-1,818,767	-15.00	625,708	6.47
Total cash, balances with other banks, including reserve balances and cash items in process of collection	24,203,082	26,545,518	23,980,820	-2,342,436	-8.82	222,262	.93
Other assets	1,475,022	1,416,802	1,337,701	58,220	4.11	137,321	10.27
Total assets	106,898,897	110,116,699	103,938,600	-3,217,802	-2.92	2,960,297	2.85

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

	Apr. 15, 1954	Dec. 31, 1953	Apr. 20, 1953	Increase or decrease since Dec. 31, 1953		Increase or decrease since Apr. 20, 1953	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	53,886,291	56,614,391	53,713,797	-2,728,100	-4.82	172,494	.32
Time	23,424,828	22,863,011	21,881,788	561,817	2.46	1,543,040	7.05
Deposits of U. S. Government	2,467,178	2,817,227	2,376,278	-350,049	-12.42	90,900	3.83
Postal savings deposits	13,236	13,442	13,423	-206	-1.53	-187	-1.39
Deposits of States and political subdivisions	6,917,357	6,793,634	6,451,277	123,723	1.82	466,080	7.22
Deposits of banks	9,143,411	10,155,942	8,428,765	-1,012,531	-9.97	714,646	8.48
Other deposits (certified and cashiers' checks, etc.)	1,477,337	1,689,586	1,470,809	-212,249	-12.56	6,528	.44
Total deposits	97,329,638	100,947,233	94,336,137	-3,617,595	-3.58	2,993,501	3.17
Bills payable, rediscounts, and other liabilities for borrowed money	319,466	14,851	626,840	304,615	2,051.14	-307,374	-49.04
Other liabilities	1,629,653	1,745,099	1,797,933	-115,446	-6.62	-168,280	-9.36
Total liabilities, excluding capital accounts	99,278,757	102,707,183	96,760,910	-3,428,426	-3.34	2,517,847	2.60
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	4,953	5,211	5,619	-258	-4.95	-666	-11.85
Common	2,347,728	2,296,546	2,249,223	51,182	2.23	98,505	4.38
Total	2,352,681	2,301,757	2,254,842	50,924	2.21	97,839	4.34
Surplus	3,608,648	3,523,443	3,357,960	85,205	2.42	250,688	7.47
Undivided profits	1,385,346	1,310,761	1,300,877	74,585	5.69	84,469	6.49
Reserves	273,465	273,555	264,011	-90	-.03	9,454	3.58
Total surplus, profits, and reserves	5,267,459	5,107,759	4,922,848	159,700	3.13	344,611	7.00
Total capital accounts	7,620,140	7,409,516	7,177,690	210,624	2.84	442,450	6.16
Total liabilities and capital accounts	106,898,897	110,116,699	103,938,600	-3,217,802	-2.92	2,960,297	2.85
	Percent	Percent	Percent				
RATIOS:							
U.S. Gov't securities to total							

to $13,200,000,000 were about the same as December, but were up 11 percent over a year ago. The percentage of loans and discounts to total assets on April 15, 1954 was 35.27 in comparison with 34.46 in December and 35.18 in April 1953.

Investments of the banks in United States Government obligations on April 15, 1954 aggregated $34,600,000,000 (including $27,000,000 guaranteed obligations), a decrease of $1,000,000,000 since December. These investments were 32 percent of total assets, the same as in December. Other bonds, stocks and securities of $8,900,000,000, which included obligations of States and political subdivisions of $6,800,000,000, were $300,000,000 more than in December, and $348,000,000 more than held in April last year. Total securities held amounting to $43,500,000,000 were $693,000,000 less than the December 1953 figure.

Cash of $1,300,000,000, reserve with Federal Reserve banks of $12,600,000,00 and balances with other banks (including cash items in process of collection) of $10,300,000,000, a total of $24,200,000,000, showed a decrease of $2,300,000,000 since December.

The capital stock of the banks on April 15, 1954 was $2,350,000,000, including nearly $5,000,000 of preferred stock. Surplus was $3,600,000,000, undivided profits $1,400,000,000, and capital reserves $270,000,000, or a total of $5,270,000,000. Total capital accounts of $7,620,000,000, which were 7.83 percent of total deposits, were $200,000,000 more than in December when they were 7.34 percent of total deposits.

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TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE MORNING NEWSPAPERS
Monday, June 28, 1954. H-520

The total assets of national banks on April 15, 1954 amounted to nearly $107,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,848 active national banks in the United States and possessions. The assets were $3,200,000,000 below the amount reported by the 4,864 active banks on December 31, 1953, the date of the previous call, but were nearly $3,000,000,000 over the aggregate reported by the 4,890 active banks as of April 20, 1953, the date of the corresponding call a year ago.

The deposits of the banks on April 15 were $97,330,000,000, a decrease of $3,600,000,000 since December, but an increase of nearly $3,000,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals partnerships, and corporations of $53,900,000,000, which decreased $2,700,000,000 or 5 percent, since December, and time deposits of individuals, partnerships, and corporations of $23,400,000,000, which increased $562,000,000. Deposits of the United States Government of $2,500,000,000 decreased $350,000,000 since December; deposits of States and political subdivisions of $6,900,000,000 showed an increase of $124,000,000; and deposits of banks amounted to $9,100,000,000, a decrease of $1,000,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,500,000,000.

Net loans and discounts on April 15, 1954 were $37,700,000,000, a decrease of $240,000,000 since December, but $1,100,000,000, or 3 percent, above the April figure last year. Commercial and industrial loans were $16,000,000,000, a decrease of nearly $400,000,000 since December. Loans on real estate of $9,000,000,000 were up 2.3 percent. Other loans, including consumer loans to individuals, loans to farmers, to brokers and dealers and others for the purpose of purchasing and carrying securities, and to banks, etc., amounting

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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H-520

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All other loans, including overdrafts..................	13,199,073	13,243,586	11,920,912	-44,513	-.34	1,278,161	10.72
Total gross loans...........	38,266,224	38,498,727	37,098,383	-232,503	-.60	1,167,841	3.15
Less valuation reserves....	562,576	554,581	531,577	7,995	1.44	30,999	5.83
Net loans................	37,703,648	37,944,146	36,566,806	-240,498	-.63	1,136,842	3.11
U. S. Government securities:							
Direct obligations............	34,560,499	35,563,334	33,449,868	-1,002,835	-2.82	1,110,631	3.32
Obligations fully guaranteed..	26,997	25,429	21,283	1,568	6.17	5,714	26.85
Total U. S. Securities......	34,587,496	35,588,763	33,471,151	-1,001,267	-2.81	1,116,345	3.33
Obligations of States and political subdivisions........	6,783,450	6,330,265	6,314,550	453,185	7.16	468,900	7.43
Other bonds, notes and debentures......................	1,936,535	2,086,723	2,068,282	-150,188	-7.20	-131,747	-6.37
Corporate stocks, including stocks of Fed.Reserve banks...	209,664	204,482	199,290	5,182	2.53	10,374	5.21
Total securities............	43,517,145	44,210,233	42,053,273	-693,088	-1.57	1,463,872	3.48
Total loans and securities..	81,220,793	82,154,379	78,620,079	-933,586	-1.14	2,600,714	3.31
Currency and coin...............	1,260,549	1,292,254	1,289,432	-31,705	-2.45	-28,883	-2.24
Reserve with Fed.Reserve banks..	12,638,566	13,130,530	13,013,129	-491,964	-3.75	-374,563	-2.88
Balances with other banks.......	10,303,967	12,122,734	9,678,259	-1,818,767	-15.00	625,708	6.47
Total cash, balances with other banks, including reserve balances and cash items in process of collection....	24,203,082	26,545,518	23,980,820	-2,342,436	-8.82	222,262	.93
Other assets....................	1,475,022	1,416,802	1,337,701	58,220	4.11	137,321	10.27
Total assets................	106,898,897	110,116,699	103,938,600	-3,217,802	-2.92	2,960,297	2.85

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

	Apr. 15, 1954	Dec. 31, 1953	Apr. 20, 1953	Increase or decrease since Dec. 31, 1953: Amount	Increase or decrease since Dec. 31, 1953: Percent	Increase or decrease since Apr. 20, 1953: Amount	Increase or decrease since Apr. 20, 1953: Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	53,886,291	56,614,391	53,713,797	-2,728,100	-4.82	172,494	.32
Time	23,424,828	22,863,011	21,881,788	561,817	2.46	1,543,040	7.05
Deposits of U. S. Government	2,467,178	2,817,227	2,376,278	-350,049	-12.42	90,900	3.83
Postal savings deposits	13,236	13,442	13,423	-206	-1.53	-187	-1.39
Deposits of States and political subdivisions	6,917,357	6,793,634	6,451,277	123,723	1.82	466,080	7.22
Deposits of banks	9,143,411	10,155,942	8,428,765	-1,012,531	-9.97	714,646	8.48
Other deposits (certified and cashiers' checks, etc.)	1,477,337	1,689,586	1,470,809	-212,249	-12.56	6,528	.44
Total deposits	97,329,638	100,947,233	94,336,137	-3,617,595	-3.58	2,993,501	3.17
Bills payable, rediscounts, and other liabilities for borrowed money	319,466	14,851	626,840	304,615	2,051.14	-307,374	-49.04
Other liabilities	1,629,653	1,745,099	1,797,933	-115,446	-6.62	-168,280	-9.36
Total liabilities, excluding capital accounts	99,278,757	102,707,183	96,760,910	-3,428,426	-3.34	2,517,847	2.60
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	4,953	5,211	5,619	-258	-4.95	-666	-11.85
Common	2,347,728	2,296,546	2,249,223	51,182	2.23	98,505	4.38
Total	2,352,681	2,301,757	2,254,842	50,924	2.21	97,839	4.34
Surplus	3,608,648	3,523,443	3,357,960	85,205	2.42	250,688	7.47
Undivided profits	1,385,346	1,310,761	1,300,877	74,585	5.69	84,469	6.49
Reserves	273,465	273,555	264,011	-90	-.03	9,454	3.58
Total surplus, profits, and reserves	5,267,459	5,107,759	4,922,848	159,700	3.13	344,611	7.00
Total capital accounts	7,620,140	7,409,516	7,177,690	210,624	2.84	442,450	6.16
Total liabilities and capital accounts	106,898,897	110,116,699	103,938,600	-3,217,802	-2.92	2,960,297	2.85
	Percent	Percent	Percent				
RATIOS:							
U.S. Gov't securities to total assets	32.36	32.32	32.20				
Loans & discounts to total assets	35.27	34.46	35.18				
Capital accounts to total deposits	7.83	7.34	7.61				

NOTE: Minus sign denotes decrease.

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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 July 8, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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

H-572

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 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 July 8, 1954, in the amount of $1,499,953,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 8, 1954, and will mature October 7, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving ~~Standard~~ time, Friday, July 2, 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,
Tuesday, June 29, 1954.

H-521

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 July 8, 1954, in the amount of $1,499,953,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 8, 1954, and will mature October 7, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Friday, July 2, 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 July 8, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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 hav 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 supplementar thereto. The bills shall be subject to estate, inheritance, gift o 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 Revenu Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall n be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideratic 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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A-522

RELEASE MORNING NEWSPAPERS,
Tuesday, June 29, 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 July 1 and to mature September 30, 1954, which were offered on June 24, were opened at the Federal Reserve Banks on June 28.

The details of this issue are as follows:

Total applied for - $2,275,303,000
Total accepted - 1,500,516,000 (includes $175,325,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.837 Equivalent rate of discount approx. 0.646% per annum

Range of accepted competitive bids: (Excepting one tender of $20,000)

High - 99.845 Equivalent rate of discount approx. 0.613% per annum
Low - 99.835 " " " " " 0.653% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,396,000	$ 28,896,000
New York	1,764,768,000	1,111,912,000
Philadelphia	32,285,000	17,285,000
Cleveland	53,860,000	39,260,000
Richmond	13,174,000	10,174,000
Atlanta	24,547,000	22,128,000
Chicago	174,897,000	129,257,000
St. Louis	33,046,000	31,538,000
Minneapolis	9,238,000	8,700,000
Kansas City	39,224,000	37,224,000
Dallas	16,863,000	13,403,000
San Francisco	84,005,000	50,739,000
Total	$2,275,303,000	$1,500,516,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 29, 1954.

H-522

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Richmond	13,174,000	10,174,000
Atlanta	24,547,000	22,128,000
Chicago	174,897,000	129,257,000
St. Louis	33,046,000	31,538,000
Minneapolis	9,238,000	8,700,000
Kansas City	39,224,000	37,224,000
Dallas	16,863,000	13,403,000
San Francisco	84,005,000	50,739,000
TOTAL	$2,275,303,000	$1,500,516,000

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Immediate 6/29

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H-523

~~DRAFT PRESS RELEASE~~

The Treasury Department today announced the appointment of Julian F. Cannon as Chief Disbursing Officer succeeding Paul D. Banning, whose retirement on June 30 was announced ~~last~~ recently. Mr. Cannon has been Assistant Chief Disbursing Officer since April, 1947.

As Chief Disbursing Officer, Mr. Cannon will direct the operations of the Treasury's Division of Disbursement and its 26 regional disbursing offices in the United States, Puerto Rico, Alaska, Honolulu and the Philippines. The Division makes payments for all agencies of the executive branch of the government except the military, the Post Office, the U.S. marshal and a few Government corporations.

Mr. Cannon entered ~~the government service with~~ the Post Office Department in 1923 and later was purchasing and disbursing officer of the Bureau of Mines Helium Plants at Fort Worth and Amarillo, Texas. In 1935 he transferred to the Treasury's Division of Disbursement and was ~~designated~~ (named) disbursing officer for the ~~Works Progress Administration~~ Emergency Relief program at Atlanta, Georgia. From 1940 to 1947 he was a field supervisor of the Disbursement Division with headquarters in Washington.

Mr. Cannon was born in Ashdown, Arkansas on August 6, 1901, and received his early education in the public schools of Little Rock. He holds the degree of ~~B.S.~~ in accounting from Southeastern University in Washington, D.C. and has done graduate work in accounting.

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bachelor of commercial science

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, June 29, 1954.

H-523

The Treasury Department today announced the appointment of Julian F. Cannon as Chief Disbursing Officer succeeding Paul D. Banning, whose retirement on June 30 was announced recently. Mr. Cannon has been Assistant Chief Disbursing Officer since April, 1947.

Mr. Cannon entered the Post Office Department in 1923 and later was purchasing and disbursing officer of the Bureau of Mines Helium Plants at Fort Worth and Amarillo, Texas. In 1935 he transferred to the Treasury's Division of Disbursement and was named disbursing officer for the Emergency Relief program at Atlanta, Georgia. From 1940 to 1947 he was a field supervisor of the Disbursement Division with headquarters in Washington.

Mr. Cannon was born in Ashdown, Arkansas on August 6, 1901, and received his early education in the public schools of Little Rock. He holds the degree of bachelor of commercial science in accounting from Southeastern University in Washington, D. C. and has done graduate work in accounting.

As Chief Disbursing Officer, Mr. Cannon will direct the operations of the Treasury's Division of Disbursement and its 26 regional disbursing offices in the United States, Puerto Rico, Alaska, Honolulu and the Philippines. The Division makes payments for all agencies of the executive branch of the government except the military, the Post Office, the U. S. marshals and a few government corporations.

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17-529

RELEASE MORNING NEWSPAPERS,
Saturday, July 3, 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 July 8 and to mature October 7, 1954, which were offered on June 29, were opened at the Federal Reserve Banks on July 2.

