U.S. Treasury Dept.

Press Releases

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, December 30, 1954.

H-675

The Treasury Department has determined that sales of muriate of potash from Spain are not being made in the United States at less than fair value within the meaning of the Antidumping Act. Accordingly, appraisement of muriate of potash imports from Spain, withheld temporarily pursuant to a decision announced November 24, 1954, will now be resumed, and the dumping case will be closed.

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H-175

IMMEDIATE RELEASE

Thursday, December 30, 1954

The Treasury Department has determined that sales of muriate of potash from Spain are not being made in the United States at less than fair value within the meaning of the Antidumping Act. accordingly, ~~A~~ppraisement of muriate of potash imports from Spain, ~~which wa~~s withheld temporarily pursuant to a decision announced November 24, 1954, will now be resumed, and the dumping case will be closed.

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12-30-54

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on January 6, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 6, 1955. 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, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, December 30, 1954.

H-674

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing **January 6, 1955,** in the amount of $1,500,290,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **January 6, 1955,** and will mature **April 7, 1955,** when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, **Monday, January 3, 1955.** 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

TREASURY DEPARTMENT
Washington

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Thursday, December 30, 1954.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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,

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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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 28, 1954.

H-673

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 30, 1954, and to mature March 31, 1955, which were offered on December 22, were opened at the Federal Reserve Banks on December 27.

The details of this issue are as follows:

Total applied for - $2,454,361,000
Total accepted - 1,500,633,000 (includes $212,650,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.703/ Equivalent rate of discount approx. 1.175% per annum

Range of accepted competitive bids: (Excepting one tender of $482,000)

High - 99.706 Equivalent rate of discount approx. 1.163% per annum
Low - 99.702 Equivalent rate of discount approx. 1.179% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 45,572,000	$ 36,972,000
New York	1,822,625,000	1,063,484,000
Philadelphia	34,554,000	11,734,000
Cleveland	65,275,000	51,025,000
Richmond	15,267,000	13,177,000
Atlanta	31,774,000	22,270,000
Chicago	227,950,000	156,105,000
St. Louis	31,814,000	20,215,000
Minneapolis	13,070,000	9,945,000
Kansas City	31,357,000	25,222,000
Dallas	52,334,000	44,034,000
San Francisco	82,769,000	46,450,000
TOTAL	$2,454,361,000	$1,500,633,000

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Total	$2,454,361,000	$1,500,633,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Thursday, December 23, 1954 H-672

Laurence B. Robbins, Assistant Secretary of the Treasury in charge of liquidation of the Reconstruction Finance Corporation, today delivered to Secretary of the Treasury George M. Humphrey the Corporation's check for $100,000,000.

The check represents proceeds derived from the liquidation of the lending operations of the Corporation and from the earnings arising from those operations.

Prior to the payment made today, a total of $155,000,000 had been paid to the Treasury since the lending activities of the Corporation were terminated on September 28, 1953. This amount included repayment of $121,000,000, which represented the entire remaining balance of funds borrowed from the Treasury. The cash balance of the Corporation after today's payment is sufficient to meet all its outstanding liabilities and commitments, both direct and contingent.

Since September 1953, there has been a net reduction of more than $330,000,000 of RFC loans, securities and commitments, leaving approximately $250,000,000 in this category of assets still to be liquidated. These figures do not include any of the assets or earnings of the production programs such as synthetic rubber and tin which were transferred to the Federal Facilities Corporation on June 30, 1954.

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Immediate Release
~~DRAFT OF PRESS RELEASE~~
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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Monday, December 27, 1954.

H-671

The Treasury Department today announced changes in the regulations governing Series E and H United States Savings Bonds to permit their purchase by "personal trust estates." The change is effective January 1, 1955.

Formerly, sales of Series E and H Savings Bonds have been limited to individuals either as owners, co-owners or beneficiaries. "Personal trust estates" are generally trusts created by individuals for the benefit of themselves or other individuals, and the amended regulations extend to such trusts the same privilege of purchasing Series E and H bonds as was given previously only to individual savers. The annual purchase limit of $20,000 (maturity value) of each series which applies to individual owners will also apply to a single trust estate, regardless of the number of beneficiaries.

The Treasury emphasized that the change in the regulations does not include under its terms pension, annuity, profit sharing and other similar trusts. Series J and K Savings Bonds are of course available for all these types of purchasers, with a limit of $200,000 and interest at about 2-3/4 percent if held to maturity. Exact definitions as to eligibility are contained in the amendment to the offering circular on the bonds.

Only the Treasury Department and the Federal Reserve Banks and Branches will issue Series E and H bonds to the trustees. Other issuing agents will not issue such bonds to "personal trust estates." However, banking institutions generally may accept applications for transmittal to Federal Reserve Banks for the purchase of the bonds by such trusts.

The Treasury also announced, effective January 1, 1955, the removal of the restrictions against bank ownership of the outstanding 2-1/2 percent Bonds of June and December 1967-72, amounting to $1,888,000,000 and $3,820,000,000, respectively. These are the only two issues of marketable securities sold during World War II which are not now eligible for bank ownership. The removal of the restrictions will provide a broader market for these securities.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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RELEASE MORNING NEWSPAPERS,
Wednesday, December 22, 1954.

H-670

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 30, 1954, in the amount of $1,501,873,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 30, 1954, and will mature March 31, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 27, 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

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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,

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RELEASE MORNING NEWSPAPERS,
Tuesday, December 21, 1954.

H-669

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 23, 1954, and to mature March 24, 1955, which were offered on December 16, were opened at the Federal Reserve Banks on December 20.

The details of this issue are as follows:

Total applied for - $2,384,663,000
Total accepted - 1,500,425,000 (includes $268,442,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.663/ Equivalent rate of discount approx. 1.333% per annum

Range of accepted competitive bids:

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.661 Equivalent rate of discount approx. 1.341% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,906,000	$ 22,008,000
New York	1,692,334,000	1,016,160,000
Philadelphia	39,055,000	20,055,000
Cleveland	88,088,000	80,338,000
Richmond	30,839,000	30,606,000
Atlanta	42,013,000	40,055,000
Chicago	216,399,000	122,347,000
St. Louis	31,549,000	24,287,000
Minneapolis	14,892,000	14,892,000
Kansas City	32,033,000	31,333,000
Dallas	39,502,000	29,502,000
San Francisco	128,053,000	68,842,000
TOTAL	$2,384,663,000	$1,500,425,000

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RELEASE MORNING NEWSPAPERS,

Tuesday, December 21, 1954.

H - 66

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Chicago		216,399,000	122,347,000
St. Louis		31,549,000	24,237,000
Minneapolis		14,892,000	14,892,000
Kansas City		32,033,000	31,333,000
Dallas		39,502,000	29,502,000
San Francisco		128,053,000	68,842,000
	TOTAL	$2,384,663,000	$1,500,425,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, December 16, 1954.

H-668

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 23, 1954, in the amount of $1,500,209,000 to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 23, 1954, and will mature March 24, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 20, 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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, December 16, 1954 .
(1)

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 (2), or thereabouts, of 91 (3) -day Treasury bills, for cash and in exchange for Treasury bills maturing December 23, 1954 (4), in the amount of $ 1,500,209,000 (5), to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 23, 1954 (6), and will mature March 24, 1955 (7), when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 20, 1954 (8). 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

~~ALPHA~~

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 23, 1954 ~~(9)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 23, 1954 ~~(10)~~. 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, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, December 14, 1954.

H-667

The Treasury Department has forwarded to the Tariff Commission a dumping case involving imports of muriate of potash from the Federal Republic of Germany and from France. The Treasury determined that sales in the United States are being made at less than fair value.

Pursuant to the Customs Simplification Act of 1954, which amends the Antidumping Act of 1921, the Tariff Commission will determine whether or not American industry is injured or likely to be injured. If the Tariff Commission makes an affirmative finding, the law requires a finding of dumping.

oOo

IMMEDIATE RELEASE
Tuesday, December 14, 1954 H-667

~~Tuesday, December 14, 1954~~

The Treasury Department ~~announced today that~~ ~~it had~~ has forwarded to the Tariff Commission a dumping case involving imports of muriate of potash from the Federal Republic of Germany and from France. The Treasury determined that sales in the United States are being made at less than fair value.

Pursuant to the Customs Simplification Act of 1954, which amends the Antidumping Act of 1921, the Tariff Commission will ~~proceed to~~ determine whether or not American industry is injured or likely to be injured. If the Tariff Commission ~~establishes injury,~~ makes an affirmative finding, a finding of dumping, the law requires ~~will be made.~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE,
Tuesday, December 14, 1954. H-666

Treasury Secretary Humphrey will leave by air Tuesday afternoon, December 14, 1954, to attend the meeting of the North Atlantic Treaty Organization Council in Paris starting Friday.

Secretary Humphrey will travel in the aircraft which is taking Secretary of State Dulles to meet with Foreign Ministers of France and Britain, in addition to the NATO meeting.

Secretary Humphrey will be joined in Paris by Under Secretary of the Treasury for Monetary Affairs W. Randolph Burgess who is traveling to Europe in the aircraft taking Deputy Defense Secretary Robert B. Anderson to the NATO meeting.

oOo

FOR IMMEDIATE RELEASE
TUESDAY, DECEMBER 14, 1954

Treasury Secretary Humphrey will leave by air Tuesday afternoon, December 14, 1954, to attend the meeting of the North Atlantic Treaty Organization Council in Paris starting Friday.

Secretary Humphrey will be joined in Paris ~~accompanied~~ by Under Secretary of the Treasury for Monetary Affairs W. Randolph Burgess.

Secretari~~es~~y Humphrey ~~and Burgess~~ will travel in the aircraft which is taking Secretary of State Dulles to meet with Foreign Ministers of France and Britain, in addition to the NATO meeting.

who is traveling to Europe in the aircraft Deputy Secretary of Defense Robt. B. Anderson to the NATO meeting.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, December 15, 1954.   H-665

During the month of November 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 $14,238,500.

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Monday, November 15, 1954.~~ ~~H-633~~
Wednesday, December 15, 1954 H-665

During the month of ~~October~~ November 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 ~~$21,050,400~~.
$14,238,500.

oOo

December 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 November, 1954:

Purchases	$14,275,000.00
Sales	36,500.00
	$14,238,500.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 14, 1954.

H-664

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 16, 1954, and to mature March 17, 1955, which were offered on December 9, were opened at the Federal Reserve Banks on December 13.

The details of this issue are as follows:

Total applied for - $2,200,060,000
Total accepted - 1,500,323,000 (includes $259,884,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.685 Equivalent rate of discount approx. 1.247% per annum

Range of accepted competitive bids:

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.680 Equivalent rate of discount approx. 1.266% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 33,327,000	$ 33,022,000
New York	1,580,371,000	954,209,000
Philadelphia	37,866,000	32,866,000
Cleveland	44,381,000	44,381,000
Richmond	24,538,000	24,538,000
Atlanta	48,572,000	48,572,000
Chicago	180,263,000	122,823,000
St. Louis	27,464,000	27,464,000
Minneapolis	20,130,000	20,130,000
Kansas City	57,796,000	55,796,000
Dallas	54,078,000	52,248,000
San Francisco	91,274,000	84,274,000
TOTAL	$2,200,060,000	$1,500,323,000

oOo

RELEASE MORNING NEWSPAPERS,
Tuesday, December 14, 1954.

H-661

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 16, 1954, and to mature March 17, 1955, which were offered on December 9, were opened at the Federal Reserve Banks on December 13.

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Atlanta	48,572,000	48,572,000
Chicago	180,263,000	122,823,000
St. Louis	27,464,000	27,444,000
Minneapolis	20,130,000	20,130,000
Kansas City	57,796,000	55,796,000
Dallas	54,078,000	52,248,000
San Francisco	91,274,000	84,274,000
TOTAL	$2,200,060,000	$1,500,323,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-663

Secretary Humphrey has directed the Commissioner of Internal Revenue to investigate alleged abuses under which taxpayers secure double tax deductions by giving securities away.

The Secretary wrote Internal Revenue Commissioner T. Coleman Andrews that he is "concerned" about reports of abuses. He asked Commissioner Andrews to investigate the problem immediately and "take appropriate steps to correct it." Secretary Humphrey said that the alleged abuses involved purchase of high premium bonds to secure a tax deduction for amortization of the bond premium and then an additional tax deduction for a later gift of the same bonds to foundations or charitable organizations.

There is no estimate of possible revenue loss, or the extent of the alleged abuse. The text of the Secretary's letter is as follows:

Dear Mr. Commissioner: December 9, 1954

I am concerned about reports of an abuse under the tax laws by which an attempt is made to secure a double tax deduction and make money by giving securities away. This practice is based, I am told, on the purchase of high premium bonds to secure a tax deduction for the amortization of the bond premium and another tax deduction for a subsequent gift of the same bonds to foundations or charitable organizations.

I do not know the extent of the practice but no such result was intended or should be possible under the tax laws. I wish you would look into the problem immediately and take appropriate steps to correct it.

Very truly yours,

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

Honorable T. Coleman Andrews
Commissioner of Internal Revenue
Washington, D. C.

oOo

Immediate memo
Thurs, Dec 9

Secretary Humphrey has directed the Commissioner of Internal Revenue to investigate alleged abuses under which tax payers secure double tax deductions by giving securities away.

The Secretary wrote Internal Revenue Commissioner T. Coleman Andrews that he is "concerned" about reports of abuses. He asked Commissioner Andrews to investigate the problem immediately and "take appropriate steps to correct it". Secretary Humphrey said that the alleged abuses involved purchase of high premium bonds to secure a tax deduction ~~during~~ for amor~~ti~~ization of the bond premium and then an additional tax deduction for a later gift of the same bonds to foundations or charitable organizations.

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Very truly yours,

(Signed) G. M. Humphrey

Secretary of the Treasury

Honorable T. Coleman Andrews
Commissioner of Internal Revenue
Washington, D. C.

DTS/nr

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, December 10, 1954.

H-662

President Eisenhower today received his Presidential medal from Treasury Secretary Humphrey. The Secretary presented the medal to the President at the weekly cabinet session.

Each member of the cabinet also received one of the medals, as a personal gift from Secretary Humphrey.

This medal is the latest addition to the historic series of Presidential Medals. It will go on sale at the United States Mint at Philadelphia tomorrow.

The medal is bronze, three inches in diameter, and was made by artists of the United States Mint at Philadelphia. One side has a relief head of President Eisenhower done by sculptor Gilroy Roberts. The other side is the figure "Freedom" which stands on the dome of the United States Capitol. The scene to the right of the figure represents the eastern half of the United States, with the farmer plowing the soil and city buildings visible beyond the hills. To the left are the pioneering forefathers, blazing the westward trail in covered wagons, the Rocky Mountains in the background.

The Eisenhower Medal is the 34th Presidential Medal in the series which began with George Washington. The entire series is available at the United States Mint in Philadelphia.Medals can be obtained by sending $2.50 (which includes shipping charges) per medal to the United States Mint at Philadelphia.

oOo

FOR IMMEDIATE RELEASE FRIDAY - DECEMBER 10, 1954

H-662

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The Eisenhower Medal is the 34th Presidential Medal in the series which began with George Washington. The entire series is available at the United States Mint in Philadelphia. They can be obtained by sending $2.50 (which includes shipping charges) per medal to the United States Mint at Philadelphia.

December 3, 1954

Dear Mr. Secretary:

In line with our conversations, now that the December refunding has been successfully completed, I am formally submitting my resignation as Assistant to the Secretary, to be effective December 8, 1954.

It has been a real pleasure, as well as a rich and rewarding experience to serve on your Treasury team. I appreciate so much the confidence and trust you placed in me.

As you know, I believe strongly in the aims and objectives you have in handling the Government's finances. In private life, I shall continue to work for sound, honest money, which is so important to our way of life. If I can be of service to you personally or in your official capacity, do not hesitate to call.

May the Lord continue to bless you with good health to perform your important assignment.

Kind personal regards, always.

Sincerely,

/s/ David M. Kennedy

David M. Kennedy

Honorable George M. Humphrey
Secretary of the Treasury
Washington 25, D. C.

oOo

TREASURY DEPARTMENT 375

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, December 8, 1954. H-661

The Treasury Department today made public the following exchange of letters by Assistant to the Secretary David M. Kennedy of Chicago and Secretary George M. Humphrey, pertaining to the resignation of Mr. Kennedy effective December 8:

December 6, 1954

Dear Dave:

Thanks for your nice letter of the 3rd, tendering your formal resignation to be effective December 8th.

I can't tell you what a tremendous help you have been to us here. You have helped us through a formative period in a great many ways and we are deeply indebted to you for it.

You are going on to do real things in the banking world. You have the capacity, the knowledge, and the personality to do it. Our every good wish goes with you and just keep in mind that if ever at any time in the future there is anything any of us can do to be of any help to you, just whistle and we will be there to help repay you for all that you have done for us.

Very best to you.

Sincerely,

/s/ George

Mr. David M. Kennedy
Assistant to the Secretary
U. S. Treasury Department
Washington, D. C.

Immediate
1178

The Treasury Department today made public the following exchange of letters by Assistant to the Secretary David M. Kennedy of Chicago and Secretary George M. Humphrey, pertaining to the resignation of Mr. Kennedy effective December 8:

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Very best to you.

Sincerely,

/s/ George

Mr. David M. Kennedy
Assistant to the Secretary
U. S. Treasury Department
Washington, D. C.

MW

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As you know, I believe strongly in the aims and objectives you have in handling the Government's finances. In private life, I shall continue to work for sound, honest money, which is so important to our way of life. If I can be of service to you personally or in your official capacity, do not hesitate to call.

May the Lord continue to bless you with good health to perform your important assignment.

Kind personal regards, always.

Sincerely,

/s/ David M. Kennedy

David M. Kennedy

Honorable George M. Humphrey
Secretary of the Treasury
Washington 25, D. C.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-660

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 November 27, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of November 27, 1954
Buttons	850,000	Gross	648,280
Cigars	200,000,000	Number	2,874,476
Coconut Oil	448,000,000	Pound	125,346,386
Cordage	6,000,000	Pound	2,329,583
Rice	1,040,000	Pound	
Sugars (Refined	1,904,000,000	Pound	9,386,760
Sugars (Unrefined			1,854,100,061
Tobacco	6,500,000	Pound	1,239,727

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-660

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Rice	1,040,000	Pound	
Sugars (Refined	1,904,000,000	Pound	9,386,760
Sugars (Unrefined			1,854,100,061
Tobacco	6,500,000	Pound	1,239,727

Commodity	Period and Quantity		Unit of Quantity	Imports as of Nov. 27, 1954
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	Quota Filled
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	940,785
Barley, hulled, unhulled, rolled, and ground, and barley malt...	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	5,510,376
	Other Countries	275,000	Bushel	5,635
*Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	4,072,137
	Other Countries	688,000	Bushel	57,504
Rye, rye flour, and rye meal ...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through December 7, 1954.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-659

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to November 27, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Nov. 27, 19[illegible]
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	46,273
Cream	Calendar Year	1,500,000	Gallon	793
Butter	Nov. 1, 1954- Mar. 31, 1955	50,000,000	Pound	43,766
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar Year	33,950,386	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	3,934,600
Other	Sept. 15, 1954	329,100,000	Pound	1,542,093
Cattle, less than 200 lbs. each..	12 months from April 1, 1954	200,000	Head	4,150
Cattle, 700 lbs. or more each.... (other than dairy cows)	Oct. 1, 1954- Dec. 31, 1954	120,000	Head	2,510
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000	Pound	256,200
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000	Pound	858,219
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Fill[illegible]

(Continued)

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-659

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to November 27, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Nov. 27, 1954
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Cream	Calendar Year	1,500,000	Gallon	793
Butter	Nov. 1, 1954- Mar. 31, 1955	50,000,000	Pound	43,766
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish........	Calendar Year	33,950,386	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from	150,000,000	Pound	3,934,600
Other	Sept. 15, 1954	329,100,000	Pound	1,542,093
Cattle, less than 200 lbs. each..	12 months from April 1, 1954	200,000	Head	4,150
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Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000	Pound	256,200
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000	Pound	858,219
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Filled

(Continued)

Commodity	Period and Quantity		Unit of Quantity	Imports as of Nov. 27, 1954
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	Quota Filled
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	940,785
Barley, hulled, unhulled, rolled, and ground, and barley malt...	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	5,510,376
	Other Countries	275,000	Bushel	5,635
*Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	4,072,137
	Other Countries	688,000	Bushel	57,504
Rye, rye flour, and rye meal ...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through December 7, 1954.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-658

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 Dec. 7, 1954	Established Quota	Imports May 29, 1954, to Dec. 7, 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	70
Australia	-	-	1,000	-
Germany	100	99	5,000	-
Syria	100	-	5,000	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	795,099	4,000,000	3,822,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-658

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 Dec. 7, 1954	Established Quota	Imports May 29, 1954, to Dec. 7, 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	70
Australia	-	-	1,000	-
Germany	100	99	5,000	-
Syria	100	-	5,000	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	795,099	4,000,000	3,822,070

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, 1954, to Dec. 7, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to Dec. 7, 1954
United Kingdom	4,323,457	172,488	1,441,152	172,488
Canada	239,690	30,202	-	-
France	227,420	-	75,807	-
British India	69,627	43,979	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,627	7,088	6,627
	5,482,509	253,296	1,599,886	179,115

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

365

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-657

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, 1954, to December 7, 1954, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	4,127
Peru	247,952	5,742
British India	2,003,483	20,355
China	1,370,791	-
Mexico	8,883,259	406,640
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa . .	2,240	-
Netherlands E. Indies.	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa . .	689	-
Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1954, to November 27, 1954

Established Quota (Global)	Imports
70,000,000	1,019,023

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to December 7, 1954

Established Quota (Global)	Imports
45,656,420	36,687,656

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, December 9, 1954.

H-657

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, 1954, to December 7, 1954, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	4,127	Honduras	752	-
Peru	247,952	5,742	Paraguay	871	-
British India	2,003,483	20,355	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	406,640	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa . .	689	-
			Algeria and Tunisia .	-	-

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

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Imports Sept. 20, 1954, to November 27, 1954

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Established Quota (Global)	Imports
45,656,420	36,687,656

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(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, 1954, to Dec. 7, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to Dec. 7, 1954
United Kingdom	4,323,457	172,488	1,441,152	172,488
Canada	239,690	30,202	-	-
France	227,420	-	75,807	-
British India	69,627	43,979	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,627	7,088	6,627
	5,482,509	253,296	1,599,886	179,115

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 16, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 16, 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, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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.

RELEASE MORNING NEWSPAPERS,
Thursday, December 9, 1954. H-656

The Treasury Department, by this public notice, invites tenders for \$1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 16, 1954, in the amount of \$1,500,243,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 16, 1954, and will mature March 17, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 13, 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

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, December 9, 1954.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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,

[illegible]

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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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.

STATUTORY DEBT LIMITATION

AS OF November 30, 1954

358

December 9, 19

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate $275,000,000,000 (Act of June 26, 1946; U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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			$281,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,507,437,000		
Certificates of indebtedness	18,184,192,000		
Treasury notes	40,899,634,000	$ 78,591,263,000	
Bonds-			
Treasury	84,179,425,450		
Savings (current redemp. value)	58,186,242,774		
Depositary	424,903,500		
Investment series	12,693,200,000	155,483,771,724	
Special Funds-			
Certificates of indebtedness	28,814,664,000		
Treasury notes	13,536,656,400	42,351,320,400	
Total interest-bearing		276,426,355,124	
Matured, interest-ceased		294,671,250	
Bearing no interest:			
United States Savings Stamps	47,704,562		
Excess profits tax refund bonds	1,182,681		
Special notes of the United States:			
Internat'l Monetary Fund series	1,553,000,000	1,601,887,243	
Total		278,322,913,617	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	33,445,036		
Matured, interest-ceased	975,600	34,420,636	
Grand total outstanding			278,357,334,253
Balance face amount of obligations issuable under above authority			2,642,665,747

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

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

Outstanding-	
Total gross public debt	278,853,086,820
Guaranteed obligations not owned by the Treasury	34,420,636
Total gross public debt and guaranteed obligations	278,887,507,456
Deduct - other outstanding public debt obligations not subject to debt limitation	530,173,203
	278,357,334,253

H-655

STATUTORY DEBT LIMITATION

AS OF November 30, 1954

December 9, 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 Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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	278,357,334,253

H-655

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

	Oct. 7, 1954	June 30, 1954	Sept. 30, 1953	Increase or decrease since June 30, 1954		Increase or decrease since Sept. 30, 1953	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	55,144,436	53,784,450	53,791,070	1,359,986	2.53	1,353,366	2.52
Time	24,418,920	23,978,113	22,548,572	440,807	1.84	1,870,348	8.29
Deposits of U. S. Government	4,374,955	3,614,035	3,859,916	760,920	21.05	515,039	13.34
Postal savings deposits	13,046	13,070	13,436	-24	-.18	-390	-2.90
Deposits of States and political subdivisions	6,480,477	7,063,425	6,222,445	-582,948	-8.25	258,032	4.15
Deposits of banks	10,127,696	9,752,516	8,881,040	375,180	3.85	1,246,656	14.04
Other deposits (certified and cashiers' checks, etc.)	1,320,499	1,439,122	1,301,283	-118,623	-8.24	19,216	1.48
Total deposits	101,880,029	99,644,731	96,617,762	2,235,298	2.24	5,262,267	5.45
Bills payable, rediscounts, and other liabilities for borrowed money	233,478	28,751	483,231	204,727	712.07	-249,753	-51.68
Other liabilities	1,733,972	1,535,233	1,902,351	198,739	12.95	-168,379	-8.85
Total liabilities, excluding capital accounts	103,847,479	101,208,715	99,003,344	2,638,764	2.61	4,844,135	4.89
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	4,602	4,793	5,444	-191	-3.98	-842	-15.47
Common	2,389,884	2,366,285	2,268,439	23,599	1.00	121,445	5.35
Total	2,394,486	2,371,078	2,273,883	23,408	.99	120,603	5.30
Surplus	3,690,908	3,645,330	3,425,699	45,578	1.25	265,209	7.74
Undivided profits	1,540,254	1,404,866	1,387,126	135,388	9.64	153,128	11.04
Reserves	286,683	283,626	269,138	3,057	1.08	17,545	6.52
Total surplus, profits, and reserves	5,517,845	5,333,822	5,081,963	184,023	3.45	435,882	8.58
Total capital accounts	7,912,331	7,704,900	7,355,846	207,431	2.69	556,485	7.57
Total liabilities and capital accounts	111,759,810	108,913,615	106,359,190	2,846,195	2.61	5,400,620	5.08
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	35.71	32.93	33.20				
Loans & discounts to total assets	33.51	34.69	34.83				
Capital accounts to total deposits	7.77	7.73	7.61				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks as of October 7, 1954, June 30, 1954, and September 30, 1953

(In thousands of dollars)

	Oct. 7, 1954	June 30, 1954	Sept. 30, 1953	Increase or decrease since June 30, 1954		Increase or decrease since Sept. 30, 1953	
				Amount	Percent	Amount	Percent
Number of banks	4,827	4,842	4,871	-15		-44	
ASSETS							
Commercial and industrial loans	15,868,226	15,868,307	16,612,176	-81	--	-743,950	-4.48
Loans on real estate	9,465,267	9,172,416	8,638,056	292,851	3.19	827,211	9.58
All other loans, including overdrafts	12,695,779	13,317,321	12,342,510	-621,542	-4.67	353,269	2.86
Total gross loans	38,029,272	38,358,044	37,592,742	-328,772	-.86	436,530	1.16
Less valuation reserves	583,260	575,658	543,405	7,602	1.32	39,855	7.33
Net loans	37,446,012	37,782,386	37,049,337	-336,374	-.89	396,675	1.07
U. S. Government securities:							
Direct obligations	39,910,958	35,835,931	35,287,324	4,075,027	11.37	4,623,634	13.10
Obligations fully guaranteed	3,836	26,424	25,429	-22,588	-85.48	-21,593	-84.91
Total U. S. securities	39,914,794	35,862,355	35,312,753	4,052,439	11.30	4,602,041	13.03
Obligations of States and political subdivisions	7,339,866	6,954,581	6,346,681	385,285	5.54	993,185	15.65
Other bonds, notes and debentures	1,925,840	1,905,204	2,035,365	20,636	1.08	-109,525	-5.38
Corporate stocks, including stocks of Fed. Reserve banks	215,636	210,936	201,809	4,700	2.23	13,827	6.85
Total securities	49,396,136	44,933,076	43,896,608	4,463,060	9.93	5,499,528	12.53
Total loans and securities	86,842,148	82,715,462	80,945,945	4,126,686	4.99	5,896,203	7.28
Currency and coin	1,323,599	1,385,790	1,385,691	-62,191	-4.49	-62,092	-4.48
Reserve with Fed. Reserve banks	12,353,834	12,400,242	12,570,050	-46,408	-.37	-216,216	-1.72
Balances with other banks	9,699,058	10,913,876	10,074,427	-1,214,818	-11.13	-375,369	-3.73
Total cash, balances with other banks, including reserve balances and cash items in process of collection	23,376,491	24,699,908	24,030,168	-1,323,417	-5.36	-653,677	-2.72
Other assets	1,541,171	1,498,245	1,383,077	42,926	2.87	158,094	11.43
Total assets	111,759,810	108,913,615	106,359,190	2,846,195	2.61	5,400,620	5.08

to $12,700,000,000, a decrease of nearly 5 percent since June, but were up 3 percent in the year. The percentage of loans and discounts to total assets on October 7, 1954 was 33.51 in comparison with 34.69 in June and 34.83 in September 1953.