The details of this issue are as follows:

Total applied for - $2,198,797,000
Total accepted - 1,500,251,000 (includes $168,123,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Average price - 99.830/ Equivalent rate of discount approx. 0.671% per annum

Range of accepted competitive bids:

High	- 99.845	Equivalent rate of discount approx. 0.613% per annum
Low	- 99.828	" " " " " 0.680% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 31,995,000	$ 24,055,000
New York		1,656,557,000	1,031,777,000
Philadelphia		28,227,000	13,227,000
Cleveland		22,541,000	20,901,000
Richmond		9,599,000	8,779,000
Atlanta		15,676,000	14,330,000
Chicago		235,936,000	207,416,000
St. Louis		24,881,000	24,881,000
Minneapolis		8,503,000	8,203,000
Kansas City		21,090,000	21,090,000
Dallas		42,693,000	33,593,000
San Francisco		101,099,000	91,999,000
	TOTAL	$2,198,797,000	$1,500,251,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, July 3, 1954.

H-524

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated July 8 and to mature October 7, 1954, which were offered on June 29, were opened at the Federal Reserve Banks on July 2.

The details of this issue are as follows:

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New York	1,656,557,000	1,031,777,000
Philadelphia	28,227,000	13,227,000
Cleveland	22,541,000	20,901,000
Richmond	9,599,000	8,779,000
Atlanta	15,676,000	14,330,000
Chicago	235,936,000	207,416,000
St. Louis	24,881,000	24,881,000
Minneapolis	8,503,000	8,203,000
Kansas City	21,090,000	21,090,000
Dallas	42,693,000	33,593,000
San Francisco	101,099,000	91,999,000
TOTAL	$2,198,797,000	$1,500,251,000

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IMMEDIATE RELEASE
~~Tuesday~~, July ~~6~~ 7 1954

H-525

The Bureau of Customs announced today that at the opening on July 1, 1954, of the absolute global quota of 186,000,000 pounds on rye, rye flour, and rye meal, prescribed in the President's Proclamation of March 31, 1954, a total of 182,044,918 pounds of rye was presented for entry. Authorizations have been issued for release of the total quantity presented for entry on July 1.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, July 7, 1954. H-525

The Bureau of Customs announced today that at the opening on July 1, 1954, of the absolute global quota of 186,000,000 pounds on rye, rye flour, and rye meal, prescribed in the President's Proclamation of March 31, 1954, a total of 182,044,918 pounds of rye was presented for entry. Authorizations have been issued for release of the total quantity presented for entry on July 1.

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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.

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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 July 15, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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

H-526

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 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 July 15, 1954, in the amount of $1,501,274,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1954, and will mature October 14, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, July 8, 1954.

H-526

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 July 15, 1954, in the amount of $1,501,274,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1954, and will mature October 14, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, July 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 July 15, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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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3-b

STATUTORY DEBT LIMITATION

AS OF June 30, 1954

July 12,1954

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	$ 19,515,417,000		
Certificates of indebtedness	18,404,999,000		
Treasury notes	37,039,021,400	$ 74,959,437,400	
Bonds -			
Treasury	80,377,951,450		
Savings (current redemp. value)	58,061,132,024		
Depositary	411,215,500		
Investment series	12,774,995,000	151,625,293,974	
Special Funds -			
Certificates of indebtedness	28,594,667,000		
Treasury notes	13,634,105,400	42,228,772,400	
Total interest-bearing		268,813,503,774	
Matured, interest-ceased		432,706,310	
Bearing no interest:			
United States savings stamps	50,400,827		
Excess profits tax refund bonds	1,252,319		
Special notes of the United States:			
Internat'l Monetary Fund series	1,411,000,000	1,462,653,146	
Total		270,708,863,230	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	80,415,386		
Matured, interest-ceased	1,026,000	81,441,386	
Grand total outstanding			270,790,304,616
Balance face amount of obligations issuable under above authority			4,209,695,384

Reconcilement with Statement of the Public Debt June 30, 1954 (Date)

(Daily Statement of the United States Treasury, June 30, 1954 (Date))

Outstanding -	
Total gross public debt	271,259,599,108
Guaranteed obligations not owned by the Treasury	81,441,386
Total gross public debt and guaranteed obligations	271,341,040,494
Deduct - other outstanding public debt obligations not subject to debt limitation	550,735,878
	270,790,304,616

H-527

STATUTORY DEBT LIMITATION

AS OF June 30, 1954

321

July 12, 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."

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Certificates of indebtedness	18,404,999,000		
Treasury notes	37,039,021,400	$ 74,959,437,400	
Bonds -			
Treasury	80,377,951,450		
Savings (current redemp. value)	58,061,132,024		
Depositary	411,215,500		
Investment series	12,774,995,000	151,625,293,974	
Special Funds -			
Certificates of indebtedness	28,594,667,000		
Treasury notes	13,634,105,400	42,228,772,400	
Total interest-bearing		268,813,503,774	
Matured, interest-ceased		432,706,310	
Bearing no interest:			
United States savings stamps	50,400,827		
Excess profits tax refund bonds	1,252,319		
Special notes of the United States:			
Internat'l Monetary Fund series	1,411,000,000	1,462,653,146	
Total		270,708,863,230	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	80,415,386		
Matured, interest-ceased	1,026,000	81,441,386	
Grand total outstanding			270,790,304,616
Balance face amount of obligations issuable under above authority			4,209,695,384

Reconcilement with Statement of the Public Debt June 30, 1954
(Date)

(Daily Statement of the United States Treasury, June 30, 1954)
(Date)

Outstanding -	
Total gross public debt	271,259,599,108
Guaranteed obligations not owned by the Treasury	81,441,386
Total gross public debt and guaranteed obligations	271,341,040,494
Deduct - other outstanding public debt obligations not subject to debt limitation	550,735,878
	270,790,304,616

H-527

3?8

Other Mint activities coming under his direction include the issuance of licenses under the Gold Regulations, the manufacture of coins for foreign governments, the acquiring of gold and silver bullion, and manufacture of medals for the armed services.

~~Mr. Brett's appointment as Director of the Mint is for a five-year term.~~

(A biographical sketch of Mr. Brett is attached.)

Immediate Friday July 9 (distribute at 4 pm)

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H-528

Secretary Humphrey today administered the oath of office as Director of the Mint to William H. Brett of Alliance, Ohio.

Prior to his nomination on June 29 by President Eisenhower to be Mint Director, Mr. Brett was Vice President and Director of AllianceWare, Inc., manufacturers of sanitary ware at Alliance. He also was a director of Crane Steelware, Ltd. of Quebec City, Quebec, and AllianceWare, Ltd. of Vancouver, British Columbia.

Before going to Alliance, Mr. Brett was connected for 22 years with the Enamel Products Co. of Cleveland, first as an industrial engineer and later as an officer and director. He is a veteran of World War I.

As head of the Bureau of the Mint of the Treasury Department, Mr. Brett will supervise all coinage operations at the Philadelphia, Denver and San Francisco Mints, and the distribution of the coins which these institutions manufacture.

He is responsible for the safeguarding of the Government's holdings of gold and silver, stored at the Fort Knox, Ky., Gold Depository, the West Point, N.Y., Silver Depository, the three Mints, and the New York and Seattle Assay Offices.

IMMEDIATE RELEASE,
Friday, July 9, 1954. H-528

Secretary Humphrey today administered the oath of office as Director of the Mint to William H. Brett of Alliance, Ohio.

Prior to his nomination on June 29 by President Eisenhower to be Mint Director, Mr. Brett was Vice President and Director of AllianceWare, Inc., manufacturers of sanitary ware at Alliance. He also was a director of Crane Steelware, Ltd. of Quebec City, Quebec, and AllianceWare, Ltd. of Vancouver, British Columbia.

Before going to Alliance, Mr. Brett was connected for 22 years with the Enamel Products Co. of Cleveland, first as an industrial engineer and later as an officer and director. He is a veteran of World War I.

As head of the Bureau of the Mint of the Treasury Department, Mr. Brett will supervise all coinage operations at the Philadelphia, Denver and San Francisco Mints, and the distribution of the coins which these institutions manufacture.

He is responsible for the safeguarding of the Government's holdings of gold and silver, stored at the Fort Knox, Ky., Gold Depository, the West Point, N.Y., Silver Depository, the three Mints, and the New York and Seattle Assay Offices.

Other Mint activities coming under his direction include the issuance of licenses under the Gold Regulations, the manufacture of coins for foreign governments, the acquiring of gold and silver bullion, and manufacture of medals for the armed services.

(a biographical sketch of Mr. Brett is attached.)

WILLIAM HOWARD BRETT
Director of the Mint

William H. Brett was born December 31, 1893 at Cleveland, Ohio, the son of William Howard and Alice Allen Brett. His preliminary education was in the public schools of Cleveland. He attended Dartmouth College and received the A.B. degree in 1916, spending his last year in the Tuck School of Business Administration.

During his schooling he worked as a civil engineer and following graduation was with the Perfection Spring Company in Cleveland until the outbreak of World War I. He attended the First Officers Training Camp at Fort Myer, Virginia, and served as a first lieutenant until December 1918.

Immediately following the war he joined the staff of Scovell Wellington and Company as an industrial engineer in the Cleveland office. In this capacity he did professional work for the Enamel Products Company of Cleveland, and in 1921 joined the Enamel Products Company organization becoming an officer and Director. He remained with this company until 1943.

Mr. Brett moved to Alliance, Ohio, in 1943 and became Vice President and Director of AllianceWare, Inc. He served in this capacity until June 29, 1954, when he resigned to accept appointment by President Eisenhower to the Treasury Department post of Director of the Mint. In recent years he has also been Director of Crane Steelware, Ltd. of Quebec City, Quebec, and AllianceWare, Ltd. of Vancouver, B.C. He has been a member of the Porcelain Enamel Institute, American Society of Sanitary Engineers, American Institute of Management, and the American Ordnance Association. He is a Director of Rotary, of the Y.M.C.A., and a Trustee of the Alliance Chamber of Commerce.

Mr. Brett's father was Head of the Cleveland Public Libraries from 1883 to 1918 and was President of the American Library Association and the founder and first Dean of the Library College of Western Reserve University.

In 1917 Mr. Brett and Catherine Ruth Connolly of Cleveland were married in Chevy Chase, Maryland. They have two sons, W. H. Brett, B.S., Massachusetts Institute of Technology, 1948, now Superintendent of Personnel in New Kensington, Pennsylvania, for Alcoa, and P. L. Brett, A.B., Harvard University, 1950, now a sales engineer with Olin Industries, Inc., Alton, Illinois.

Mr. Brett was nominated on June 29, 1954, by President Eisenhower to be Director of the Mint. The nomination was confirmed by the Senate on July 2, and Mr. Brett was sworn in by Treasury Secretary Humphrey on July 9.

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July 9, 1954

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H-529

RELEASE MORNING NEWSPAPERS,
Tuesday, July 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 July 15 and to mature October 14, 1954, which were offered on July 8, were opened at the Federal Reserve Banks on July 12.

The details of this issue are as follows:

Total applied for - $2,290,405,000
Total accepted - 1,500,255,000 (includes $229,370,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.823 Equivalent rate of discount approx. 0.701% per annum

Range of accepted competitive bids:

High - 99.845 Equivalent rate of discount approx. 0.613% per annum
Low - 99.819 " " " " " 0.716% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 42,041,000	$ 40,841,000
New York		1,652,057,000	944,257,000
Philadelphia		33,307,000	18,307,000
Cleveland		37,707,000	37,707,000
Richmond		16,327,000	16,327,000
Atlanta		35,720,000	35,420,000
Chicago		220,077,000	176,427,000
St. Louis		32,492,000	32,492,000
Minneapolis		13,351,000	13,351,000
Kansas City		61,138,000	58,138,000
Dallas		41,365,000	37,165,000
San Francisco		104,823,000	89,823,000
	TOTAL	$2,290,405,000	$1,500,255,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 13, 1954.

H-529

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Philadelphia	33,307,000	18,307,000
Cleveland	37,707,000	37,707,000
Richmond	16,327,000	16,327,000
Atlanta	35,720,000	35,420,000
Chicago	220,077,000	176,427,000
St. Louis	32,492,000	32,492,000
Minneapolis	13,351,000	13,351,000
Kansas City	61,138,000	58,138,000
Dallas	41,365,000	37,165,000
San Francisco	104,823,000	89,823,000
TOTAL	$2,290,405,000	$1,500,255,000

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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 July 22, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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,

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 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 July 22, 1954, in the amount of $1,501,452,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 22, 1954, and will mature October 21, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving/~~Standard~~ time, Monday, July 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, July 15, 1954.

H-530

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 July 22, 1954, in the amount of $1,501,452,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 22, 1954, and will mature October 21, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 22, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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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July 6, 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 June, 1954:

Sales	$48,521,200.00
Purchases	3,058,000.00
	$45,463,200.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

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WASHINGTON, D.C.

H-531

IMMEDIATE RELEASE,
~~Tuesday, June 15, 1954~~
Thursday, July 15, 1954

H-

During the month of ~~May~~ June, 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 ~~$2,761,000~~. $45,463,200

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, July 15, 1954.

H-531

During the month of June, 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 $45,463,200.

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Thursday, July 15, 1954.
July 14, 1954

H-532

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, 1954, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1954, to July 13, 1954	Established Quota	Imports May 29, 1954, to July 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	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

TREASURY DEPARTMENT
Washington

342

IMMEDIATE RELEASE
Thursday, July 15, 1954.

H-532

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, 1954, as follows:

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

IMMEDIATE RELEASE,
THURSDAY, JULY 15, 1954.

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TREASURY DEPARTMENT
Washington

H-533

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginnin of the quota periods to July 3, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as o: July 3, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	26,179
Cream	Calendar Year	1,500,000	Gallon	403
Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	52,005
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	33,950,386	Pound	23,452,114
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1953	150,000,000	Pound	100,429,072
Other		60,000,000		Quota Filled
Cattle, less than 200 lbs. each ...	12 months from April 1, 1954	200,000	Head	3,415
Cattle, 700 lbs. or more each ..... (other than dairy cows)	July 1, 1954-Sept. 30, 1954	120,000	Head	295
Walnuts	Calendar Year	5,000,000	Pound	4,240,130
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,980,249
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1954	1,709,000	Pound	-
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	-
*Oats, hulled and unhulled and unhulled ground	Dec. 23, 1953-Sept. 30, 1954	2,500,000	Bushel	2,463,629
**Rye, rye flour and rye meal	July 1, 1954-June 30, 1955	186,000,000	Pound	183,875,139

(1) Imports for consumption at the quota rate are limited to 25,462,791 pounds during the first nine months of the calendar year.
* Imports through July 13, 1954, from countries other than Canada
** Imports through July 13, 1954.

IMMEDIATE RELEASE
Thursday, July 15, 1954.

TREASURY DEPARTMENT
Washington

H-533

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 July 3, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 3, 1954
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Butter	April 1, 1954-July 15, 1954	5,000,000	Pound	52,005
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	33,950,386	Pound	23,452,114 (1)
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Certified seed	12 months from Sept. 15, 1953	150,000,000	Pound	100,429,072
Other		60,000,000		Quota Filled
Cattle, less than 200 lbs. each	12 months from April 1, 1954	200,000	Head	3,415
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Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	-
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* Imports through July 13, 1954, from countries other than Canada
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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, July 15, 1954.

H-534

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 July 3, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of July 3, 1954
Buttons	850,000	Gross	438,615
Cigars	200,000,000	Number	1,667,485
Coconut Oil	448,000,000	Pound	67,115,729
Cordage	6,000,000	Pound	1,162,202
Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	1,419,784
Sugars (Unrefined			1,216,131,995
Tobacco	6,500,000	Pound	765,785

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE,
Thursday, July 15, 1954.

H-534

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 July 3, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of July 3, 1954
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Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	1,419,784
Sugars (Unrefined			1,216,131,995
Tobacco	6,500,000	Pound	765,785

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 July 13, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to July 13, 1954
United Kingdom	4,323,457	660,858	1,441,152	570,491
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	1,010,374	1,599,886	619,286

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, July 15, 1954.