Investments of the banks in United States Government obligations on October 7, 1954 aggregated $39,900,000,000 (including $4,000,000 guaranteed obligations), an increase of $4,000,000,000 since June. These investments were 36 percent of total assets. Other bonds, stocks and securities of $9,500,000,000, which included obligations of States and political subdivisions of $7,300,000,000, were $400,000,000 more than in June, and $900,000,000 more than held in September last year. Total securities held amounting to $49,400,000,000 were $4,500,000,000 more than the June figure.

Cash of $1,300,000,000, reserve with Federal Reserve banks of $12,400,000,000, and balances with other banks (including cash items in process of collection) of $9,700,000,000, a total of $23,400,000,000, showed a decrease of $1,300,000,000 since June.

The capital stock of the banks on October 7, 1954 was $2,400,000,000, including nearly $5,000,000 of preferred stock. Surplus was $3,700,000,000, undivided profits $1,500,000,000 and capital reserves $300,000,000, or a total of $5,500,000,000. Total capital accounts of $7,900,000,000, which were 7.77 percent of total deposits, were $200,000,000 more than in June when they were 7.73 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE MORNING NEWSPAPERS
Thursday, December 9, 1954

H-654

The total assets of national banks on October 7, 1954 amounted to nearly $111,800,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,827 active national banks in the United States and possessions. The assets were $2,800,000,000 more than the amount reported by the 4,842 active banks on June 30, 1954, the date of the previous call, and more than $5,400,000,000 over the aggregate reported by the 4,871 active banks as of September 30, 1953.

The deposits of the banks on October 7 were $101,900,000,000, an increase of $2,200,000,000 since June, and an increase of $5,300,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $55,100,000,000, which increased $1,400,000,000, and time deposits of individuals, partnerships, and corporations of $24,400,000,000, which increased $400,000,000. Deposits of the United States Government of $4,400,000,000 increased $800,000,000 since June; deposits of States and political subdivisions of $6,500,000,000 showed a decrease of $600,000,000, and deposits of banks amounted to $10,100,000,000, an increase of $400,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,300,000,000.

Net loans and discounts on October 7, 1954 were $37,400,000,000, a decrease of $300,000,000 since June, but an increase of $400,000,000, or 1 percent, above the September figure last year. Commercial and industrial loans were $15,900,000,000, about the same as in June. Loans on real estate of $9,500,000,000 were up 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., amounted

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Statement showing comparison of principal items of assets and liabilities of active national banks as of October 7, 1954, June 30, 1954, and September 30, 1953

(In thousands of dollars)

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Total securities	49,396,136	44,933,076	43,896,608	4,463,060	9.93	5,499,528	12.53
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Total assets	111,759,810	108,913,615	106,359,190	2,846,195	2.61	5,400,620	5.08

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

	Oct. 7, 1954	June 30, 1954	Sept. 30, 1953	Increase or decrease since June 30, 1954		Increase or decrease since Sept. 30, 1953	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	55,144,436	53,784,450	53,791,070	1,359,986	2.53	1,353,366	2.52
Time	24,418,920	23,978,113	22,548,572	440,807	1.84	1,870,348	8.29
Deposits of U. S. Government	4,374,955	3,614,035	3,859,916	760,920	21.05	515,039	13.34
Postal savings deposits	13,046	13,070	13,436	-24	-.18	-390	-2.90
Deposits of States and political subdivisions	6,480,477	7,063,425	6,222,445	-582,948	-8.25	258,032	4.15
Deposits of banks	10,127,696	9,752,516	8,881,040	375,180	3.85	1,246,656	14.04
Other deposits (certified and cashiers' checks, etc.)	1,320,499	1,439,122	1,301,283	-118,623	-8.24	19,216	1.48
Total deposits	101,880,029	99,644,731	96,617,762	2,235,298	2.24	5,262,267	5.45
Bills payable, rediscounts, and other liabilities for borrowed money	233,478	28,751	483,231	204,727	712.07	-249,753	-51.68
Other liabilities	1,733,972	1,535,233	1,902,351	198,739	12.95	-168,379	-8.85
Total liabilities, excluding capital accounts	103,847,479	101,208,715	99,003,344	2,638,764	2.61	4,844,135	4.89
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	4,602	4,793	5,444	-191	-3.98	-842	-15.47
Common	2,389,884	2,366,285	2,268,439	23,599	1.00	121,445	5.35
Total	2,394,486	2,371,078	2,273,883	23,408	.99	120,603	5.30
Surplus	3,690,908	3,645,330	3,425,699	45,578	1.25	265,209	7.74
Undivided profits	1,540,254	1,404,866	1,387,126	135,388	9.64	153,128	11.04
Reserves	286,683	283,626	269,138	3,057	1.08	17,545	6.52
Total surplus, profits, and reserves	5,517,845	5,333,822	5,081,963	184,023	3.45	435,882	8.58
Total capital accounts	7,912,331	7,704,900	7,355,846	207,431	2.69	556,485	7.57
Total liabilities and capital accounts	111,759,810	108,913,615	106,359,190	2,846,195	2.61	5,400,620	5.08
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	35.71	32.93	33.20				
Loans & discounts to total assets	33.51	34.69	34.83				
Capital accounts to total deposits	7.77	7.73	7.61				

NOTE: Minus sign denotes decrease.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, December 6, 1954

H-653

Treasury Secretary Humphrey today announced the appointment of a career official, Henry J. Holtzclaw, as Director of the Bureau of Engraving and Printing.

Mr. Holtzclaw has served in the Bureau since 1917. He became Assistant Director in 1949, Associate Director in 1950, and Acting Director upon the retirement last November 1 of Alvin W. Hall as head of the Bureau.

"The appointment of Mr. Holtzclaw as successor to Mr. Hall is well-earned recognition of excellent service by a Government career man," Secretary Humphrey said.

Mr. Holtzclaw entered the Bureau's employ in 1917 as a skilled helper and was promoted successively to draftsman, engineering draftsman, associate mechanical engineer, mechanical expert and designer, and chief, research and development engineering. He then was appointed Assistant Director.

Throughout his service to the Bureau Mr. Holtzclaw has made important contributions to its work, particularly in programs of modernization of equipment and procedures and the effecting of operating economies.

Activities of the Bureau for which he becomes responsible include the design and production of currency, securities, postage and revenue stamps, Government checks, Military commissions and certificates, and other engraved work for the various Government agencies, the Board of Governors of the Federal Reserve System, and insular possessions of the United States.

Mr. Holtzclaw was born November 28, 1896, in Fauquier County, Virginia. He has been a full member of the American Society of Mechanical Engineers since 1933.

His home is at 2231 Sudbury Road, Northwest.

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His home is at 2231 Sudbury Road, Northwest.

Administration's policy of selling mostly short-term securities and using the powers of the Federal Reserve System to hold down interest rates artificially. A fundamental conclusion of both of your predecessor subcommittees was that such action was not in the best interests of the Nation. This was their considered judgment in language used by the Douglas Subcommittee and re-affirmed by the Patman Subcommittee: "...we believe that the advantages of avoiding inflation are so great and that a restrictive monetary policy can contribute so much to this end that the freedom of the Federal Reserve to restrict credit and raise interest rates for general stabilization purposes should be restored even if the cost should prove to be a significant increase in service charges on the Federal debt and a greater inconvenience to the Treasury in its sale of securities for new financing and refunding purposes."

This Administration has followed these principles because we believe them to be fundamental principles of good government. We believe the record of the past two years has indicated their effectiveness in giving us honest money and laying a firm foundation for the sound growth and prosperity of our country.

oOo

Major tax reductions and comprehensive tax revisions, along with the ending of price and wage controls, are removing barriers to economic growth and restoring individual initiative and enterprise. Savings in Government spending which have been returned to the people in the form of tax cuts are helping sustain the economy, increase employment and production.

Progress is being made toward getting our huge public debt in better shape, so that its maturities can be handled more easily and debt operations will not stimulate either inflation or deflation. Treasury financings have been designed to tie in with action taken by the Federal Reserve System to keep the supply of money and credit in line with the needs of the country.

The principles we have been following in the management of the large public debt are not new. They are, likewise, principles that have been laid down by your predecessor subcommittees after extensive study and careful consideration of the fundamental role they can play in effective monetary policy.

The first principle is that monetary and debt management policies should be flexible. To be effective they must lean against inflation as well as deflation. As put by the Douglas subcommittee and reaffirmed by the Patman subcommittee: "Timely flexibility toward easy credit at some times and credit restriction at other times is an essential characteristic of a monetary policy that will promote economic stability rather than instability."

The second principle is that Treasury debt management operations should be consistent with current monetary and credit control policies of the Federal Reserve. This means close cooperation at all times between the Federal Reserve and the Treasury. As Representative Patman's Subcommittee reported in 1952: "Neither the problems of monetary policy nor those of debt management can be solved in isolation from the other. We recommend that the Treasury and the Federal Reserve should continue to endeavor to find by mutual discussion the solutions most in the public interest for their common problems...."

The answers which we have already submitted to your Subcommittee's questions detail the actions we have taken in cooperation with the Federal Reserve during the past two years in carrying out these principles. They show the manner in which our debt operations have been designed to complement monetary action taken by the Federal Reserve to promote economic stability, first by helping to restrain inflation and then later by helping to avoid deflation.

The record has not always been as impressive. As you know, at the time of the earlier Congressional hearings on monetary policy and debt management, the economy had been under strong inflationary pressures. Monetary policy had been largely in-effectual in helping to control inflation because of the previous

TREASURY DEPARTMENT
Washington

Statement by Treasury Secretary Humphrey before the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report
Tuesday, December 7, 1954

Mr. Chairman, Gentlemen:

We welcome this opportunity to appear before your Subcommittee to review the fiscal and debt management policies of the Treasury from the point of view of their economic influence.

At the outset and before considering in detail the activities of the Treasury during the past two years, I want to make a few general comments on the direction of our entire fiscal program as well as the principles guiding us in the management of the public debt.

The Administration's budgetary and tax policies, along with its debt management policies, have all been designed to promote high employment, rising production, and a stable dollar.

We have in fact been following the policies advocated by your predecessor subcommittees that -- as stated in the Douglas report of January, 1950, in language reaffirmed in the Patman report of June, 1952 -- "appropriate, vigorous, and coordinated monetary, credit, and fiscal policies" should "constitute the Government's primary and principal method" of promoting the purposes of the Employment Act, and further, their recommendation "that Federal fiscal policies be such as not only to avoid aggravating economic instability but also to make a positive and important contribution to stabilization, at the same time promoting equity and incentives in taxation and economy in expenditures."

Government spending programs have been cut by billions of dollars. Waste and extravagance have been eliminated in many areas. Economy in Government and efforts to get the Federal budget under even better control are continuing without letup. These efforts are of great importance to the future of our country and are fundamental in the Administration's honest money program.

H-652

~~DRAFT 12/6/54~~

Final for file

STATEMENT BY TREASURY SECRETARY HUMPHREY BEFORE THE SUBCOMMITTEE ON ECONOMIC STABILIZATION OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT TUESDAY, DECEMBER 7, 1954

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H-657

Major tax reductions and comprehensive tax revisions [illegible] ending of price and wage controls, are removing barriers to economic growth and restoring individual initiative and enterprise. Savings in Government spending which have been returned to the people in the form of tax cuts are helping sustain the economy, increase employment and production.

Progress is being made toward getting our huge public debt in better shape, so that its maturities can be handled more easily and debt operations will not stimulate either inflation or deflation. Treasury financings have been designed to tie in with action taken by the Federal Reserve System to keep the supply of money and credit in line with the needs of the country.

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The record has not always been as impressive. As you know, at the time of the earlier Congressional hearings on monetary policy and debt management, the economy had been under strong inflationary pressures. Monetary policy had been largely ineffectual in helping to control inflation because of the previous Administration's policy of selling mostly short-term securities and using the powers of the Federal Reserve System to hold down interest rates artificially. A fundamental conclusion of both of your predecessor subcommittees was that such action was not in the best interests of the Nation. This was their considered judgment in language used by the Douglas Subcommittee and ~~both subcommittees:~~ reaffirmed by the Patman Subcommittee:

> "...we believe that the advantages of avoiding inflation are so great and that a restrictive monetary policy can contribute so much to this end that the freedom of the Federal Reserve to restrict credit and raise interest rates for general stabilization purposes should be restored even if the cost should prove to be a significant increase in service charges on the Federal debt and a greater inconvenience to the Treasury in its sale of securities for new financing and refunding purposes."

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Wednesday, December 8, 1954. H-651

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the third quarter of 1954. The net gold outflow from the United States in this period was $171.8 million, the largest volume of net sales for any quarter since the third quarter of 1953.

In the nine months ended September 30, 1954, U.S. gold purchases were $101.1 million and sales were $355.5 million. These transactions brought to $254.3 million the net outflow of gold in the period January 1 - September 30, 1954.

The outward gold movement from the United States continued to be low in October and November with U.S. net sales of $35.6 million and $36.7 million, respectively. 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 three quarters of 1954 and calendar 1953 is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
January 1, 1954 - September 30, 1954

(In millions of dollars at $35 per ounce)

Country	First Quarter 1954	Second Quarter 1954	Third Quarter 1954	Calendar Year 1953
Argentina	-	-	-	-$84.8
Belgium	-	-	-	- 84.9
Belgian Congo	-	-	-	-9.9
Bolivia	$13.2	$2.0	-	-
Colombia	-	-	-	-3.5
Denmark	-	-	-	-13.2
Germany	-40.0	-15.6	-140.0	-130.0
Israel	-	-	-1.1	-
Lebanon	- 8.8	-	-	-4.6
Mexico	-	80.3	-	-28.1
Netherlands...............	-	-	-	-65.0
Norway....................	-	-	-	-5.0
Portugal	-20.0	-5.0	-20.0	-59.9
Sweden	-	-	-	-20.0
Switzerland...............	-	-	-8.0	-65.0
Switzerland-Bank for International Settlements	-7.9	-1.1	-2.6	-94.3
Syria	-	-	-	-.5
Turkey	-	-	-	-3.3
United Kingdom............	-	-50.0	-	-480.0
Uruguay	-5.0	-	-	-15.0
Vatican City	5.5	-	-	4.0
Venezuela	-	-30.0	-	-
All Other	-.2	-.2	-.1	-1.5
Total	-$63.0	-$19.6	-$171.8	-$1,164.2

Figures may not add to totals because of rounding.

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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, December 7, 1954.

H-650

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated December 9, 1954, and to mature March 10, 1955, which were offered on December 2, were opened at the Federal Reserve Banks on December 6.

The details of this issue are as follows:

Total applied for - $2,111,752,000
Total accepted - 1,500,232,000 (includes $223,301,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.725/ Equivalent rate of discount approx. 1.087% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.720 Equivalent rate of discount approx. 1.108% per annum

(66% of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,960,000	$ 29,960,000
New York	1,511,750,000	960,230,000
Philadelphia	34,705,000	19,705,000
Cleveland	36,797,000	36,797,000
Richmond	23,635,000	23,635,000
Atlanta	26,624,000	26,624,000
Chicago	176,695,000	131,695,000
St. Louis	30,921,000	30,921,000
Minneapolis	15,775,000	15,775,000
Kansas City	52,098,000	52,098,000
Dallas	31,755,000	31,755,000
San Francisco	141,037,000	141,037,000
TOTAL	$2,111,752,000	$1,500,232,000

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Total	$2,111,752,000	$1,500,232,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, December 3, 1954.

H-649

The Treasury Department announced today that final tabulation of subscriptions for the recent exchange offering showed $6,724 million for the new 8-year and 8-month 2-1/2 percent Treasury bonds, $5,358 million for the new one-year 1-1/4 percent certificates, and $4,920 million for the 1-1/8% certificates maturing August 15, 1955.

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

(In millions of dollars)

Old Issues	Eligible for Exchange	Exchange Subscriptions for New Issues				Unexchanged
		2-1/2% Bond	1-1/4% Cert.	1-1/8% Cert.	Total	
Notes	$ 8,175	$ 346	$3,286	$4,498	$ 8,130	$ 45
Bonds of 1952-54..	8,662	6,002	1,985	408	8,395	267
Bonds of 1951-55..	510	376	87	14	477	33
Total........	$17,347	$6,724	$5,358	$4,920	$17,002	$345

SUBSCRIPTIONS BY FEDERAL RESERVE DISTRICTS

Federal Reserve District	2-1/2% Treasury Bonds of 1963	1-1/4% Series E-1955 Certificates	1-1/8% Series D-1955 Certificates
Boston	$ 229,505,500	$ 72,468,000	$ 1,672,000
New York	2,868,852,000	3,943,878,000	4,869,192,000
Philadelphia	276,455,500	68,960,000	2,645,000
Cleveland	393,306,500	116,944,000	14,560,000
Richmond	156,571,000	58,094,000	2,965,000
Atlanta	174,789,000	109,139,000	6,814,000
Chicago	1,043,519,000	421,692,000	12,470,000
St. Louis	237,280,000	70,301,000	2,473,000
Minneapolis	192,452,000	55,755,000	1,817,000
Kansas City	258,166,500	91,455,000	2,520,000
Dallas	188,682,500	44,665,000	1,237,000
San Francisco	694,193,500	299,983,000	1,528,000
Treasury	9,899,000	5,072,000	38,000
Total	$6,723,672,000	$5,358,406,000	$4,919,931,000

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TREASURY DEPARTMENT
Washington

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FOR RELEASE ON DELIVERY H-648

Extracts from Remarks by
Marion B. Folsom,
Under Secretary of the Treasury,
before the Washington Conference of Mayors,
2:00 p.m. EST, Friday, December 3, 1954.

It is a pleasure to meet with you again to discuss the perennial problem common to your jobs and mine--financing Government. Our problems are much alike, with the difference that Federal finances have larger dimensions and possibly receive more front page space. I sometimes feel that city finances would be nearer solution if they had the benefit of more thoughtful public discussion. It is important that your financing problems receive more public attention, not only because they are difficult and challenging, but also because the success with which city halls and town halls solve their problems is vitally important to the continued healthy progress of our economy.

Local government today is a big and growing business. In 1953, it spent $21½ billion. This is almost twice the direct expenditures of the 48 State governments. In 1953, State and local government together spent almost half (42 percent) as much as did the Federal Government for all purposes, including national defense.

A very important supporting influence in the economy in this transition period is that while Federal expenditures have been coming down, State and local spending and personal consumption expenditures have increased. Federal spending for goods and service on an annual basis averaged $51.4 billion in the first three quarters of this year, down $8.8 billion from the same period last year. At the same time State and local spending for goods and services increased from $24.8 billion to $27.2 billion, and personal consumption expenditures were up from $230.2 billion to $232.8 billion. As a result the total economy has been well sustained.

Large cuts in Federal spending made financially feasible tax reductions this year which total $7.4 billion--the largest dollar tax reduction in any one year in our Nation's history.

We believe that the overall reduction in the Federal tax load is a more effective way to help meet your financing problems than would be a reallocation of tax sources among governments. Our goal is to encourage growth in the entire economy--which increases your tax bases and ours--by proper tax and monetary policies as well as by other appropriate measures.

As reductions in Federal taxes take place, the financial capacity of States and municipalities is increased. Federal tax cuts have an important effect--though mainly an indirect effect--upon the problems facing you in your respective cities. Most of the solutions to the financing problems of municipal governments rest with you and your voters as well as with the State governments. The tax and other policies of this Administration are designed to help you by facilitating national economic prosperity and by improving the ability of your State legislatures to help you.

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H-648

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Large cuts in Federal spending . . . . . .

In ~~1953, local expenditures for~~ education ~~alone~~ amounted to $7.8 billion. In this single function, ~~the~~ increase over the preceding year was a billion dollars ~~and these~~ figures do not include the cost of servicing the debts incurred for ~~construction of~~ school facilities. In other words, the local ~~governmental cost of providing~~ our children with public education now takes ~~fully half as much~~ money as the Federal Government spends on all its activities, excluding national security and interest on the public debt.

As I have ~~mentioned, Federal~~ expenditures are coming down. They were reduced by ~~$6.7 billion from fiscal 1953~~ to fiscal 1954, and a further cut of $3.6 billion is ~~currently estimated for the present~~ fiscal ~~year.~~ ~~These~~ large cuts in Where spending made financially feasible tax reductions this year which total $7.4 billion--the largest dollar tax reduction in any one year in our Nation's history.

We believe that the overall reduction in the Federal tax load is a more effective way to help meet your financing problems than would be a reallocation of tax sources among governments. Our goal is to encourage growth in the entire economy-- which may ~~and incidentally in~~ your tax bases and ours--by proper tax and monetary policies as well as by other appropriate measures.

As reductions in Federal taxes take place ~~become possible~~, the financial capacity of States and municipalities is increased. ~~Thus~~ Federal tax cuts have an important effect--though mainly an indirect effect--upon the problems facing you in your respective cities. Most of the solutions to the financing problems of municipal governments rest with you and your voters as well as with the State governments. The tax and other policies of this Administration are designed to help you by facilitating national economic prosperity and by improving the ability of your State legislatures to help you.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 9, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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 is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are 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.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, December 2, 1954.

H-647

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 9, 1954, in the amount of $1,502,432,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 9, 1954, and will mature March 10, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, December 6, 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

TREASURY DEPARTMENT
Washington

H-647

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are 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,

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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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, November 29, 1954.

H-646

Preliminary figures show that about $6.7 billion of Treasury securities maturing December 15th have been exchanged for the new medium-term eight-year, eight month 2-1/2% Treasury bonds.

The final results of the three-way exchange offering for $17.3 billion of certificates and bonds maturing on December 15th will be announced later this week.

The preliminary figures also show approximately $5.3 billion subscriptions for the new one-year 1-1/4% certificate of indebtedness and approximately $4.9 billion for the 1-1/8% certificate maturing August 15, 1955.

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17-646

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The final results of the three-way exchange offering for $17.3 billion of certificates and bonds maturing on December 15th will be announced later this week.

The preliminary figures also show approximately ~~$3~~ $5.3 billion subscriptions for the new one-year 1-1/4% certificate of indebtedness and approximately $4.9 billion for the 1-1/8% certificate maturing August 15, 1955.

COMPARISON OF PRELIMINARY AND FINAL STATEMENTS SHOWING BUDGET RESULTS FOR THE FISCAL YEAR 1954
(In millions)

	Final statement	Preliminary statement	Change
Budget Receipts			
Individual income taxes withheld	$21,635	$21,673	-$38
Individual income taxes - other	10,747	10,761	-14
Corporation income taxes	21,523	21,483	+40
Excise taxes	10,014	10,048	-34
Estate and gift taxes	945	929	+16
Taxes not otherwise classified	9	10	-1
Employment taxes	5,425	5,425	-
Customs	562	562	-
Miscellaneous receipts	2,311	2,175	+136
Total budget receipts	73,173	73,067	+106
Deduct:			
Appropriation to Federal old-age and survivors insurance trust fund	4,537	4,537	-
Appropriations to Railroad Retirement Account	603	603	-
Refunds of receipts	3,377	3,377	-
Total deductions	8,517	8,517	-
Net budget receipts	64,655	64,550	+106
Budget Expenditures			
Legislative branch	59	66	-7
Funds appropriated to the President for mutual security, etc.	5,282	5,155	+127
Independent offices	6,473	6,459	+14
Defense Department:			
Military functions:			
Office of Secretary of Defense	464	445	+19
Army	12,910	12,730	+180
Navy	11,293	11,277	+16
Air Force	15,668	15,403	+265
Civil functions	605	606	-1
Undistributed	-	a/ 291	-291
Health, Education and Welfare Dept. ..	1,981	1,982	-1
Post Office Department	312	462	-150
State Department	156	149	+7
Treasury Department:			
Interest on the public debt	6,382	6,371	+11
Other	956	952	+4
All other agencies	5,231	5,231	-
Total budget expenditures	67,772	67,579	+193
Budget deficit	3,117	3,029	+88

a/ Distribution of this amount in final statement contributes to major differences in certain classifications.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, November 29, 1954.

H-645

The Treasury released today the final figures showing budget results for the fiscal year ended June 30, 1954. This final statement is in line with the improved reporting procedures adopted jointly by the Treasury Department, Bureau of the Budget, and the General Accounting Office, under the Budget and Accounting Procedures Act of 1950.

The statement is based on the final accounts for the fiscal year of collecting and disbursing officers of the Government, and is the final statement referred to in the announcement accompanying the preliminary figures released last July 22. Differences between today's statement and the preliminary figures are due to inclusion in the final accounts of certain receipts and expenditures, including overseas transactions, reports of which were not available when the preliminary statement was released, and certain reclassifications. Beginning with this statement, transactions of the Post Office Department will be reported on the same basis as other agencies of the Government. This change is made possible by newly installed improvements in accounting and reporting procedures.

The final statement shows a budget deficit for the fiscal year 1954 of $3,117 million, which is $88 million higher than the preliminary figure released last July.

The following table is a comparison of the preliminary and final figures, showing the principal differences.

Release
Monday Nov 29, 1954

PROPOSED RELEASE TO ACCOMPANY FINAL
FIGURES FOR FISCAL YEAR 1954

4-648

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Cleared with Mr. Flemm 11/29/54

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COMPARISON OF PRELIMINARY AND FINAL STATEMENTS
SHOWING BUDGET RESULTS FOR THE FISCAL YEAR 1954
(In millions)

	Final statement	Preliminary statement	Change
Budget Receipts			
Individual income taxes withheld	$21,635	$21,673	-$38
Individual income taxes - other	10,747	10,761	-14
Corporation income taxes	21,523	21,483	+40
Excise taxes	10,014	10,048	-34
Estate and gift taxes	945	929	+16
Taxes not otherwise classified	9	10	-1
Employment taxes	5,425	5,425	-
Customs	562	562	-
Miscellaneous receipts	2,311	2,175	+136
Total budget receipts	73,173	73,067	+106
Deduct:			
Appropriation to Federal old-age and survivors insurance trust fund	4,537	4,537	-
Appropriations to Railroad Retirement Account	603	603	-
Refunds of receipts	3,377	3,377	-
Total deductions	8,517	8,517	-
Net budget receipts	64,655	64,550	+106
Budget Expenditures			
Legislative branch	59	66	-7
Funds appropriated to the President for mutual security, etc.	5,282	5,155	+127
Independent offices	6,473	6,459	+14
Defense Department:			
Military functions:			
Office of Secretary of Defense	464	445	+19
Army	12,910	12,730	+180
Navy	11,293	11,277	+16
Air Force	15,668	15,403	+265
Civil functions	605	606	-1
Undistributed	-	a/ 291	-291
Health, Education and Welfare Dept. ..	1,981	1,982	-1
Post Office Department	312	462	-150
State Department	156	149	+7
Treasury Department:			
Interest on the public debt	6,382	6,371	+11
Other	956	952	+4
All other agencies	5,231	5,231	-
Total budget expenditures	67,772	67,579	+193
Budget deficit	3,117	3,029	+88

a/ Distribution of this amount in final statement contributes to major differences in certain classifications.

IMMEDIATE RELEASE,
Wednesday, November 24, 1954. H-643

Daniel A. Taylor, Chief Counsel of the Internal Revenue Service for the past year, has resigned effective November 30 to return to private practice.

Mr. Taylor, on entering Government service in November, 1953, indicated that his service would be temporary, as he would eventually desire to return to the private practice of law. Treasury Secretary Humphrey praised his "high service" to the Internal Revenue Service during the past year in accepting his resignation with regret.

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~~(Biography attached)~~

~~(Biographical sketch attached)~~

DANIEL A. TAYLOR, Chief Counsel of the Internal Revenue Service, Treasury Department, was born December 17, 1895, on a farm in Casey County, Kentucky.

Educated in the public schools of Kentucky, Mr. Taylor graduated from Western Kentucky Normal and State Teachers College in 1917, and taught in public schools of the State for three years.

After serving in the American Expeditionary Force during the First World War, Mr. Taylor turned to the study of law. He received an LLB degree from Washington and Lee University, Lexington, Virginia, in 1921, and was admitted to practice before courts in Kentucky the same year.

From 1921 to 1928, Mr. Taylor was engaged in the general practice of law. He was then appointed a Special Attorney in the Office of the General Counsel, Bureau of Internal Revenue, (now Office of the Chief Counsel, Internal Revenue Service). During the next 14 years, Mr. Taylor served as trial attorney, and also in various administrative capacities in the Bureau's legal office.

In June, 1942, he left the Internal Revenue Service to re-enter private law practice, and specialized in Federal tax matters in Chicago, Illinois, until he took office on November 9, 1953 as Chief Counsel of the Internal Revenue Service.

Mr. Taylor married Miss Margaret Gallegher, of Covington, Kentucky, in 1928. A son, Daniel A. Taylor, Jr., 22, is now serving in the Air Force, and a daughter, Jane Carol Taylor, 19, is a junior at the College of William and Mary, Williamsburg, Virginia.

Mr. Taylor is a member of the American Bar Association, the Illinois State Bar Association, the Chicago Bar Association, the Kentucky Bar Association, and also has been admitted to practice in the District of Columbia.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on December 2, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing December 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 25, 1954.

H-642

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing December 2, 1954, in the amount of $1,500,236,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated December 2, 1954, and will mature March 3, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 29, 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

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TREASURY DEPARTMENT
Washington

H-642

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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, November 24, 1954.

H-641

The Treasury Department announced today that it had forwarded to the Tariff Commission a dumping case involving imports of muriate of potash from the Soviet Zone of Germany. The Treasury has determined that sales in the United States are being made at less than fair value.

Pursuant to the Customs Simplification Act of 1954, which amends the Antidumping Act of 1921, the Tariff Commission will proceed to determine whether American industry is injured or likely to be injured. If the Tariff Commission establishes injury, a finding of dumping will be made.

This is the first dumping case to be forwarded to the Tariff Commission under the 1954 amendment to the law.

The Treasury also announced that appraisement of muriate of potash imports from other European countries was being withheld pending determination as to sales below fair value.

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November ~~23~~, 1954 H-641

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We desire to complement these unilateral legislative steps with bilateral tax treaties. To that end, we are prepared to explore with individual countries the possibilities of the tax treaty as a medium for creating a more favorable tax climate for international trade and investment. For example, one of the matters which might be considered in treaty discussions is how the United States might give recognition to tax concessions made to foreign capital by the country where the investment is to be made. Under proper safeguards, we would be prepared to recommend giving credit for general foreign income taxes which are waived for an initial limited period as we now grant credit for taxes which are imposed. Such a measure as this will give maximum effectiveness to your own laws designed to encourage new enterprises.

Our agenda includes the subject of programming. Individual nations will no doubt continue to develop their over-all approaches to their own economic development problems. If any such nations wish to exchange views on their plans with other nations undertaking similar development plans, it may well be that this organization can provide such a meeting place.

We recommend that each of us expand and further diversify our joint activities in the vital field of technical cooperation. The interchange of people under this program draws us closer together and provides a better understanding of each other's problems. Through technical cooperation we pool our accumulated experience and knowledge to utilize the human and natural resources available to us as we seek to match resources against our needs. The enormous mutual benefits already produced by our efforts in this field justify our confidence in its future expansion.

We approach our talks here together with a sense of mission, which I am sure is common to us all. The challenge of the years ahead is a tremendous one. How we meet it may determine our place in history. We have great faith and confidence in the peoples and the lands that share this hemisphere. The human and physical resources are here out of which to build a glorious future.

The President of my country has very rightly called us partners in this great enterprise. He has declared the policy of our government to be that of the good partner.

I know that the American states can be good partners, determined to work for the betterment of all our people. If we are energetic and practical, I am confident that we stand on the threshold of a great tomorrow. As good partners we can make this coming together at Rio a momentous one in the bright and lengthening record of Inter-American relations.

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The matter has been given most careful consideration by the United States government, and we are going to ask the congress to support United States participation in such a corporation. We have in mind an institution organized as an affiliate of the International Bank, with an authorized capital of $100 million to be contributed by those members of the International Bank who wish to subscribe.

The corporation would be able to make loans without the guarantee of member governments. It would not directly provide equity financing. It would, however, be empowered to hold securities bearing interest payable only if earned, as well as debentures convertible into stock when purchased from the corporation by private investors. In that way it would operate in the area of venture capital without holding equity right of control. It would not compete with the International Bank, or the Export-Import bank and indeed it would facilitate private investment.

If the international finance corporation is established, we shall then have three major financial institutions to help promote economic development. We shall have the Export-Import bank that has had a long history of useful work in Latin America and whose activities are to be intensified. We shall have the International Bank, in which we are partners, to help finance basic resource development. We shall have an international finance corporation in which we would work together to assist and encourage private enterprise.

In the spirit of the resolution on private investment and taxation adopted at the Caracas conference, the United States continues to explore feasible measures to remove tax impediments to increased foreign investments. The Administration and the Congress, as well as numerous private groups in the United States, have given the matter intensive study. This has disclosed the complexity of the problems involved. In the light of this experience, the Administration will again submit to the Congress proposals with respect to the reduction of taxation of foreign income along the general lines recommended by the President last year. We trust these proposals will find acceptance by the Congress.

In addition, a large New York bank announced last week that it proposes to form a multi-million dollar export financing company. The Export-Import Bank will also participate in this new venture. This enterprise will add further to the supplies of medium term credit available to Latin American importers of capital goods.

In the field of economic development, of course, the International Bank has a primary role to play in helping to promote the economic growth of the American republics. Most of the countries represented here were founding fathers of the International Bank. Your countries and my own participated in its establishment and we have contributed importantly to its personnel and capital. The International Bank is our common institution. It was established to carry the major burden of financing reconstruction and development loans at a governmental level. While the International Bank in the early post-war years was primarily concerned with reconstruction, it has accelerated the tempo of its operations and has, more recently, concentrated its major efforts on economic development. The International Bank has financed a steady succession of high priority development projects in Latin America. The total now exceeds $500,000,000 for the last five years. Its first development loan was in Latin America, and today its investment in this hemisphere is greater than in any other developing area. Its loans have been made primarily for basic facilities and public works on which further fruitful investment depends: for electric power, for transportation, and for communication facilities. The loans of the International Bank are important not only in themselves but in their secondary effects. Electric power installations, new road and communication systems, new port facilities, all have encouraged new industries and lowered costs. Development is a cumulative process, setting in motion innumerable individual efforts with multiplying effect.

In his report to the conference, Eugene Black, President of the Bank, states:

"It is my personal judgment that, given a continuance of present trends in Latin America, there is every reason to expect expanded lending activity by the bank in that area during the period which lies ahead. The bank has the resources to do so and it has the will to do so. The extent to which it may be able to translate its will into action depends largely on conditions within the control of the Latin American countries themselves."

At the meeting of the Board of Governors of the International Bank last September, representatives from many of the American republics strongly urged support for the establishment of an international finance corporation to encourage private investment. The subject has been under study for several years.

One of the things which our governments must do to encourage free enterprise is to insure that those projects necessary for economic development, but for which private capital is not reasonably available, are adequately supported by public investment. We view this as a necessary support to an economy which relies principally upon private enterprise as supplementing and encouraging, rather than as displacing free enterprise. I am sure that each government will shoulder as much of their burden as it reasonably can, but we agree with you that substantial foreign lending will be necessary if we are to achieve our goals in this hemisphere. We shall do our part generously and loyally in meeting that need.

To that end we have reviewed the whole scope of our public lending policies and have arrived at certain changes which we consider significant.

The first relates to the United States Export-Import Bank whose activities are to be intensified and expanded.

This past summer, the Congress of the United States by specific legislation increased the lending authority of the bank from $4\frac{1}{2}$ billion to $5 billion, in anticipation of its increased lending activity. In his report to the Senate on this legislation, Senator Capehart, Chairman of the Banking and Currency Committee, stated:

"The Export-Import Bank has played an important role in our foreign economic policy and must continue to do so on an activated scale. Promotion of trade among the free nations of the world , and in particular, with the nations of the western hemisphere, is of utmost importance to the common welfare, the common defense, and the solidarity of the free world."

Within the last few months the Export-Import Bank has authorized loans of $130 million to nations in this hemisphere and other important loans are under consideration. The loans which have been authorized will help two important Latin American cities develop municipal waterwork systems and will make possible the development of one of the world's largest copper deposits. The bank has made loans to finance the sale in Latin America of machine tools, of aircraft, of electric equipment, of textile equipment, and of wheat. It has facilitated the development of sulphur production. The range of its activities has been as wide and varied as the production process itself, from the extraction of basic materials to the fabrication of complex industrial products. Since its organization the Export-Import Bank has authorized loans in excess of $2 and 1/4 billion to Latin America.

Within the past few weeks, the Export-Import Bank has opened up new sources of credit for the countries of Latin America that wish to import equipment from the United States. With the assistance of lines of credit from the Export-Import Bank, United States exporters will be able to offer medium term credit on equipment of a productive nature. This program will be in addition to long-term capital and should help to accelerate the flow of trade and ease temporary credit problems.

I think that every one of us here can agree that in this field our greatest opportunity and our greatest responsibility lies in creating in our several countries those conditions which will give maximum access to the great reserves of private investment capital that are available throughout the world. The reason is obvious. The aggregate amount of private capital that is available today in your countries, in mine, and in the rest of the world is many times greater than any that we as governments could possibly provide. Economic development in those countries which have successfully established access to the world's supplies of private capital is going ahead with a rapidity that is astonishing.

We all recognize that the movement of private capital cannot be forced; that private investors of all nationalities enter only where the circumstances are attractive. So numerous are the investment opportunities throughout the free world today that he who seeks investment capital must compete for it. But here again the position of Latin America is privileged and fortunate. Throughout your countries there are challenging and attractive opportunities for new investments such as are found only in young and rapidly developing economies. These factors give you very real advantages in competing for investment capital.

It is easy to understand, therefore, why the American states whose governments have established those conditions which have always proven attractive to private investors everywhere in the world have experienced little difficulty in finding ample supplies of capital, both domestic and foreign. This has been demonstrated so dramatically that there can be no longer any doubt but that in this favored area of the world, where nature has done its part so well, each government can, if it will, attract a volume of private investment that will compare most favorably with that of any other area of the world.

We have also made marked progress in freeing imports into the United States from unnecessary and cumbersome customs requirements. Our Congress passed customs simplification acts in 1953 and again in 1954. The first authorized the Treasury to eliminate many technical requirements which were a burden on imports. The act passed this year continued this program and also directed the Tariff Commission to undertake a study of our complicated tariff classification structure with a view to its clarification.

These Congressional steps have been accompanied by an intensive management improvement program and by administrative simplification within the framework of existing law, both contributing to speedier customs action. We are continuing our efforts along these lines and plan to submit to the next Congress further legislative proposals consistent with the President's program of last March. As an example of the progress we are making, just a few weeks ago we announced a further relaxation of requirements for consular invoices -- an action made possible by the 1953 simplification act.

The problem of international trade is closely related to that of prices. We are aware of your intense and very understandable interest in this problem as it relates to the prices for your products sold in world markets. We share that interest, not only because of the importance to you of adequate and stable prices, but also because our own producers suffer when the prices of their exports fluctuate widely.

Our experience convinces us that if we as governments follow policies which will give our producers everywhere maximum assurance that consumption of their products will enjoy a steady and healthy growth and that their access to international markets will be facilitated, then we will have gone far toward solving this basic problem of prices which so concerns us all.

The subject of financing for economic development is one of the most important which we shall consider. My government has devoted much study to its policies in this field and within the framework of the general principles to which I have referred, has reached certain decisions of whose nature you are already aware and whose effect we believe will prove to be far reaching.

When we speak of the great need for economic development financing in this hemisphere, what we are really saying is that throughout our countries there are profitable and attractive opportunities for the establishment of productive enterprises that will provide steady employment to our people; that will provide more of the goods and services which we need for higher standards of living and that will diversify our economies. These opportunities cannot be converted into realities without capital, technical knowledge and experience. As governments, we owe it to our people to promote those conditions which will help make available the capital and technical knowledge required.

The other is our belief that we as governments should reduce to a minimum the scope and the duration of our own intervention in the fields of commerce and industry. We best serve our people when we encourage them to produce the goods and services required for our progress, when we stimulate them to bring new regions and new resources into productive use, rather than when we compete with them or otherwise take over the functions of private enterprise. Government intervention deprives the people of the full benefits of their earnings. Experience has demonstrated that almost without exception, in my own country and elsewhere, such intervention lowers production and raises costs.

We shall support and defend the right of every state to define its own economic course. Our own belief in the principles I have stated derives from the fact that wherever they have been applied in the Americas and elsewhere in the world they have brought improvement in the lives of our peoples, improvement that can be measured in terms of lower costs, greater per capita income, higher production, improvement that is visible in new factories, industries and increased agricultural production and intensified conversion of idle and undeveloped natural resources into jobs and usable wealth. These are the marks of vigorous, expanding and self-reliant economies. These are the economic ends that we pursue.

The detailed discussion of each agenda item is the function of our committees. I would like, however, to say a word or two regarding our views on some of the more vital ones.

The first is international trade. We intend to the utmost of our ability to maintain a strong, healthy economy in the United States. This will insure a growing volume of trade with your countries at a steadily increasing level of demand. This will help sustain a high level of demand for the worlds goods and so foster trade on a mutually beneficial basis. My government is convinced that a strong, stable and expanding international trade is the best single guarantee of economic strength in our hemisphere.

We are happy to see that our trade with each other is a most important and growing factor in the international commerce of every American state. It is in the interest of each of us that this wholesome interchange be strengthened and expanded. For your economic development you count heavily upon markets in the United States for your products. We value just as highly the strong markets which you afford for our own agricultural and manufactured exports. We hope to see our inter-American trade which has increased so greatly in recent years, further expanded, and the markets available to producers in all our countries strengthened by the gradual elimination of those artificial barriers that hinder access to them. Such a trade policy will increase mutually beneficial trade. This emphasis on expanding trade opportunities continues to be a fundamental part of President Eisenhower's foreign economic program, which it is his announced intention to press in the forthcoming session of the Congress in January.

Our tariffs on imports from Latin America are low. Two-thirds of all our imports from this area are on the free list and tariffs on the remaining third are among the lowest in the world.

I believe that we are capable of putting into words here at this meeting just what it is that our people would have us accomplish, and I believe that we can adopt that definition as our goal. It seems to us that the men and women of the americas, living as they do among our mountains, on our plains, and along our sea coasts are united and clear in their aspirations. They do not ask the impossible, but they do demand of us, who as government officials are their servants, that we promote those conditions which will give maximum assurance that everywhere in our Americas man has an opportunity to better himself, give his children even greater opportunities -- and enjoy meanwhile those freedoms which we have achieved in the Americas and which are denied to so many millions elsewhere in the world.

I believe that we must face another problem in which our people are vitally interested. All of us are exposed to an insidious disease that stealthily robs us of our strength. It is the evil of inflation which makes the prices of food, of clothing, of all the necessities of life climb upward in a grim spiral which again and again snatches away the benefits of progress.

Our goal must be two-fold -- to unite our efforts to achieve the kind of economic development that means higher living standards for our people, and to take those wise and prudent measures which will avoid the evil of inflation. If here we make progress toward these goals, we shall have earned the gratitude of our people.

This is a goal that is achievable in the Americas. God has endowed this hemisphere with abundant and varied natural resources, with vast and fertile lands that are capable of affording an ever better life to our rapidly multiplying peoples there is peace throughout our hemisphere. In a troubled world ours is a situation so privileged, so favorable that it becomes our duty to examine critically the responsibilities that must accompany such advantages. Each of us singly and all of us jointly must strive to accomplish those things which will best and most effectively employ these lands and those resources to benefit our peoples.

Our agenda is admirably fashioned to help us appraise not only our place today on the road which has already brought us so far toward our goal, but also the measures which we can take jointly and severally to hasten our progress on that road. It is our conviction that to accomplish this purpose two basic principles should underlie all our thinking. The first is our belief that the road which will lead most surely and most directly to the goals which we seek is that of the vigorous free enterprise system. This system in its modern form builds new industries, new enterprises, and opens new areas to development. And it does all these things without endangering those free institutions which are the very foundation of the social and human progress which we have achieved in this hemisphere.

None of us expects that we can at this meeting solve all of the economic problems of a hemisphere. But we can confidently expect that 21 nations, each motivated by a deep and brotherly interest in the welfare of every other, can accomplish enough here to convince us all that our efforts were richly rewarded, that our accomplishments justify our looking forward to future meetings.

We all have our own ideas as to how the economic interests of the entire continent could be promoted. We in the United States naturally subscribe to those principles that in our own country have proved effective in raising the living standards of the people and promoting the prosperity of the nation. We shall present them here with the same friendly frankness with which we are ready to listen to the opinions of other delegations.

No one of us alone has the wisdom and experience necessary to solve all our problems. That is what this conference is for; to exchange ideas, to draw closer together, to arrive at a promising and practical basis for cooperation and to pave the way for constructive steps toward our goals.

It is with that spirit that my country's delegation has come to this conference. We look forward with great interest to hearing your views and we welcome the opportunity to lay before you our ideas on the problems that now engage our mutual attention.

But we shall never lose from sight the hemispheric interest, the welfare of the American family of nations, the need to fortify the inter-American system that past generations have bequeathed to us and that it is our duty to pass on, intact and improved, to future generations. When we shall have finished our work here it should be possible to speak of this meeting in the same words as those used by a great American, the Baron of Rio Branco in commenting on the Third Pan American conference, when he said:

"Here concessions represent conquests if reason, amicable compromises or compensations counselled by reciprocal interests."

We would first hope for a clear definition of the economic goals toward which we shall press. We are profoundly aware that we are here not so much as representatives of political entities; instead we are here as the spokesmen for 330 millions of men, women and children whose problems, whose sufferings, and whose aspirations must constantly be present in our thoughts and in our deliberations. When we speak of economic development, international trade, and the other subjects of our agenda, we must be mindful that each is significant only in so far as it has a direct relation to our peoples, to their families, to their homes, and to their work.

"To this may I add my best wishes for the success of the conference and warm personal greetings to each of its members."

Let me say that every member of the United States delegation shares those convictions.

While this gathering was called in response to a resolution of the Tenth Inter-American Conference held in Caracas earlier this year, this conference is in reality the realization of a desire expressed repeatedly throughout the rise and development of the inter-American system. It is the desire to strengthen the continental economy so as to benefit all the nations that share the hemisphere.

That desire was first manifested in the Act of the United States Congress that convened the first Pan American Conference in Washington 65 years ago. The same desire created the Pan American Union, which has now become the Organization of American States. Today it finds expression in the statutes of the Inter-American Economic and Social Council which provide that it shall "promote the economic and social welfare of the American nations through effective cooperation among them for the best utilization of their natural resources."

We are not gathered here, then, because of an emergency situation, nor is this meeting an impulse of the moment. It is not an isolated or disconnected event in inter-American relations; but it is a new endeavor, one more step in the search for economic cooperation and solidarity toward which your countries and mine will continually strive.

We have come here with the same spirit of cordial solidarity with which the delegates of our nations arrived in this city of proverbial hospitality for the Third Pan American Conference. To describe it I shall borrow the eloquence of a great fellow countryman, Elihu Root, at that time Secretary of State, who said: "I bring from my country a special greeting to her elder sisters in the civilization of America...there is not one of all our countries that cannot benefit the others; there is not one that cannot receive benefit from the others; there is not one that will not gain by the prosperity, the peace and happiness of all".

And so it is today. Our country is part of the inter-American system; our Secretary of State, John Foster Dulles, recently affirmed that this is the cornerstone of our foreign policy.

We take our places with pride in this association of States which has established the complete equality of all members, has consecrated the principle of non-intervention, and has built a juridical system that has put an end to war among American nations.

We have bound ourselves, moreover, by pacts that stipulate that an attack on one American nation is an attack on all of them, and that any threat to the political integrity of one is a threat to all.

Our presence here at this conference is a declaration that we also consider economic solidarity as part of the common defense.

TREASURY DEPARTMENT
Washington

FOR RELEASE at 10 A.M. EST,
Tuesday, November 23, 1954.

H-640

Remarks by George M. Humphrey, Secretary of the Treasury of the United States, at the Meeting of Ministers of Finance or Economy at Rio De Janeiro, November 23, 1954.

Mr. Chairman and Delegates:

I am happy to participate in this meeting of Ministers of Finance and Economy. Many of us have met on other occasions, most recently at the annual meetings of the International Bank and International Monetary Fund two months ago. I am delighted to extend my acquaintance with you and to meet with you here.

Just before leaving Washington we discussed with President Eisenhower the views of the United States Delegation on the problems we shall discuss here. He emphasized to us his deep interest in this historic meeting and asked that we convey a personal message to our colleagues here. With your kind permission I shall read it:

"I am very pleased to send greetings and best wishes to the meeting of Ministers of Finance and Economy of the American family of nations, convened in Rio De Janeiro, the capital of our great sister nation, Brazil. I am happy to send this message through our Secretary of the Treasury, Mr. Humphrey, who, as Chairman of the United States Delegation, speaks for our nation and will authoritatively present our policies.

"I am confident that this conference will advance still further the unique relationships which have developed among the peoples and nations of this hemisphere. As those relationships evolved and grew, the people of the United States learned to call their own attitude toward their sister nations the policy of the good neighbor. Today, the bonds which unite us as sovereign equals who are working side by side for the betterment of all of us - nations and citizens - have elevated this neighborly relationship to one of genuine partnership.

"No longer is it sufficient to maintain the mutual respect and cordiality of neighbors, useful and pleasant as that is. In the world of today, the well-being and the economic development - as well as the security - of all peace-loving nations are so closely interrelated that we must be partners. If this is true in the larger context, it is especially true among the American republics where we share the same traditions and many of the same favorable circumstances for progress.

"As the conference discusses a wide variety of measures for economic and financial cooperation in this hemisphere, and endorses those that are sound and durable, I earnestly hope that the meeting as a whole may join with the delegation of the United States in common dedication to the policy of the good partner.

INCOMING TELEGRAM *Department of State*

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Control: 9690
Rec'd: NOVEMBER 22, 1954
8:30 PM

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22, (SECTION ONE OF NINE)

Release 10 AM
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PASS TREASURY FOR FOLSOM AND SILER.

TEXT OF SECRETARY HUMPHREY'S SPEECH FOR DELIVERY AT RIO CONFERENCE ON NOV. 23RD FOLLOWS:

REMARKS BY GEORGE M. HUMPHREY, SECRETARY OF THE TREASURY OF THE UNITED STATES, AT THE MEETING OF MINISTERS OF FINANCE OR ECONOMY AT RIO DE JANEIRO, NOV. 23, 1954.

MR. CHAIRMAN AND DELEGATES:

I AM HAPPY TO PARTICIPATE IN THIS MEETING OF MINISTERS OF FINANCE AND ECONOMY. MANY OF US HAVE MET ON OTHER OCCASIONS, MOST RECENTLY AT THE ANNUAL MEETINGS OF THE INTERNATIONAL BANK AND INTERNATIONAL MONETARY FUND TWO MONTHS AGO. I AM DELIGHTED TO EXTEND MY ACQUAINTANCE WITH YOU AND TO MEET WITH YOU HERE.

JUST BEFORE LEAVING WASHINGTON WE DISCUSSED WITH PRESIDENT EISENHOWER THE VIEWS OF THE UNITED STATES DELEGATION ON THE PROBLEMS WE SHALL DISCUSS HERE. HE EMPHASIZED TO US HIS DEEP INTEREST IN THIS HISTORIC MEETING AND ASKED THAT WE CONVEY A PERSONAL MESSAGE TO OUR COLLEAGUES HERE. WITH YOUR KIND PERMISSION I SHALL READ IT:

"I AM VERY PLEASED TO SEND GREETINGS AND BEST WISHES TO THE MEETING OF MINISTERS OF FINANCE AND ECONOMY OF THE AMERICAN FAMILY OF NATIONS, CONVENED IN RIO DE JANEIRO, THE CAPITAL OF OUR GREAT SISTER NATION, BRAZIL. I AM HAPPY TO SEND THIS MESSAGE THROUGH OUR SECRETARY OF THE TREASURY, MR. HUMPHREY, WHO, AS CHAIRMAN OF THE UNITED STATES DELEGATION, SPEAKS FOR OUR NATION

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AND WILL AUTHORITATIVELY PRESENT OUR POLICIES.

"I AM CONFIDENT THAT THIS CONFERENCE WILL ADVANCE STILL FURTHER THE UNIQUE RELATIONSHIPS WHICH HAVE DEVELOPED AMONG THE PEOPLES AND NATIONS OF THIS HEMISPHERE. AS THOSE RELATIONSHIPS EVOLVED AND GREW, THE PEOPLE OF THE UNITED STATES LEARNED TO CALL THEIR OWN ATTITUDE TOWARD THEIR SISTER NATIONS THE POLICY OF THE GOOD NEIGHBOR. TODAY, THE BONDS WHICH UNITE US AS SOVEREIGN EQUALS WHO ARE WORKING SIDE BY SIDE FOR THE BETTERMENT OF ALL OF US - NATIONS AND CITIZENS - HAVE ELEVATED THIS NEIGHBORLY RELATIONSHIP TO ONE OF GENUINE PARTNERSHIP.

"NO LONGER IS IT SUFFICIENT TO MAINTAIN THE MUTUAL RESPECT AND CORDIALITY OF NEIGHBORS, USEFUL AND PLEASANT AS THAT IS. IN THE WORLD OF TODAY, THE WELL-BEING AND THE ECONOMIC DEVELOPMENT - AS WELL AS THE SECURITY - OF ALL PEACE-LOVING NATIONS ARE SO CLOSELY INTERRELATED THAT WE MUST BE PARTNERS. IF THIS IS TRUE IN THE LARGER CONTEXT, IT IS ESPECIALLY TRUE AMONG THE AMERICAN REPUBLICS WHERE WE SHARE THE SAME TRADITIONS AND MANY OF THE SAME FAVORABLE CIRCUMSTANCES FOR PROGRESS.

"AS THE CONFERENCE DISCUSSES A WIDE VARIETY OF MEASURES FOR ECONOMIC AND FINANCIAL COOPERATION IN THIS HEMISPHERE, AND ENDORSES THOSE THAT ARE SOUND AND DURABLE, I EARNESTLY HOPE THAT THE MEETING AS A WHOLE MAY JOIN WITH THE DELEGATION OF THE UNITED STATES IN COMMON DEDICATION TO THE POLICY OF THE GOOD PARTNER.

"TO THIS MAY I ADD MY BEST WISHES FOR THE SUCCESS OF THE CONFERENCE AND WARM PERSONAL GREETINGS TO EACH OF ITS MEMBERS."

LET ME SAY THAT EVERY MEMBER OF THE UNITED STATES DELEGATION SHARES THOSE CONVICTIONS.

WHILE THIS GATHERING WAS CALLED IN RESPONSE TO A RESOLUTION OF THE TENTH INTER-AMERICAN CONFERENCE HELD IN CARACAS EARLIER THIS YEAR, THIS CONFERENCE IS IN REALITY THE REALIZATION OF A DESIRE EXPRESSED REPEATEDLY THROUGHOUT THE RISE AND DEVELOPMENT OF THE INTER-AMERICAN SYSTEM. IT IS THE DESIRE TO STRENGTHEN THE CONTINENTAL ECONOMY SO AS TO BENEFIT ALL THE NATIONS THAT SHARE THE HEMISPHERE.

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THAT DESIRE WAS FIRST MANIFESTED IN THE ACT OF THE UNITED STATES CONGRESS THAT CONVENED THE FIRST PAN AMERICAN CONFERENCE IN WASHINGTON 65 YEARS AGO. THE SAME DESIRE CREATED THE PAN AMERICAN UNION, WHICH HAS NOW BECOME THE ORGANIZATION OF AMERICAN STATES. TODAY IT FINDS EXPRESSION IN THE STATUTES OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL WHICH PROVIDE THAT IT SHALL "PROMOTE THE ECONOMIC AND SOCIAL WELFARE OF THE AMERICAN NATIONS THROUGH EFFECTIVE COOPERATION AMONG THEM FOR THE BEST UTILIZATION OF THEIR NATURAL RESOURCES."

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~~Control:~~ 9711
~~Rec'd: NOVEMBER 22, 1954~~

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22 (SECTION TWO OF NINE)

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~~PASS TREASURY FOR FOLSOM AND SILER.~~

WE ARE NOT GATHERED HERE, THEN, BECAUSE OF AN EMERGENCY SITUATION, NOR IS THIS MEETING AN IMPULSE OF THE MOMENT. IT IS NOT AN ISOLATED OR DISCONNECTED EVENT IN INTER-AMERICAN RELATIONS; BUT IT IS A NEW ENDEAVOR, ONE MORE STEP IN THE SEARCH FOR ECONOMIC COOPERATION AND SOLIDARITY TOWARD WHICH YOUR COUNTRIES AND MINE WILL CONTINUALLY STRIVE.

WE HAVE COME HERE WITH THE SAME SPIRIT OF CORDIAL SOLIDARITY WITH WHICH THE DELEGATES OF OUR NATIONS ARRIVED IN THIS CITY OF PROVERBIAL HOSPITALITY FOR THE THIRD PAN AMERICAN CONFERENCE. TO DESCRIBE IT I SHALL BORROW THE ELOQUENCE OF A GREAT FELLOW COUNTRYMAN, ELIHU ROOT, AT THAT TIME SECRETARY OF STATE, WHO SAID: "I BRING FROM MY COUNTRY A SPECIAL GREETING TO HER ELDER SISTERS IN THE CIVILIZATION OF AMERICA...THERE IS NOT ONE OF ALL OUR COUNTRIES THAT CANNOT BENEFIT THE OTHERS; THERE IS NOT ONE THAT CANNOT RECEIVE BENEFIT FROM THE OTHERS; THERE IS NOT ONE THAT WILL NOT GAIN BY THE PROSPERITY, THE PEACE AND HAPPINESS OF ALL".