H-535

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 July 13, 1954, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	50,352
British India	2,003,483	34,455
China	1,370,791	-
Mexico	8,883,259	6,267,780
Brazil	618,723	618,723
Union of Soviet Socialist Republics	475,124	431,975
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 July 3, 1954

Established Quota (Global)	Imports
70,000,000	10,337,897

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to July 13, 1954

Established Quota (Global)	Imports
45,656,420	27,982,859

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, July 15, 1954.

H-535

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 July 13, 1954, inclusive

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Peru	247,952	50,352	Paraguay	871	-
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Mexico	8,883,259	6,267,780	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	431,975	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.
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(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to July 13, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to July 13, 1954
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Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	1,010,374	1,599,886	619,286

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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H-536

IMMEDIATE RELEASE,
Friday, July 16, 1954.

Secretary Humphrey announced today that on Wednesday, July 21, the Treasury will offer for cash subscription $3-1/2 billion of 1 percent Tax Anticipation Certificates of Indebtedness to be dated August 2, 1954, maturing March 22, 1955, and receivable at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1955. The books will be open only for one day, on July 21.

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 of the combined capital, surplus and undivided profits of the subscribing bank as of June 30, 1954. A payment of 10 percent of the amount of certificates subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions. The new certificates may be paid for by credit in Treasury Tax and Loan Accounts up to 75 percent of the amounts allotted.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the certificates 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.

Near the end of July the Treasury will announce an exchange offering open to holders of the issues of Treasury certificates of indebtedness maturing August 15 in the amount of $2,788 million and September 15 in the amount of $4,724 million, on which it is planned that the subscription books will open early in August. It is proposed to offer holders of these maturing securities the choice between a one-year certificate and a security with a longer maturity, either a long note or a short bond.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, July 16, 1954.

H-536

Secretary Humphrey announced today that on Wednesday, July 21, the Treasury will offer for cash subscription $3-1/2 billion of 1 percent Tax Anticipation Certificates of Indebtedness to be dated August 2, 1954, maturing March 22, 1955, and receivable at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1955. The books will be open only for one day, on July 21.

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H-537

RELEASE MORNING NEWSPAPERS,
Tuesday, July 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 July 22 and to mature October 21, 1954, which were offered on July 15, were opened at the Federal Reserve Banks on July 19.

The details of this issue are as follows:

Total applied for - $2,288,393,000
Total accepted - 1,500,623,000 (includes $215,201,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.815/ Equivalent rate of discount approx. 0.731% per annum

Range of accepted competitive bids:

High - 99.835 Equivalent rate of discount approx. 0.653% per annum
Low - 99.812 " " " " " 0.744% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 42,764,000	$ 39,644,000
New York	1,634,510,000	900,040,000
Philadelphia	40,729,000	25,729,000
Cleveland	39,045,000	39,045,000
Richmond	10,598,000	10,150,000
Atlanta	24,173,000	24,061,000
Chicago	237,990,000	220,170,000
St. Louis	30,670,000	30,670,000
Minneapolis	9,695,000	9,495,000
Kansas City	53,461,000	52,761,000
Dallas	51,399,000	43,299,000
San Francisco	113,359,000	105,559,000
TOTAL	$2,288,393,000	$1,500,623,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 20, 1954.

H-537

The Treasury Department announced last evening that the tenders for $1,500,000,000, of thereabouts, of 91-day Treasury bills to be dated July 22 and to mature October 21, 1954, which were offered on July 15, were opened at the Federal Reserve Banks on July 19.

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Kansas City	53,461,000	52,761,000
Dallas	51,399,000	43,299,000
San Francisco	113,359,000	105,559,000
TOTAL	$2,288,393,000	$1,500,623,000

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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 ~~xxxxxxxxx~~, 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 **July 29, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **July 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

H-538

~~FOR~~ RELEASE, MORNING NEWSPAPERS,
Thursday, July 22, 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 July 29, 1954, in the amount of $1,502,532,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 29, 1954, and will mature October 28, 1954, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, July 22, 1954.

H-538

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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 July 29, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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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H-539

IMMEDIATE RELEASE
July 23, 1954

The Bureau of Customs has announced that due to recent adjustments under the absolute global quota of 186,000,000 pounds on rye, rye flour, and rye meal which opened on July 1, 1954, there were 8,875,181 pounds open under the quota at the close of business on July 22.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, July 23, 1954.

H-539

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IMMEDIATE RELEASE,
Friday, July 23, 1954

H-540

The Treasury today announced a 40 percent allotment on subscriptions for the current cash offering of 1 percent Tax Anticipation Certificates. However, subscriptions for $50,000 or less will be allotted in full. Subscriptions for more than $50,000 will be allotted not less than $50,000.

Reports received thus far from the Federal Reserve Banks show that subscriptions total about $9-1/4 billion. Details by Federal Reserve Districts as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

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Friday, July 23, 1954.

H-540

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RELEASE MORNING NEWSPAPERS,
Tuesday, July 27, 1954.

H-541

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated July 29 and to mature October 28, 1954, which were offered on July 22, were opened at the Federal Reserve Banks on July 26.

The details of this issue are as follows:

Total applied for - $2,237,485,000
Total accepted - 1,500,400,000 (includes $193,575,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.798 Equivalent rate of discount approx. 0.800% per annum

Range of accepted competitive bids:

High - 99.835 Equivalent rate of discount approx. 0.653% per annum
Low - 99.793 " " " " " 0.819% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,579,000	$ 25,579,000
New York	1,616,396,000	912,221,000
Philadelphia	71,512,000	56,512,000
Cleveland	57,799,000	57,799,000
Richmond	8,946,000	8,946,000
Atlanta	17,544,000	17,544,000
Chicago	215,770,000	198,830,000
St. Louis	21,469,000	21,469,000
Minneapolis	10,680,000	10,680,000
Kansas City	43,962,000	43,962,000
Dallas	33,554,000	32,584,000
San Francisco	114,274,000	114,274,000
TOTAL	$2,237,485,000	$1,500,400,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 27, 1954.

H-541

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Philadelphia	71,512,000	56,512,000
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Richmond	8,946,000	8,946,000
Atlanta	17,544,000	17,544,000
Chicago	215,770,000	198,830,000
St. Louis	21,469,000	21,469,000
Minneapolis	10,680,000	10,680,000
Kansas City	43,962,000	43,962,000
Dallas	33,554,000	32,584,000
San Francisco	114,274,000	114,274,000
TOTAL	$ 2,237,485,000	$1,500,400,000

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TREASURY DEPARTMENT

H-542

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Dallas
San Francisco
Treasury

TOTAL $9, ...

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IMMEDIATE RELEASE,
Wednesday, July 28, 1954.

H-542

The Treasury Department today announced the subscription and allotment figures with respect to the current cash offering of 1 percent Tax Anticipation Certificates of Indebtedness of Series C-1955. These certificates will be dated August 2, 1954, and will mature March 22, 1955. They will be accepted at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1954.

Commercial banks were allotted slightly over $2 billion, with more than $1.7 billion going to nonbank sources on original issue.

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

Federal Reserve District		Total Subscriptions Received	Total Subscriptions Allotted
Boston		$ 373,752,000	$ 150,803,000
New York		3,844,505,000	1,540,602,000
Philadelphia		408,697,000	164,740,000
Cleveland		713,268,000	288,188,000
Richmond		305,757,000	124,429,000
Atlanta		308,283,000	128,309,000
Chicago		1,340,138,000	545,454,000
St. Louis		276,848,000	114,089,000
Minneapolis		167,254,000	70,020,000
Kansas City		222,804,000	93,804,000
Dallas		266,554,000	108,469,000
San Francisco		1,008,715,000	404,809,000
Treasury		- -	- -
	TOTAL	$9,236,575,000	$3,733,716,000

TREASURY DEPARTMENT

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WASHINGTON, D.C.

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Wednesday, July 28, 1954

H-542

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Treasury	- -	- -
TOTAL	$9,236,575,000	$3,733,716,000

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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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 **August 5, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **August 5, 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-543

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 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 **August 5, 1954**, in the amount of $ **1,502,208,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **August 5, 1954**, and will mature **November 4, 1954**, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern ~~Standard~~ **Daylight Saving** time, **Monday, August 2, 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, July 29, 1954.

H-543

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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 August 5, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 5, 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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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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The tax revision task was assigned to Mr. Smith and Mr. Gemmill, Jr., working under the direction of Under Secretary Marion B. Folsom, when they were appointed Assistants to the Secretary at the outset of the new Administration last year. It included a detailed review with Congressional committees and staffs of 8,000 sections of existing tax law, with the rearrangement of provisions to place them in a more logical sequence, the deletion of obsolete material, and rewording of some of the provisions to make them more readily understandable.

"Many other assignments given Mr. Smith and Mr. Gemmill have been carried out in an exemplary manner which served as an incentive to other employees," a report of the Treasury Awards Committee said. "Members of Congress have made very favorable remarks about their work."

Mr. Smith is on leave from the Graduate School of Business Administration of Harvard University, where he is Professor of Finance. His home is at Nashawtuc Hill, Concord, Mass. Mr. Gemmill is a Philadelphia lawyer. He lives at 3027 W. Coulter St., Philadelphia.

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Immediate Release
Thursday, July 29, 1954

H-544

Secretary Humphrey today presented to Dan Throop Smith and to Kenneth W. Gemmill, Assistants to the Secretary, the Treasury's Exceptional Civilian Service Honor award for outstanding service which they performed ~~[illegible] months in the tax planning field.~~ in helping draft the tax revision bill.

~~Through the joint efforts of Mr. Smith and Mr. Gemmill, working under the direction of Under Secretary Marion B. Folsom, the Treasury was able to carry out in an unusually short time its responsibilities in connection with the drafting and consideration~~ ~~preparation~~ ~~of the new Internal Revenue Code of 1954, better known as the tax revision bill.~~

"Seldom has such an outstanding job been done by anybody in any organization," Secretary Humphrey told the two officials at the presentation ceremony. "I want to express to you the thanks and appreciation of everybody in the Department for the honor you have done the Treasury by your splendid work."

TREASURY DEPARTMENT

WASHINGTON, D.C.

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TREASURY DEPARTMENT

H-545

WASHINGTON

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H-545

IMMEDIATE RELEASE,
Friday, July 30, 1954.

Secretary Humphrey announced today the offering of 1-year 1-1/8 percent certificates of indebtedness and 6-year and 3-month 2-1/8 percent bonds in exchange for the $7,512 million of certificates of indebtedness maturing August 15 and September 15. The subscription books will open on Tuesday, August 3.

Each of the new issues will be dated August 15, 1954, with the 1-1/8 percent certificates maturing August 15, 1955, and the 2-1/8 percent bonds maturing November 15, 1960. The maturing issues are the 2-5/8 percent certificates of indebtedness of Series D-1954 which will mature August 15 in the amount of $2,788 million, and the 2-5/8 percent certificates of indebtedness of Series E-1954 which will mature September 15 in the amount of $4,724 million. Holders of the two maturing issues will be offered the choice between the two new issues.

Exchanges will be made par for par. Holders of the August 15 certificates will receive the full-year's interest earned at the 2-5/8 percent rate. Holders of the September 15 certificates should present them with the September 15 coupon attached. They will be credited with the full-year's interest at the 2-5/8 percent rate borne by the maturing certificates, they will be charged accrued interest from August 15 to September 15 at the rate borne by the new securities for which they elect to exchange, and they will be paid the difference.

The subscription books will be open three days for this exchange offering, and they will close at the close of business Thursday, August 5, 1954.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, July 30, 1954

H-545

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H-544

~~FOR~~ IMMEDIATE RELEASE
Friday July 30, 1954

Secretary Humphrey today announced the acceptance "with real regret" of the resignation of Kenneth W. Gemmill, as an Assistant to the Secretary of the Treasury. Secretary Humphrey wrote Mr. Gemmill:

"As I have told you many times, your efforts in helping develop the tax revision program, as well as your many other services during your year and a half in the Treasury, have been outstanding. We have all profited from the chance to work with you because of your vast knowledge of the tax field and your ability to explain involved situations in understandable fashion. We in the Treasury, and I know your many friends in the tax committees of the Congress, are going to miss not only your unusual ability, but your friendly good nature.

On behalf of the Administration and the Treasury, I thank you sincerely for having given so much of your time to public service. While I, personally, and your many associates hate to see you go, we understand the personal considerations which make it necessary. We wish you every continued success in your return to your private affairs.

My best personal regards to you and Mrs. Gemmill."

Mr. Gemmill's letter of resignation to the Secretary points out that when he came with the Treasury in 1953 he made the stipulation that he would remain only as long as personal considerations would permit. He added:

"I wish to thank you for giving me the opportunity of being associated with you in the Treasury and participating in the work on the Administration's tax program and the new Internal Revenue Code. I have had a most rewarding experience working with you and the rest of the people in the Treasury and shall ever be grateful to you for having had this opportunity."

TREASURY DEPARTMENT

WASHINGTON, D.C.

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IMMEDIATE RELEASE
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H-546

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H-547

RELEASE MORNING NEWSPAPERS,
Tuesday, August 3, 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 August 5 and to mature November 4, 1954, which were offered on July 29, were opened at the Federal Reserve Banks on August 2.

The details of this issue are as follows:

Total applied for - $2,448,454,000
Total accepted - 1,500,639,000 (includes $226,039,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.799 Equivalent rate of discount approx. 0.797% per annum

Range of accepted competitive bids: (Excepting two tenders totaling $805,000)

High - 99.803 Equivalent rate of discount approx. 0.779% per annum
Low - 99.795 " " " " " 0.811% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 27,952,000	$ 24,552,000
New York	1,772,500,000	899,425,000
Philadelphia	33,170,000	16,270,000
Cleveland	44,076,000	44,076,000
Richmond	14,679,000	10,579,000
Atlanta	23,233,000	22,183,000
Chicago	260,507,000	237,407,000
St. Louis	25,430,000	25,430,000
Minneapolis	25,787,000	25,187,000
Kansas City	41,873,000	40,993,000
Dallas	61,540,000	50,990,000
San Francisco	117,707,000	103,547,000
TOTAL	$2,448,454,000	$1,500,639,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Tuesday, August 3, 1954

H-547

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated August 5 and to mature November 4, 1954, which were offered on July 29, were opened at the Federal Reserve Banks on August 2.

The details of this issue are as follows:

Total applied for - $2,448,454,000
Total accepted - 1,500,639,000 (includes $226,039,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.799 Equivalent rate of discount approx. 0.797% per annum

Range of accepted competitive bids: (Excepting two tenders totaling $805,000)

High - 99.803 Equivalent rate of discount approx. 0.779% per annum
Low - 99.795 Equivalent rate of discount approx. 0.811% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 27,952,000	$ 24,552,000
New York	1,772,500,000	899,425,000
Philadelphia	33,170,000	16,270,000
Cleveland	44,076,000	44,076,000
Richmond	14,679,000	10,579,000
Atlanta	23,233,000	22,183,000
Chicago	260,507,000	237,407,000
St. Louis	25,430,000	25,430,000
Minneapolis	25,787,000	25,187,000
Kansas City	41,873,000	40,993,000
Dallas	61,540,000	50,990,000
San Francisco	117,707,000	103,547,000
TOTAL	$2,448,454,000	$1,500,639,000

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FOR IMMEDIATE RELEASE
Tuesday, August 3, 1954

H-548

Treasury Secretary Humphrey today administered the oath of office as Under Secretary of the Treasury for Monetary Affairs to W. Randolph Burgess, who has been Deputy to the Secretary since January 1953.

Mr. Burgess was sworn in before a group of Treasury officials and friends, in the office of the Secretary.

In the newly created statutory position of Under Secretary for Monetary Affairs Mr. Burgess will continue the responsibilities which he had as Deputy to the Secretary. These include general supervision of public debt operations and other affairs of the Treasury Fiscal Service; the responsibilities of the offices of International Finance, Comptroller of the Currency, and U. S. Savings Bonds Division; (and some of) the remaining functions of the RFC, and RFC liquidation.

(Under Secretary Marion B. Folsom has supervisory charge of the Internal Revenue Service, the office of the Administrative Assistant Secretary, and the Analysis Staff. Assistant Secretary H. Chapman Rose supervises the work of the Bureau of Customs, U. S. Coast Guard, Bureau of the Mint, U. S. Secret Service and Bureau of Narcotics.)

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE
Tuesday, August 3, 1954 H-548

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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 August 12, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 12, 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, August 5, 1954 .

H-549

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 , or thereabouts, of 92 -day Treasury bills, for cash and in exchange for Treasury bills maturing August 12, 1954 , in the amount of $1,500,849,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 12, 1954 , and will mature November 12, 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~~ Daylight Saving/time, Monday, August 9, 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, August 5, 1954

H-549

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing August 12, 1954, in the amount of $1,500,849,000 to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 12, 1954, and will mature November 12, 1954 when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 12, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 12, 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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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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to the chairmanship ~~by the Secretary of the Treasury.~~ He will continue to serve as volunteer in an advisory capacity in the program in which he was a pioneer.

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~~SUGGESTED TREASURY RELEASE~~

RELEASE A.M. ~~FRIDAY~~ NEWSPAPERS ~~(or THURSDAY, AUGUST 5, IF POSSIBLE)~~
Friday, AUGUST 6, 1954

H-5

Secretary Humphrey has accepted the resignation of Robert W. Sparks, first vice-president and treasurer of The Bowery Savings Bank of New York, New York City, as chairman of the U. S. Savings Bonds Advisory Committee for the State of New York.

Replying to Mr. Sparks' letter of resignation, Secretary Humphrey wrote: "There is no greater glory in a democratic society than volunteer service which helps others, a service such as you have so unselfishly rendered since 1941. It is comforting to know that we may call on you at any time for advice and counsel."

~~Then assistant treasurer of the bank, with a background of newspaper, advertising and insurance work~~, Mr. Sparks was called upon ~~in~~ by the Treasury Department in the spring of 1941 to help set up a program and staff for ~~sales~~ the promotion of Defense Savings Bonds. On May 2, 1941, the day after the bonds went on sale, he was appointed associate national field director of the Defense Savings Staff. He assisted Gale F. Johnston, then field director, now president of the Mercantile Trust Co. of St. Louis, in establishing the Payroll Savings Plan in business and industry across the nation and making it the principal market for War Savings Bonds after Pearl Harbor. On July 1, 1942, when Mr. Johnston returned to private business, Mr. Sparks became national field director of the renamed War Savings Staff, which worked with ~~servicing~~ a volunteer wartime organization of up to six million bond salesmen. ~~workers with a paid personnel never exceeding 2200 in the nation.~~

In mid-1943 he returned to his banking duties in New York, but remained on call as a consultant. On October 1,1952, when Lewis Pierson, New York banker and financier, retired as State Chairman, Mr. Sparks was appointed

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE A.M. NEWSPAPERS
Friday, August 6, 1954

H-550

Secretary Humphrey has accepted the resignation of Robert W. Sparks, first vice-president and treasurer of The Bowery Savings Bank of New York, New York City, as chairman of the U. S. Savings Bonds Advisory Committee for the State of New York.

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TREASURY DEPARTMENT

WASHINGTON

IMMEDIATE RELEASE
Monday, August 9, 1954.

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H-551

IMMEDIATE RELEASE,
Monday, August 9, 1954.

The Treasury Department announced today that $7.3 billion, or over 97 percent, of the certificates of indebtedness maturing August 15 and September 15 have already been exchanged for the new offerings of bonds and certificates, according to preliminary reports received from the Federal Reserve Banks. Nearly $3.8 billion have been exchanged for the new 6-year 3-month 2-1/8 percent bonds and about $3.5 billion for the new one-year 1-1/8 percent certificates of indebtedness.

About $2.7 billion of the certificates maturing August 15 and about $4.6 billion of the certificates maturing September 15 have been tendered in exchange.

Further details regarding the exchange will be announced later this week after final reports are received.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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IMMEDIATE RELEASE
Monday, August 9, 1954

H-551

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H-552

RELEASE MORNING NEWSPAPERS,
Tuesday, August 10, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 92-day Treasury bills to be dated August 12 and to mature November 12 1954, which were offered on August 5, were opened at the Federal Reserve Banks on August 9.

The details of this issue are as follows:

Total applied for - $2,427,772,000
Total accepted - 1,500,754,000 (includes $261,525,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.772/ Equivalent rate of discount approx. 0.892% per annum

Range of accepted competitive bids:

High	- 99.810	Equivalent rate of discount approx. 0.743% per annum
Low	- 99.769	" " " " " 0.904% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,333,000	$ 31,833,000
New York	1,676,734,000	873,784,000
Philadelphia	27,795,000	12,795,000
Cleveland	52,427,000	50,427,000
Richmond	10,319,000	9,319,000
Atlanta	31,203,000	30,603,000
Chicago	234,292,000	180,982,000
St. Louis	26,796,000	26,678,000
Minneapolis	38,647,000	38,087,000
Kansas City	78,177,000	67,997,000
Dallas	72,048,000	58,508,000
San Francisco	146,001,000	119,741,000
Total	$2,427,772,000	$1,500,754,000

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Tuesday, August 10, 1954

H-552

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Dallas	72,048,000	58,508,000
San Francisco	146,001,000	119,741,000
Total	$2,427,772,000	$1,500,754,000

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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 **August 19, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **August 19, 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-553

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 12, 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 **August 19, 1954**, in the amount of $**1,501,427,000**, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **August 19, 1954**, and will mature **November 18, 1954**, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Thursday, August 12, 1954

H-553

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 August 19, 1954 in the amount of $1,501,427,000 to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 19, 1954 and will mature November 18, 1954 when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

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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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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
August 12, 1954

H-554

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 July 31, 1954, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of July 31, 1954
Buttons		850,000	Gross	467,527
Cigars		200,000,000	Number	1,670,540
Coconut Oil		448,000,000	Pound	69,138,739
Cordage		6,000,000	Pound	1,321,787
Rice		1,040,000	Pound	-
Sugars	(Refined	1,904,000,000	Pound	2,869,784
	(Unrefined			1,391,095,987
Tobacco		6,500,000	Pound	773,785

TREASURY DEPARTMENT
Washington

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H-554

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Rice	1,040,000	Pound	-
Sugars (Refined	1,904,000,000	Pound	2,869,784
Sugars (Unrefined			1,391,095,987
Tobacco	6,500,000	Pound	773,785

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TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,

August 12, 1954

H-555

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, 1954, as follows:

Country of Origin	Wheat: Established Quota	Wheat: Imports May 29, 1954, to Aug. 10, 1954	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Established Quota	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Imports May 29, 1954, to Aug. 10, 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	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	2,000
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,817,000

TREASURY DEPARTMENT
Washington

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FOR IMMEDIATE RELEASE,

August 12, 1954

H-555

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, 1954, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1954, to Aug. 10, 1954	Established Quota	Imports May 29, 1954, to Aug. 10, 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	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	2,000
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,817,000

IMMEDIATE RELEASE
August 12, 1954

4111

TREASURY DEPARTMENT
Washington

H-556

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 July 31, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 31, 1954
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	29,087
Cream	Calendar Year	1,500,000	Gallon	510
Butter	July 16, 1954- Oct. 31, 1954	5,000,000	Pound	348
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	33,950,386	Pound	(1) Quota Filled
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1953	150,000,000	Pound	100,578,047
Other............................		60,000,000	Pound	Quota Filled
Cattle, less than 200 Lbs. each	12 months from April 1, 1954	200,000	Head	3,616
Cattle, 700 Lbs. or more each....... (other than dairy cows)	July 1, 1954- Sept. 30, 1954	120,000	Head	3,618
Walnuts	Calendar Year	5,000,000	Pound	4,599,726
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1953	7,000,000	Pound	6,977,122
Alsike clover seed	July 1, 1954- June 30, 1955	1,500,000	Pound	309,726
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter............	12 months from July 1, 1954	1,709,000	Pound	-
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	-
* Oats, hulled and unhulled and unhulled ground....................	Dec. 23, 1953- Sept. 30, 1954	2,500,000	Bushel	2,463,629
Rye, rye flour and rye meal	July 1, 1954- June 30, 1955	186,000,000	Pound	185,047,114

(1) Imports for consumption at the quota rate are limited to 25,462,791 pounds during the first nine months of the calendar year.

* Imports through August 10, 1954, from countries other than Canada.

** Imports through August 10, 1954.

IMMEDIATE RELEASE
August 12, 1954

TREASURY DEPARTMENT
Washington

H-556

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 July 31, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 31, 1954
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Cream	Calendar Year	1,500,000	Gallon	510
Butter	July 16, 1954- Oct. 31, 1954	5,000,000	Pound	348
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	33,950,386	Pound	(1) Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	100,578,047
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	3,616
Cattle, 700 Lbs. or more each....... (other than dairy cows)	July 1, 1954- Sept. 30, 1954	120,000	Head	3,618
Walnuts	Calendar Year	5,000,000	Pound	4,599,726
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Alsike clover seed	July 1, 1954- June 30, 1955	1,500,000	Pound	309,726
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter............	12 months from July 1, 1954	1,709,000	Pound	-
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	-
* Oats, hulled and unhulled and unhulled ground...................	Dec. 23, 1953- Sept. 30, 1954	2,500,000	Bushel	2,463,629
Rye, rye flour and rye meal	July 1, 1954- June 30, 1955	186,000,000	Pound	185,047,114

(1) Imports for consumption at the quota rate are limited to 25,462,791 pounds during the first nine months of the calendar year.

* Imports through August 10, 1954, from countries other than Canada.

** Imports through August 10, 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 August 10, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to August 10, 1954
United Kingdom	4,323,457	700,057	1,441,152	609,690
Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
British India	69,627	54,487	-	-
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	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	1,049,573	1,599,886	658,485

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
August 12, 1954

H-557

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 August 10, 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	50,352	Paraguay	871	-
British India	2,003,483	34,455	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	6,461,447	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
			Barbados	-	-
			1/Other British W. Indies	21,321	-
Union of Soviet Socialist Republics .	475,124	431,975	Nigeria	5,377	-
Argentina	5,203	-	2/Other British W. Africa	16,004	-
Haiti	237	-	3/Other French Africa . .	689	-
Ecuador	9,333	-	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 July 31, 1954

Established Quota (Global)	Imports
70,000,000	11,791,664

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to August 10, 1954

Established Quota (Global)	Imports
45,656,420	30,635,817

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
August 12, 1954

H-557

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 August 10, 1954, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
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Mexico	8,883,259	6,461,447	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	431,975	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.
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Cotton 1-1/8" or more, but less than 1-11/16"
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(In pounds)

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Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1953, to August 10, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953 to August 10, 1954
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Canada	239,690	239,690	-	-
France	227,420	-	75,807	-
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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	6,544	-	-
Germany	76,329	23,940	25,443	23,940
Italy	21,263	7,088	7,088	7,088
	5,482,509	1,049,573	1,599,886	658,485

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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H-558

RELEASE MORNING NEWSPAPERS,
Thursday, August 12, 1954.

The Treasury Department today issued the official notice of call for redemption on December 15, 1954, of the 2 percent Treasury Bonds of 1951-55, dated December 15, 1941, due December 15, 1955. There are now outstanding $510,411,450 of these bonds.

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

TWO PERCENT TREASURY BONDS OF 1951-55
(DATED DECEMBER 15, 1941)

NOTICE OF CALL FOR REDEMPTION

To Holders of 2 percent Treasury Bonds of 1951-55, and Others Concerned:

1. Public notice is hereby given that all outstanding 2 percent Treasury Bonds of 1951-55, dated December 15, 1941, due December 15, 1955, are hereby called for redemption on December 15, 1954, on which date interest on such bonds will cease.

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

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

G. M. Humphrey,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, August 12, 1954.

TREASURY DEPARTMENT

4th

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS
Thursday, August 12, 1954

H-558

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G. M. Humphrey,
Secretary of the Treasury.

TREASURY DEPARTMENT
Washington, August 12, 1954

H-559

IMMEDIATE RELEASE,
Friday, August 13, 1954.

exchange

made

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of 1-1/8 percent Treasury Certificates of Indebtedness of Series D-1955 and 2-1/8 percent Treasury Bonds of 1960, to be dated August 15, 1954, ~~open~~ to the holders of Treasury Certificates of Indebtedness of Series D-1954 and Series E-1954, maturing August 15 and September 15, 1954, respectively.

A total of $2,733,090,000 of the August 15 certificates and $4,633,525,000 of the September 15 certificates were exchanged, divided between the two new issues and the several Federal Reserve Districts and the Treasury as shown in the following tables.

1-1/8% TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES D-1955

Federal Reserve District	Aug. Certificates Exchanged	Sept. Certificates Exchanged	Total Exchanges
Boston	$ 18,282,000	$ 75,742,000	$ 94,024,000
New York	599,761,000	1,889,475,000	2,489,236,000
Philadelphia	24,265,000	37,341,000	61,606,000
Cleveland	45,300,000	63,433,000	108,733,000
Richmond	8,807,000	23,512,000	32,319,000
Atlanta	32,639,000	33,199,000	65,838,000
Chicago	112,830,000	153,799,000	266,629,000
St. Louis	43,478,000	43,652,000	87,130,000
Minneapolis	29,190,000	20,864,000	50,054,000
Kansas City	39,384,000	32,519,000	71,903,000
Dallas	10,210,000	29,958,000	40,168,000
San Francisco	35,137,000	148,586,000	183,723,000
Treasury	5,643,000	1,469,000	7,112,000
TOTAL	$1,004,926,000	$2,553,549,000	$3,558,475,000

2-1/8% TREASURY BONDS OF 1960

Federal Reserve District	Aug. Certificates Exchanged	Sept. Certificates Exchanged	Total Exchanges
Boston	$ 73,539,000	$ 61,602,000	$ 135,141,000
New York	616,098,000	887,154,000	1,503,252,000
Philadelphia	30,453,000	86,325,000	116,778,000
Cleveland	105,732,000	88,672,000	194,404,000
Richmond	31,246,000	38,136,000	69,382,000
Atlanta	59,570,000	67,484,000	127,054,000
Chicago	369,464,000	311,697,000	681,161,000
St. Louis	110,984,000	80,242,000	191,226,000
Minneapolis	47,337,000	60,839,000	108,176,000
Kansas City	83,749,000	73,301,000	157,050,000
Dallas	63,492,000	72,909,000	136,401,000
San Francisco	134,510,000	248,613,000	383,123,000
Treasury	1,990,000	3,002,000	4,992,000
TOTAL	$1,728,164,000	$2,079,976,000	$3,808,140,000

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TREASURY DEPARTMENT

IMMEDIATE RELEASE,
Friday, August 13, 1954.

WASHINGTON, D.C.

H-559

The Treasury Department today announced the subscription and allotment figures with respect to the current exchange offering of 1-1/8 percent Treasury Certificates of Indebtedness of Series D-1955 and 2-1/8 percent Treasury Bonds of 1960, to be dated August 15, 1954, made to the holders of Treasury Certificates of Indebtedness of Series D-1954 and Series E-1954, maturing August 15 and September 15, 1954, respectively.

A total of $2,733,090,000 of the August 15 certificates and $4,633,525,000 of the September 15 certificates were exchanged, divided between the two new issues and the several Federal Reserve Districts and the Treasury as shown in the following tables.