AND SO IT IS TODAY. OUR COUNTRY IS PART OF THE INTER-AMERICAN SYSTEM; OUR SECRETARY OF STATE, JOHN FOSTER DULLES, RECENTLY AFFIRMED THAT THIS IS THE CORNERSTONE OF OUR FOREIGN POLICY.

WE TAKE OUR PLACES WITH PRIDE IN THIS ASSOCIATION OF STATES WHICH HAS ESTABLISHED THE COMPLETE EQUALITY OF ALL MEMBERS, HAS CONSECRATED THE PRINCIPLE OF NON-INTERVENTION, AND HAS BUILT A JURIDICAL SYSTEM THAT HAS PUT AN END TO WAR AMONG AMERICAN NATIONS.

WE HAVE BOUND OURSELVES, MOREOVER, BY PACTS THAT STIPULATE THAT

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AN ATTACK ON ONE AMERICAN NATION IS AN ATTACK ON ALL OF THEM, AND THAT ANY THREAT TO THE POLITICAL INTEGRITY OF ONE IS A THREAT TO ALL.

OUR PRESENCE HERE AT THIS CONFERENCE IS A DECLARATION THAT WE ALSO CONSIDER ECONOMIC SOLIDARITY AS PART OF THE COMMON DEFENSE.

NONE OF US EXPECTS THAT WE CAN AT THIS MEETING SOLVE ALL OF THE ECONOMIC PROBLEMS OF A HEMISPHERE. BUT WE CAN CONFIDENTLY EXPECT THAT 21 NATIONS, EACH MOTIVATED BY A DEEP AND BROTHERLY INTEREST IN THE WELFARE OF EVERY OTHER, CAN ACCOMPLISH ENOUGH HERE TO CONVINCE US ALL THAT OUR EFFORTS WERE RICHLY REWARDED, THAT OUR ACCOMPLISHMENTS JUSTIFY OUR LOOKING FORWARD TO FUTURE MEETINGS.

WE ALL HAVE OUR OWN IDEAS AS TO HOW THE ECONOMIC INTERESTS OF THE ENTIRE CONTINENT COULD BE PROMOTED.
WE IN THE UNITED STATES NATURALLY SUBSCRIBE TO THOSE PRINCIPLES THAT IN OUR OWN COUNTRY HAVE PROVED EFFECTIVE IN RAISING THE LIVING STANDARDS OF THE PEOPLE AND PROMOTING THE PROSPERITY OF THE NATION. WE SHALL PRESENT THEM HERE WITH THE SAME FRIENDLY FRANKNESS WITH WHICH WE ARE READY TO LISTEN TO THE OPINIONS OF OTHER DELEGATIONS.

NO ONE OF US ALONE HAS THE WISDOM AND EXPERIENCE NECESSARY TO SOLVE ALL OUR PROBLEMS. THAT IS WHAT THIS CONFERENCE IS FOR; TO EXCHANGE IDEAS, TO DRAW CLOSER TOGETHER, TO ARRIVE AT A PROMISING AND PRACTICAL BASIS FOR COOPERATION AND TO PAVE THE WAY FOR CONSTRUCTIVE STEPS TOWARD OUR GOALS.

IT IS WITH THAT SPIRIT THAT MY COUNTRY'S DELEGATION HAS COME TO THIS CONFERENCE. WE LOOK FORWARD WITH GREAT INTEREST TO HEARING YOUR VIEWS AND WE WELCOME THE OPPORTUNITY TO LAY BEFORE YOU OUR IDEAS ON THE PROBLEMS THAT NOW ENGAGE OUR MUTUAL ATTENTION.

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Control: 9712
Rec'd: NOVEMBER 22, 1954
9:30 PM

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22, (SECTION THREE OF NINE)

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~~PASS TREASURY FOR FOLSOM AND SILER.~~

BUT WE SHALL NEVER LOSE FROM SIGHT THE HEMISPHERIC INTEREST, THE WELFARE OF THE AMERICAN FAMILY OF NATIONS, THE NEED TO FORTIFY THE INTER-AMERICAN SYSTEM THAT PAST GENERATIONS HAVE BEQUEATHED TO US AND THAT IT IS OUR DUTY TO PASS ON, INTACT AND IMPROVED, TO FUTURE GENERATIONS. WHEN WE SHALL HAVE FINISHED OUR WORK HERE IT SHOULD BE POSSIBLE TO SPEAK OF THIS MEETING IN THE SAME WORDS AS THOSE USED BY A GREAT AMERICAN, THE BARON OF RIO BRANCO IN COMMENTING ON THE THIRD PAN AMERICAN CONFERENCE, WHEN HE SAID:

"HERE CONCESSIONS REPRESENT CONQUESTS OF REASON, AMICABLE COMPROMISES OR COMPENSATIONS COUNSELLED BY RECIPROCAL INTERESTS."

WE WOULD FIRST HOPE FOR A CLEAR DEFINITION OF THE ECONOMIC GOALS TOWARD WHICH WE SHALL PRESS. WE ARE PROFOUNDLY AWARE THAT WE ARE HERE NOT SO MUCH AS REPRESENTATIVES OF POLITICAL ENTITIES; INSTEAD WE ARE HERE AS THE SPOKESMEN FOR 330 MILLIONS OF MEN, WOMEN AND CHILDREN WHOSE PROBLEMS, WHOSE SUFFERINGS, AND WHOSE ASPIRATIONS MUST CONSTANTLY BE PRESENT IN OUR THOUGHTS AND IN OUR DELIBERATIONS. WHEN WE SPEAK OF ECONOMIC DEVELOPMENT, INTERNATIONAL TRADE, AND THE OTHER SUBJECTS OF OUR AGENDA, WE MUST BE MINDFUL THAT EACH IS SIGNIFICANT ONLY IN SO FAR AS IT HAS A DIRECT RELATION TO OUR PEOPLES, TO THEIR FAMILIES, TO THEIR HOMES, AND TO THEIR WORK.

I BELIEVE THAT WE ARE CAPABLE OF PUTTING INTO WORDS HERE AT THIS MEETING JUST WHAT IT IS THAT OUR PEOPLE WOULD HAVE US ACCOMPLISH, AND I BELIEVE THAT WE CAN ADOPT THAT DEFINITION AS OUR GOAL. IT SEEMS TO US THAT THE MEN AND WOMEN OF THE AMERICAS, LIVING

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AS THEY DO AMONG OUR MOUNTAINS, ON OUR PLAINS, AND ALONG OUR SEA COASTS ARE UNITED AND CLEAR IN THEIR ASPIRATIONS. THEY DO NOT ASK THE IMPOSSIBLE, BUT THEY DO DEMAND OF US, WHO AS GOVERNMENT OFFICIALS ARE THEIR SERVANTS, THAT WE PROMOTE THOSE CONDITIONS WHICH WILL GIVE MAXIMUM ASSURANCE THAT EVERYWHERE IN OUR AMERICAS MAN HAS AN OPPORTUNITY TO BETTER HIMSELF, GIVE HIS CHILDREN EVEN GREATER OPPORTUNITIES, -- AND ENJOY MEANWHILE THOSE FREEDOMS WHICH WE HAVE ACHIEVED IN THE AMERICAS AND WHICH ARE DENIED TO SO MANY MILLIONS ELSEWHERE IN THE WORLD.

I BELIEVE THAT WE MUST FACE ANOTHER PROBLEM IN WHICH OUR PEOPLE ARE VITALLY INTERESTED. ALL OF US ARE EXPOSED TO AN INSIDIOUS DISEASE THAT STEALTHILY ROBS US OF OUR STRENGH. IT IS THE EVIL OF INFLATION WHICH MAKES THE PRICES OF FOOD, OF CLOTHING, OF ALL THE NECESSITIES OF LIFE CLIMB UPWARD IN A GRIM SPIRAL WHICH AGAIN AND AGAIN SNATCHES AWAY THE BENEFITS OF PROGRESS.

OUR GOAL MUST BE TWO-FOLD -- TO UNITE OUR EFFORTS TO ACHIEVE THE KIND OF ECONOMIC DEVELOPMENT THAT MEANS HIGHER LIVING STANDARDS FOR OUR PEOPLE, AND TO TAKE THOSE WISE AND PRUDENT MEASURES WHICH WILL AVOID THE EVIL OF INFLATION. IF HERE WE MAKE PROGRESS TOWARD THESE GOALS, WE SHALL HAVE EARNED THE GRATITUDE OF OUR PEOPLE.

THIS IS A GOAL THAT IS ACHIEVABLE IN THE AMERICAS. GOD HAS ENDOWED THIS HEMISPHERE WITH ABUNDANT AND VARIED NATURAL RESOURCES, WITH VAST AND FERTILE LANDS THAT ARE CAPABLE OF AFFORDING AN EVER BETTER LIFE TO OUR RAPIDLY MULTIPLYING PEOPLES THERE IS PEACE THROUGHOUT OUR HEMISPHERE. IN A TROUBLED WORLD OURS IS A SITUATION SO PRIVILEGED, SO FAVORABLE THAT IT BECOMES OUR DUTY TO EXAMINE CRITICALLY THE RESPONSIBILITIES THAT MUST ACCOMPANY SUCH ADVANTAGES. EACH OF US SINGLY AND ALL OF US JOINTLY MUST STRIVE TO ACCOMPLISH THOSE THINGS WHICH WILL BEST AND MOST EFFECTIVELY EMPLOY THESE LANDS AND THOSE RESOURCES TO BENEFIT OUR PEOPLES.

OUR AGENDA IS ADMIRABLY FASHIONED TO HELP US APPRAISE NOT ONLY OUR PLACE TODAY ON THE ROAD WHICH HAS ALREADY BROUGHT US SO FAR TOWARD OUR GOAL, BUT ALSO THE MEASURES WHICH WE CAN TAKE JOINTLY AND SEVERALLY TO

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Control: 9748
Rec'd: NOVEMBER 23, 1954
12:11 A.M.

FROM: ~~QUITANDINHA~~

TO: Secretary of State

NO: ~~10, NOVEMBER~~ 22 (SECTION FOUR OF NINE)

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~~PASS TREASURY FOR FOLSOM AND SILER.~~

HASTEN OUR PROGRESS ON THAT ROAD. IT IS OUR CONVICTION THAT TO ACCOMPLISH THIS PURPOSE TWO BASIC PRINCIPLES SHOULD UNDERLIE ALL OUR THINKING. THE FIRST IS OUR BELIEF THAT THE ROAD WHICH WILL LEAD MOST SURELY AND MOST DIRECTLY TO THE GOALS WHICH WE SEEK IS THAT OF THE VIGOROUS FREE ENTERPRISE SYSTEM. THIS SYSTEM IN ITS MODERN FORM BUILDS NEW INDUSTRIES, NEW ENTERPRISES, AND OPENS NEW AREAS TO DEVELOPMENT. AND IT DOES ALL THESE THINGS WITHOUT ENDANGERING THOSE FREE INSTITUTIONS WHICH ARE THE VERY FOUNDATION OF THE SOCIAL AND HUMAN PROGRESS WHICH WE HAVE ACHIEVED IN THIS HEMISPHERE.

THE OTHER IS OUR BELIEF THAT WE AS GOVERNMENTS SHOULD REDUCE TO A MINIMUM THE SCOPE AND THE DURATION OF OUR OWN INTERVENTION IN THE FIELDS OF COMMERCE AND INDUSTRY. WE BEST SERVE OUR PEOPLE WHEN WE ENCOURAGE THEM TO PRODUCE THE GOODS AND SERVICES REQUIRED FOR OUR PROGRESS, WHEN WE STIMULATE THEM TO BRING NEW REGIONS AND NEW RESOURCES INTO PRODUCTIVE USE, RATHER THAN WHEN WE COMPETE WITH THEM OR OTHERWISE TAKE OVER THE FUNCTIONS OF PRIVATE ENTERPRISE. GOVERNMENT INTERVENTION DEPRIVES THE PEOPLE OF THE FULL BENEFITS OF THEIR EARNINGS. EXPERIENCE HAS DEMONSTRATED THAT ALMOST WITHOUT EXCEPTION, IN MY OWN COUNTRY AND ELSEWHERE, SUCH INTERVENTION LOWERS PRODUCTION AND RAISES COSTS.

WE SHALL SUPPORT AND DEFEND THE RIGHT OF EVERY STATE TO DEFINE ITS OWN ECONOMIC COURSE. OUR OWN BELIEF IN THE PRINCIPLES I HAVE STATED DERIVES FROM THE FACT THAT WHEREVER THEY HAVE BEEN APPLIED IN THE AMERICAS AND ELSEWHERE IN THE WORLD THEY HAVE BROUGHT IMPROVEMENT IN THE LIVES OF OUR PEOPLES, IMPROVEMENT THAT CAN BE MEASURED IN TERMS OF LOWER COSTS, GREATER PER CAPITA INCOME, HIGHER PRODUCTION, IMPROVEMENT THAT IS VISIBLE IN NEW FACTORIES, INDUSTRIES AND INCREASED AGRICULTURAL PRODUCTION AND INTENSIFIED CONVERSION OF IDLE AND UNDEVELOPED NATURAL RESOURCES INTO JOBS AND USABLE WEALTH. THESE ARE THE MARKS OF VIGOROUS, EXPANDING AND SELF-RELIANT ECONOMIES. THESE ARE THE ECONOMIC ENDS THAT WE PURSUE.

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~~-2- 10, NOVEMBER 22, FROM QUITANDINHA~~ (SECTION FOUR OF NINE)

THE DETAILED DISUCSSION OF EACH AGENDA ITEM IS THE FUNCTION OF OUR COMMITTEES. I WOULD LIKE, HOWEVER, TO SAY A WORD OR TWO REGARDING OUR VIEWS ON SOME OF THE MORE VITAL ONES.

THE FIRST IS INTERNATIONAL TRADE. WE INTEND TO THE UTMOST OF OUR ABILITY TO MAINTAIN A STRONG, HEALTHY ECONOMY IN THE UNITED STATES. THIS WILL INSURE A GROWING VOLUME OF TRADE WITH YOUR COUNTRIES AT A STEADILY INCREASING LEVEL OF DEMAND. THIS WILL HELP SUSTAIN A HIGH LEVEL OF DEMAND FOR THE WORLDS GOODS AND SO FOSTER TRADE ON A MUTUALLY BENEFICIAL BASIS. MY GOVERNMENT IS CONVINCED THAT A STRONG, STABLE AND EXPANDING INTERNATIONAL TRADE IS THE BEST SINGLE GUARANTEE OF ECONOMIC STRENGTH IN OUR HEMISPHERE.

WE ARE HAPPY TO SEE THAT OUR TRADE WITH EACH OTHER IS A MOST IMPORTANT AND GROWING FACTOR IN THE INTERNATIONAL COMMERCE OF EVERY AMERICAN STATE. IT IS IN THE INTEREST OF EACH OF US THAT THIS WHOLESOME INTERCHANGE BE STRENGTHENED AND EXPANEDED. FOR YOUR ECONOMIC DEVELOPMENT YOU COUNT HEAVILY UPON MARKETS IN THE UNITED STATES FOR YOUR PRODUCTS. WE VALUE JUST AS HIGHLY THE STRONG

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Control: 9715
Rec'd: NOVEMBER 22, 1954
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FROM: QUITANDINHA

TO: Secretary of State

NO: ~~10, NOVEMBER 22,~~ (SECTION FIVE OF NINE)

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~~PASS TREASURY FOR FOLSOM AND SILER.~~

MARKETS WHICH YOU AFFORD FOR OUR OWN AGRICULTURAL AND MANUFACTURED EXPORTS. WE HOPE TO SEE OUR INTER-AMERICAN TRADE WHICH HAS INCREASED SO GREATLY IN RECENT YEARS FURTHER EXPANDED, AND THE MARKETS AVAILABLE TO PRODUCERS IN ALL OUR COUNTRIES STRENGTHENED BY THE GRADUAL ELIMINATION OF THOSE ARTIFICIAL BARRIERS THAT HINDER ACCESS TO THEM. SUCH A TRADE POLICY WILL INCREASE MUTUALLY BENEFICIAL TRADE. THIS EMPHASIS ON EXPANDING TRADE OPPORTUNITIES CONTINUES TO BE A FUNDAMENTAL PART OF PRESIDENT EISENHOWER'S FOREIGN ECONOMIC PROGRAM, WHICH IT IS HIS ANNOUNCED INTENTION TO PRESS IN THE FORTHCOMING SESSION OF THE CONGRESS IN JANUARY.

OUR TARIFFS ON IMPORTS FROM LATIN AMERICA ARE LOW. TWO-THIRDS OF ALL OUR IMPORTS FROM THIS AREA ARE ON THE FREE LIST AND TARIFFS ON THE REMAINING THIRD ARE AMONG THE LOWEST IN THE WORLD.

WE HAVE ALSO MADE MARKED PROGRESS IN FREEING IMPORTS INTO THE UNITED STATES FROM UNNECESSARY AND CUMBERSOME CUSTOMS REQUIREMENTS. OUR CONGRESS PASSED CUSTOMS SIMPLIFICATION ACTS IN 1953 AND AGAIN IN 1954. THE FIRST AUTHORIZED THE TREASURY TO ELIMINATE MANY TECHNICAL REQUIREMENTS WHICH WERE A BURDEN ON IMPORTS. THE ACT PASSED THIS YEAR CONTINUED THIS PROGRAM AND ALSO DIRECTED THE TARIFF COMMISSION TO UNDERTAKE A STUDY OF OUR COMPLICATED TARIFF CLASSIFICATION STRUCTURE WITH A VIEW TO ITS CLARIFICATION.

THESE CONGRESSIONAL STEPS HAVE BEEN ACCOMPANIED BY AN INTENSIVE MANAGEMENT IMPROVEMENT PROGRAM AND BY ADMINISTRATIVE SIMPLIFICATION WITHIN THE FRAMEWORK OF EXISTING LAW, BOTH CONTRIBUTING TO SPEEDIER CUSTOMS ACTION. WE ARE CONTINUING OUR EFFORTS ALONG THESE LINES AND PLAN TO SUBMIT TO THE NEXT CONGRESS FURTHER LEGISLATIVE PROPOSALS CONSISTENT WITH THE PRESIDENT'S PROGRAM OF LAST MARCH. AS AN EXAMPLE OF THE PROGRESS WE ARE MAKING, JUST A FEW WEEKS AGO WE ANNOUNCED A FURTHER RELAXATION OF REQUIREMENTS FOR CONSULAR INVOICES -- AN ACTION MADE POSSIBLE BY THE 1953 SIMPLIFICATION ACT.

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THE PROBLEM OF INTERNATIONAL TRADE IS CLOSELY RELATED TO THAT OF PRICES. WE ARE AWARE OF YOUR INTENSE AND VERY UNDERSTANDABLE INTEREST IN THIS PROBLEM AS IT RELATES TO THE PRICES FOR YOUR PRODUCTS SOLD IN WORLD MARKETS. WE SHARE THAT INTEREST, NOT ONLY BECAUSE OF THE IMPORTANCE TO YOU OF ADEQUATE AND STABLE PRICES, BUT ALSO BECAUSE OUR OWN PRODUCERS SUFFER WHEN THE PRICES OF THEIR EXPORTS FLUCTUATE WIDELY.

OUR EXPERIENCE CONVINCES US THAT IF WE AS GOVERNMENTS FOLLOW POLICIES WHICH WILL GIVE OUR PRODUCERS EVERYWHERE MAXIMUM ASSURANCE THAT CONSUMPTION OF THEIR PRODUCTS WILL ENJOY A STEADY AND HEALTHY GROWTH AND THAT THEIR ACCESS TO INTERNATIONAL MARKETS WILL BE FACILITATED, THEN WE WILL HAVE GONE FAR TOWARD SOLVING THIS BASIC PROBLEM OF PRICES WHICH SO CONCERNS US ALL.

THE SUBJECT OF FINANCING FOR ECONOMIC DEVELOPMENT IS ONE OF THE MOST IMPORTANT WHICH WE SHALL CONSIDER. MY GOVERNMENT HAS DEVOTED MUCH STUDY TO ITS POLICIES IN THIS FIELD AND WITHIN THE FRAMEWORK OF THE GENERAL PRINCIPLES TO WHICH I HAVE REFERRED, HAS REACHED CERTAIN DECISIONS OF WHOSE NATURE YOU ARE ALREADY AWARE AND WHOSE EFFECT WE BELIEVE WILL PROVE TO BE FAR REACHING.

WHEN WE SPEAK OF THE GREAT NEED FOR ECONOMIC DEVELOPMENT FINANCING IN THIS HEMISPHERE, WHAT WE ARE REALLY SAYING IS THAT THROUGHOUT OUR COUNTRIES THERE ARE PROFITABLE AND ATTRACTIVE OPPORTUNITIES FOR THE ESTABLISHMENT OF PRODUCTIVE ENTERPRISES THAT WILL PROVIDE STEADY EMPLOYMENT TO OUR PEOPLE; THAT WILL PROVIDE

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Control: 9747
Rec'd: NOVEMBER 23, 1954
12:11 A.M.

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22. (SECTION SIX OF NINE)

NIACT

~~PASS TREASURY~~ FOR FOLSOM AND SILER.

MORE OF THE GOODS AND SERVICES WHICH WE NEED FOR HIGHER STANDARDS OF LIVING AND THAT WILL DIVERSIFY OUR ECONOMIES. THESE OPPORTUNITIES CANNOT BE CONVERTED INTO REALITIES WITHOUT CAPITAL, TECHNICAL KNOWLEDGE AND EXPERIENCE. AS GOVERNMENTS, WE OWE IT TO OUR PEOPLE TO PROMOTE THOSE CONDITIONS WHICH WILL HELP MAKE AVAILABLE THE CAPITAL AND TECHNICAL KNOWLEDGE REQUIRED.

I THINK THAT EVERY ONE OF US HERE CAN AGREE THAT IN THIS FIELD OUR GREATEST OPPORTUNITY AND OUR GREATEST RESPONSIBILITY LIES IN CREATING IN OUR SEVERAL COUNTRIES THOSE CONDITIONS WHICH WILL GIVE MAXIMUM ACCESS TO THE GREAT RESERVES OF PRIVATE INVESTMENT CAPITAL THAT ARE AVAILABLE THROUHOUT THE WORLD. THE REASON IS OBVIOUS. THE AGGREGATE AMOUNT OF PRIVATE CAPITAL THAT IS AVAILABLE TODAY IN YOUR COUNTRIES, IN MINE, AND IN THE REST OF THE WORLD IS MANY TIMES GREATER THAN ANY THAT WE AS GOVERNMENTS COULD POSSIBLY PROVIDE. ECONOMIC DEVELOPMENT IN THOSE COUNTRIES WHICH HAVE SUCCESSFULLY ESTABLISHED ACCESS TO THE WORLD'S SUPPLIES OF PRIVATE CAPITAL IS GOING AHEAD WITH A RAPIDITY THAT IS ASTONISHING.

WE ALL RECOGNIZE THAT THE MOVEMENT OF PRIVATE CAPITAL CANNOT BE FORCED; THAT PRIVATE INVESTORS OF ALL NATIONALITIES ENTER ONLY WHERE THE CIRCUMSTANCES ARE ATTRACTIVE. SO NUMEROUS ARE THE INVESTMENT OPPORTUNITIES THROUGHOUT THE FREE WORLD TODAY THAT HE WHO SEEKS INVESTMENT CAPITAL MUST COMPETE FOR IT. BUT HERE AGAIN THE POSITION OF LATIN AMERICA IS PRIVILEGED AND FORTUNATE. THROUGHOUT YOUR COUNTRIES THERE ARE CHALLENGING AND ATTRACTIVE OPPORTUNITIES FOR NEW INVESTMENTS SUCH AS ARE FOUND ONLY IN YOUNG AND RAPIDLY DEVELOPING ECONOMIES. THESE FACTORS GIVE YOU VERY REAL ADVANTAGES IN COMPETING FOR INVESTMENT CAPITAL.

IT IS EASY

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~~-2- 10, NOVEMBER 22, FROM QUIT~~ANDINHA (SECTION SIX OF NINE)

IT IS EASY TO UNDERSTAND, THEREFORE, WHY THE AMERICAN STATES WHOSE GOVERNMENTS HAVE ESTABLISHED THOSE CONDITIONS WHICH HAVE ALWAYS PROVEN ATTRACTIVE TO PRIVATE INVESTORS EVERYWHERE IN THE WORLD HAVE EXPERIENCED LITTLE DIFFICULTY IN FINDING AMPLE SUPPLIES OF CAPITAL, BOTH DOMESTIC AND FOREIGN. THIS HAS BEEN DEMONSTRATED SO DRAMATICALLY THAT THERE CAN BE NO LONGER ANY DOUBT BUT THAT IN THIS FAVORED AREA OF THE WORLD, WHERE NATURE HAS DONE ITS PART SO WELL, EACH GOVERNMENT CAN, IF IT WILL, ATTRACT A VOLUME OF PRIVATE INVESTMENT THAT WILL COMPARE MOST FAVORABLY WITH THAT OF ANY OTHER AREA OF THE WORLD.

ONE OF THE THINGS WHICH OUR GOVERNMENTS MUST DO TO ENCOURAGE FREE ENTERPRISE IS TO INSURE THAT THOSE PROJECTS NECESSSARY FOR ECONOMIC DEVELOPMENT, BUT FOR WHICH PRIVATE CAPITAL IS NOT REASONABLY AVAILABLE, ARE ADEQUATELY SUPPORTED BY PUBLIC INVESTMENT. WE VIEW THIS AS A NECESSARY SUPPORT TO AN ECONOMY WHICH RELIES PRINCIPALLY UPON PRIVATE ENTERPRISE AS SUPPLEMENTING AND ENCOURAGING, RATHER THAN AS DISPLACING FREE ENTERPRISE. I AM SURE THAT EACH GOVERNMENT WILL SHOULDER AS MUCH OF THEIR ~~BUHRL*~~ burden
AS IT REASONABLY CAN, BUT WE AGREE WITH YOU THAT SUBSTANTIAL FOREIGN LENDING WILL BE NECESSARY IF WE ARE TO ACHIEVE OUR GOALS IN THIS HEMISPHERE. WE SHALL DO OUR PART GENEROUSLY AND LOYALLY IN MEETING THAT NEED.

TO THAT END WE HAVE REVIEWED THE WHOLE SCOPE OF OUR PUBLIC

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~~* AS RECEIVED, WILL BE SERVICED UPON REQUEST.~~

INCOMING TELEGRAM **Department of State**

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Control: 9746
Rec'd: NOVEMBER 23, 1954
12:12 A.M.

FROM: ~~QUITANDINHA~~

TO: Secretary of State

NO: 10, NOVEMBER 22. (SECTION SEVEN OF NINE)

~~NIACT~~

~~PASS TREASURY FOR FOLSOM AND SILER.~~

LENDING POLICIES AND HAVE ARRIVED AT CERTAIN CHANGES WHICH WE CONSIDER SIGNIFICANT.

THE FIRST RELATES TO THE UNITED STATES EXPORT-IMPORT BANK WHOSE ACTIVITIES ARE TO BE INTENSIFIED AND EXPANDED.

THIS PAST SUMMER, THE CONGRESS OF THE UNITED STATES BY SPECIFIC LEGISLATION INCREASED THE LENDING AUTHORITY OF THE BANK FROM $4 1/2 BILLION TO $5 BILLION, IN ANTICIPATION OF ITS INCREASED LENDING ACTIVITY. IN HIS REPORT TO THE SENATE ON THIS LEGISLATION, SENATOR CAPEHART, CHAIRMAN OF THE BANKING AND CURRENCY COMMITTEE, STATED:

"THE EXPORT-IMPORT BANK HAS PLAYED AN IMPORTANT ROLE IN OUR FOREIGN ECONOMIC POLICY AND MUST CONTINUE TO DO SO ON AN ACTIVATED SCALE. PROMOTION OF TRADE AMONG THE FREE NATIONS OF THE WORLD, AND IN PARTICULAR, WITH THE NATIONS OF THE WESTERN HEMISPHERE, IS OF UTMOST IMPORTANCE TO THE COMMON WELFARE, THE COMMON DEFENSE, AND THE SOLIDARITY OF THE FREE WORLD."

WITHIN THE LAST FEW MONTHS THE EXPORT-IMPORT BANK HAS AUTHORIZED LOANS OF $130 MILLION TO NATIONS IN THIS HEMISPHERE AND OTHER IMPORTANT LOANS ARE UNDER CONSIDERATION. THE LOANS WHICH HAVE BEEN AUTHORIZED WILL HELP TWO IMPORTANT LATIN AMERICAN CITIES DEVELOP MUNICIPAL WATERWORK SYSTEMS AND WILL MAKE POSSIBLE THE DEVELOPMENT OF ONE OF THE WORLD'S LARGEST COOPER DEPOSITS. THE BANK HAS MADE LOANS TO FINANCE THE SALE IN LATIN AMERICA OF MACHINE TOOLS, OF AIRCRAFT, OF ELECTRIC EQUIPMENT, OF TEXTILE EQUIPMENT, AND OF WHEAT. IT HAS FACILITATED THE DEVELOPMENT OF SULPHUR PRODUCTION. THE RANGE OF ITS ACTIVITIES HAS BEEN AS WIDE

~~AND VARIED~~

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AND VARIED AS THE PRODUCTION PROCESS ITSELF, FROM THE EXTRACTION OF BASIC MATERIALS TO THE FABRICATION OF COMPLEX INDUSTRIAL PRODUCTS. SINCE ITS ORGANIZATION THE EXPORT-IMPORT BANK HAS AUTHORIZED LOANS IN EXCESS OF 2 AND 1/4 BILLION TO LATIN AMERICA.

WITHIN THE PAST FEW WEEKS, THE EXPORT-IMPORT BANK HAS OPENED UP NEW SOURCES OF CREDIT FOR THE COUNTRIES OF LATIN AMERICA THAT WISH TO IMPORT EQUIPMENT FROM THE UNITED STATES. WITH THE ASSISTANCE OF LINES OF CREDIT FROM THE EXPORT-IMPORT BANK, UNITED STATES EXPORTERS WILL BE ABLE TO OFFER MEDIUM TERM CREDIT ON EQUIPMENT OF A PRODUCTIVE NATURE. THIS PROGRAM WILL BE IN ADDITION TO LONG-TERM CAPITAL AND SHOULD HELP TO ACCELERATE THE FLOW OF TRADE AND EASE TEMPORARY CREDIT PROBLEMS.

IN ADDITION, A LARGE NEW YORK BANK ANNOUNCED LAST WEEK THAT IT PROPOSES TO FORM A MULTIMILLION DOLLAR EXPORT FINANCING COMPANY. THE EXPORT-IMPORT BANK WILL ALSO PARTICIPATE IN THIS NEW VENTURE. THIS ENTERPISE WILL ADD FURTHER TO THE SUPPLIES OF MEDIUM TERM CREDIT AVAILABLE TO LATIN AMERICAN IMPORTERS OF CAPITAL GOODS.

IN THE FIELD OF ECONOMIC DEVELOPMENT, OF COURSE, THE INTERNATIONAL BANK HAS A PRIMARY ROLE TO PLAY IN HELPING TO PROMOTE THE ECONOMIC GROWTH OF THE AMERICAN REPUBLICS. MOST OF THE COUNTRIES REPRESENTED HERE WERE FOUNDING FATHERS OF THE INTERNATIONAL BANK. YOUR COUNTRIES AND MY OWN PARTICIPATED IN ITS ESTABLISHMENT AND WE HAVE CONTRIBUTED IMPORTANTLY TO ITS PERSONNEL AND CAPITAL. THE INTERNATIONAL BANK IS OUR COMMON INSTITUTION. IT WAS ESTABLISHED TO CARRY THE MAJOR BURDEN OF FINANCING RECONSTRUCTION AND DEVELOPMENT LOANS AT A GOVERNMENTAL LEVEL. WHILE THE INTERNATIONAL BANK IN THE EARLY POST-WAR YEARS WAS PRIMARILY CONCERNED WITH RECONSTRUCTION, IT HAS ACCELERATED THE TEMPO OF ITS OPERATIONS AND HAS, MORE RECENTLY, CONCENTRATED ITS MAJOR EFFORTS ON ECONOMIC DEVELOPMENT. THE INTERNATIONAL BANK HAS FINANCED A STEADY SUCCESSION OF HIGH

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INCOMING TELEGRAM *Department of State*

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Control: 9749
Rec'd: NOVEMBER 23, 1954
12:24 A.M.

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22. (SECTION EIGHT OF NINE)

~~NIACT~~

~~PASS TREASURY FOR FOLSOM AND SILER.~~

PRIORITY DEVELOPMENTS PROJECTS IN LATIN AMERICA. THE TOTAL NOW EXCEEDS $500,000,000 FOR THE LAST FIVE YEARS. ITS FIRST DEVELOPMENT LOAN WAS IN LATIN AMERICA, AND TODAY ITS INVESTMENT IN THIS HEMISPHERE IS GREATER THAN IN ANY OTHER DEVELOPING AREA. ITS LOANS HAVE BEEN MADE PRIMARILY FOR BASIC FACILITIES AND PUBLIC WORKS ON WHICH FURTHER FRUITFUL INVESTMENT DEPENDS: FOR ELECTRIC POWER, FOR TRANSPORTATION, AND FOR COMMUNICATION FACILITIES. THE LOANS OF THE INTERNATIONAL BANK ARE IMPORTANT NOT ONLY IN THEMSELVES BUT IN THEIR SECONDARY EFFECTS. ELECTRIC POWER INSTALLATIONS, NEW ROAD AND COMMUNICATION SYSTEMS, NEW PORT FACILITIES, ALL HAVE ENCOURAGED NEW INDUSTRIES AND LOWERED COSTS. DEVELOPMENT IS A CUMULATIVE PROCESS, SETTING IN MOTION INNUMERABLE INDIVIDUAL EFFORTS WITH MULTIPLYING EFFECT.

IN HIS REPORT TO THE CONFERENCE, EUGENE BLACK, PRESIDENT OF THE BANK, STATES:

"IT IS MY PERSONAL JUDGMENT THAT, GIVEN A CONTINUANCE OF PRESENT TRENDS IN LATIN AMERICA, THERE IS EVERY REASON TO EXPECT EXPANDED LENDING ACTIVITY BY THE BANK IM THAT AREA DURING THE PERIOD WHICH LIES AHEAD. THE BANK HAS THE RESOURCES TO DO SO AND IT HAS THE WILL TO DO SO. THE EXTENT TO WHICH IT MAY BE ABLE TO TRANSLATE ITS WILL INTO ACTION DEPENDS LARGELY ON CONDITIONS WITHIN THE CONTROL OF THE LATIN AMERICAN COUNTRIES THEMSELVES."

AT THE MEETING OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL BANK LAST SEPTEMBER, REPRESENTATIVES FROM MANY OF THE AMERICAN REPUBLICS STRONGLY URGED SUPPORT FOR THE ESTABLISHMENT OF AN INTERNATIONAL FINANCE CORPORATION TO ENCOURAGE PRIVATE INVESTMENT. THE SUBJECT HAS BEEN UNDER STUDY FOR SEVERAL YEARS.

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THE MATTER HAS BEEN GIVEN MOST CAREFUL CONSIDERATION BY THE UNITED STATES GOVERNMENT, AND WE ARE GOING TO ASK THE CONGRESS TO SUPPORT UNITED STATES PARTICIPATION IN SUCH A CORPORATION. WE HAVE IN MIND AN INSTITUTION ORGANIZED AS AN AFFILIATE OF THE INTERNATIONAL BANK, WITH AN AUTHORIZED CAPITAL OF $100 MILLION TO BE CONTRIBUTED BY THOSE MEMBERS OF THE INTERNATIONAL BANK WHO WISH TO SUBSCRIBE.

THE CORPORATION WOULD BE ABLE TO MAKE LOANS WITHOUT THE GUARANTEE OF MEMBER GOVERNMENTS. IT WOULD NOT DIRECTLY PROVIDE EQUITY FINANCING. IT WOULD, HOWEVER, BE EMPOWERED TO HOLD SECURITIES BEARING INTEREST PAYABLE ONLY IF EARNED, AS WELL AS DEBENTURES CONVERTIBLE INTO STOCK WHEN PURCHASED FROM THE CORPORATION BY PRIVATE INVESTORS. IN THAT WAY IT WOULD OPERATE IN THE AREA OF VENTURE CAPITAL WITHOUT HOLDING EQUITY RIGHT OF CONTROL. IT WOULD NOT COMPETE WITH THE INTERNATIONAL BANK, THE EXPORT-IMPORT BANK AND INDEED IT WOULD FACILITATE PRIVATE INESTMENT.

IF THE INTERNATIONAL FINANCE CORPORATION IS ESTABLISHED, WE SHALL THEN HAVE THREE MAJOR FINANCIAL INSTITUTIONS TO HELP PROMOTE ECONOMIC DEVELOPMENT. WE SHALL HAVE THE EXPORT-IMPORT BANK THAT HAS HAD A LONG HISTORY OF USEFUL WORK IN LATIN AMERICA AND WHOSE ACTIVITIES ARE TO BE INTENSIFIED. WE SHALL HAVE THE INTERNATIONAL BANK, IN WHICH WE ARE PARTNERS, TO HELP FINANCE BASIC RESOURCE DEVELOPMENT. WE SHALL HAVE AN INTERNATIONAL FINANCE CORPORATION IN WHICH WE WOULD WORK TOGETHER TO ASSIST AND ENCOURAGE PRIVATE ENTERPRISE.

IN THE SPIRIT OF THE RESOLUTION ON PRIVATE INVESTMENT AND TAXATION ADOPTED AT THE CARACAS CONFERENCE, THE UNITED STATES CONTINUES TO EXPLORE FEASIBLE MEASURES TO REMOVE TAX IMPEDIMENTS TO INCREASED FOREIGN INVESTMENTS. THE ADMINISTRATION AND THE CONGRESS, AS WELL AS NUMEROUS PRIVATE GROUPS IN THE UNITED STATES, HAVE GIVEN THE MATTER INTENSIVE STUDY. THIS HAS DISCLOSED THE COMPLEXITY OF THE PROBLEMS INVOLVED. IN THE LIGHT OF THIS EXPERIENCE, THE

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INCOMING TELEGRAM *Department of State*

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Control: 9750
Rec'd: NOVEMBER 23, 1954
12:29 A.M.

FROM: QUITANDINHA

TO: Secretary of State

NO: 10, NOVEMBER 22 (SECTION NINE OF NINE)

NIACT

PASS TREASURY FOR FOLSOM AND SILER.

ADMINISTRATION WILL AGAIN SUBMIT TO THE CONGRESS PROPOSALS WITH RESPECT TO THE REDUCTION OF TAXATION OF FOREIGN INCOME ALONG THE GENERAL LINES RECOMMENDED BY THE PRESIDENT LAST YEAR. WE TRUST THESE PROPOSALS WILL FIND ACCEPTANCE BY THE CONGRESS.

WE DESIRE TO COMPLEMENT THESE UNILATERAL LEGISLATIVE STEPS WITH BILATERAL TAX TREATIES. TO THAT END, WE ARE PREPARED TO EXPLORE WITH INDIVIDUAL COUNTRIES THE POSSIBILITIES OF THE TAX TREATY AS A MEDIUM FOR CREATING A MORE FAVORABLE TAX CLIMATE FOR INTERNATIONAL TRADE AND INVESTMENT. FOR EXAMPLE, ONE OF THE MATTERS WHICH MIGHT BE CONSIDERED IN TREATY DISCUSSIONS IS HOW THE UNITED STATES MIGHT GIVE RECOGNITION TO TAX CONCESSIONS MADE TO FOREIGN CAPITAL BY THE COUNTRY WHERE THE INVESTMENT IS TO BE MADE. UNDER PROPER SAFEGUARDS, WE WOULD BE PREPARED TO RECOMMEND GIVING CREDIT FOR GENERAL FOREIGN INCOME TAXES WHICH ARE WAIVED FOR AN INITIAL LIMITED PERIOD AS WE NOW GRANT CREDIT FOR TAXES WHICH ARE IMPOSED. SUCH A MEASURE AS THIS WILL GIVE MAXIMUM EFFECTIVENESS TO YOUR OWN LAWS DESIGNED TO ENCOURAGE NEW ENTERPRISES.

OUR AGENDA INCLUDES THE SUBJECT OF PROGRAMMING. INDIVIDUAL NATIONS WILL NO DOUBT CONTINUE TO DEVELOP THEIR OVERALL APPROACHES TO THEIR OWN ECONOMIC DEVELOPMENT PROBLEMS. IF ANY SUCH NATIONS WISH TO EXCHANGE VIEWS ON THEIR PLANS WITH OTHER NATIONS UNDERTAKING SIMILAR DEVELOPMENT PLANS, IT MAY WELL BE THAT THIS ORGANIZATION CAN PROVIDE SUCH A MEETING ~~[illegible]~~ place.

WE RECOMMEND THAT EACH OF US EXPAND AND FURTHER DIVERSIFY OUR JOINT ACTIVITIES IN THE VITAL FIELD OF TECHNICAL COOPERATION. THE INTERCHANGE OF PEOPLE UNDER THIS PROGRAM DRAWS US CLOSER TOGETHER AND PROVIDES A BETTER UNDERSTANDING OF EACH OTHER'S PROBLEMS. THROUGH TECHNICAL COOPERATION WE POOL OUR ACCUMULATED EXPERIENCE AND KNOWLEDGE TO UTILIZE THE HUMAN AND NATURAL RESOURCES AVAILABLE TO US AS WE SEEK TO MATCH RESOURCES AGAINST OUR NEEDS. THE ENORMOUS MUTUAL BENEFITS ALREADY PRODUCED BY OUR EFFORTS IN THIS FIELD JUSTIFY OUR CONFIDENCE IN ITS FUTURE EXPANSION.

WE APPROACH

UNCLASSIFIED

~~-2- 10, NOVEMBER 22, FROM QUITANDINHA (SECTION NINE OF NINE)~~

WE APPROACH OUR TAKS HERE TOGETHER WITH A SENSE OF MISSION, WHICH I AM SURE IS COMMON TO US ALL. THE CHALLENGE OF THE YEARS AHEAD IS A TREMENDOUS ONE. HOW WE MEET IT MAY DETERMINE OUR PLACE IN HISTORY. WE HAVE GREAT FAITH AND CONFIDENCE IN THE PEOPLES AND THE LANDS THAT SHARE THIS HEMISPHERE. THE HUMAN AND PHYSICAL RESOURCES ARE HERE OUT OF WHICH TO BUILD A GLORIOUS FUTURE.

THE PRESIDENT OF MY COUNTRY HAS VERY RIGHTLY CALLED US PARTNERS IN THIS GREAT ENTERPRISE. HE HAS DECLARED THE POLICY OF OUR GOVERNMENT TO BE THAT OF THE GOOD PARTNER.

I KNOW THAT THE AMERICAN STATES CAN BE GOOD PARTNERS, DETERMINED TO WORK FOR THE BETTERMENT OF ALL OUR PEOPLE. IF WE ARE ENERGETIC AND PRACTICAL, I AM CONFIDENT THAT WE STAND ON THE THRESHOLD OF A GREAT TOMORROW. AS GOOD PARTNERS WE CAN MAKE THIS COMING TOGETHER AT RIO A MOMENTUS ONE IN THE BRIGHT AND LENGTHENING RECORD OF INTER-AMERICAN RELATIONS.

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TREASURY DEPARTMENT

287

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, November 23, 1954.

H-639

The Treasury Department announced last evening that the tenders for $1,500,000,000,or thereabouts, of 90-day Treasury bills to be dated November 26, 1954, and to mature February 24, 1955, which were offered on November 18, were opened at the Federal Reserve Banks on November 22.

The details of this issue are as follows:

Total applied for	- $2,126,520,000	
Total accepted	- 1,500,115,000	(includes $224,164,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price	- 99.776	Equivalent rate of discount approx. 0.897% per annum

Range of accepted competitive bids:

High	- 99.782	Equivalent rate of discount 0.872% per annum
Low	- 99.771	Equivalent rate of discount 0.916% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 15,820,000	$ 15,820,000
New York	1,536,005,000	970,925,000
Philadelphia	25,624,000	10,424,000
Cleveland	54,032,000	52,927,000
Richmond	17,314,000	17,314,000
Atlanta	21,386,000	21,326,000
Chicago	215,137,000	179,777,000
St. Louis	21,581,000	21,481,000
Minneapolis	23,030,000	21,230,000
Kansas City	48,820,000	47,620,000
Dallas	57,701,000	51,201,000
San Francisco	90,070,000	90,070,000
	$2,126,520,000	$1,500,115,000

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H-639

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Minneapolis	23,030,000	21,230,000
Kansas City	48,820,000	47,620,000
Dallas	57,701,000	51,201,000
San Francisco	90,070,000	90,070,000
Total	$2,126,520,000	$1,500,115,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, November 18, 1954.

H-638

The Treasury Department announced today that the subscription books will open on Monday, November 22, for an optional exchange of its December maturities into 2-1/2 percent 8-year and 8-month Treasury bonds maturing August 15, 1963, 1-1/4 percent one-year certificates of indebtedness, and an additional amount of the 1-1/8 percent certificates of indebtedness maturing August 15, 1955.

These securities will be offered in exchange for $17,347 million of securities which become due on December 15. These maturities consist of $8,175 million of 1-7/8 percent Treasury notes and $9,172 million of 2 percent Treasury bonds. Holders of the maturing securities will have the option of exchanging for any or all of the three issues now offered.

The new bonds and the new certificates will be dated December 15, 1954, and exchanges will be made par for par. Holders should detach the December 15, 1954, coupons from the securities they exchange for these issues and cash them when due. In the case of exchanges for the additional issue of August certificates, holders should submit the securities to be exchanged with the December 15, 1954, coupons attached. The full six months' interest on the securities surrendered will be credited and accrued interest from August 15 to December 15 on the certificates will be charged, and subscribers will be paid the difference.

The subscription books will be open for three days only for this exchange. They will close at the close of business November 24, and any subscription addressed to a Federal Reserve Bank or Branch or to the Treasurer of the United States and placed in the mail before midnight November 24 will be considered as timely.

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H-638

IMMEDIATE RELEASE,
Thursday, November 18, 1954.

The Treasury Department announced today that the subscription books of its December maturities will open on Monday, November 22, for an optional exchange into 2-1/2 percent 8-year and 8-month Treasury bonds maturing August 15, 1963, 1-1/4 percent one-year certificates of indebtedness, and an additional amount of the 1-1/8 percent certificates of indebtedness maturing August 15, 1955.

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, November 18, 1954.

H-637

Treasury Secretary George M. Humphrey will leave Washington this afternoon (Thursday) to attend the Conference of Ministers of Finance or Economy to be held in Rio de Janerio, Brazil, starting next Monday.

Secretary Humphrey will be chairman of the U. S. delegation, while Herbert Hoover, Jr., Under Secretary of State will be vice chairman, and Henry F. Holland, Assistant Secretary of State will be coordinator. Special congressional advisers include Senators Wiley, Capehart and Smathers.

In a departure statement Secretary Humphrey said:

"We look forward to the privilege of meeting with the Ministers of Finance or Economy from the American Republics in Brazil. This conference will provide a further opportunity to discuss mutual problems of the nations of this hemisphere in the interests of continued peace and greater prosperity for the free world."

Secretary Humphrey and party will leave National Airport via Coast Guard aircraft for Miami, at 2:30 p.m., EST. The party will proceed by commercial air stopping at Lima, Peru, Friday and continue to Rio de Janerio Sunday.

Among those leaving Washington with Secretary Humphrey today are Samuel C. Waugh, Assistant Secretary of State for Economic Affairs; Andrew N. Overby, Assistant Secretary of the Treasury; and Nils A. Lennartson, Assistant to the Secretary.

The conference in Rio will provide for discussions on trade, economic development and transportation problems which came up at the Inter-American Conference in Caracas, Venezuela, last spring.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, November 18, 1954. (Thursday)

H-637

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The conference in Rio will provide for discussions on trade, economic development and transportation problems which came up at the Inter-American Conference in Caracas, Venezuela, last spring.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 26, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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

280

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 18, 1954.

H-636

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 90 -day Treasury bills, for cash and in exchange for Treasury bills maturing November 26, 1954, in the amount of $1,500,969,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 26, 1954, and will mature February 24, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 22, 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

TREASURY DEPARTMENT
Washington

H-63

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

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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 November 26, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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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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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, November 16, 1954.

H-635

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated November 18, 1954, and to mature February 17, 1955, which were offered on November 11, were opened at the Federal Reserve Banks on November 15.

The details of this issue are as follows:

Total applied for	- $2,116,863,000	
Total accepted	- 1,500,394,000	(includes $248,354,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price	- 99.765	Equivalent rate of discount approx. 0.931% per annum

Range of accepted competitive bids: (Excepting one tender of $150,000)

High	- 99.775	Equivalent rate of discount approx. 0.890% per annum
Low	- 99.762	Equivalent rate of discount approx. 0.942% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 37,071,000	$ 30,601,000
New York	1,462,286,000	963,509,000
Philadelphia	43,135,000	27,838,000
Cleveland	61,652,000	59,652,000
Richmond	19,194,000	18,994,000
Atlanta	28,736,000	27,741,000
Chicago	197,205,000	151,315,000
St. Louis	31,527,000	31,527,000
Minneapolis	16,308,000	16,308,000
Kansas City	49,905,000	49,905,000
Dallas	77,852,000	46,902,000
San Francisco	91,992,000	76,102,000
TOTAL	$2,116,863,000	$1,500,394,000

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Kansas City	49,905,000	49,905,000
Dallas	77,852,000	46,902,000
San Francisco	91,992,000	76,102,000
TOTAL	$2,116,863,000	$1,500,394,000

RELEASE MORNING NEWSPAPERS,
Monday, November 15, 1954.

H-634

The Treasury Department today issued the official notice of call for redemption on March 15, 1955, of the 2-7/8 percent Treasury Bonds of 1955-60, dated March 15, 1935, due March 15, 1960. There are now outstanding $2,611,090,500 of these bonds.

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

TWO AND SEVEN-EIGHTHS PERCENT TREASURY BONDS OF 1955-60
(DATED MARCH 15, 1935)

NOTICE OF CALL FOR REDEMPTION

To Holders of 2-7/8 percent Treasury Bonds of 1955-60, and Others Concerned:

1. Public notice is hereby given that all outstanding 2-7/8 percent Treasury Bonds of 1955-60, dated March 15, 1935, due March 15, 1960, are hereby called for redemption on March 15, 1955, 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, November 15, 1954.

oOo

H-634

RELEASE MORNING NEWSPAPERS,
Monday, November 15, 1954.

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G. M. Humphrey,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, November 15, 1954.

IMMEDIATE RELEASE,
Monday, November 15, 1954.

H-633

During the month of October 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 $21,050,400.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Thursday, October 14, 1954~~.
Monday, November 15, 1954

~~H-608~~
H-633

During the month of ~~September~~ October 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 ~~$9,981,150~~. $21,050,400.

oOo

November 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 October, 1954:

Purchases	$21,139,000.00
Sales	88,600.00
	$21,050,400.00

(Sgd) Charles T. Brennan

Chief, Investments Branch
Division of Deposits & Investments

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, 1954, to Nov. 9, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to Nov. 9, 1954
United Kingdom	4,323,457	67,191	1,441,152	67,191
Canada	239,690	53,363	-	-
France	227,420	-	75,807	-
British India	69,627	43,979	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,627	7,088	6,627
	5,482,509	171,160	1,599,886	73,818

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-632

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, 1954, to November 9, 1954, inclusive

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	5,742	Paraguay	871	-
British India	2,003,483	20,355	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	291,691	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa . .	689	-
			Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1954, to October 30, 1954

Established Quota (Global)	Imports
70,000,000	595,018

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

Established Quota (Global)	Imports
45,656,420	35,805,791

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-632

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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)

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

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France	227,420	-	75,807	-
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Switzerland	44,388	-	14,796	-
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Japan	341,535	-	-	-
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Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,627	7,088	6,627
	5,482,509	171,160	1,599,886	73,818

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 30, 1954
Barley, hulled, unhulled, rolled, and ground, and barley malt..........................	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	2,078,997
	Other Countries	275,000	Bushel	5,635
*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	1,467,468
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	1,637,824
	Other Countries	688,000	Bushel	
Rye, rye flour, and rye meal...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through November 9, 1954.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-631

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 30, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 30, 1954
Whole milk, fresh or sour......	Calendar Year	3,000,000	Gallon	42,336
Cream	Calendar Year	1,500,000	Gallon	776
Butter	July 16, 1954- Oct. 31, 1954	5,000,000	Pound	164,825
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish......	Calendar Year	33,950,386	Pound	Quota Filled
White or Irish potatoes:				
Certified seed	12 months from Sept. 15, 1954	150,000,000	Pound	60,000
Other		329,100,000	Pound	462,066
Cattle, less than 200 lbs. each	12 months from April 1, 1954	200,000	Head	4,042
Cattle, 700 lbs. or more each... (other than dairy cows)	Oct. 1, 1954- Dec. 31, 1954	120,000	Head	831
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved............	12 months from Oct. 1, 1954	5,000,000	Pound	150,279
Filberts, shelled (whether or not blanched)................	12 months from Oct. 1, 1954	6,000,000	Pound	150,431
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Filled

(Continued)

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-631

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(Continued)

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 30, 1954
Barley, hulled, unhulled, rolled, and ground, and barley malt........................	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	2,078,997
	Other Countries	275,000	Bushel	5,635
*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	1,467,468
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	1,637,824
	Other Countries	688,000	Bushel	
Rye, rye flour, and rye meal...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through November 9, 1954.

Treasury Department
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-630

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 October 30, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of October 30, 1954
Buttons	850,000	Gross	618,922
Cigars	200,000,000	Number	2,610,692
Coconut Oil	448,000,000	Pound	114,760,510
Cordage	6,000,000	Pound	2,005,159
Rice	1,040,000	Pound	
Sugars (Refined	1,904,000,000	Pound	8,389,545
Sugars (Unrefined			1,821,215,889
Tobacco	6,500,000	Pound	1,137,363

Treasury Department
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-630

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Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of October 30, 1954
Buttons	850,000	Gross	618,922
Cigars	200,000,000	Number	2,610,692
Coconut Oil	448,000,000	Pound	114,760,510
Cordage	6,000,000	Pound	2,005,159
Rice	1,040,000	Pound	-
Sugars (Refined.................	1,904,000,000	Pound	8,389,545
Sugars (Unrefined			1,821,215,889
Tobacco	6,500,000	Pound	1,137,363

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
~~Friday~~, November 12, 1954.

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H-629

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 Nov. 9, 1954	Established Quota	Imports May 29, 1954, to Nov. 9, 1954
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	70
Australia	-	-	1,000	-
Germany	100	99	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	795,099	4,000,000	3,817,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, November 12, 1954.

H-629

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China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	70
Australia	-	-	1,000	-
Germany	100	99	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	795,099	4,000,000	3,817,070

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR RELEASE AT 6:00 P.M., E.S.T.
Thursday, November 11, 1954

H-628

The Administration will ask Congressional approval for the United States to participate in a proposed International Finance Corporation which would be organized as an affiliate of the International Bank for Reconstruction and Development.

The purpose of the corporation would be to stimulate private investment in underdeveloped countries by making loans without guarantee of member governments as is now required in loans by the International Bank.

This announcement was made today by Secretary of the Treasury George M. Humphrey as Chairman of the National Advisory Council on International Monetary and Financial Problems. The time for submitting the proposal to the Congress will depend upon discussions with the International Bank and its members.

The corporation would be an intergovernmental body, created by agreement open to signature by any member of the International Bank. The corporation's initial capital would be provided by member countries through subscriptions to its stock, but it would be empowered to sell its obligations and its portfolio securities in private capital markets to raise additional funds. The authorized capital of the corporation would be $100 million. The subscription of each member country would be in relation to the member's stock in the International Bank. The United States subscription would be approximately $35 million. The charter would not come into effect until $75 million had been subscribed by a minimum of 30 countries.

The proposed corporation would not directly provide equity financing. It would, however, be empowered to hold securities bearing interest payable only if earned as well as debentures convertible into stock when purchased from the corporation by private investors. In that way it would operate in the area of venture capital without holding equity right of control. It would not compete with either the International Bank itself or the Export-Import Bank.

Secretary Humphrey emphasized that the operations of such a corporation would of necessity have to be experimental and subject to review from time to time. Its success would depend upon its effectiveness in stimulating an increased international movement of private funds, Secretary Humphrey said.

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H-628

DRAFT PRESS RELEASE

The Administration will ask Congressional approval for the United States to participate in a proposed International Finance Corporation which would be organized as an affiliate of the International Bank for Reconstruction and Development.

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The proposed corporation would not directly provide equity financing. It would, however, be empowered to hold securities bearing interest payable only if earned as well as debentures convertible into stock when purchased from the corporation by private investors. In that way it would operate in the area of venture capital without holding equity right of control. It would not compete with either the International Bank itself or the Export-Import Bank.

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~~The general plan is one proposed by the staff of the International Bank, but with the modification that~~ The proposed corporation would not directly provide ~~direct~~ equity financing. It would however be empowered to hold securities bearing interest payable only if earned as well as debentures convertible into stock when purchased from the Corporation by private investors. In that way it would operate in the area of venture capital without holding equity right of control. It would not compete with either the International Bank itself or the Export-Import Bank.

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maturing bills accepted in exchange and the issue price of the new bills.

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

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

oOo

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 18, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 18, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 11, 1954.

H-627

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing November 18, 1954, in the amount of $ 1,500,800,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 18, 1954, and will mature February 17, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 15, 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

TREASURY DEPARTMENT
Washington

H-627

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

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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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.