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Federal Reserve District	Aug. Certificates Exchanged	Sept. Certificates Exchanged	Total Exchanges
Boston	$ 18,282,000	$ 75,742,000	$ 94,024,000
New York	599,761,000	1,889,475,000	2,489,236,000
Philadelphia	24,265,000	37,341,000	61,606,000
Cleveland	45,300,000	63,433,000	108,733,000
Richmond	8,807,000	23,512,000	32,319,000
Atlanta	32,639,000	33,199,000	65,838,000
Chicago	112,830,000	153,799,000	266,629,000
St. Louis	43,478,000	43,652,000	87,130,000
Minneapolis	29,190,000	20,864,000	50,054,000
Kansas City	39,384,000	32,519,000	71,903,000
Dallas	10,210,000	29,958,000	40,168,000
San Francisco	35,137,000	148,586,000	183,723,000
Treasury	5,643,000	1,469,000	7,112,000
TOTAL	$1,004,926,000	$2,553,549,000	$3,558,475,000

2-1/8% TREASURY BONDS OF 1960

Federal Reserve District	Aug. Certificates Exchanged	Sept. Certificates Exchanged	Total Exchanges
Boston	$ 73,539,000	$ 61,602,000	$ 135,141,000
New York	616,098,000	887,154,000	1,503,252,000
Philadelphia	30,453,000	86,325,000	116,778,000
Cleveland	105,732,000	88,672,000	194,404,000
Richmond	31,246,000	38,136,000	69,382,000
Atlanta	59,570,000	67,484,000	127,054,000
Chicago	369,464,000	311,697,000	681,161,000
St. Louis	110,984,000	80,242,000	191,226,000
Minneapolis	47,337,000	60,839,000	108,176,000
Kansas City	83,749,000	73,301,000	157,050,000
Dallas	63,492,000	72,909,000	136,401,000
San Francisco	134,510,000	248,613,000	383,123,000
Treasury	1,990,000	3,002,000	4,992,000
TOTAL	$1,728,164,000	$2,079,976,000	$3,808,140,000

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H-560

~~Proposed Release~~

The Treasury Department today invited suggestions from the public on revision of present rules governing practice before the Department by representatives of claimants.

The existing laws and regulations are set forth in Department Circular 230. Announcement was made some time ago that revision of the circular was contemplated.

Suggestions should be forwarded in duplicate to the Under Secretary of the Treasury, Washington 25, D. C., prior to October 1, 1954.

W.B.F.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, August 13, 1954 H-560

The Treasury Department today invited suggestions from the public on revision of present rules governing practice before the Department by representatives of claimants.

The existing laws and regulations are set forth in Department Circular 230. Announcement was made some time ago that revision of the circular was contemplated.

Suggestions should be forwarded in duplicate to the Under Secretary of the Treasury, Washington 25, D. C., prior to October 1, 1954.

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STATUTORY DEBT LIMITATION

AS OF July 31, 1954

TREASURY DEPARTMENT
Fiscal Service

Washington, August 13, 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	$ 19,511,614,000		
Certificates of indebtedness	18,405,054,000		
Treasury notes	36,956,720,300	$ 74,873,388,300	
Bonds-			
Treasury	80,377,017,450		
Savings (current redemp. value)	58,005,343,915		
Depositary	417,270,000		
Investment series	12,770,693,000	151,570,324,365	
Special Funds-			
Certificates of indebtedness	28,577,905,000		
Treasury notes	13,574,173,400	42,152,078,400	
Total interest-bearing		268,595,791,065	
Matured, interest-ceased		356,781,410	
Bearing no interest:			
United States Savings Stamps	49,710,281		
Excess profits tax refund bonds	1,224,763		
Special notes of the United States:			
Internat'l Monetary Fund series	1,442,000,000	1,492,935,044	
Total		270,445,507,519	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	18,935,036		
Matured, interest-ceased	1,965,475	20,900,511	
Grand total outstanding			270,466,408,030
Balance face amount of obligations issuable under above authority			4,533,591,970

Reconcilement with Statement of the Public Debt July 31, 1954
(Date)

(Daily Statement of the United States Treasury, July 30, 1954)
(Date)

Outstanding-	
Total gross public debt	270,983,629,652
Guaranteed obligations not owned by the Treasury	20,900,511
Total gross public debt and guaranteed obligations	271,004,530,163
Deduct - other outstanding public debt obligations not subject to debt limitation	538,122,133
	270,466,408,030

H-561

STATUTORY DEBT LIMITATION 472

AS OF July 31, 1954

TREASURY DEPARTMENT
Fiscal Service

Washington, August 13, 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	$ 19,511,614,000		
Certificates of indebtedness	18,405,054,000		
Treasury notes	36,956,720,300	$ 74,873,388,300	
Bonds-			
Treasury	80,377,017,450		
Savings (current redemp. value)	58,005,343,915		
Depositary	417,270,000		
Investment series	12,770,693,000	151,570,324,365	
Special Funds-			
Certificates of indebtedness	28,577,905,000		
Treasury notes	13,574,173,400	42,152,078,400	
Total interest-bearing		268,595,791,065	
Matured, interest-ceased		356,781,410	
Bearing no interest:			
United States Savings Stamps	49,710,281		
Excess profits tax refund bonds	1,224,763		
Special notes of the United States:			
Internat'l Monetary Fund series	1,442,000,000	1,492,935,044	
Total		270,445,507,519	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	18,935,036		
Matured, interest-ceased	1,965,475	20,900,511	
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	270,466,408,030

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August 3, 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 July, 1954:

Sales	$30,536,300.00
Purchases	8,870,000.00
Net sales	#21,666,300 → ~~$21,666,300.00~~

"(Sgd) Charles T. Brand"

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Thursday, July 15, 1954~~.
Monday, August 16, 1954

H-562
~~H-531~~

During the month of ~~June~~ July, 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 ~~[illegible]~~ $21,666,300

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, August 16, 1954.

H-562

During the month of July 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 $21,666,300.

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RELEASE MORNING NEWSPAPERS,
Tuesday, August 17, 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 August 19 and to mature November 18, 1954, which were offered on August 12, were opened at the Federal Reserve Banks on August 16.

The details of this issue are as follows:

Total applied for - $2,353,757,000
Total accepted - 1,501,100,000 (includes $257,496,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.773/ Equivalent rate of discount approx. 0.898% per annum

Range of accepted competitive bids: (Excepting one tender of $150,000)

High - 99.780 Equivalent rate of discount approx. 0.870% per annum
Low - 99.771 " " " " " 0.906% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 48,101,000	$ 46,601,000
New York	1,697,690,000	968,040,000
Philadelphia	31,319,000	21,319,000
Cleveland	51,829,000	51,829,000
Richmond	25,018,000	24,318,000
Atlanta	29,957,000	25,257,000
Chicago	216,206,000	166,619,000
St. Louis	42,929,000	31,979,000
Minneapolis	20,025,000	19,925,000
Kansas City	43,635,000	39,235,000
Dallas	54,780,000	31,030,000
San Francisco	92,268,000	74,948,000
TOTAL	$2,353,757,000	$1,501,100,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 17, 1954.

H-563

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Dallas	54,780,000	31,030,000
San Francisco	92,268,000	74,948,000
TOTAL	$2,353,757,000	$1,501,100,000

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Finally, a number of important areas were deliberately reserved for further study. In his Budget Message, the President specifically placed in this category the treatment of capital gains and losses, the problems of the oil and mining industries, the tax treatment of cooperatives and tax-exempt organizations, and the retirement income of people not covered by pension plans. These important subjects were reserved for future legislation.

We know that the job of tax revision is not complete. In a growing and changing economy it is necessarily a continuing task. However, as the President said when he signed the bill, this "law is the excellent result of cooperative efforts by the Congress and the Department of the Treasury to give our tax code its first complete revision in seventy-five years. It is a good law. It will benefit all Americans."

We believe also that it can make a major contribution to America's increasing strength and prosperity.

For many years businessmen and others have urged removal of tax restraints. We believe that this bill goes far in that direction. The tax system, however, cannot itself provide the growth. Much will depend upon the response of businessmen and investors to this improvement in our economic plan.

August 16, 1954

President's recommendations and designed to encourage United States investment abroad. Among them was a 14-point reduction in the tax on income from production abroad.

Critics of these proposals made a strong plea to the Senate Committee on Finance for further liberalization. However, no agreement could be reached by those concerned with respect to the types of income which were to be taxed at the reduced rate. As a result, this provision, together with certain allied proposals, was stricken from the bill. Since the basic problem remained unsolved at the time the bill was in Conference, most of the proposed changes in the treatment of foreign income do not appear in the new law, the principal exceptions being the elimination of the over-all limit on the foreign tax credit and the extension of the credit to shareholders of regulated investment companies specializing in foreign securities. The taxation of foreign income, therefore, requires further study.

The President's proposals also included the elimination over a 3-year period of the penalty taxes on intercorporate dividends and consolidated returns. However, the action taken in the final bill was confined to the lowering of the affiliation requirements to an 80 percent of stock ownership test and the elimination of the 2 percent tax on consolidated returns in the case of regulated public utilities.

inflexible and questioned whether it was possible to prescribe mechanical rules which would cover adequately the wide variety of plans in use. Some maintained that these provisions discriminated against small firms and disqualified plans which could qualify under the old law. Others felt that the new rules were too lax and would permit the qualification of discriminatory plans.

In this instance, Congress abandoned the new provisions, and returned to the basic outlines of the old law. Simplification was deferred pending further study.

F. <u>The Task Before Us</u>

There are other areas where much work remains to be done. As you know, some important sections of old law, including some widely criticized provisions, were carried over into the new Code largely unchanged. This is true of most of the excise provisions.

Moreover, some income tax provisions which would have been changed under the House bill were restored to their old form in the Senate. The time available was too short for working out several problems which developed after the bill had the benefit of public scrutiny.

This, for example, was the fate of most of the proposed changes in the tax treatment of income obtained from foreign sources. The House bill contained a substantial group of proposals following the

No doubt we have not been able to achieve all our primary objectives to the extent that some taxpayers desired. One fact which emerged clearly from our work is that objectives frequently conflict with one another. For instance, clarity is not always consonant with simplicity or brevity, and at many points our efforts to make the new law clear and easy to work with have necessarily resulted in more detailed provisions than those contained in the 1939 Code.

Simplicity and fairness are also sometimes incompatible. Those who seek simplicity frequently raise other problems which defy simple solutions.

Our work with the pension, profit-sharing and stock bonus provisions illustrates this type of conflict. The regulations under the old law had been subject to widespread criticism as being over-complicated, restrictive, and uncertain. There were many complaints that taxpayers had to wait a long time for individual rulings from the Internal Revenue Service to know whether their particular plans qualified.

To meet these criticisms and after consultation with many experts outside the Government, the House bill sought to spell out certain clear-cut rules which would enable taxpayers to determine whether particular plans qualified without submitting them to Internal Revenue for approval. Ambiguity was to be removed, leaving no doubt as to which plans were acceptable.

No sooner were the proposed simple rules made public than criticisms began to come in. Many found the new provisions too

The new provisions dealing with partners and partnership transactions are other outstanding examples of clarification. On such matters the old statute was wholly inadequate. Most of the important issues depended upon a confusing accumulation of case law and administrative rulings. Taxpayers found it difficult to determine the consequences of many everyday transactions such as the transfer of assets into and out of a partnership, sales of partnership interests, and non-cash distributions to partners. The new Code contains a rational and reasonably flexible set of rules which will not only clarify the principal tax problems in this area but also minimize the disturbing effects of tax considerations upon business done in the partnership form.

In the clarification of the law the income tax provisions have been brought into closer conformity with generally accepted accounting principles. The differences between tax and business accounting which existed under the old law were irritating and sometimes required businessmen to keep more than one set of books. These differences related chiefly to the timing of the receipt of income and the deduction of expenses. Under the new law each item of income or expense will be counted only once, but the timing will accord with generally accepted accounting principles.

E. Balancing of Objectives

These were the principal objectives we sought to achieve by tax revision, within the limitation on the loss of revenue to which I have already alluded.

Clarification was one of the principal objectives of the work done with respect to corporate reorganizations, recapitalizations, and distributions. A new set of simple, clear and internally consistent rules has been developed. It is anticipated that they will make it possible for the businessman to know with reasonable certainty, and in advance, the tax consequences of alternative courses of action. So far as possible, unnecessary tax barriers to desirable business practices have been removed. The tax-free rearrangement of stockholders' interests will be permitted so long as earnings are not withdrawn from the corporation. We believe, therefore, that this portion of the new law will also reduce materially the distorting effect of tax considerations upon sound business policy.

Clarification was also one of the primary objectives of the extensive revision of the law dealing with the tax treatment of estates and trusts. Some of the most troublesome portions of the old law have been eliminated, and a very simple set of rules has been introduced which will govern the treatment of the vast majority of trusts.

6. <u>Exemption of Multiple Employee Death Benefits</u>

The provision of the old law which exempted $5,000 of death benefits paid by an employer to beneficiaries of a deceased employee had also been used to avoid tax. The $5,000 limit applied to payments by any one employer. Some persons employed by several corporations arranged for each employer to pay a $5,000 death benefit, thus providing the beneficiary with exempt benefits many times $5,000. The new law closes this loophole by allowing only one $5,000 exemption for each employee.

These are examples of the way the tax revision bill prevents businesses and individuals from avoiding their share of the tax burden. These loophole closing provisions will save revenue, make the tax system fairer, and eliminate economic distortion which has been due to arrangements adopted merely for purposes of tax avoidance.

D. <u>Clarification</u>

A fourth objective was the clarification of the tax law. For years taxpayers have been pleading that the law be made clear and simple so as to lighten the burden of compliance and reduce the amount of paperwork.

In the revision, the provisions of the law have been arranged in a more logical order, obsolete material has been deleted, and the language has been made more certain and understandable. In some important areas where the taxpayer had previously been forced to rely upon court decisions and administrative rulings, clear statutory guidance has been provided. We have tried to reduce to a minimum the situations in which heavy reliance is placed on the judgment of the internal revenue agent.

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4. Sickness Benefits

At the individual income tax level, sickness benefits or continuance of salary payments during periods of illness were previously exempt without limit if paid under an insured type of plan. This was especially advantageous for some taxpayers in the higher income brackets. The new law prevents abuse by limiting the exemption of salary continuance benefits to $100 a week. At the same time the law is made fairer by extending this limited exemption to all salary continuance benefits whether or not paid under an insured plan.

5. Proceeds of Life Insurance Paid in Installments

Another means of avoidance under the old law was to arrange to have life insurance proceeds paid in installments after the death of the insured. The old law exempted not only the life insurance proceeds but also the interest earned after the death of the insured. This enabled beneficiaries of large amounts of insurance to receive substantial interest incomes tax free. The new law requires that the interest earned after the death of the insured on life insurance proceeds paid in installments be subject to tax with the exception of $1,000 a year paid to a surviving spouse. Of course, life insurance proceeds themselves continue to be exempt.

1. Preferred Stock Bail-out

For example, taxpayers were able to use a device commonly known as the "preferred stock bail-out" to siphon off large accumulated earnings from a corporation at capital gains rates. This was done by having the corporation issue to common stockholders a nontaxable dividend of preferred stock which was later redeemed. The revised Code taxes as ordinary income the proceeds of the sale or redemption of preferred stock acquired in such transactions.

2. Purchase of a Loss Corporation

The new Code will also curb the trafficking in net operating loss carryovers. Under the old law it was frequently possible for a successful business to reduce its tax liability by purchasing a corporation which had lost money. The new law eliminates the carry-over when more than 50 percent of the stock of the loss corporation is purchased by new owners within a 2-year period and the loss corporation thereafter does not continue in the same business.

3. Collapsible Corporations and Partnerships

The old law curbed the use of so-called collapsible corporations which were liquidated in a manner that at one time restricted the tax liability to a capital gains tax on the shareholders. The new law makes these curbs more rigorous, and also imposes restrictions on collapsible partnerships which had been overlooked under the earlier law.