STATUTORY DEBT LIMITATION

AS OF October 31, 1954

251

Washington, November 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 Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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			$281,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,509,222,000		
Certificates of indebtedness	18,184,192,000		
Treasury notes	40,953,967,600	$ 78,647,381,600	
Bonds-			
Treasury	84,181,060,450		
Savings (current redemp. value)	58,125,962,890		
Depositary	421,546,000		
Investment series	12,700,609,000	155,429,178,340	
Special Funds-			
Certificates of indebtedness	28,718,441,000		
Treasury notes	13,519,844,400	42,238,285,400	
Total interest-bearing		276,314,845,340	
Matured, interest-ceased		313,543,725	
Bearing no interest:			
United States Savings Stamps	47,365,018		
Excess profits tax refund bonds	1,197,832		
Special notes of the United States:			
Internat'l Monetary Fund series	1,544,000,000	1,592,562,850	
Total		278,220,951,915	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	32,600,536		
Matured, interest-ceased	1,014,475	33,615,011	
Grand total outstanding			278,254,566,926
Balance face amount of obligations issuable under above authority			2,745,433,074

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

(Daily Statement of the United States Treasury, October 29, 1954)
(Date)

Outstanding-	
Total gross public debt	278,752,052,474
Guaranteed obligations not owned by the Treasury	33,615,011
Total gross public debt and guaranteed obligations	278,785,667,485
Deduct - other outstanding public debt obligations not subject to debt limitation	531,100,559
	278,254,566,926

H-626

STATUTORY DEBT LIMITATION

AS OF October 31, 1954

Washington, November 10, 1954

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H-626

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, November 8, 1954.

H-625

A sales goal of "5 billion 5 for '55" was announced today at an annual conference of savings bonds volunteer leaders and Treasury Savings Bonds Division officials, held at the Mayflower Hotel.

The conference, which will continue over Tuesday, is being attended by all volunteer state chairmen, heads of volunteer national committees representing national organizations and major financial, industrial, and investment fields, and by members of the Savings Bonds Division state staffs.

Treasury Secretary Humphrey addressed the conference briefly this morning. He congratulated the volunteer groups on their effective work as bond salesmen this year. Sales for the present calendar year are running at a rate of approximately 12 percent higher than in the calendar year 1953, and the 1954 sales goal of "A billion more in '54" is being closely approached.

The total sales goal for 1954 is $5.3 billion compared with actual 1953 sales of $4.3 billion.

Secretary Humphrey said: "To be perfectly frank, I think the slogan of 'A billion more in fifty-four' was a pretty ambitious one. We are running a little behind on it, but the accomplishments so far are excellent. I congratulate you on them."

The Secretary said, "We are still sticking to the slogan," and expressed hope of an even better final 1954 showing than the one so far.

Earl O. Shreve, National Director of the Savings Bonds Division, described the progress of the savings bonds program to the conference.

Arno Johnson, advertising agency executive, discussed the business outlook for 1955 during the Monday morning program.

William H. Neal, Chairman of the American Bankers Association Savings Bonds Committee, spoke on "The Banker's Part in the Savings Bonds Program."

William McChesney Martin, Chairman of the Board of Governors of the Federal Reserve System, addressed the conferees at a luncheon in the Williamsburg Room of the Mayflower.

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Immediate Release
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H-625

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The total sales goal for 1954 is $5.3 billion, compared with actual 1953 sales of $4.3 billion.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, November 9, 1954.

H-624

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 90-day Treasury bills to be dated November 12, 1954, and to mature February 10, 1955, which were offered on November 4, were opened at the Federal Reserve Banks on November 8.

The details of this issue are as follows:

Total applied for - $2,215,088,000
Total accepted - 1,500,452,000 (includes $249,416,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.765/ Equivalent rate of discount approx. 0.940% per annum

Range of accepted competitive bids:

High - 99.770 Equivalent rate of discount approx. 0.920% per annum
Low - 99.764 Equivalent rate of discount approx. 0.944% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 52,661,000	$ 43,239,000
New York	1,527,806,000	923,566,000
Philadelphia	29,419,000	14,419,000
Cleveland	48,397,000	41,034,000
Richmond	17,897,000	16,859,000
Atlanta	24,718,000	23,266,000
Chicago	209,006,000	182,266,000
St. Louis	29,213,000	24,579,000
Minneapolis	34,160,000	27,010,000
Kansas City	70,831,000	67,064,000
Dallas	69,174,000	55,061,000
San Francisco	101,806,000	82,089,000
TOTAL	$2,215,088,000	$1,500,452,000

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RELEASE MORNING NEWSPAPERS,
Tuesday, November 9, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 90-day Treasury bills to be dated November 12, 1954, and to mature February 10, 1955, which were offered on November 4, were opened at the Federal Reserve Banks on November 8.

The details of this issue are as follows:

Total applied for - $2,215,088,000
Total accepted - 1,500,452,000 (includes $249,416,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.765/ Equivalent rate of discount approx. 0.940% per annum

Range of accepted competitive bids:

High - 99.770 Equivalent rate of discount approx. 0.920% per annum
Low - 99.764 " " " " " 0.944% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 52,661,000	$ 43,239,000
New York		1,527,806,000	923,566,000
Philadelphia		29,419,000	14,419,000
Cleveland		48,397,000	41,034,000
Richmond		17,897,000	16,859,000
Atlanta		24,718,000	23,266,000
Chicago		209,006,000	182,266,000
St. Louis		29,213,000	24,579,000
Minneapolis		34,160,000	27,010,000
Kansas City		70,831,000	67,064,000
Dallas		69,174,000	55,061,000
San Francisco		101,806,000	82,089,000
	TOTAL	$2,215,088,000	$1,500,452,000

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 12,1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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, 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

944

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, November 4, 1954.

H-623

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000, or thereabouts, of 90-day Treasury bills, for cash and in exchange for Treasury bills maturing November 12, 1954, in the amount of $1,500,754,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 12, 1954, and will mature February 10, 1955 when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 8, 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

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TREASURY DEPARTMENT
Washington

H-623

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

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 , or thereabouts, of 90 -day Treasury bills, for cash and in exchange for Treasury bills maturing November 12, 1954 , in the amount of $ 1,500,754,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 12, 1954 , and will mature February 10, 1955 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 8, 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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payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 12, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 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,

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.

TREASURY DEPARTMENT

240

WASHINGTON, D.C.

FOR RELEASE 6 P.M.,
Monday, November 1, 1954.

H-622

STATEMENT BY TREASURY SECRETARY HUMPHREY

Treasury Secretary George M. Humphrey today issued the following statement on the employment and business situation:

"Reports of improving business and employment are multiplying.

"A recent survey by the Department of Commerce indicates that orders placed with manufacturers exceeded their shipments during September. The rise in orders continued in October according to a survey just released by the National Association of Purchasing Agents. This is in line with the reports of increases in employment that keep flowing into the Department of Commerce and the Department of Labor from all over the country.

"Additional encouraging news comes from the Department of Economics of the McGraw-Hill Publishing Company. I have just been informed that preliminary results of its nation-wide survey of prospective plant and equipment expenditures indicate that spending on industrial and commercial facilities during 1955 will be above this quarter's level.

"All of this and other evidence indicates that employment, incomes, and trade in 1955 will be at even higher levels than in 1954, the best peace-time year in history."

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For Release 6 P.M.
Monday, November 1, 1954

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STATEMENT BY TREASURY SECRETARY HUMPHREY

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"A recent survey by the Department of Commerce indicates that orders placed with manufacturers exceeded their shipments during September. The ~~upsurge~~ rise in orders continued in October according to a survey just released by the National Association of Purchasing Agents. This ~~group of executives also confirms~~ is in line with the reports ~~of~~ increases in employment that keep flowing into the Department of Commerce and the Department of Labor from all over the country.

"Additional encouraging news comes from the Department of Economics of the McGraw-Hill Publishing Company. I have just been informed that preliminary results of its nationwide survey of prospective plant and equipment expenditures indicate that spending on industrial and commercial facilities during 1955 will be above this quarter's level.

~~It is clear from this and other evidence that the level of employment, incomes, and trade in 1955 will be even better than in 1954~~ All of indicates at higher levels the best peace time year in history.

"All of this and other evidence indicates that employment, incomes, and trade in 1955 will be at even higher levels than in 1954, the best peacetime year in history."

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, November 2, 1954.

H-621

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated November 4, 1954, and to mature February 3, 1955, which were offered on October 28, were opened at the Federal Reserve Banks on November 1.

The details of this issue are as follows:

Total applied for - $2,184,616,000
Total accepted - 1,500,836,000 (includes $207,336,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average Price - 99.741/ Equivalent rate of discount approx. 1.023% per annum

Range of accepted competitive bids: (Excepting one tender of $50,000)

High - 99.755 Equivalent rate of discount approx. 0.969% per annum
Low - 99.739 Equivalent rate of discount approx. 1.033% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,900,000	$ 34,780,000
New York	1,535,503,000	925,543,000
Philadelphia	29,173,000	13,553,000
Cleveland	67,362,000	60,712,000
Richmond	19,858,000	19,858,000
Atlanta	29,702,000	29,154,000
Chicago	276,741,000	241,159,000
St. Louis	25,257,000	25,257,000
Minneapolis	14,488,000	14,483,000
Kansas City	27,780,000	27,560,000
Dallas	37,147,000	28,527,000
San Francisco	85,705,000	80,225,000
TOTAL	$2,184,616,000	$1,500,836,000

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H-621

RELEASE MORNING NEWSPAPERS,
Tuesday, November 2, 1954.

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New York		1,535,503,000	925,543,000
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Richmond		19,858,000	19,858,000
Atlanta		29,702,000	29,154,000
Chicago		276,741,000	241,159,000
St. Louis		25,257,000	25,257,000
Minneapolis		14,488,000	14,488,000
Kansas City		27,780,000	27,580,000
Dallas		37,147,000	28,527,000
San Francisco		85,705,000	80,225,000
	TOTAL	$2,184,616,000	$1,500,836,000

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on November 4, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing November 4, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

Treasury Department Circular No. 418, 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, D.C.

RELEASE MORNING NEWSPAPERS
Thursday, October 28, 1954.

H-620

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing November 4, 1954, in the amount of $1,500,909,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 4, 1954, and will mature February 3, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 1, 1954. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

H-620

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, October 28, 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 November 4, 1954 , in the amount of $ 1,500,909,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated November 4, 1954 , and will mature February 3, 1955 , when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, November 1, 1954 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

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payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **November 4, 1954**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **November 4, 1954**. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

[redacted]

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

Treasury Department Circular No. 418, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, October 26, 1954.

H-619

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 28, 1954, and to mature January 27, 1955, which were offered on October 21, were opened at the Federal Reserve Banks on October 25.

The details of this issue are as follows:

Total applied for - $2,121,899,000
Total accepted - 1,500,637,000 (includes $214,773,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.746 Equivalent rate of discount approx. 1.007% per annum

Range of accepted competitive bids:

High - 99.756 Equivalent rate of discount approx. 0.965% per annum
Low - 99.743 Equivalent rate of discount approx. 1.017% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 21,453,000	$ 17,053,000
New York	1,473,970,000	909,283,000
Philadelphia	43,172,000	28,172,000
Cleveland	84,283,000	84,183,000
Richmond	19,439,000	18,064,000
Atlanta	23,745,000	22,870,000
Chicago	216,040,000	190,790,000
St. Louis	19,585,000	19,585,000
Minneapolis	11,890,000	11,240,000
Kansas City	48,362,000	48,162,000
Dallas	40,756,000	40,156,000
San Francisco	119,204,000	111,079,000
TOTAL	$2,121,899,000	$1,500,637,000

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RELEASE MORNING NEWSPAPERS,
Tuesday, October 26, 1954.

H-619

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Chicago	216,040,000	190,790,000
St. Louis	19,585,000	19,585,000
Minneapolis	11,890,000	11,240,000
Kansas City	48,362,000	48,162,000
Dallas	40,756,000	40,156,000
San Francisco	119,204,000	111,079,000
Total	$2,121,899,000	$1,500,637,000

IMMEDIATE RELEASE,
Monday, October 25, 1954.

H-618

Customs Commissioner Ralph Kelly today announced changes in customs regulations which will effect a substantial reduction in the number of documents required of importers. He said both foreign traders and the Customs Service would benefit from the reduction in paper work -- a major objective of the Bureau's continuing management improvement program.

The new regulations require fewer certified invoices, which list such information about imports as the names of the shipper and consignee, selling price of the merchandise, its character, amount to be shipped, etc. The foreign manufacturer or producer pays a consular fee of $2.50 to have the invoice certified before the nearest United States consul.

The Bureau of Customs took an initial step toward relaxing the certified invoice requirement in 1950. Exemptions from the requirement have applied to merchandise that is free of duty or subject only to a specific rate of duty not dependent upon value. The new regulations extend exemptions to all importations not exceeding $500 in value even when the rate of duty depends upon value. The value of shipments exempted from certified invoice requirements when not imported for sale has been increased to $1,000.

Customs officials have estimated that the new regulations will eliminate certified invoices for approximately 10 percent of the number of shipments presently requiring such invoices. Studies are continuing to determine what further reductions in paper work, including additional exemptions from consular invoices, may be authorized.

The new regulations are embodied in Treasury Decision 53638, which appears in the Federal Register of October 26, 1954.

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Immediate
Oct 21

H-08

~~October 20, 1954~~

~~Proposed Press Release~~

Customs Commissioner Ralph Kelly today announced changes in customs regulations which will effect a substantial reduction in the number of documents required of importers. He said both foreign traders and the Customs Service would benefit from the reduction in paper work -- a major objective of the Bureau's continuing management improvement program.

The new regulations require fewer certified invoices, which list such information about imports as the names of the shipper and consignee, selling price of the merchandise, its character, amount to be shipped, etc. The foreign manufacturer or producer ~~must~~ pays a consular fee of $2.50 to have the invoice certified before the nearest United States consul.

The Bureau of Customs took an initial step toward relaxing the certified invoice requirement in 1950. Exemptions from the requirement have applied to merchandise that is free of duty or subject only to a specific rate of duty not dependent upon value. The new regulations extend exemptions to all importations not exceeding $500 in value even when the rate of duty depends upon value. The value of shipments exempted from certified invoice requirements when not imported for sale has been increased to $1,000.

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The new regulations are embodied in Treasury Decision 53638, which appears in the Federal Register of October 26, 1954.

believe in your capacity to go on providing yourselves with an ever better life, if we in government support your efforts where the general welfare calls for such support, and do NOT load you with unnecessary burdens, or take from you by excessive taxation the increase in your income that you might otherwise earn and save.

Realistic economic policies that take account of the true nature of our economy and the burdens it must bear, will bear big fruit.

We will NOT be rising on the hot, uncertain air of inflation. Nor will we be wearing the false, rose-colored glasses of a prosperity based on unwise and dangerous government deficit spending, treacherous alike to the nation's security and its economic health.

We will be rising on the solid ground of these things:

Savings protected against shrinkage by a stable dollar;

Increased production and increased wages and earnings made possible by the investment of those savings in more, new and better tools of production;

Wide use, by Americans who are both workers and investors, of these tools of production for the creation of more jobs and new, better and cheaper goods, with ever-widening distribution among an ever-growing number of consumers as their earning power increases and the cost of the goods declines;

Use of the increased income from this increased production of the things you want -- NOT to pay the bill for unneeded or unwise government spending, or as tribute to inflation, but for the creation of a better life for all.

We have turned our backs on artificial stimulants. We have turned our faces confidently to practical, natural methods for the creation of a better life for all of us -- firm in the belief that continuation of the process of the American evolution of self-betterment from the bottom up is second nature to our whole people.

oOo

Our strong economy must -- and can -- carry the costs of fully adequate defense, and of indispensable public services, and at the same time continue its healthy growth. But it will only be able to do so if we balance the load correctly, so that it can be carried, and carried indefinitely, without a breakdown.

We have devised policies to fit our new situation and have begun to balance the load.

We are NOT the slave of any particular aspect of our flexible policies. We regard inflation as a public enemy of the worst type. But we have NOT hesitated, either, to ease or restrict the basis of credit when need was indicated. Under the new cooperation that exists in this administration between the Treasury and the Federal Reserve, the full force of monetary policy -- has been made effective more promptly than ever before in the nation's history to better respond to natural demands.

We found when we came to office an overblown economy. It was harnessed with all sorts of artificial controls, dangerously dependent upon the uncertainties of defense spending, and inflationary pressures. It was borrowing from tomorrow's production and income at a prodigious rate, with unsound confiscatory taxation that still failed to provide for the profligate spending. This resulted in huge deficits that were passing the heavy burden of our excesses on for our children and grandchildren to bear. And sooner or later it was sure to result in complete downfall.

Correction of that situation has been well started. The whole economy, the livelihood of all the people, has been made more safe. This has been done by the timely use of monetary policy and credit in response to actual demand; by the return to the public of purchasing power through the biggest tax cut in the history of the nation, by cutting unjustified amounts from government spending; and at the same time by timely encouragement to construction, home building, and needed improvements. By the prompt and vigorous use of all these measures we have made the difficult and delicate change from a dangerously artificial economy to a healthy one, with every effort exerted to the utmost to involve the very minimum of cost in terms of unemployment meanwhile.

In turning our faces resolutely from inflation, and unrealistic spending, what have we turned toward?

We have turned to you, to the 160 million people of America.

We have turned with full confidence to a people that have demonstrated that you are industrious, saving, inventive, daring, progressive and self-reliant to an unprecedented degree. We contributing either work or money to a pension fund or fraternal order or in any other way -- you will get from your investment the same value that you toil now to put into it.

The man in the bungalow and the man in the penthouse have at least an equal interest in this fight. But, if there is any difference between them, it is the man in the bungalow who most needs protection. He can less afford to lose.

Now, it is the vast sum of the many smaller savings of the man in the bungalow on which our industrial and commercial system depends for its financing. The sum of all the little savings is funneled mainly into big investments by the savings banks, the building and loan associations, the insurance companies, investment trusts, pension funds, union and fraternal organizations, and others handling the savings of the man in the bungalow.

Business in this country is pouring nearly 27 billion dollars of new investment into its plants and equipment this year. That tremendous amount must come from somebody's savings. Without it, the future's new jobs will never be born, nor will we get tomorrow's increase in productivity, as the result of new and better tools of production, bought by new investment.

Saving is important to the nation, and must be encouraged, not discouraged, because it strongly influences the security of the job you have, and your hopes for ever-better pay through continued increase in your productivity. Thus you can see how inflation can rob you not only of your personal savings but, in addition, steal away your pay increases and perhaps even your job.

We must have policies that put solid ground under our day-to-day evolution of continual betterment from the bottom up. Such policies must aim at everyone, spreading the riches throughout the land. There is only one way to have everyone have more. The nation's treasures of goods and services must constantly increase, by continually increasing individual productivity, so that they can be spread ever deeper and broader throughout the whole economy.

Our policies must result in giving the man in the bungalow ever more and more of the same things which the man in the penthouse also wants to have. And that can only be accomplished by an economy that constantly produces more of the comforts, conveniences and necessities of life. Such an economy will not only be of direct benefit here at home, but will also be a beacon of progress in the whole Free World, a sharp, attractive contrast to the smouldering darkness behind the Iron Curtain.

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Let's see how the man in the bungalow and the man in the penthouse today have the same basic interests and what that revolutionary fact means to the whole economy:

Both men have current earnings and probably savings in one form or another. That means that both are interested in seeing the dollar keep its purchasing power. To the extent that inflation develops, both men are robbed.

If you had $1,000 saved up in 1939, which you did not draw out to use until 1953, you really took a beating. Inflation had sneaked into your savings during those years and made off with $478. How? Because inflationary price rises during that time cut the purchasing value of the dollars you were saving, every minute of every day. When you drew out your $1,000 savings, inflation had stolen away with all but $522 of the purchasing power your dollars had when you put them aside in 1939.

This is a terrible thing to happen to a nation of people who are working and sweating and scrimping to put aside money for the education of their children, the purchase of a home, or to provide for their old age.

The man in the bungalow often tries, by purchasing insurance, to build up some security to leave to his wife and children in the event of his untimely death. It is a terrible thing to have the purchasing power of his insurance -- the time that it will pay the rent and set the table for those that are left -- cut nearly in half in the short period of just 15 years.

It is a heartless thing for a man and woman who put aside savings in a pension or retirement trust fund as they work during their lifetime to find on retirement that inflation has robbed them of nearly half of what they had invested to live on in their declining years.

We in the Eisenhower Administration have made halting inflation one of the principal goals of our Administration. In the last 20 months, the value of the dollar has changed only one-half of one cent. This means that we have kept inflation's hand out of your savings almost entirely. We went to keep inflation locked out, so that when you save -- by putting money in the bank, by buying a savings bond, by buying insurance, by

Small investors' holdings in United States Savings Bonds, total the huge amount of nearly 50 billion dollars. No such investment existed in 1900.

Let's see some other ways in which the average man on the street in this nation has been making himself over into a real investor -- a man with a real financial stake in the future such as no other average citizen anywhere ever had before.

Nearly 10 percent of all American families today own stock in American corporations. At the turn of the century, this was just getting underway.

In 1900, individuals had liquid savings of all types amounting to less than 10 billion dollars. Now such savings of individuals in this country total more than 225 billion dollars.

Last year alone, Americans bought equipment for themselves and their homes of approximately 30 billion dollars. This included things unknown to the homeowner of 1900, like 8 million radios, 7 million television sets, nearly 4 million refrigerators, about 3-1/2 million washing machines, and a million air conditioners. These are mass investments in a better life only a nation of "haves" could make.

About 25 million families own their own homes today, compared with only 7 million homeowners half a century ago, while population has only a little more than doubled in that time. About 55 percent of our families now live in homes of their own. Nearly all the others want to. And ways and means of helping them to do so are of greatest concern in present government policy.

Labor unions to which many American workmen pay dues, are also investors. Not so many years ago, union treasuries were low. Today many of them bulge with huge sums. They own banks and buildings, bonds and stocks, and investments of many kinds.

Today nearly 15 million Americans have more than 25 billion dollars invested in pension and retirement trust funds. This represents an investment of more than $1,500 per worker. These retirement plans were practically unknown in 1900.

You can see from those few examples what has been happening to the individual and the family in our wonderland economy. We need a completely new set of standards in thinking about ourselves. We are a nation of "haves," not of "have-nots". This nation's economy has grown right over, and has left behind in the dust, both socialism and communism.

Let's look back to the turn of the century and see what has been happening, economically, since then. Only by making such a comparison can you realize how outmoded a line of thought, only a few years old, can be when applied to our economy, and how alert we must be not to let out-of-date thought and practices tie us down while opportunity passes us by.

Our total national production of goods and services this year will come to about 355 billion dollars. That is 17 times as much as our national output in 1900. When you make allowance for price rises since the turn of the century, today's national production is still six times what it was in 1900. Our population has more than doubled since 1900, but our national output per capita -- production per man, woman and child in the nation -- is three times what it was then.

Our national income this year will be about 300 billion dollars. After allowance again for price changes, this is six times what it was in 1900. And our income per man, woman and child in the whole population is, like production, three times as big as in 1900.

Here is the important thing about that income change since 1900. The lower and middle income groups have received the greatest share of our increased income. Early in the century, only 10 out of every 100 American families earned as much as $4,000 a year in terms of today's prices. Now 55 out of every 100 families earn more than $4,000 a year. Those with inadequate incomes for a decent living are becoming fewer and fewer, and more and more of them are becoming "haves" -- people who have enough money not only to live adequately, but to save besides. That is the basic economic development in this country which we are trying most fervently to keep going, and to continually improve.

Let's see just how widespread and important this flow of purchasing power to the broad base of our economy has been and will continue to be.

One of the most common methods of saving is the purchase of insurance. At the turn of the century, people in this country had taken out 14 million life insurance policies. Today, with the population only slightly more than doubled, and with many people owning several policies, the number of life insurance policies has increased nearly 18 times, to 250 million.

Ownership of individuals in their life insurance has increased from under 2 billion dollars in 1900 to 80 billion dollars today.

As a result, we found the economy blown up with the hot air of inflation, to a point where there was real danger that it might burst, letting us all down with a crash that would have maimed us as a nation, and dropped the free world's defenses invitingly low.

We found the economy's growth hampered and hobbled by a tangle of successive layers of regulations, controls, subsidies and taxes imposed in past emergencies. The economy was being twisted into the shape of things past, when it should have been reaching freely for its rightful future.

In addition, we found defense spending being used partly to buy defense, and partly as a crutch to support an unsound economy, thereby endangering both defense and the economy.

In other words, we found an economy going stale, out of step with the times and out of step with the nation it had to serve, an economy fearful of the ghosts of bygone crises, living precariously on the treacherous dodges of inflation, subsidy, and excessive crash-and-crisis government spending.

We have been reshaping this government's economic policies into the policies required for a strong and forward-looking nation, its economy firmly footed and self-supporting; an economy that will pump a continuous new flow of nourishment into the day-to-day American evolution of self-betterment; an economy that will constantly generate new and better paying jobs for an ever-growing population. At the same time our economy must provide an ever-higher standard of living, plus the social services the people want and need, as well as the men and the weapons the nation must have for its defense.

Now, let's look at what you millions of American citizens have been making of our economy, how you have been creating the world's most successful and beneficial economy, and what we in the government are now doing to see that you have every possible opportunity to press forward and continue making a better life for all.

All hands in our nation -- labor unions and the employer, the rich and the poor, both major parties, the farmer and the city man, the woman at home and the man at his job -- all have had a part in making our new productive way of life.

The point now is that this peaceful evolution has resulted in a tremendous upheaval of this nation's whole economy that really has created a different kind of nation, a unique nation of "haves" that needs an up-to-date way of thinking about itself, and up-to-date policies, in keeping with its strength and growth potential.

TREASURY DEPARTMENT
Washington

FOR RELEASE AT 6 P.M.
Thursday, October 21, 1954.

Remarks by Secretary George M. Humphrey before the New York Chapter of the Investment Bankers Association, Dinner Meeting, Waldorf-Astoria Hotel, New York City, Thursday, October 21, 1954.

(Following presentation ceremonies of a Savings Bonds Award)

The subject of savings bonds spotlights something that has been going on in this country -- quietly, but with great force and effect -- that I want to talk about with you tonight.

It is an often neglected fact that within the last half century this nation has gone through an economic evolution that makes pale any other in the long history of man's efforts to achieve a better life.

The result is -- and the public's huge investment in savings bonds underscores it -- that this nation is today a nation made up of small to medium savers and investors.

This means that today this is a nation of "haves", and not a nation of "have nots".

We have been in a tremendous and beneficial evolution, peacefully bettering the lives of most of us.

We in this Administration have hitched our wagon to this rising star of a "have" nation to make sure of its continued rise -- to keep making "have-nots" into "haves".

We are admirers of, and believers in, what has been this uniquely American growth and progress.

But on coming into office we found that this great day-to-day American evolution from the bottom up was in danger. In fact, we found that it had not even been properly recognized by economic policy makers of the past two decades. They were too busy fighting the frightening ghosts of a "have-not" nation, a nation that had even then already ceased to exist.

H-617

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

H- 617

Remarks by Secretary George M. Humphrey before the New York Chapter of the Investment Bankers Association, Waldorf-Astoria Hotel, New York City, at 9:00 P.M., Thursday, October 21, 1954.

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created a different kind of nation, a nation that needs an up-to-date way of thinking about itself, and up-to-date policies, in keeping with its strength and growth potential. ~~But this great development has in the past gone unrecognized, with the nation constantly looking in anxiety over its shoulder instead of looking forward to its future.~~

Let's look back to the turn of the century and see what has been happening, economically, since then. Only by making such a comparison can you realize how outmoded a line of thought, only a few years old, can be when applied to our economy, and how alert we must be not to let out-of-date thought and practices tie us down while opportunity passes us by.

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Ownership of individuals in their life insurance has increased from ~~under~~ 2 billion dollars in 1900 to 80 billion dollars today.

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Let's see some other ways in which the average man on the street in this nation has been making himself over into a real investor -- a man with a real financial stake in the future such as no other average citizen anywhere ever had before.

Nearly 10 percent of all American families today own stock in American corporations. At the turn of the century, this was just getting underway.

In 1900, individuals had liquid savings of all types amounting to less than 10 billion dollars. Now such savings of individuals in this country total more than ~~175~~ 225 billion dollars.

Last year alone, Americans bought equipment for themselves and their homes of approximately 30 billion dollars. This included things unknown to the homeowner of 1900, like 8 million radios, 7 million television sets, nearly 4 million refrigerators, about $3\frac{1}{2}$ million washing machines, and a million air conditioners. These are mass investments in a better life only a nation of haves could make.

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The consequence of this brilliant human achievement in our nation is that the basic interests of the man in the bungalow are today the same as the basic interests of the man in the penthouse.

Business long ago recognized this fact, and centered its attention on the wants and needs of the man in the bungalow. It is time that we all caught up with the facts of life in this nation.

Let's see how the man in the bungalow and the man in the penthouse today have the same basic interests and what that ~~revolutionary fact~~ means to the whole economy:

Both men have current earnings and probably savings in one form or another. That means that both are interested in seeing the dollar keep its purchasing power. To the extent that inflation develops, both men are robbed.

If you had $1000 saved up in 1939, which you did not draw out to use until 1953, you really took a beating. Inflation had sneaked into your savings during those years and made off with ~~$?~~ $478. How? Because inflationary price rises during that time cut the purchasing value of the dollars you were saving, every minute of every day. When you drew out your $1000 savings, inflation had stolen away with all but ~~$?~~ $522. of the purchasing power your dollars had when you put them aside in 1939.