The continuance of this tax is necessary in order to prevent the use of the corporation for avoiding the surtax on individual shareholders. However, under the new Code the taxpayer, by supplying information, can shift to the Government the burden of proof as to reasonableness. Instead of having to show an immediate and specific need for the retained earnings, the taxpayer will be required to show that the retained earnings are necessary to meet "reasonably anticipated" business requirements. An accumulation of $60,000 can be made without threat of penalty; and the tax, when imposed, will apply only to the portion of the retained earnings found to be unreasonable.

By liberalizing the law and clarifying the taxpayer's position, these changes will eliminate the disturbing influence which the penalty tax has had upon dividend and investment policies.

The new depreciation rules, the dividends-received credit and its accompanying exclusion, and other important revisions have removed or reduced serious obstacles to new investment. The Nation will follow with keen interest the way business avails itself of this opportunity to modernize and expand its plant and equipment.

C. Loopholes

Our third objective was to close loopholes. This involves repairing more than 50 provisions in the old law which enabled taxpayers to avoid their share of the burden by taking advantage of technicalities.

of losses is extended from 1 to 2 years, thus providing, in combination with the 5-year carryforward, a total span of 8 years for absorbing a loss. The additional carryback increases the possibility of immediate relief through tax refunds when business is losing money and needs the relief most.

The new law also eliminates the requirement that the loss carry-over be decreased by an adjustment for the intercompany dividend credit, the excess of percentage over cost depletion, and tax-exempt interest. These changes cut down substantially the tax disadvantages of businesses with uneven earnings, which are apt to be the unusually risky enterprises that are of such critical importance to the development of the economy.

5. Tax on Unreasonable Accumulation of Surplus

The changes in the tax on the unreasonable accumulation of surplus will also contribute to the expansion of the economy. Under the old law, the application of the tax was uncertain, and its impact, when imposed, extremely harsh. If the Government believed that the retained earnings of a corporation were excessive, the taxpayer was required to demonstrate that this was not the case. The necessary evidence was not always easy to assemble even when the retention served a legitimate business purpose, particularly because the taxpayer had to show that there was an immediate and specific use for the retained earnings. The tax was therefore greatly feared especially by small business and tended to impede and distort investment programs.

Our new provisions are, nevertheless, a significant step in the right direction. The $50 exclusion is a particularly important feature because it will give small taxpayers a proportionately greater incentive to invest in equity securities. It is extremely important for the growth and stability of the Nation that equity funds be more readily available to new and growing businesses and that the ownership of corporate enterprise be spread even more widely among all our citizens.

3. Research and Experimental Expenditures

The 1939 Code made no specific provision for the research and experimental expenditures which are so vital to the growth and increasing efficiency of American business. As a practical matter, large businesses with regular research and experimental budgets have been able to deduct most of these expenses currently. However, in the case of many small businesses, unable to afford a regular budget for research, doubt has existed concerning the deductibility of such expenditures. Moreover, when they were capitalized, there was no assurance that they could be amortized over a definite period or that an abandonment loss could be established. The new Code gives all taxpayers the option to deduct such expenses currently or to capitalize them and write them off over a period of not less than 5 years.

4. Carryback of Operating Losses

The new Code will be fairer and less burdensome to businesses with irregular and fluctuating earnings. The period for the carryback

4.3(1

Under the new Code each stockholder will be permitted to exclude from his gross income up to $50 of dividends and will be allowed a credit against tax equal to 4 percent of the dividends in excess of the exclusion. The amount of the credit is limited to 2 percent of the stockholder's total taxable income in 1954 and to 4 percent in later years.

The new law is a partial restoration of the treatment accorded dividends prior to 1936. When the first income tax law was enacted in 1913, a normal tax was imposed on individuals at the rate of 1 percent. In addition, a tax was imposed on corporations at the rate of 1 percent. At that time, dividends were completely free of the normal tax in the hands of the individual because, as the Committee reports on that Act state, the corporation was merely the collecting agent for the shareholder, and the income should be taxed only once. This principle continued to be recognized in the income tax law until 1936 with dividends being exempt from the normal tax but subject to surtax.

In 1936, in the confusion attending the enactment of the undistributed profits tax, the exemption of dividends from the normal tax on individuals was abolished.

Our new law restores the historical concept of avoiding double taxation by adjusting the tax of the individual dividend recipient, but the amount of the relief is comparatively modest. It is by no means the equivalent of the pre-1936 normal tax exemption and is much smaller than either the 20 percent credit allowed under the Federal income tax law in Canada or the adjustment made under the British law.

A taxpayer who elects the 200-percent declining-balance method is given the option to switch to straight-line depreciation at any time during the life of the property. This will assure recovery of the full cost over the service life of the asset, a result which would not always be obtained under the declining-balance method. Hence, this option removes a possible impediment to the adoption of the declining-balance formula.

2. Double taxation of dividends

The new law provides a degree of relief from double taxation of corporate dividends. This double taxation is a major injustice, a penalty on equity financing, and a serious obstacle to business expansion.

We depend on risk capital for the development of new enterprises and the growth of old ones. Large sums are needed to create new jobs. It is estimated that the average cost of providing one job is well over $10,000. Double taxation of dividends makes it difficult to attract the risk capital necessary to create these jobs. It also encourages corporations to finance themselves by bonded indebtedness, because interest can be deducted for tax purposes. In recent years over three-quarters of the outside financing of industry has taken the form of bonded indebtedness. This makes the economy more vulnerable in periods of business unsettlement.

The failure of tax deductions under the straight-line formula to keep pace with true depreciation was discouraging to plant modernization and economic progress, particularly when the investment was of a long-range character and involved a considerable business risk. The unrealistically slow write-off also aggravated the problem of financing expansion.

The new Code will give taxpayers much greater latitude in the selection of methods of depreciation and allow a more rapid write-off of the tax basis of the property.

The taxpayer will be permitted to compute depreciation under the declining-balance method at twice the straight-line rate. This will conform the allowable deductions more closely to true depreciation since about two-thirds of the cost will be written off during the first half of the asset's life, as compared with only one-half under the straight-line formula.

While discussions concerning the new provisions have tended to concentrate upon this declining-balance formula, specific provision has also been made for the use of the sum-of-the-years'-digits method which in some respects is more liberal than the 200-percent declining-balance formula. Moreover, any other consistent method will be acceptable so long as it does not produce larger deductions than those allowable under the 200-percent declining-balance formula during the first two-thirds of the service life of the asset. Systems of depreciation which were proper under the 1939 Code are specifically recognized under the new law.

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B. The Removal of Deterrents to Business Expansion

The second objective of our work was the reduction of tax deterrents to the expansion of investment in private business. This expansion is necessary for the production of better goods at lower prices and the creation of more and better jobs. A number of the provisions in the new law are focused on this objective. The most important of these is a new and more realistic treatment of depreciation.

1. Depreciation

The provision in the 1939 Code relating to depreciation was brief and general. It merely provided "a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) (1) of property used in a trade or business or (2) of property held for the production of income." The specific rules governing allowable deductions and procedures were left to regulations and administrative practice. While various methods of apportioning the cost of the property over its service life were permitted, limitations imposed upon alternate methods resulted in the general use of the straight-line formula. This system, which spreads the cost evenly over the asset's life, is simple, but the deductions which it allows are frequently at odds with the actual facts. For instance, as everyone knows, a large portion of the value of a new automobile disappears during the first year or two of its life.

under both types of plans will receive the same treatment. Thus, reimbursements for medical expenses and for permanent injury are excluded from income. Sickness benefits paid in lieu of wages are exempt up to $100 a week.

The new law eliminates inequities in the treatment of annuities which existed under the 1939 Code. The purchaser of an annuity will be allowed a uniform annual exclusion sufficient to permit him to recover his entire capital tax free over the period of his life expectancy.

Farmers are given the option to deduct the costs of soil and water conservation as a current expense up to 25 percent of their gross income. Under the old law these costs generally had to be capitalized and could be recovered for tax purposes only upon sale of the land. This change will be of direct benefit to farmers and will benefit all of us indirectly by encouraging sound conservation practices.

These measures are illustrative of the relief given individual income taxpayers under the new legislation. Substantial assistance has been provided in unusual hardship cases at a relatively modest cost. A great deal has been done to make the law more certain.

Moreover, the taxpayer has been given an additional 30 days in which to file his return; about a million people have been relieved of the responsibility of filing declarations of estimated tax; for those who must still file this return, the rules have been made more reasonable and the penalties, when imposed, less complicated and severe.

Restrictions on the deductibility of charitable contributions have been eased. In addition to the 20 percent of the taxpayer's income allowed under the previous law, an extra 10 percent is allowed for contributions to hospitals, churches, or educational institutions.

Discrepancies between the tax treatment of social security benefits and other forms of retirement income have been reduced. Retired persons receiving income from pensions, annuities, interest, rents, or dividends will be entitled to a 20-percent credit against tax on as much as $1,200 of such income. This will exempt many elderly retired persons of modest means from the income tax. The credit is reduced for the amount of social security benefits and other exempt forms of retirement income in order to prevent duplication of exemptions and equalize the tax treatment of various types of benefits.

Under the old law, taxpayers were denied deductions for the interest included in carrying charges on installment purchases unless the interest element was separately stated. The new law specifically permits the deduction as interest of a portion of the carrying charges, up to 6 percent of the unpaid balance.

The new law makes it clear that premiums paid by employers for health and accident plans are not to be taxed as income of the employee.

Under prior law, sickness and accident benefits financed by the employer were exempt if paid under an insured plan but were taxed if provided under a noninsured plan. Under the new law, benefits paid

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A. The Removal of Inequities

Our efforts to remove inequities have brought fairer treatment and reduced hardship for millions of taxpayers.

Parents need no longer be on guard lest a child be disqualified as a dependent because his vacation or part-time earnings exceed $600. The new law waives this income test where the dependent is the taxpayer's child under the age of 19, or is a student.

A widow or widower who must maintain a home for dependent children will not be deprived abruptly of the benefits of income splitting because of the death of the other spouse. Instead, the tax return of the survivor will, for a period of 2 years, continue to be treated as though it were the joint return of husband and wife and, therefore, eligible for the full benefits of income splitting.

Widows, widowers, and working wives in low income families will be permitted to deduct expenses, incurred while at work, for child care. Widows and widowers may deduct amounts paid up to a maximum of $600 a year for the care of children under 12 or any incapacitated person. In the case of working wives, the deduction is reduced by the amount by which the combined incomes of the husband and wife exceed $4,500.

Taxpayers with heavy medical, dental or hospital bills will receive more generous treatment. The excess of such expenses over 3 rather than 5 percent of the taxpayer's income will be deductible, and the maximum deduction allowed is doubled.

absorbed under the revision bill was limited. At the same time, the continued high level of taxation necessitated by our defense needs made it extremely important that the revised law be as sound as we could make it.

The revenue losing provisions of the revision bill involve a loss of about $1.4 billion in the fiscal year 1955. However, the bill also extends for one year the 52 percent corporate rate which cuts the net loss in 1955 to less than $200 million.

In addition, the bill reduces the Treasury's debt management problem by providing for a further gradual acceleration over a five-year period in the tax payments of corporations with tax liabilities in excess of $100,000. Although less than 5 percent of the corporations are subject to the new schedule, they account for 85 percent of the total corporate income tax liability. When the transition to the new system is completed, these large corporations will be paying half of their taxes in the second half of the year during which the liability arises and the balance during the first half of the following year. This will reduce materially the excessive concentration of the Federal Government's receipts during the first 6 months of the calendar year.

The chief purposes of the revision were to (1) remove inequities, (2) reduce restraints on economic growth and the creation of jobs, (3) close loopholes, and (4) clarify the law. I want to illustrate how each of these purposes has been achieved in the new Code.

Committee on Ways and Means in the summer of 1953 brought into focus most of the problems with which we had to deal and provided additional valuable material for our studies.

Throughout our work on the revision bill, we consulted extensively with the individuals and groups best informed on the specific problems under review. We made a particular effort to seek out criticism immediately after the House of Representatives had acted on the proposed new Code. We were aware of the dimensions of the job, as well as the fact that in a good many areas we were proposing substantial innovations. The advice received at that time from professional associations and well-informed individuals was most helpful in revising certain sections of the bill while it was before the Senate.

II. <u>The Basic Objectives</u>

The basic purpose of our work was tax revision, not tax reduction. Indeed, the bulk of the Administration's tax reduction program was already in effect when the revision bill was passed by the House. Tax reductions made during 1954 total $7.4 billion. This is the largest total dollar reduction during a single year in the country's history, and reflects the Administration's policy of passing on to taxpayers the savings currently being made in governmental expenditures. Since it would have been unwise and irresponsible to make reductions in excess of budgetary economies, the revenue loss which could be

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The job was to translate these guiding principles into the many detailed provisions of the law.

I. The Background

This task has been under way since the Spring of 1953 when the Treasury, acting at the President's direction, joined with the Congressional tax committees and their staffs in a comprehensive review of the entire Internal Revenue Code.

General tax revision was long overdue. The tremendous development of our tax system during the periods of depression, war, and defense build-up has been haphazard. Inequities and inconsistencies crept in. Substantial impediments to economic development appeared. The law itself became complex, cumbersome and, in many cases, unclear.

These conditions produced a vast number of studies and suggestions for reform by individuals, professional groups and Congressional committees. An extensive accumulation of materials of this type existed in the files of the Treasury Department and the Congressional tax staffs. The answers to a questionnaire sent out by the Joint Committee on Internal Revenue Taxation and the hearings of the

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Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the American Management Association, Hotel Statler, New York City, 10:15 a.m., Thursday, August 19, 1954

Philosophy of the New Tax Bill

On Monday of this week, the President signed the tax revision bill which constitutes the first complete overhaul of the Federal tax system since long before the turn of the century. Tax revision, as you know, has had an important place in the President's program.

The document, which emerged from the Congress under the title "An act to revise the internal revenue laws of the United States," is a new point of departure in the evolution of our tax system. I should like to discuss some of the principles basic to this legislation.

In his Budget Message to the Congress early this year, the President stated his philosophy of tax revision as follows:

> "Revision of the tax system is needed to make tax burdens fairer for millions of individual taxpayers. It is needed to restore normal incentives for sustained production and economic growth. The country's economy has continued to grow during recent years with artificial support from recurring inflation. This is not a solid foundation for prosperity. We must restore conditions which will permit traditional American initiative and production genius to push on to ever higher standards

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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the American Management Association, Hotel Statler, New York City, 10:15 a.m., Thursday, August 19, 1954

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H-564

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These conditions produced a vast number of studies and suggestions for reform by individuals, professional groups and Congressional committees. An extensive accumulation of materials of this type existed in the files of the Treasury Department and the Congressional tax staffs. The answers to a questionnaire sent out by the Joint Committee on Internal Revenue Taxation and the hearings of the Committee on Ways and Means in the summer of 1953 brought into focus most of the problems with which we had to deal and provided additional valuable material for our studies.

Throughout our work on the revision bill, we consulted extensively with the individuals and groups best informed on the specific problems under review. We made a particular effort to seek out criticism immediately after the House of Representatives had acted on the proposed new Code. We were aware of the dimensions of the job, as well as the fact that in a good many areas we were proposing substantial innovations. The advice received at that time from professional associations and well-informed individuals was most helpful in revising certain sections of the bill while it was before the Senate.

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The revenue losing provisions of the revision bill involve a loss of about $1.4 billion in the fiscal year 1955. However, the bill also extends for one year the 52 percent corporate rate which cuts the net loss in 1955 to less than $200 million.

In addition, the bill reduces the Treasury's debt management problem by providing for a further gradual acceleration over a five-year period in the tax payments of corporations with tax liabilities in excess of $100,000. Although less than 5 percent of the corporations are subject to the new schedule, they account for 85 percent of the total corporate income tax liability. When the transition to the new system is completed, these large corporations will be paying half of their taxes in the second half of the year during which the liability arises and the balance during the first half of the following year. This will reduce materially the excessive concentration of the Federal Government's receipts during the first 6 months of the calendar year.