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But we have NOT hesitated, either, to ease or restrict the basis of credit when need was indicated. Under the new cooperation that exists in this administration between the Treasury and the Federal Reserve, the full force of moneta[illegible]

(all correction out)

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We found when we came to office an overblown economy. It was harnessed with all sorts of artificial controls, dangerously dependent upon the uncertainties of defense spending, and inflationary pressures. It was borrowing from tomorrow's production and income at a prodigious rate, with unsound confiscatory taxation that still failed to provide for the profligate spending. This resulted in huge deficits that were passing the heavy burden of our excesses on for our children and grandchildren to bear. And sooner or later it was sure to result in complete downfall.

Correction of that situation has been well started. The whole economy, the livelihood of all the people, has been made more safe. This has been done by the timely use of monetary policy and credit in response to actual demand; by the return to the public of purchasing power through the biggest tax cut in the history of the nation, by cutting ~~unjustified amounts from~~ government spending; and at the same time by timely encouragement to construction, home building, and needed improvements. By the prompt and vigorous use of all these measures we have made the difficult and delicate change from a dangerously artificial economy to a healthy one, with ~~every~~ effort exerted ~~to the~~ utmost to ~~involve the very minimum~~ ~~of~~ cost in terms of unemployment ~~meanwhile.~~ ~~at the very minimum~~.

In turning our faces resolutely from inflation, and unrealistic spending, what have we turned toward?

We have turned to you, to the 160 million people of America.

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We have turned our backs on artificial stimulants. We have turned our faces confidently to practical, natural methods for the creation of a better life for all of us -- firm in the belief that continuation of the process of the American evolution of self-betterment from the bottom up is second nature to our whole people.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 28, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 28, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, 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, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, October 21, 1954.

H-616

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing October 28, 1954, in the amount of $1,500,200,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 28, 1954, and will mature January 27, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 25, 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

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TREASURY DEPARTMENT
Washington

H-616

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, October 21, 1954.

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 28, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 28, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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.

Every program that the Eisenhower Administration undertakes, every problem that we inherited, we look at with one thought in mind: Is it necessary for the good of most of our people? If so, we try to make sure that it is done in the most economical way. We are now definitely getting more and better defense for less money. There are many other examples of how we are getting better government at less cost and so helping the economy to become healthier.

There is nothing to fear about the long future of this economy or this nation. If we keep doing the things we ought to do and this Administration can continue to put its sound fiscal and economic policies into effect, the years ahead will see greater prosperity and more jobs for more people making more, new, better and cheaper things for better, fuller living for us all, than any of us have ever dreamed.

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Every month the debt gets closer to maturity simply as a result of the passage of time. Like the Red Queen, we have to run fast just to stand still. Our immediate job has been to stop the debt from getting shorter -- and then to start lengthening it gradually.

This we have done during the last 20 months.

In nine of the eleven major financings of the last 20 months, the debt was lengthened by offering investors securities other than one-year certificates. This is quite a contrast to the 20 months prior to January 1953, when on only two occasions out of 13 was longer term debt offered.

The major debt lengthening in the last 20 months has been a reduction in the amount of very short-term debt. The amount of marketable debt maturing in less than one year was cut down by over $11 billion.

The amount of marketable debt running more than five years was increased by about $8-1/2 billion.

We have made progress, too, in placing greater amounts of the debt in the hands of longer term individual savers, largely as a result of the highest level of E and H savings bonds sales since World War II. Individual investors altogether hold more than $66 billion of government securities at the present time.

We are continuing to work to further the objective of reconstructing the debt. But we will continue also to operate with extreme care because, as you so well know, our economy is a sensitive mechanism that can be seriously upset by hasty or ill-considered action. We repeat that our goals can be clear -- our start toward them can be immediate -- but action must be gradual. Progress has been made and will continue to be made. But we will continue also to make every effort not to act so as to upset the sensitive mechanism of our economy.

The government must borrow the money it needs so as not to interfere with the needs of other governmental units or private enterprise for any money they may need. The government should not, borrow large amounts of long-term money at times when it would seriously interfere with the supply of that money to finance the building of schools, hospitals, or highways by local or state governments or the expansion of power plants or building of new factories or other industrial enterprises by private business. What we are trying to do at this particular time is to have the government borrow its money in such a way as to avoid the possibility of interfering with the expansion of our economy and the making of more and better jobs.

Limitations on incentives or freedom of legitimate activity in any way have a deadening effect. This Administration's fiscal policies are shaped about the reduction of government spending as an absolute requirement for the reduction of incentive-destroying taxation. The reduction of government spending and lower taxes will help to avoid the inflation which destroys confidence and ultimately any nation's economy. The handout principle of deficits and resulting debts of the 1930's was a temporary expedient that assisted nothing fundamental. It actually deterred individual risk taking in competition with the free money that was being passed around and finally became a means of destroying the soundness of the dollar.

A primary responsibility of government must, of course, be to relieve human suffering and destitution which cannot be taken care of by the individuals themselves when overtaken by adversity. But this must be done in the proper ways which this Administration has already improved and enlarged.

We seek the multiplication of production and income, not simply a new division of a stagnant pool.

Most of you are well familiar by now with the major accomplishments of this Administration during the past 20 months. You know how spending and spending programs have been cut by billions of dollars. You know how taxes have been cut by the largest amount in any year in the nation's history. You know how waste and extravagance have been stopped in many areas of government. You know how these and other policies have been successful in creating a remarkably constant value of the dollar during the past year and a half while the cost of ordinary living has shown a slight decline.

You know what efforts we have been making to reconstruct the debt. I would like to give you today an analysis of what we have done in the past 20 months, which shows that we have already made steady, if not spectacular, progress in this vital field.

President Eisenhower, in his first State of the Union Message in February 1953, said, in his discussion of fiscal policy, that "too great a part of the national debt comes due in too short a time." The President said that the Treasury would undertake at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of longer term investors.

Our determination to do this at suitable times was based, of course, on the knowledge that too much short-term debt is inflationary. Handling of the debt by previous administrations had contributed substantially and deliberately to the inflation which robbed the dollar of almost half of its purchasing power from 1939 to January 1953.

It is wholly human, even if unwise, for such reconstruction booms to be overdone and for speculative credit structures to come into being. Soon the nation finds itself with surpluses instead of shortages and an inventory readjustment is required. Using up these surpluses and the resulting readjustment of manpower and resources to the invention, production and distribution of more new and different products and services has often in the past been a long, slow painful process.

Study of past depressions makes clear some of the things that ought to be done. It also makes clear some of the things that ought not to be done. Many of the things in both categories concern monetary policy, with which you as bankers are intimately familiar.

So that if the record tells us anything, it says that the most dangerous thing is to permit the erection of a great collapsible structure of speculative credit. When such structures finally topple, they set off a spiral of liquidation which can quickly descend into widespread depression throughout the economy. We should note that there is all the difference in the world between the systematic and orderly liquidation of inventories that have simply become too large and liquidation forced by fear for loans that are in danger of going "under water." History records dramatically the "race for liquidity" and the disaster that it caused in the early 1930's.

We have been most fortunate that no such fear caused any similar race for liquidity in the past year and a half. It must not occur in the future.

There are other lessons from the past which were applied to our economic situation over the past year and a half. It was clear that the government's policies during all the 1930's were wrong and worked badly. They were designed to solve unemployment; yet there were still nine million unemployed in 1939. These unemployed only got back to work after war broke out in Europe. I know of no one who thinks that war is the right way to cure unemployment.

Jobs are created -- and only honestly created in our free competitive price economy -- by people using their money to expand existing businesses or start new businesses in the hope of making a profit. If any government policy is such as to make a profit unlikely or very difficult, people simply aren't going to launch the new ventures from which new jobs grow. New ventures are discouraged by government controls of materials, labor or prices or by uncertainty of labor and other costs or by the threat or actual practice of government competing with private enterprise.

TREASURY DEPARTMENT
Washington

FOR P.M. NEWSPAPERS,
Tuesday, October 19, 1954.

Remarks by Treasury Secretary Humphrey at Annual Meeting of the American Bankers Association, Haddon Hall, Atlantic City, New Jersey, at 10:45 a.m., E.S.T., Tuesday, October 19, 1954.

All Americans can welcome the fact that this nation is making the shift from high to lower government spending without more strain on the economy.

Hundreds of thousands of our people have successfully changed from making things for killing to making things for living. This has involved temporary hardships in some individual cases but this great shift is being made without a great economic upheaval.

Industrial activity and total employment have held remarkably well throughout recent months. The fourth quarter of this year is already even brighter both industrially and commercially.

The number of unemployed is currently decreasing. We have had more people working during this year than in any other year in the nation's peacetime history. Unemployment is a matter of the greatest concern to everyone in this administration. We are working and planning in every way to reach the day when every man looking for work can find a job. We have shaped our entire economic program in the way best calculated to bring that happy day at the earliest possible time.

This nation has not always been able to make the transition from war to peacetime spending without major economic upsets. American history shows that we have had severe economic adjustments following all great wars. This was true after the War of 1812, the Civil War, and World War I.

As you all know, one of the causes of postwar depressions is the fact that when our nation goes to war it postpones for the time being the production of all sorts of peacetime goods. Once war ends, we turn to satisfying the backlog demands which built up while the war was on.

For P.M. Newspapers. Tuesday Oct 19 1954 ~~OCT 14 1954~~ H-615

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Industrial activity and total employment have held remarkably well throughout recent months. ~~There is no reason why~~ The fourth quarter of this year is already s~~hould not be~~ even brighter both industrially and commercially.

~~We now have about three million people unemployed~~. The number of unemployed is currently decreasing. ~~But~~ We ~~still~~ have had more people working during Every month in this ~~this whole~~ year than at any other time in the nation's peacetime history. Unemployment is a matter of the greatest concern to everyone in this administration. We are working and planning in everyway to reach the day when ~~no~~ Every man looking for work can~~not~~ find a job. We have shaped our entire economic program in the way best calculated to bring that happy day at the earliest possible time.

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It is wholly human, even if unwise, for such reconstruction booms to be overdone and for speculative credit structures to come into being. Soon the nation finds itself with surpluses instead of shortages and an inventory readjustment is required. Using up these surpluses and the resulting readjustment of manpower and resources to the invention, production and distribution of more new and different products and services has often in the past been a long, ~~drawn-out~~ slow painful process.

Study of past depressions makes clear some of the things that ought to be done. It also makes clear some of the things that ought not to be done. Many of the things in both categories concern monetary policy, with which you as bankers are intimately familiar.

So that if the record tells us anything, it says that the most dangerous thing is to permit the erection of a great collapsible structure of speculative credit. When such structures finally topple, they set off a spiral of liquidation which can quickly descend into widespread depression ~~thru-out~~ throughout the economy. We should note that there is all the difference in the world between the systematic and orderly liquidation of inventories that have simply become too large and liquidation forced by fear for loans that are in danger of going "under water". History records dramatically the "race for liquidity" and the disaster that it caused in the early 1930's.

We have been most fortunate that no such fear caused any similar race for liquidity in the past year and a half. It must not occur in the future.

There are other lessons from the past which were applied to our economic situation over the past year and a half. It was clear that the government's policies ~~in~~ during all the 1930's were wrong and

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Limitations on incentives ~~and~~ or freedom of legitimate activity in any way have a deadening effect. This Administration's fiscal policies are shaped about the reduction of government spending as an absolute requirement for the reduction of incentive-destroying taxation. The reduction of government spending and lower taxes will help to avoid the inflation which destroys confidence and ultimately any nation's economy. The handout principle of deficits and resulting debts of the 1930's ~~were~~ was a temporary expedient that assisted nothing fundamental. ~~They~~ It actually deterred individual risk taking in competition with the free money that was being passed around and finally became a means of destroying the soundness of the dollar—

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You know what efforts we have been making to reconstruct the debt. I would like to give you today an analysis of what we have done ~~in this field~~ in the past 20 months, which shows that we have already made steady, if not spectacular, progress in this vital field.

President Eisenhower, in his first State of the Union Message in February 1953, said, in his discussion of fiscal policy, that "too great a part of the national debt comes due in too short a time". The President said that the Treasury would undertake at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of longer term investors.

Our determination to do this at suitable times was based, of course, on the knowledge that too much short-term debt is inflationary. Handling of the debt by previous administrations had contributed substantially and deliberately to the inflation which robbed the dollar of almost half of its purchasing power

Every month the debt gets closer to maturity simply as a result of the passage of time. Like the Red Queen, we have to run fast just to stand still. Our immediate job has been to stop the debt from getting shorter -- and then to start

In nine of the eleven major financings of the last

months, the debt was lengthened by offering investors securities other than one-year certificates. This is quite a contrast to the 20 months prior to January 1953, when on only two occasions out of 13 was longer term debt offered.

The major debt lengthening in the last 20 months has been a reduction in the amount of very short-term debt. The amount of marketable debt maturing in less than one year was cut down by over $11 billion.

The amount of marketable debt running more than five years was increased by about $8½ billion.

We have made progress, too, in placing greater amounts of the debt in the hands of longer term individual savers, largely as a result of the highest level of E and H savings bonds sales since ~~the war.~~ World War II. Individual investors altogether hold more than $66 billion of government securities at the present time.

We are continuing to work to further the objective of reconstructing the debt. But we will continue also to operate with extreme care because, as you so well know, our economy is a sensitive mechanism that can be seriously upset by hasty or ill-considered action. We repeat that our goals can be clear -- our start toward them can be immediate -- but action must be gradual. ~~Suggestions that this Administration has not moved forward in this particular field in the past 20 months simply are not true~~. Progress has been made and will continue to be lengthening it gradually.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, October 19, 1954.

H-614

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 21, 1954, and to mature January 20, 1955, which were offered on October 14, were opened at the Federal Reserve Banks on October 18.

The details of this issue are as follows:

Total applied for - $2,185,113,000
Total accepted - 1,500,256,000 (includes $245,062,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.745 Equivalent rate of discount approx. 1.009% per annum

Range of accepted competitive bids:

High - 99.765 Equivalent rate of discount approx. 0.930% per annum
Low - 99.743 Equivalent rate of discount approx. 1.017% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,727,000	$ 34,227,000
New York	1,600,993,000	1,014,313,000
Philadelphia	31,236,000	16,236,000
Cleveland	45,179,000	43,179,000
Richmond	15,786,000	15,081,000
Atlanta	26,412,000	25,948,000
Chicago	211,029,000	156,519,000
St. Louis	32,907,000	30,857,000
Minneapolis	14,238,000	13,738,000
Kansas City	45,992,000	43,382,000
Dallas	25,571,000	25,489,000
San Francisco	100,043,000	81,287,000
TOTAL	$2,185,113,000	$1,500,256,000

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St. Louis		32,907,000	30,857,000
Minneapolis		14,238,000	13,738,000
Kansas City		45,992,000	43,382,000
Dallas		25,571,000	25,489,000
San Francisco		100,043,000	81,287,000
	TOTAL	$2,185,113,000	$1,500,256,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, October 14, 1954.

H-613

Secretary Humphrey today announced the appointment of Laurens Williams, Omaha tax attorney, as Assistant to the Secretary.

Mr. Williams will act as legal advisor on tax matters to Under Secretary of the Treasury Marion B. Folsom. He will head the Legal Advisory Staff in the General Counsel's Office which analyzes and prepares reports on legal aspects of tax legislation and regulations.

He succeeds Kenneth W. Gemmill, who resigned recently to return to private law practice in Philadelphia after having performed outstanding service in assisting in the preparation and presentation of the Administration's 1953-54 tax program.

A member of the law firm of Young, Williams and Holm of Omaha, Mr. Williams received his law degree from Cornell University in 1931. He is a member of the Council of the Section of Taxation of the American Bar Association and since 1951 has served as Chairman of that Section's Committee on Tax Problems of Farmers. Since 1953 he has been a member of the Committee on Continuing Legal Education of the American Law Institute. Mr. Williams is a past president of the Nebraska State Bar Association, a member of the Omaha Bar Association and has been a member of the Omaha Board of Education since 1948.

Mr. Williams was born at Pottsville, Pennsylvania, in 1906.

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Immediate release
~~For Release A.M. Newspapers~~
~~Sunday,~~

H-613

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He succeeds Kenneth W. Gemmill, who resigned recently to return to private law practice in Philadelphia after having performed outstanding service in assisting in the preparation and presentation of the Administration's 1953-54 tax program.

A member of the law firm of Young, Williams and Holm of Omaha, Mr. Williams received his law degree from Cornell University in 1931. He is a member of the Council of the Section of Taxation of the American Bar Association and since 1951 has served as Chairman of ~~the~~ that Section's Committee on Tax Problems of Farmers ~~of the Section of Taxation since 1951~~. Since 1953 he has been a member of the Committee on Continuing Legal Education of the American Law Institute. Mr. Williams is a past president of ~~He is a member of~~ the ~~Omaha and~~ the Nebraska State Bar Association~~s~~, a member of the Omaha Bar Association, and ~~and~~ has been a member of the Omaha Board of Education since 1948.

Mr. Williams was born at Pottsville, Pennsylvania, in 1906.

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, 1954, to Oct. 12, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to Oct. 12, 1954
United Kingdom	4,323,457	32,175	1,441,152	32,175
Canada	239,690	30,202	-	-
France	227,420	-	75,807	-
British India	69,627	43,979	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,641	7,088	6,641
	5,482,509	112,997	1,599,886	38,816

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-612

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, 1954, to October 12, 1954, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	5,742
British India	2,003,483	20,355
China	1,370,791	-
Mexico	8,883,259	75,606
Brazil	618,723	618,723
Union of Soviet Socialist Republics	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa	2,240	-
Netherlands E. Indies	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa	689	-
Algeria and Tunisia	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1954, to October 2, 1954

Established Quota (Global)	Imports
70,000,000	324,984

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

Established Quota (Global)	Imports
45,656,420	35,024,063

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-612

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, 1954, to October 12, 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	5,742	Paraguay	871	-
British India	2,003,483	20,355	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	75,606	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa . .	689	-
			Algeria and Tunisia .	-	-

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

Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1954, to October 2, 1954

Established Quota (Global)	Imports
70,000,000	324,984

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

Established Quota (Global)	Imports
45,656,420	35,024,063

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, 1954, to Oct. 12, 1954	Established 33-1/3% of Total Quota	Imports Sept. 20, 1954 to Oct. 12, 1954 1/
United Kingdom	4,323,457	32,175	1,441,152	32,175
Canada	239,690	30,202	-	-
France	227,420	-	75,807	-
British India	69,627	43,979	-	-
Netherlands	68,240	-	22,747	-
Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	-	25,443	-
Italy	21,263	6,641	7,088	6,641
	5,482,509	112,997	1,599,886	38,816

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-611

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 (Bushels)	Wheat: Imports May 29, 1954, to Oct. 12, 1954 (Bushels)	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Established Quota (Pounds)	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Imports May 29, 1954, to Oct. 12, 1954 (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	70
Australia	-	-	1,000	-
Germany	100	99	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	795,099	4,000,000	3,817,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-611

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 Oct. 12, 1954	Established Quota	Imports May 29, 1954, to Oct. 12, 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	70
Australia	-	-	1,000	-
Germany	100	99	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	795,099	4,000,000	3,817,070

IMMEDIATE RELEASE,
Friday, October 15, 1954.

TREASURY DEPARTMENT
Washington

H-610

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 2, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 2, 1954
Whole milk, fresh or sour..........	Calendar year	3,000,000	Gallon	35,633
Cream	Calendar Year	1,500,000	Gallon	722
Butter............................	July 16, 1954-Oct. 31, 1954	5,000,000	Pound	95,829
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish..........	Calendar Year	33,950,386	Pound	28,958,672
White or Irish potatoes:				
Certified Seed.................	12 months from	150,000,000	Pound	
Other	Sept. 15, 1954	329,100,000	Pound	103,899
Cattle, less than 200 Lbs. each....	12 months from April 1, 1954	200,000	Head	3,958
Cattle, 700 Lbs. or more each...... (other than dairy cows)	Oct. 1, 1954-Dec. 31, 1954	120,000	Head	19
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Fill
*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	301,787
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	
Rye, rye flour, and rye meal	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through October 12, 1954.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-610

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to October 2, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Oct. 2, 1954
Whole milk, fresh or sour..........	Calendar year	3,000,000	Gallon	35,633
Cream	Calendar Year	1,500,000	Gallon	722
Butter............................	July 16, 1954- Oct. 31, 1954	5,000,000	Pound	95,829
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish..........	Calendar Year	33,950,386	Pound	28,958,672
White or Irish potatoes:				
Certified Seed.................	12 months from	150,000,000	Pound	-
Other	Sept. 15, 1954	329,100,000	Pound	103,899
Cattle, less than 200 Lbs. each....	12 months from April 1, 1954	200,000	Head	3,958
Cattle, 700 Lbs. or more each...... (other than dairy cows)	Oct. 1, 1954- Dec. 31, 1954	120,000	Head	19
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Filled
*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	301,787
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	
Rye, rye flour, and rye meal	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through October 12, 1954.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-609

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 October 2, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of October 2, 1954
Buttons..................	850,000	Gross	566,336
Cigars..................	200,000,000	Number	2,382,867
Coconut Oil	448,000,000	Pound	100,615,875
Cordage..................	6,000,000	Pound	1,808,163
Rice....................	1,040,000	Pound	
Sugars (Refined..........	1,904,000,000	Pound	7,489,545
Sugars (Unrefined........			1,765,776,236
Tobacco..................	6,500,000	Pound	1,070,113

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Friday, October 15, 1954.

H-609

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 October 2, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of October 2, 1954
Buttons..................	850,000	Gross	566,336
Cigars...................	200,000,000	Number	2,382,867
Coconut Oil	448,000,000	Pound	100,615,875
Cordage..................	6,000,000	Pound	1,808,163
Rice.....................	1,040,000	Pound	
Sugars (Refined..........	1,904,000,000	Pound	7,489,545
Sugars (Unrefined........			1,765,776,236
Tobacco..................	6,500,000	Pound	1,070,113

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, October 14, 1954. H-608

During the month of September 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 $9,981,150.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Wednesday, September 15, 1954~~.
Thursday, October 14, 1954

~~H-583~~ H-608

During the month of ~~August~~ September 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 $9,981,150
~~[illegible]~~

oOo

October 4, 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 September, 1954:

Sales	$12,509,150.00
Purchases	2,528,000.00
	$9,981,150.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 21, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 21, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, October 14, 1954.

H-607

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 21, 1954, in the amount of $1,500,473,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 21, 1954, and will mature January 20, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 18, 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

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TREASURY DEPARTMENT
Washington

H-607

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

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 21, 1954, in the amount of $1,500,473,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 21, 1954, and will mature January 20, 1955, 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

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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 October 21, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 21, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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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.

STATUTORY DEBT LIMITATION
AS OF September 30, 1954

Washington, October 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 Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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			$281,000,000,000.00
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,509,889,000		
Certificates of indebtedness	18,184,192,000		
Treasury notes	36,829,722,700	$74,523,803,700	
Bonds-			
Treasury	84,182,890,950		
Savings (current redemp. value)	58,088,460,169		
Depositary	419,438,000		
Investment series	12,733,504,000	155,424,293,119	
Special Funds-			
Certificates of indebtedness	28,826,634,000		
Treasury notes	13,580,235,400	42,406,869,400	
Total interest-bearing		272,354,966,219	
Matured, interest-ceased		334,082,950	
Bearing no interest:			
United States Savings Stamps	47,831,627		
Excess profits tax refund bonds	1,203,426		
Special notes of the United States:			
Internat'l Monetary Fund series	1,538,000,000	1,587,035,053	
Total		274,276,084,222	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	27,450,886		
Matured, interest-ceased	1,079,225	28,530,111	
Grand total outstanding			274,304,614,333
Balance face amount of obligations issuable under above authority			6,695,385,667

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

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

Outstanding-	
Total gross public debt	274,809,874,914
Guaranteed obligations not owned by the Treasury	28,530,111
Total gross public debt and guaranteed obligations	274,838,405,025
Deduct - other outstanding public debt obligations not subject to debt limitation	533,790,692
	$274,304,614,333

H-606

STATUTORY DEBT LIMITATION
AS OF September 30, 1954

Washington, October 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 Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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			$281,000,000,000.00
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,509,889,000		
Certificates of indebtedness	18,184,192,000		
Treasury notes	36,829,722,700	$ 74,523,803,700	
Bonds-			
Treasury	84,182,890,950		
Savings (current redemp. value)	58,088,460,169		
Depositary	419,438,000		
Investment series	12,733,504,000	155,424,293,119	
Special Funds-			
Certificates of indebtedness	28,826,634,000		
Treasury notes	13,580,235,400	42,406,869,400	
Total interest-bearing		272,354,966,219	
Matured, interest-ceased		334,082,950	
Bearing no interest:			
United States Savings Stamps	47,831,627		
Excess profits tax refund bonds	1,203,426		
Special notes of the United States:			
Internat'l Monetary Fund series	1,538,000,000	1,587,035,053	
Total		274,276,084,222	
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	$274,304,614,333

H-606

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, October 9, 1954.

H-605

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 14, 1954, and to mature January 13, 1955, which were offered on October 5, were opened at the Federal Reserve Banks on October 8.

The details of this issue are as follows:

Total applied for - $2,137,283,000
Total accepted - 1,500,189,000 (includes $200,465,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.756 Equivalent rate of discount approx. 0.966% per annum

Range of accepted competitive bids:

High - 99.767 Equivalent rate of discount approx. 0.922% per annum
Low - 99.754 Equivalent rate of discount approx. 0.973% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,123,000	$ 26,083,000
New York	1,604,344,000	1,018,039,000
Philadelphia	29,935,000	19,035,000
Cleveland	31,838,000	31,838,000
Richmond	12,846,000	12,256,000
Atlanta	22,870,000	22,290,000
Chicago	188,231,000	166,332,000
St. Louis	38,245,000	37,875,000
Minneapolis	17,521,000	17,467,000
Kansas City	42,637,000	42,537,000
Dallas	40,668,000	39,724,000
San Francisco	79,025,000	66,713,000
TOTAL	$2,137,283,000	$1,500,189,000

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H-605

RELEASE MORNING NEWSPAPERS,
Saturday, October 9, 1954.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 14, 1954, and to mature January 13, 1955, which were offered on October 5, were opened at the Federal Reserve Banks on October 8.

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Minneapolis		17,521,000	17,467,000
Kansas City		42,637,000	42,537,000
Dallas		40,668,000	39,724,000
San Francisco		79,025,000	66,713,000
	TOTAL	$2,137,283,000	$1,500,189,000

October 7, 1954

Dear Mr. Hall:

It is with regret that I am acceding to the request in your letter of October 1, 1954, and approving your application for retirement as Director of the Bureau of Engraving and Printing. I am doing so as I can fully appreciate your desire to enjoy a well-earned rest and be relieved of the many burdens you have carried for thirty years directing the operations of the Bureau.

You will be missed both officially and personally by your many Treasury friends and associates, and I wish to express my appreciation for your loyal devotion to duty and the conscientious efforts you have made over a long period of years to improve the operations and procedures of the Bureau.

Kindest regards and best wishes for many years of happiness and the best of health.

Sincerely,

(Signed) G. M. Humphrey

Mr. Alvin W. Hall
Director, Bureau of
Engraving and Printing
Treasury Department
Washington, D. C.

October 1, 1954

My dear Mr. Secretary:

Almost half of my life has been devoted to the Bureau of Engraving and Printing and its many varied and complex problems. I have carried the burdens of the office of the Director since 1924.

During my service with the Bureau, with the aid and cooperation of a competent staff and skilled employees, much has been accomplished to increase efficiency and reduce production costs. There is yet much to be done and it may require several years of hard work to bring the constructive objectives to completion.

I feel now that younger hands should take over the management of the Bureau, therefore, I should like to retire on November 1, 1954.

May I take this opportunity to express my appreciation for the privilege and honor of serving under your inspiring leadership.

Very sincerely yours,

(Signed) A. W. Hall
Director

Honorable George M. Humphrey

Secretary of the Treasury

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, October 7, 1954 H-604

Secretary Humphrey today regretfully approved an application for retirement submitted by Alvin W. Hall, Director of the Bureau of Engraving and Printing since 1924.

Mr. Hall's retirement becomes effective November 1.

"I wish to express my appreciation for your loyal devotion to duty and the conscientious efforts you have made over a long period of years to improve the operations and procedures of the Bureau," Secretary Humphrey wrote the retiring Director.

The Bureau designs, engraves and prints currency, securities, postage and revenue stamps, Government checks, military commissions and certificates, and other engraved work for the various Government agencies, the Board of Governors of the Federal Reserve System, and insular possessions of the United States.

Letters exchanged by Mr. Hall and Secretary Humphrey are attached.

Immediate

H-604

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I feel now that younger hands should take over the management of the Bureau, therefore, I should like to retire on November 1, 1954.

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Very sincerely yours,

(Signed) A. W. Hall
Director

Honorable George M. Humphrey

Secretary of the Treasury

Dear Mr. Hall:

It is with regret that I am acceding to the request in your letter of October 1, 1954, and approving your application for retirement as Director of the Bureau of Engraving and Printing. I am doing so as I can fully appreciate your desire to enjoy a well-earned rest and be relieved of the many burdens you have carried for thirty years directing the operations of the Bureau.

You will be missed both officially and personally by your many Treasury friends and associates, and I wish to express my appreciation for your loyal devotion to duty and the conscientious efforts you have made over a long period of years to improve the operations and procedures of the Bureau.