The chief purposes of the revision were to (1) remove inequities, (2) reduce restraints on economic growth and the creation of jobs, (3) close loopholes, and (4) clarify the law. I want to illustrate how each of these purposes has been achieved in the new Code.

A. <u>The Removal of Inequities</u>

Our efforts to remove inequities have brought fairer treatment and reduced hardship for millions of taxpayers.

Parents need no longer be on guard lest a child be disqualified as a dependent because his vacation or part-time earnings exceed $600. The new law waives this income test where the dependent is the taxpayer's child under the age of 19, or is a student.

A widow or widower who must maintain a home for dependent children will not be deprived abruptly of the benefits of income splitting because of the death of the other spouse. Instead, the tax return of the survivor will, for a period of 2 years, continue to be treated as though it were the joint return of husband and wife and, therefore, eligible for the full benefits of income splitting.

Widows, widowers, and working wives in low income families will be permitted to deduct expenses, incurred while at work, for child care. Widows and widowers may deduct amounts paid up to a maximum of $600 a year for the care of children under 12 or any incapacitated person. In the case of working wives, the deduction is reduced by the amount by which the combined incomes of the husband and wife exceed $4,500.

Taxpayers with heavy medical, dental or hospital bills will receive more generous treatment. The excess of such expenses over 3 rather than 5 percent of the taxpayer's income will be deductible, and the maximum deduction allowed is doubled.

Restrictions on the deductibility of charitable contributions have been eased. In addition to the 20 percent of the taxpayer's income allowed under the previous law, an extra 10 percent is allowed for contributions to hospitals, churches, or eductional institutions.

Discrepancies between the tax treatment of social security benefits and other forms of retirement income have been reduced. Retired persons receiving income from pensions, annuities, interest, rents, or dividends will be entitled to a 20-percent credit against tax on as much as $1,200 of such income. This will exempt many elderly retired persons of modest means from the income tax. The credit is reduced for the amount of social security benefits and other exempt forms of retirement income in order to prevent duplication of exemptions and equalize the tax treatment of various types of benefits.

Under the old law, taxpayers were denied deductions for the interest included in carrying charges on installment purchases unless the interest element was separately stated. The new law specifically permits the deduction as interest of a portion of the carrying charges, up to 6 percent of the unpaid balance.

The new law makes it clear that premiums paid by employers for health and accident plans are not to be taxed as income of the employee.

Under prior law, sickness and accident benefits financed by the employer were exempt if paid under an insured plan but were taxed if provided under a noninsured plan. Under the new law, benefits paid under both types of plans will receive the same treatment. Thus, reimbursements for medical expenses and for permanent injury are excluded from income. Sickness benefits paid in lieu of wages are exempt up to $100 a week.

The new law eliminates inequities in the treatment of annuities which existed under the 1939 Code. The purchaser of an annuity will be allowed a uniform annual exclusion sufficient to permit him to recover his entire capital tax free over the period of his life expectancy.

Farmers are given the option to deduct the costs of soil and water conservation as a current expense up to 25 percent of their gross income. Under the old law these costs generally had to be capitalized and could be recovered for tax purposes only upon sale of the land. This change will be of direct benefit to farmers and will benefit all of us indirectly by encouraging sound conservation practices.

These measures are illustrative of the relief given individual income taxpayers under the new legislation. Substantial assistance has been provided in unusual hardship cases at a relatively modest cost. A great deal has been done to make the law more certain.

Moreover, the taxpayer has been given an additional 30 days in which to file his return; about a million people have been relieved of the responsibility of filing declarations of estimated tax; for those who must still file this return, the rules have been made more reasonable and the penalties, when imposed, less complicated and severe.

B. The Removal of Deterrents to Business Expansion

The second objective of our work was the reduction of tax deterrents to the expansion of investment in private business. This expansion is necessary for the production of better goods at lower prices and the creation of more and better jobs. A number of the provisions in the new law are focused on this objective. The most important of these is a new and more realistic treatment of depreciation.

1. Depreciation

The provision in the 1939 Code relating to depreciation was brief and general. It merely provided "a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) (1) of property used in a trade or business or (2) of property held for the production of income." The specific rules governing allowable deductions and procedures were left to regulations and administrative practice. While various methods of apportioning the cost of the property over its service life were permitted, limitations imposed upon alternate methods resulted in the general use of the straight-line formula. This system, which spreads the cost evenly over the asset's life, is simple, but the deductions which it allows are frequently at odds with the actual facts. For instance, as everyone knows, a large portion of the value of a new automobile disappears during the first year or two of its life.

The failure of tax deductions under the straight-line formula to keep pace with true depreciation was discouraging to plant modernization and economic progress, particularly when the investment was of a long-range character and involved a considerable business risk. The unrealistically slow write-off also aggravated the problem of financing expansion.

The new Code will give taxpayers much greater latitude in the selection of methods of depreciation and allow a more rapid write-off of the tax basis of the property.

The taxpayer will be permitted to compute depreciation under the declining-balance method at twice the straight-line rate. This will conform the allowable deductions more closely to true depreciation since about two-thirds of the cost will be written off during the first half of the asset's life, as compared with only one-half under the straight-line formula.

While discussions concerning the new provisions have tended to concentrate upon this declining-balance formula, specific provision has also been made for the use of the sum-of-the-years'-digits method which in some respects is more liberal than the 200-percent declining-balance formula. Moreover, any other consistent method will be acceptable so long as it does not produce larger deductions than those allowable under the 200-percent declining-balance formula during the first two-thirds of the service life of the asset. Systems of depreciation which were proper under the 1939 Code are specifically recognized under the new law.

A taxpayer who elects the 200-percent declining-balance method is given the option to switch to straight-line depreciation at any time during the life of the property. This will assure recovery of the full cost over the service life of the asset, a result which would not always be obtained under the declining-balance method. Hence, this option removes a possible impediment to the adoption of the declining-balance formula.

2. Double Taxation of Dividends

The new law provides a degree of relief from double taxation of corporate dividends. This double taxation is a major injustice, a penalty on equity financing, and a serious obstacle to business expansion.

We depend on risk capital for the development of new enterprises and the growth of old ones. Large sums are needed to create new jobs. It is estimated that the average cost of providing one job is well over $10,000. Double taxation of dividends makes it difficult to attract the risk capital necessary to create these jobs. It also encourages corporations to finance themselves by bonded indebtedness, because interest can be deducted for tax purposes. In recent years over three-quarters of the outside financing of industry has taken the form of bonded indebtedness. This makes the economy more vulnerable in periods of business unsettlement.

Under the new Code each stockholder will be permitted to exclude from his gross income up to $50 of dividends and will be allowed a credit against tax equal to 4 percent of the dividends in excess of the exclusion. The amount of the credit is limited to 2 percent of the stockholder's total taxable income in 1954 and to 4 percent in later years.

The new law is a partial restoration of the treatment accorded dividends prior to 1936. When the first income tax law was enacted in 1913, a normal tax was imposed on individuals at the rate of 1 percent. In addition, a tax was imposed on corporations at the rate of 1 percent. At that time, dividends were completely free of the normal tax in the hands of the individual because, as the Committee reports on that Act state, the corporation was merely the collecting agent for the shareholder, and the income should be taxed only once. This principle continued to be recognized in the income tax law until 1936 with dividends being exempt from the normal tax but subject to surtax.

In 1936, in the confusion attending the enactment of the undistributed profits tax, the exemption of dividends from the normal tax on individuals was abolished.

Our new law restores the historical concept of avoiding double taxation by adjusting the tax of the individual dividend recipient, but the amount of the relief is comparatively modest. It is by no means the equivalent of the pre-1936 normal tax exemption and is much smaller than either the 20 percent credit allowed under the Federal income tax law in Canada or the adjustment made under the British law.

Our new provisions are, nevertheless, a significant step in the right direction. The $50 exclusion is a particularly important feature because it will give small taxpayers a proportionately greater incentive to invest in equity securities. It is extremely important for the growth and stability of the Nation that equity funds be more readily available to new and growing businesses and that the ownership of corporate enterprise be spread even more widely among all our citizens.

3. Research and Experimental Expenditures

The 1939 Code made no specific provision for the research and experimental expenditures which are so vital to the growth and increasing efficiency of American business. As a practical matter, large businesses with regular research and experimental budgets have been able to deduct most of these expenses currently. However, in the case of many small businesses, unable to afford a regular budget for research, doubt has existed concerning the deductibility of such expenditures. Moreover, when they were capitalized, there was no assurance that they could be amortized over a definite period or that an abandonment loss could be established. The new Code gives all taxpayers the option to deduct such expenses currently or to capitalize them and write them off over a period of not less than 5 years.

4. Carryback of Operating Losses

The new Code will be fairer and less burdensome to businesses with irregular and fluctuating earnings. The period for the carryback of losses is extended from 1 to 2 years, thus providing, in combination with the 5-year carryforward, a total span of 8 years for absorbing a loss. The additional carryback increases the possibility of immediate relief through tax refunds when business is losing money and needs the relief most.

The new law also eliminates the requirement that the loss carryover be decreased by an adjustment for the intercompany dividend credit, the excess of percentage over cost depletion, and tax-exempt interest. These changes cut down substantially the tax disadvantages of businesses with uneven earnings, which are apt to be the unusually risky enterprises that are of such critical importance to the development of the economy.

5. Tax on Unreasonable Accumulation of Surplus

The changes in the tax on the unreasonable accumulation of surplus will also contribute to the expansion of the economy. Under the old law, the application of the tax was uncertain, and its impact, when imposed, extremely harsh. If the Government believed that the retained earnings of a corporation were excessive, the taxpayer was required to demonstrate that this was not the case. The necessary evidence was not always easy to assemble even when the retention served a legitimate business purpose, particularly because the taxpayer had to show that there was an immediate and specific use for the retained earnings. The tax was therefore greatly feared especially by small business and tended to impede and distort investment programs.

The continuance of this tax is necessary in order to prevent the use of the corporation for avoiding the surtax on individual shareholders. However, under the new Code the taxpayer, by supplying information, can shift to the Government the burden of proof as to reasonableness. Instead of having to show an immediate and specific need for the retained earnings, the taxpayer will be required to show that the retained earnings are necessary to meet "reasonably anticipated" business requirements. An accumulation of $50,000 can be made without threat of penalty; and the tax, when imposed, will apply only to the portion of the retained earnings found to be unreasonable.

By liberalizing the law and clarifying the taxpayer's position, these changes will eliminate the disturbing influence which the penalty tax has had upon dividend and investment policies.

The new depreciation rules, the dividends-received credit and its accompanying exclusion, and other important revisions have removed or reduced serious obstacles to new investment. The Nation will follow with keen interest the way business avails itself of this opportunity to modernize and expand its plant and equipment.

C. Loopholes

Our third objective was to close loopholes. This involves repairing more than 50 provisions in the old law which enabled taxpayers to avoid their share of the burden by taking advantage of technicalities.

1. Preferred Stock Bail-out

For example, taxpayers were able to use a device commonly known as the "preferred stock bail-out" to siphon off large accumulated earnings from a corporation at capital gains rates. This was done by having the corporation issue to common stockholders a nontaxable dividend of preferred stock which was later redeemed. The revised Code taxes as ordinary income the proceeds of the sale or redemption of preferred stock acquired in such transactions.

2. Purchase of a Loss Corporation

The new Code will also curb the trafficking in net operating loss carryovers. Under the old law it was frequently possible for a successful business to reduce its tax liability by purchasing a corporation which had lost money. The new law eliminates the carryover when more than 50 percent of the stock of the loss corporation is purchased by new owners within a 2-year period and the loss corporation thereafter does not continue in the same business.

3. Collapsible Corporations and Partnerships

The old law curbed the use of so-called collapsible corporations which were liquidated in a manner that at one time restricted the tax liability to a capital gains tax on the shareholders. The new law makes these curbs more rigorous, and also imposes restrictions on collapsible partnerships which had been overlooked under the earlier law.

4. Sickness Benefits

At the individual income tax level, sickness benefits or continuance of salary payments during periods of illness were previously exempt without limit if paid under an insured type of plan. This was especially advantageous for some taxpayers in the higher income brackets. The new law prevents abuse by limiting the exemption of salary continuance benfits to $100 a week. At the same time the law is made fairer by extending this limited exemption to all salary continuance benefits whether or not paid under an insured plan.

5. Proceeds of Life Insurance Paid in Installments

Another means of avoidance under the old law was to arrange to have life insurance proceeds paid in installments after the death of the insured. The old law exempted not only the life insurance proceeds but also the interest earned after the death of the insured. This enabled beneficiaries of large amounts of insurance to receive substantial interest incomes tax free. The new law requires that the interest earned after the death of the insured on life insurance proceeds paid in installments be subject to tax with the exception of $1,000 a year paid to a surviving spouse. Of course, life insurance proceeds themselves continue to be exempt.

6. Exemption of Multiple Employee Death Benefits

The provision of the old law which exempted $5,000 of death benefits paid by an employer to beneficiaries of a deceased employee had also been used to avoid tax. The $5,000 limit applied to payments by any one employer. Some persons employed by several corporations arranged for each employer to pay a $5,000 death benefit, thus providing the beneficiary with exempt benefits many times $5,000. The new law closes this loophole by allowing only one $5,000 exemption for each employee.

These are examples of the way the tax revision bill prevents businesses and individuals from avoiding their share of the tax burden. These loophole closing provisions will save revenue, make the tax system fairer, and eliminate economic distortion which has been due to arrangements adopted merely for purposes of tax avoidance.

D. Clarification

A fourth objective was the clarification of the tax law. For years taxpayers have been pleading that the law be made clear and simple so as to lighten the burden of compliance and reduce the amount of paperwork.

In the revision, the provisions of the law have been arranged in a more logical order, obsolete material has been deleted, and the language has been made more certain and understandable. In some important areas where the taxpayer had previously been forced to rely upon court decisions and administrative rulings, clear statutory guidance has been provided. We have tried to reduce to a minimum the situations in which heavy reliance is placed on the judgment of the internal revenue agent.

Clarification was one of the principal objectives of the work done with respect to corporate reorganizations, recapitalizations, and distributions. A new set of simple, clear and internally consistent rules has been developed. It is anticipated that they will make it possible for the businessman to know with reasonable certainty, and in advance, the tax consequences of alternative courses of action. So far as possible, unnecessary tax barriers to desirable business practices have been removed. The tax-free rearrangement of stockholders' interests will be permitted so long as earnings are not withdrawn from the corporation. We believe, therefore, that this portion of the new law will also reduce materially the distorting effect of tax considerations upon sound business policy.

Clarification was also one of the primary objectives of the extensive revision of the law dealing with the tax treatment of estates and trusts. Some of the most troublesome portions of the old law have been eliminated, and a very simple set of rules has been introduced which will govern the treatment of the vast majority of trusts.

The new provisions dealing with partners and partnership transactions are other outstanding examples of clarification. On such matters the old statute was wholly inadequate. Most of the important issues depended upon a confusing accumulation of case law and administrative rulings. Taxpayers found it difficult to determine the consequences of many everyday transactions such as the transfer of assets into and out of a partnership, sales of partnership interests, and non-cash distributions to partners. The new Code contains a rational and reasonably flexible set of rules which will not only clarify the principal tax problems in this area but also minimize the disturbing effects of tax considerations upon business done in the partnership form.

In the clarification of the law the income tax provisions have been brought into closer conformity with generally accepted accounting principles. The differences between tax and business accounting which existed under the old law were irritating and sometimes required businessmen to keep more than one set of books. These differences related chiefly to the timing of the receipt of income and the deduction of expenses. Under the new law each item of income or expense will be counted only once, but the timing will accord with generally accepted accounting principles.

E. Balancing of Objectives

These were the principal objectives we sought to achieve by tax revision, within the limitation on the loss of revenue to which I have already alluded.

No doubt we have not been able to achieve all our primary objectives to the extent that some taxpayers desired. One fact which emerged clearly from our work is that objectives frequently conflict with one another. For instance, clarity is not always consonant with simplicity or brevity, and at many points our efforts to make the new law clear and easy to work with have necessarily resulted in more detailed provisions than those contained in the 1939 Code.

Simplicity and fairness are also sometimes incompatible. Those who seek simplicity frequently raise other problems which defy simple solutions.

Our work with the pension, profit-sharing and stock bonus provisions illustrates this type of conflict. The regulations under the old law had been subject to widespread criticism as being over-complicated, restrictive, and uncertain. There were many complaints that taxpayers had to wait a long time for individual rulings from the Internal Revenue Service to know whether their particular plans qualified.

To meet these criticisms and after consultation with many experts outside the Government, the House bill sought to spell out certain clear-cut rules which would enable taxpayers to determine whether particular plans qualified without submitting them to Internal Revenue for approval. Ambiguity was to be removed, leaving no doubt as to which plans were acceptable.

No sooner were the proposed simple rules made public than criticisms began to come in. Many found the new provisions too inflexible and questioned whether it was possible to prescribe mechanical rules which would cover adequately the wide variety of plans in use. Some maintained that these provisions discriminated against small firms and disqualified plans which could qualify under the old law. Others felt that the new rules were too lax and would permit the qualification of discriminatory plans.

In this instance, Congress abandoned the new provisions, and returned to the basic outlines of the old law. Simplification was deferred pending further study.

F. The Task Before Us

There are other areas where much work remains to be done. As you know, some important sections of old law, including some widely criticized provisions, were carried over into the new Code largely unchanged. This is true of most of the excise provisions.

Moreover, some income tax provisions which would have been changed under the House bill were restored to their old form in the Senate. The time available was too short for working out several problems which developed after the bill had the benefit of public scrutiny.

This, for example, was the fate of most of the proposed changes in the tax treatment of income obtained from foreign sources. The House bill contained a substantial group of proposals following the President's recommendations and designed to encourage United States investment abroad. Among them was a 14-point reduction in the tax on income from production abroad.

Critics of these proposals made a strong plea to the Senate Committee on Finance for further liberalization. However, no agreement could be reached by those concerned with respect to the types of income which were to be taxed at the reduced rate. As a result, this provision, together with certain allied proposals, was stricken from the bill. Since the basic problem remained unsolved at the time the bill was in Conference, most of the proposed changes in the treatment of foreign income do not appear in the new law, the principal exceptions being the elimination of the over-all limit on the foreign tax credit and the extension of the credit to shareholders of regulated investment companies specializing in foreign securities. The taxation of foreign income, therefore, requires further study.

The President's proposals also included the elimination over a 3-year period of the penalty taxes on intercorporate dividends and consolidated returns. However, the action taken in the final bill was confined to the lowering of the affiliation requirements to an 80 percent of stock ownership test and the elimination of the 2 percent tax on consolidated returns in the case of regulated public utilities.

Finally, a number of important areas were deliberately reserved for further study. In his Budget Message, the President specifically placed in this category the treatment of capital gains and losses, the problems of the oil and mining industries, the tax treatment of cooperatives and tax-exempt organizations, and the retirement income of people not covered by pension plans These important subjects were reserved for future legislation.

We know that the job of tax revision is not complete. In a growing and changing economy it is necessarily a continuing task. However, as the President said when he signed the bill, this law "is the excellent result of cooperative efforts by the Congress and the Department of the Treasury to give our tax code its first complete revision in seventy-five years. It is a good law. It will benefit all Americans."

We believe also that it can make a major contribution to America's increasing strength and prosperity.

For many years businessmen and others have urged removal of tax restraints. We believe that this bill goes far in that direction. The tax system, however, cannot itself provide the growth. Much will depend upon the response of businessmen and investors to this improvement in our economic climate.

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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 **August 26, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **August 26, 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, August 19, 1954 .

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing August 26, 1954, in the amount of $ 1,502,782,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 26, 1954, and will mature November 26, 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~~ Daylight Saving time, Monday, August 23, 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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, August 19, 1954.

H-565

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 92-day Treasury bills, for cash and in exchange for Treasury bills maturing August 26, 1954, in the amount of $1,502,782,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 26, 1954, and will mature November 26, 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 time Monday, August 23, 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 August 26, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 26, 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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TREASURY DEPARTMENT

WASH

RELEASE MORNING NEWSPAPERS,
Tuesday, August 24, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 92-day Treasury bills to be dated August 26 and to mature November 26, 1954, which were offered on August 19, were opened at the Federal Reserve Banks on August 23.

The details of this issue are as follows:

Total applied for - $2,295,504,000
Total accepted - 1,500,751,000 (includes $216,094,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Average price - 99.749 Equivalent rate of discount approx. 0.981% per annum

Range of accepted competitive bids:

High	- 99.783	Equivalent rate of discount approx. 0.849% per annum
Low	- 99.745	" " " " " 0.998% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 34,986,000	$ 34,986,000
New York		1,616,313,000	882,638,000
Philadelphia		39,761,000	39,861,000
Cleveland		72,536,000	67,536,000
Richmond		12,452,000	11,172,000
Atlanta		20,085,000	19,041,000
Chicago		237,214,000	206,774,000
St. Louis		24,445,000	24,445,000
Minneapolis		20,422,000	19,368,000
Kansas City		43,894,000	42,894,000
Dallas		57,300,000	51,840,000
San Francisco		116,096,000	100,196,000
	TOTAL	$2,295,504,000	$1,500,751,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 24, 1954.

H-566

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 92-day Treasury bills to be dated August 26 and to mature November 26, 1954, which were offered on August 19, were opened at the Federal Reserve Banks on August 23.

The details of this issue are as follows:

Total applied for - $2,295,504,000
Total accepted - 1,500,751,000 (includes $216,094,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.749 Equivalent rate of discount approx. 0.983% per annum

Range of accepted competitive bids:

High - 99.783 Equivalent rate of discount approx. 0.849% per annum
Low - 99.745 Equivalent rate of discount approx. 0.998% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 34,986,000	$ 34,986,000
New York	1,616,313,000	893,638,000
Philadelphia	39,761,000	28,861,000
Cleveland	72,536,000	67,536,000
Richmond	12,452,000	11,172,000
Atlanta	20,085,000	19,041,000
Chicago	237,214,000	206,774,000
St. Louis	24,445,000	24,445,000
Minneapolis	20,422,000	19,368,000
Kansas City	43,894,000	42,894,000
Dallas	57,300,000	51,840,000
San Francisco	116,096,000	100,196,000
TOTAL	$2,295,504,000	$1,500,751,000

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A remission of forfeiture was also made in the case of three Charollais bulls smuggled into the United States and seized by Customs after they had been delivered to J. A. Lawton of Sulphur, Louisiana. It was determined that when he acquired the bulls Lawton was unaware that they had been smuggled. Under the terms of this decision Lawton is required to remove these animals from the United States.

The Treasury Department notified the State Department of the denial of a petition filed by the Government of Mexico. The petition asked for the return of the Charollais cattle to Mexico. The Treasury Department held that the Government of Mexico did not have such an interest in the cattle, within the contemplation of Section 618 of the Tariff Act of 1930, as would warrant favorable consideration of its petition.

ACO

August 26, 1954

The Collector of Customs

New Orleans 16, Louisiana

Dear Sir:

Reference is made to your communications of May 5, 1954 (220-2/24), reporting upon the petitions submitted by Messrs. Wisdom and Stone, attorneys, in behalf of Alphe A. Broussard, for remission of the forfeiture of a herd of Charollais cattle and the offspring born since date of entry, appraised at $1,068,250, seized in your district on July 14, 1953, under the provisions of section 545, title 18, United States Code.

The petitioner pleaded guilty to the offense and has been given a sentence of 3 years in prison and fined $10,000 in the Federal district court at Austin, Texas. Another representative involved in this case was also convicted for this offense.

The Secretary of Agriculture has informed the Secretary of the Treasury that the Department of Agriculture sees no way in which these illegally introduced cattle can be safely distributed among the herds and flocks of this country.

The forfeiture of all the Charollais cattle seized from Broussard, including the offspring born since date of entry, is hereby remitted under section 618 of the tariff act provided the entire herd, including the offspring, is returned to Mexico within 90 days from date under customs supervision without expense to the Government and provided further that all expenses incurred in connection with the seizure are paid.

If Mr. Broussard does not obtain possession of the animals in accordance with this decision, the case shall be referred to the United States attorney for the institution of forfeiture proceedings with the request that the United States attorney seek a decree of forfeiture ordering delivery of all the animals involved to a representative of the Secretary of Agriculture for such disposition for the account of the United States as the Secretary of Agriculture deems appropriate, customs expenses of seizure to be paid from any moneys received from disposal of the cattle.

Please advise the attorneys for the applicant promptly of the Bureau's decision.

Very truly yours,

(Signed) Ralph Kelly

Commissioner of Customs

APPROVED:

(Signed) H. Chapman Rose

Acting Secretary of the Treasury

Immediate
August 25

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H-567

The Treasury Department today made public the following letter from the Commissioner of Customs to the Collector of Customs at New Orleans:

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, August 25, 1954.

H-567

The Treasury Department today made public the following letter from the Commissioner of Customs to the Collector of Customs at New Orleans:

August 25, 1954

The Collector of Customs

New Orleans 16, Louisiana

Dear Sir:

Reference is made to your communications of May 5, 1954 (220-2/24), reporting upon the petitions submitted by Messrs. Wisdom and Stone, attorneys, in behalf of Alphe A. Broussard, for remission of the forfeiture of a herd of Charollais cattle and the offspring born since date of entry, appraised at $1,068,250, seized in your district on July 14, 1953, under the provisions of section 545, title 18, United States Code.

The petitioner pleaded guilty to the offense and has been given a sentence of 3 years in prison and fined $10,000 in the Federal district court at Austin, Texas. Another representative involved in this case was also convicted for this offense.

The Secretary of Agriculture has informed the Secretary of the Treasury that the Department of Agriculture sees no way in which these illegally introduced cattle can be safely distributed among the herds and flocks of this country.

The forfeiture of all the Charollais cattle seized from Broussard, including the offspring born since date of entry, is hereby remitted under section 618 of the tariff act provided the entire herd, including the offspring, is returned to Mexico within 90 days from date under customs supervision without expense to the Government and provided further that all expenses incurred in connection with the seizure are paid.

If Mr. Broussard does not obtain possession of the animals in accordance with this decision, the case shall be referred to the United States attorney for the institution of forfeiture proceedings with the request that the United States attorney seek a decree of forfeiture ordering delivery of all the animals involved to a representative of the Secretary of Agriculture for such disposition for the account of the United States as the Secretary of Agriculture deems appropriate, customs expenses of seizure to be paid from any moneys received from disposal of the cattle.

Please advise the attorneys for the applicant promptly of the Bureau's decision.

Very truly yours,

(Signed) Ralph Kelly

Commissioner of Customs

APPROVED:

(Signed) H. Chapman Rose

Acting Secretary of the Treasury

A remission of forfeiture was also made in the case of three Charollais bulls smuggled into the United States and seized by Customs after they had been delivered to J. A. Lawton of Sulphur, Louisiana. It was determined that when he acquired the bulls Lawton was unaware that they had been smuggled. Under the terms of this decision Lawton is required to remove these animals from the United States.

The Treasury Department notified the State Department of the denial of a petition filed by the Government of Mexico. The petition asked for the return of the Charollais cattle to Mexico. The Treasury Department held that the Government of Mexico did not have such an interest in the cattle, within the contemplation of Section 618 of the Tariff Act of 1930, as would warrant favorable consideration of its petition.

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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 **September 2, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 2, 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-568

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 26, 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 September 2, 1954, in the amount of $1,500,502,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 2, 1954, and will mature December 2, 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~~ Daylight Saving time, Monday, August 30, 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, August 26, 1954.

H-568

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 2, 1954, in the amount of $1,500,502,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 2, 1954, and will mature December 2, 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 time, Monday, August 30, 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 September 2, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 2, 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 4:30 pm 8/30

H-569

The Treasury Department announced today that it has found under the provisions of the Antidumping Act that sales of hardboard by certain companies in Sweden are being made and are likely to be made to the United States at less than fair value and that American industry is likely to be injured by reason of the importation of such hardboard. The law requires ~~provides~~ that under these circumstances a special duty ~~is to~~ be levied on importations of hardboard from Sweden which are sold at less than foreign market value as defined in the Act.

The Treasury stated that, after investigation, it ~~has~~ was determined that a finding of dumping with respect to hardboard from Finland is not presently justified.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 31, 1954.

H-569

The Treasury Department announced that it has found under the provisions of the Antidumping Act that sales of hardboard by certain companies in Sweden are being made and are likely to be made to the United States at less than fair value and that American industry is likely to be injured by reason of the importation of such hardboard.

The law requires that under these circumstances a special duty be levied on importations of hardboard from Sweden which are sold at less than foreign market value as defined in the Act.

The Treasury stated that, after investigation, it was determined that a finding of dumping with respect to hardboard from Finland is not presently justified.

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H-570

RELEASE MORNING NEWSPAPERS,
Tuesday, August 31, 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 September 2 and to mature December 1954, which were offered on August 26, were opened at the Federal Reserve Banks on August 30.

The details of this issue are as follows:

Total applied for - $2,347,486,000
Total accepted - 1,500,636,000 (includes $218,876,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.742 Equivalent rate of discount approx. 1.023% per annum

Range of accepted competitive bids: (Excepting three tenders totaling $735,000)

High - 99.754 Equivalent rate of discount approx. 0.973% per annum
Low - 99.738 " " " " " 1.036% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 38,124,000	$ 34,624,000
New York		1,751,444,000	977,594,000
Philadelphia		54,889,000	39,889,000
Cleveland		38,397,000	36,397,000
Richmond		11,194,000	11,194,000
Atlanta		31,456,000	28,856,000
Chicago		237,158,000	194,758,000
St. Louis		15,900,000	14,600,000
Minneapolis		14,057,000	13,957,000
Kansas City		57,038,000	56,938,000
Dallas		30,774,000	26,774,000
San Francisco		67,055,000	65,055,000
	TOTAL	$2,347,486,000	$1,500,636,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 31, 1954.

H-570

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated September 2 and to mature December 2, 1954, which were offered on August 26, were opened at the Federal Reserve Banks on August 30.

The details of this issue are as follows:

Total applied for - $2,347,486,000
Total accepted - 1,500,636,000 (includes $218,876,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.742 Equiivalent rate of discount approx. 1.023% per annum

Range of accepted competitive bids: (Excepting three tenders totaling $735,000)

High - 99.754 Equivalent rate of discount approx. 0.973% per annum
Low - 99.738 Equivalent rate of discount approx. 1.036% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 38,124,000	$ 34,624,000
New York	1,751,444,000	977,594,000
Philadelphia	54,889,000	39,889,000
Cleveland	36,397,000	36,397,000
Richmond	11,194,000	11,194,000
Atlanta	31,456,000	28,856,000
Chicago	237,158,000	194,758,000
St. Louis	15,900,000	14,600,000
Minneapolis	14,057,000	13,957,000
Kansas City	57,038,000	56,938,000
Dallas	30,774,000	26,774,000
San Francisco	67,055,000	65,055,000
TOTAL	$2,347,486,000	$1,500,636,000

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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, ~~xxxxxxxxx~~ 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 September 9, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 9, 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-571

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, August 31, 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 September 9, 1954, in the amount of $1,500,190,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 9, 1954, and will mature December 9, 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 time, Friday, September 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.

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RELEASE MORNING NEWSPAPERS,
Tuesday, August 31, 1954.

H-571

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 9,1954, in the amount of $1,500,190,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 9, 1954, and will mature December 9, 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 time, Friday, September 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 payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 9, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 9, 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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