Kindest regards and best wishes for many years of happiness and the best of health.

Sincerely,

(Signed) G. M. Humphrey

Mr. Alvin W. Hall
Director, Bureau of
Engraving and Printing
Treasury Department
Washington, D. C.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, October 4, 1954.

H-603

The Treasury Department today announced the subscription and allotment figures with respect to the current cash offering of 1-5/8 percent Treasury Notes of Series B-1957. These notes are dated October 4, 1954, and will mature May 15, 1957.

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

Federal Reserve District	Total Subscriptions	Total Allotments
Boston	$ 360,210,000	$ 181,589,000
New York	3,307,656,000	1,658,598,000
Philadelphia	322,236,000	162,858,000
Cleveland	517,946,000	262,202,000
Richmond	373,284,000	190,110,000
Atlanta	360,303,000	189,311,000
Chicago	1,169,919,000	596,755,000
St. Louis	239,615,000	125,673,000
Minneapolis	162,781,000	87,476,000
Kansas City	233,995,000	123,712,000
Dallas	287,668,000	147,905,000
San Francisco	853,808,000	428,763,000
Treasury	155,000	80,000
TOTAL	$8,189,576,000	$4,155,032,000

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Dallas		287,668,000	147,905,000
San Francisco		853,808,000	428,763,000
Treasury		155,000	80,000
	TOTAL	$8,189,576,000	$4,155,032,000

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 14, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 14, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, 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, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, October 5, 1954.

H-602

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 14, 1954, in the amount of $1,500,255,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 14, 1954, and will mature January 13, 1955 when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Friday, October 8, 1954. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted

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TREASURY DEPARTMENT
Washington

H - 602

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Tuesday, October 5, 1954.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, October 5, 1954.

H-601

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated October 7, 1954, and to mature January 6, 1955, which were offered on September 30, were opened at the Federal Reserve Banks on October 4.

The details of this issue are as follows:

Total applied for - $2,213,543,000
Total accepted - 1,500,490,000 (includes $188,089,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.756 Equivalent rate of discount approx. 0.966% per annum

Range of accepted competitive bids: (Excepting one tender of $570,000)

High - 99.760 Equivalent rate of discount approx. 0.949% per annum
Low - 99.753 Equivalent rate of discount approx. 0.977% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 38,228,000	$ 37,728,000
New York	1,622,221,000	983,886,000
Philadelphia	29,474,000	14,474,000
Cleveland	34,538,000	27,238,000
Richmond	13,562,000	13,092,000
Atlanta	17,840,000	16,030,000
Chicago	212,741,000	194,761,000
St. Louis	26,399,000	26,329,000
Minneapolis	10,880,000	8,586,000
Kansas City	34,126,000	34,026,000
Dallas	83,549,000	59,055,000
San Francisco	89,985,000	85,285,000
TOTAL	$2,213,543,000	$1,500,490,000

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H-601

RELEASE MORNING NEWSPAPERS,
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Minneapolis	10,880,000	8,586,000
Kansas City	34,126,000	34,026,000
Dallas	83,549,000	59,055,000
San Francisco	89,985,000	85,285,000
Total	$2,213,543,000	$1,500,490,000

American citizens are likely to understand that a program which helps make jobs is a program they should support. Despite the erroneous arithmetic of our critics, the average American, who is a very intelligent person, is likely to realize that more jobs and better jobs are more important to him and his family than any amount of political oratory and promises. This is the philosophy that this Administration has operated on. It is the philosophy back of the tax revision law and our whole tax program. It is the philosophy which we must continue to follow to help promote ever-increasing prosperity for all.

The Administration's tax program, with the tax revision law as one of its vital parts, is a mighty effort to bring our tax laws closer to the needs of a modern America. These tax efforts will help foster and maintain a high level of economic activity in this country -- activity which means so much in the way of prosperity for all, as well as greater security for our Country and peace in the world.

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The new law is only a great first step.

But moving beyond the tax revision law itself, I would be the first to admit that there is much left to be done in the whole tax field. Our tax rates are too high. But they must remain relatively high as long as so much of our income has to go for the protection of our nation against a possible enemy. We will, however, continue to pass on to the taxpayer promptly the benefits of any spending reductions which can be achieved while always giving first priority to our national security.

Before closing I would like to say something about "who has benefited most" from the whole tax program of this Administration.

There has been a good deal of nonsense and misinformation in recent weeks falsely suggesting that the Administration's tax program might not be in the best interest of all of our citizens. Such nonsense seems to increase in inaccuracy the closer we get to November.

I would like to explain why this program is in the best interest of every American:

First, every taxpayer in America has benefited directly from the tax cuts totaling $7.4 billion -- the largest dollar tax cut in any year in the nation's history -- and possible only because of cuts in spending made by this Administration.

Second, 62 cents of each dollar of the $7.4 billion goes to individuals -- and almost 25 cents of each dollar to taxpayers with income of less than $5,000 a year. This leaves 38 cents of each dollar tax cut going to corporations.

Third, there is nothing un-American about helping the economy make more and better jobs, which is what our whole tax program is doing. As we cut Government spending by more than $10 billion, we had to help the private economy make jobs for people who used to get their living from government spending. The tax reductions and the tax revision bill, about which we have been talking, are removing the barriers to business expansion, the starting of new businesses, and so the creation of new and cheaper products and more and better jobs.

What is important is that this Administration's tax program has and will continue to help bridge the transition from high to lower government spending by helping the economy make new jobs.

The double taxation of dividends has made it increasingly difficult to attract risk capital to make these jobs. So, more of our business capital has come from borrowing rather than from sale of stock. Companies which are heavy with bonded debt have to move more slowly and carefully than a company which is financed with risk capital, and in times of economic decline companies with a heavy debt burden are less likely to keep their heads above water.

Another most noteworthy change is the provision which provides more flexible allowance for depreciation. Some 600,000 corporations and nearly 10 million individuals, especially farmers and small businessmen, will benefit from this. But the greatest long-term benefit will be to the whole nation by the stimulation of plant expansion, the buying of more efficient machinery, all-around modernization -- and so cheaper products and more and better jobs.

While tax experts talk about "depreciation," I like to think of it more as amortization. Under the new law, a man pays the same total tax but he can get his equipment paid for more quickly Then he is in a position to look about for something newer and better and the quicker write-off helps him to finance his new purchase of better, more modern equipment. In other words, the impulse is forward. This is certainly in the best interests of all Americans.

In many other ways the new tax revision law encourages enterprise to go ahead. By removing barriers, it permits greater rewards for successful inventions and for those who develop them. It provides more liberal treatment for research and development expenditures to create new, better and cheaper products for everyone to enjoy. It gives more leeway to small companies which want to retain earnings for future expansion, which would create new jobs and better things for better living. This removal of barriers to incentive pervades the whole new law, even down to such things as encouraging youngsters who forward their own education by outside work.

The tax reform law does one other thing which is generally overlooked by our critics. It helps the security of our nation against any potential aggressor. It does this by helping the modernization of our industrial base, upon which all our military strength ultimately rests. This is particularly true in this day when new weapons and techniques are developed with amazing speed. We have no way of knowing what the decisive weapons may be a few years from now. But we have to make sure that our industrial strength is modern and ready to keep abreast.

The tax revision law is not perfect. In spite of all the care, we know that as time goes by we are bound to discover errors and better ways of doing things. There are also additional items in the code which must be the subject of further study before we can come forward with recommendations.

As you gentlemen well know, the tax reform law was a result of very intensive study and hearings conducted for almost a year and a half. More than five thousand pages of testimony were taken, and hundreds and hundreds of witnesses were listened to. Then their suggestions were gone over by teams of experts from both the Congressional and the Treasury-Internal Revenue staffs.

Throughout all of this, we tried to keep focused on one basic premise: Are we changing the law so as to help the economy to grow and so create more and better jobs and better living for everyone?

In addition, of course, we tried to see if we couldn't put more certainty into the law. Economic progress and clarity do have a real connection. As you gentlemen also know, many of our tax laws have been vague and ambiguous. This meant that an individual considering a new venture could not figure for sure just what his tax liability would be. Likewise, because of vagueness, the tax liability might be changed, subject to the personal judgment of a tax official. We feel that more certainty is going to permit hundreds of new ideas to be put into actual business practice.

Most significant are substantive changes which we have made in the internal revenue code designed to restore more of the normal incentives to business and individual progress. Probably the most controversial of these has been the provision which partially eases the double taxation of dividend income. Despite the political heat which has been kindled by the opposition on this point, it is my sincere opinion that the whole country will benefit from this provision.

Risk capital has made possible the phenomenal growth of our nation, and dividends are the incentives which make people take risks with their capital. Without this risk capital we never could have developed the wildernesses as we have done. We couldn't have developed the mines, drilled for the oil, built the factories, and done all the things which over the years have led to more and better jobs and higher wages.

During the New Deal of the mid-thirties the provision for double taxation of dividend income crept into the tax law. Thus the citizen who provided risk capital was tapped twice for taxes. The company earnings bore the full brunt of the corporate income tax, and when what was left reached the individual as dividends, it was subject to a second tax, this time the full personal income tax.

Without thinking of the personal injustice of this, let's take a quick look at the effect on the economy. It takes a good deal of money to make a job. A recent survey of one hundred of the largest manufacturing corporations in the United States showed an average of nearly $15,000 of risk capital back of each job. In the development of most of our natural resources it can be much more.

For years America's economy was stimulated by war and inflation, stimulants which concealed the deadening features of our tax structure. Thoughtful people were predicting that such restrictions would rise to plague us as the artificial stimulants were withdrawn. And for ten years or more, Congressional committees, including both Democrats and Republicans alike, urged revision of our cumbersome tax structure so as to free normal incentives to business progress. In addition to the congressional committees, such groups as taxpayer organizations, bar associations, farm associations, labor unions, small businessmen, accountants, and many more made demands for tax revision. Among the many recommendations made, there was wide agreement, but little happened. Tax revision became like the weather, which everybody talked about but nobody did anything about.

When this Administration came in office, we were told that getting a major tax revision bill adopted early in our Administration was simply impossible. The experts said it was so technically difficult and cumbersome that we had better not set our hopes too high.

But President Eisenhower himself had become deeply convinced of the need of tax reform. Also, President Eisenhower has a very deep suspicion about the word "impossible." Very soon after taking office, he instructed the Treasury to proceed with the basic job of recommending tax revision, and he always helped when the going was tough. Last March, in a nation-wide television broadcast, he described his tax proposals as "the cornerstone" of the Administration's entire effort. This appeal contributed mightily to final Congressional approval of the tax revision bill.

In the Treasury proper, the work of producing tax revision recommendations was headed by Under Secretary Marion Folsom, a man of wide experience in business and tax matters, who brought to work with him two other outstanding tax authorities -- Dan Throop Smith, Professor of Finance at Harvard; and Kenneth Gemmill, a Philadelphia tax attorney.

Tax revision was also lucky in the leadership on Capitol Hill. Russell Train, the able Clerk of the House Ways and Means Committee, told you on Wednesday of this week of the progress of the tax revision bill through the Congress. As most of you know, a most vital force back of the drive to get tax reform was Chairman Dan Reed of the Ways and Means Committee, an ardent and courageous leader in the tax field. In the Senate, likewise, tax revision came under the wise handling of Eugene Millikin, Chairman of the Senate Finance Committee.

Both the House and the Senate committees, of course, had superb technical assistance from the staff headed by Colin F. Stam, a government tax man who has been giving expert guidance in this field since the 1920s.

The provisions in the law which remove hardships from individuals provide direct benefits which our citizens will note as they come to pay their income taxes next spring. Incidentally, they also will notice the benefits of the rest of the Administration's tax program, which in this calendar year has made effective tax cuts totaling $7.4 billion -- the largest dollar tax cut in the history of this or any other country. But from the new Internal Revenue Code specifically, tax pressures will be eased where they have hurt millions of taxpayers severely in begone years. Among those who will benefit are working mothers; parents of children who are helping to pay their way through school; retired policemen, firemen, teachers, and their widows; families with heavy medical expenses; farmers who want to buy new equipment; people with sick and accident policies; taxpayers with non-relative dependents; farmers doing soil and water conservation; and many, many others.

And in connection with these individual changes, you people here tonight probably already are aware of the work that the Treasury and the Internal Revenue Service are doing to acquaint the taxpayer with his rights under the new law. Big and numerous as the changes are, we expect that many citizens will have to keep going to the Internal Revenue offices for help in large numbers in the year ahead. Regulations are being rewritten and simplified and forces are being prepared and trained to help.

Helpful as these direct benefits are, they can in no way compare in my mind with the indirect benefits which will flow from the tax revision law. By removing restraints, this new law will release new energies throughout our economy. These energies work quietly but steadily to create new enterprises, more and better jobs, new productive efficiencies, larger payrolls, and rising standards of living for all the 160 million people of this nation. It is these indirect but dynamic benefits which I should like to talk about mainly tonight.

First, however, I would like to say a word about the background of the new law and about the work that went into revising it.

The tax structure that we found on coming to Washington had grown up haphazardly and illogically. In the past 20 years, most of the changes in the tax laws were put into effect under the pressure of crisis of war or depression. The Congress reached for income where it could find it. In the process of imposing new taxes to meet new emergencies, stifling burdens were placed upon those very parts of the nation which provide for progress.

The main purpose of the tax revision bill is to rearrange the tax burden to make it easier for the economy to move forward.

TREASURY DEPARTMENT
Washington

FOR RELEASE A.M. NEWSPAPERS,
Saturday, October 2, 1954.

Remarks by Treasury Secretary George M. Humphrey at Tax Institute of The University of Texas School of Law, Austin, Texas, about 6 p.m., CST, Friday, October 1, 1954.

TAX PROGRAM BENEFITS EVERY AMERICAN

I am very happy to be a part of this four-day institute given over to study of the tax revision law passed by the last Congress and signed into law by President Eisenhower in August.

In addition to the privilege of being in the great State of Texas, I always consider it a privilege to talk about anything as important and vital to our nation as I think this tax revision law is.

I realize that most of you people here tonight are experts or near-experts on the tax laws of our country. But notwithstanding your special knowledge in this field, I hope you will bear with me if I do not try to get too technical but merely give you some of the basic philosophy which is back of this vital piece of legislation.

The tax revision law -- or the Internal Revenue Code of 1954 -- is one of the most important of our time because it sets a trend that willlead to greater economic progress for the country as well as bring relief to millions of individuals who have suffered specific hardships under the old tax code.

As you people well know, this is the first time in some 75 years that there has been a major revision of the whole federal tax structure. In addition to reducing restraints on business and removing hardships on individuals, this revision has attempted to make the tax laws more simple and certain and also to close loopholes under which some persons could have avoided their fair share of the tax bureden.

For Release in Newspapers
Sat. Oct 2, 1954

H-600

First draft
Sept. 20

Remarks by Treasury Secretary George M. Humphrey at Tax Institute of The University of Texas School of Law, Austin, Texas, ~~7:00~~ p.m., Est About 6 Friday, October 1, 1954.

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Insert 5

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Can't we add a few more?

And in connection with these individual changes, you people here tonight probably already are aware of the work that the Treasury and the Internal Revenue Service are doing to acquaint the taxpayer with his rights under the new law. ~~But~~ Big and numerous as the changes are, we expect that ~~the~~ many citizens will have to keep going to the Internal Revenue offices for help in large numbers in the year ahead. Regulations are being rewritten and simplified and forces are being prepared and trained to help ~~them~~.

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~~As I have said before, the Federal Government had gotten itself into a fix something like that of a camper who was routed out at night to get away from an approaching forest fire. In a hurry, he grabs his equipment every which way. He piles some on his back; he hitches some to his belt; some he ropes around his neck; some he stuffs into his boots. Under the stimulus of danger and excitement, he plunges along at first pretty well. Then he realizes that the stuff in his boots hurts his feet and the lopsided load on his back makes it hard to walk straight. The load on his neck has caused a crick. If he is going to get out to civilization, he sees that he must rearrange the entire load. If he is a good woodsman, he repacks it in balance so that he finds it easier to walk than to stand still.~~

~~That has been~~ the main purpose of the tax revision bill to rearrange the tax burden to make it easier for the economy to move forward.

For years America's economy was stimulated by war and inflation, stimulants which concealed the deadening features of our tax structure. Thoughtful people were predicting

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Risk capital has made possible the phenomenal growth of our nation, and dividends are the incentives which make people take risks with their capital. Without this risk capital we never ~~would~~ could have developed the wildernesses as we have done. We ~~wouldn't~~ couldn't have ~~dug~~ developed the mines, drilled for the oil built the factories, and done all the things which over the years have led to more and better jobs and higher wages.

During the new deal of the mid-thirties the provision for double taxation of dividend income crept into the tax law. Thus the citizen who provided risk capital was tapped twice for taxes. The company earnings bore the full brunt of the corporate income tax, and when what was left reached the individual as dividends, it was subject to a second tax, this time the full personal income tax.

Without thinking of the personal injustice of this, let's take a quick look at the effect on the economy. ~~As you people well know,~~ It takes a good deal of money to make a job. A recent survey of one hundred of the largest manufacturing corporations in the United States showed an average of nearly $15,000 of risk capital back of each job. In the development of most of our natural resources it can be much more.

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The double taxation of dividends has made it increasingly difficult to attract risk capital to make these jobs. So, more of our business capital has come from borrowing rather than from sale of stock. Companies which are XXXXXX heavy with bonded debt

of economic decline

companies with a heavy debt burden are less likely to keep their heads above water.

Another most noteworthy change is the provision which provides more flexible allowance for depreciation. Some 600,000 corporations and nearly 10 million individuals, especially farmers and small businessmen, will benefit from this. But the greatest XXXXXXXX long-term benefit will be to the whole nation by the stimulation of plant expansion, the buying of more efficient machinery, all-around modernization -- and so cheaper products and more and better jobs.

While tax experts talk about "depreciation," I like to think of it more as amortization. Under the new law, a man pays the same total tax but he ~~can get~~ his equipment ~~amortized or~~ paid for more quickly. Then he is in a position to look about for something newer and better. and the quicker writeoff helps him to finance his new purchase of better, more modern ~~with its spread~~ equipment. In other words, the impulse is forward. This is certainly in the best interests of all Americans. ~~Nothing you add to the security of our country like a modernized industry.~~

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The tax revision law is not perfect. In spite of all the care, we know that as time goes by we are bound to discover errors and better ways of doing things. There are also additional items in the code which must be the subject of further study before we can come forward with recommendations.

The new law is only a great first step.

But moving beyond the tax revision law itself, I would be the first to admit that there is much left to be done in the whole tax field. Our tax rates are too high. But they must remain relatively high as long as so much of our income has to go for the protection of our nation against a possible enemy. We will, however, continue to pass on to the taxpayer promptly the benefits of any spending reductions which can be achieved while always giving first priority to our national security.

Before closing I would like to ~~make a point~~ say something about "who has benefited most" from the whole tax program of this Administration.

9

Insert page 9

Para There has been a good deal of nonsense and misinformation in recent weeks, falsely suggesting that the Administration's tax program might not be in the best interest of all of our citizens. Such nonsense seems to increase in inaccuracy the closer we get to November.

I would like to explain why this program is in the best interest of every American:

First, every taxpayer in America has benefited directly from the tax cuts totaling $7.4 billion -- the largest dollar tax cut in any year in the nation's history -- and possible only because of cuts in spending made by this Administration.

Second, 62 cents of each dollar of the $7.4 billion goes to individuals - and almost 25 cents of each dollar to taxpayers with income of less than $5000 a year. This leaves 38 cents of each dollar tax cut going to corporations.

Third, there is nothing un-American about helping the economy make more and better jobs, which is what our whole tax program is doing. As ~~the~~ we cut government ~~cut defense~~ spending by more than ~~$12~~ 10 billion, we had to help the private economy make jobs for people who used to get their living from government spending. The tax reductions and the tax revision bill, about which we have been talking, are removing the barriers to business expansion, the starting of new businesses, and so the creation of new and cheaper products and more and better jobs.

Despite the mininformation of our critics, the tax revision law itself actually cost corporations money. While it provides $536 million in corporate tax savings -- or 38 percent of the total $1.4 billion cost of the law -- it also extends the corporate tax rate at 52 percent to April 1. This means that corporations pay $1,200,000,000 more in taxes in fiscal 1955 than they would have without the tax revision law. So the total corporation tax in fiscal 1955 is increased by $664 million by the tax revision law.

39 cents to corporations.

But those figures are not the important facts. What is important is that this Administration's tax program ~~and the tax revision law is an important one of the several parts which make the Administration's tax program~~ has and will continue to help bridge the transition from high to lower government spending by helping the economy make new jobs.

American citizens are likely to understand that a program which helps make jobs is a program ~~to~~ they should support. Despite the Erroneous ~~J[illegible]istic~~ arithmetic of our critics, the average American, who is a very intelligent person, is likely to realize that ~~a~~ more jobs and ~~a~~ better jobs ~~is~~ are more important to him and his family than any amount of ~~camp~~ political oratory and promises. ~~than an additional tax cut~~.
This is the philosophy that this Administration has operated on. It is the philosophy back of the tax revision law and our whole tax program. It is the philosophy which we must continue to follow to help promote ever-increasing prosperity for all.

The Administration's tax program, with the tax revision law as one of its vital parts, is a mighty effort to bring our tax laws closer to the needs of a modern America. These tax efforts will help foster and maintain a high level of economic activity in this country -- activity which means so much in the way of prosperity for all, as well as ~~peace and~~ greater security for our Country and Peace in the world.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 7, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 7, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

Treasury Department Circular No. 418, 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, D.C.

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 30, 1954

H-599

The Treasury Department, by this public notice, invites tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 7, 1954, in the amount of $1,500,536,000 to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 7, 1954, and will mature January 6, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 4, 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

H-599

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 30, 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 October 7, 1954, in the amount of $1,500,536,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 7, 1954, and will mature January 6, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, October 4, 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 October 7, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 7, 1954. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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

Treasury Department Circular No. 418, ~~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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 30, 1954

H-598

The Bureau of Customs has adopted new regulations covering the assessment of duties on certain coal-tar products. The products affected are those dutiable, under paragraph 28 of the Tariff Act of 1930, on the basis of American selling price of like products of domestic manufacture. The new regulations are set forth in Treasury Decisions 53593 and 53594, both effective on or about December 22, 1954.

Treasury Decision 53593 provides for detailed, technical information to be supplied on invoices covering importations of any coal-tar color, dye, stain, color acid, color base, color lake, leuco compound, indoxyl or indoxyl compound.

Treasury Decision 53594 makes provision for the setting up by the customs laboratory at New York of a central reference file of samples of such coal-tar products, of domestic manufacture, together with technical data, to enable customs officers to compare each imported coal-tar product with any comparable domestic product in order to ascertain its competitive tariff status.

The Bureau gave notice last March, by official publication, that it was considering establishing new requirements as to information to be furnished on invoices covering importations of the affected products. The new regulations tentatively proposed at that time drew a number of objections, largely on the basis that the requirements might, in some cases, disclose trade secrets and manufacturing processes.

Customs Commissioner Ralph Kelly said that as finally drawn the new requirements are believed to meet this objection, while at the same time providing additional information which will make possible more efficient administration of the provisions of the tariff act.

The texts of Treasury Decisions 53593 and 53594 appear in the Federal Register of Tuesday, September 28, 1954.

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~~Sept.~~ Release morning newspapers Thursday Sept. 30, 1954

H-598

~~Proposed Press Release~~

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 29, 1954 H-597

The Bureau of Customs has issued a new edition of the "Customs Regulations of the United States," containing amendments up to January 1, 1954.

Ralph Kelly, Commissioner of Customs, said that as a result of printing economies the new regulations will be sold by the Superintendent of Documents at $3.50 per copy, a substantial reduction from the price of the previous edition.

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Immediate Release
Wednesday September 29, 1954
~~Proposed Press Release~~

H-597

The Bureau of Customs has issued a new edition of the "Customs Regulations of the United States," containing amendments up to January 1, 1954.

~~The publication was prepared by the Departmental Service Office of the Government Printing Office, for publication by offset presses, thus accomplishing a saving of nearly $10,000 in printing costs.~~

Ralph Kelly, Commissioner of Customs, said that as a result of ~~in view of the decreased cost of printing, the importing public, carriers, et al, may purchase the~~ printing economies the new regulations will be sold by ~~from~~ the Superintendent of Documents at ~~for~~ $3.50 per copy, a substantial reduction from the ~~Recent sales price of the previous, 1943 edition, with revised pages, was $10.15.~~ price of the previous edition.

Approved
RK 9/27/54

We look forward to an expansion of markets and believe that these tax revisions will make a real contribution to this end. Moreover, we anticipate that the expansion will not be confined to those markets that would be directly stimulated by increases in consumer purchasing power. We expect the expansion to occur also in the markets for heavy things -- lathes, generators, heavy steel and machinery -- the demand for which depends on the investment of savings and the assumption of high risks by private enterprise.

The Current Situation

This discussion of our tax program is in the nature of a progress report. We have made a substantial advance both in reducing burdens through tax cuts of unprecedented size and in improving the structure of our tax law. However, much remains to be done. In his Budget Message last January the President reserved for further study 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.

As I have already said, further tax reductions, though badly needed, depend largely on the budget situation. We hope by wise tax policies and other measures to create a climate in which the economy can grow. An expanding national income would mean an expanding tax base, thus making it possible to provide for the heavy costs of defense with a decreasing proportion of a growing national income.

The current review of the Federal budget for the fiscal year 1955, which was presented on September 14, shows estimated expenditures of $64.0 billion. This is $10.3 billion less than the actual expenditures in the fiscal year 1953 and $3.6 billion less than in 1954. Some perspective for the magnitude of these figures is obtained by the fact that the $10.3 billion savings since 1953 exceeds total Federal expenditures in any of the years 1920 through 1940.

However, the budget deficit for the fiscal year 1955 is now estimated at $4.7 billion, which is $1.8 billion higher than the estimate made in January of this year. About two-thirds of this change was due to the fact that the reductions in excise taxes were greater than those recommended or estimated in the January Budget Message, and most of the balance was due to the drop in corporate profits.

As Secretary Humphrey said when the new budget estimates were released, "We said a year ago that we were going to keep working to get both spending and the deficit down. We did get them down. We are going to try to do it again this year. We shall keep working continuously during the rest of this fiscal year to better the estimates we are presenting today."

oOo

the possibility of immediate relief through tax refunds when business is losing money and needs the relief most. It cuts down substantially the tax disadvantages of businesses with uneven earnings, which are apt to be the unusually risky enterprises that are of critical importance to the development of the economy.

New ventures and the marketing of new products can be undertaken with greater confidence because the Government, through the tax system, not only shares in the gains but also to a greater extent than ever before stands ready to share in the losses of business enterprise. The costs and uncertainties in putting out new products are well known to you all. This provision of the new law provides more favorable tax treatment for risks taken by business both large and small.

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 $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 $60,000 specific credit is of special importance to small, new businesses since it means that during the period in which $60,000 of earnings is being accumulated there is no possibility of the penalty tax being imposed.

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.

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.

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 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.

Acceleration in the speed of the tax-free recovery of investment costs will facilitate the financing of new investment. Growing firms will recoup their funds more rapidly, and thus be better able to finance their own expansion. In other cases, the credit position of the business will be strengthened by the increased availability of working capital or by the fact that the tax allowances for capital recovery will correspond more closely with the repayment schedule for business loans.

2. Double Taxation of Dividends

The new law provides a very modest 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 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.

For example, assume that a taxpayer selling air-conditioning units guarantees the product, including parts, for one year after the sale. His experience indicates that the average cost of fulfilling the guarantee is $24 per unit. Under the old law, the full sales price of the unit was includible in taxable income in the year of the sale but the expenses of fulfilling the guarantee were not allowed until the taxable year in which they were incurred. Under the new law for each unit sold, $24 can be deducted as a cost of the sale and set up in a reserve account.

Reducing restraints on economic growth

The fourth objective of our work, and the most interesting for our consideration here, was the reduction of tax deterrents to the expansion of investment in private business and the minimizing of tax considerations as determinants of business decisions.

The expansion of investment is, as I have already pointed out, basic to the economic policy of this Administration. It is necessary for the creation of more jobs, the production of better goods at lower prices, and the broadening of markets. A number of the provisions in the new law are directed to this objective, the most important by far being the new rules governing 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.

Loopholes

The second objective was to close loopholes. This involved repairing more than 50 provisions in the old law which enabled some few taxpayers to avoid their share of the burden by taking advantage of technicalities. I will confine myself to two illustrations.

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.

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.

In many ways the tax revision prevents businesses and individuals from avoiding their share of the tax burden. These loophole-closing provisions will save some revenue and make the tax system fairer.

Simplification and clarification

The third objective was to simplify and clarify the tax law. For years taxpayers have been pleading that the law be made simple and clear so as to lighten the burden of compliance and reduce the amount of paper work.

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.

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 from professional associations and well-informed individuals was most helpful in revising certain sections of the bill while it was before the Senate.

The new Code has four principal objectives: (1) to remove inequities, (2) to close loopholes, (3) to simplify and clarify the law and (4) to reduce restraints on the economic growth and expansion of our free enterprise economy. I will indicate briefly how the first three of these broad objectives have been achieved and dwell at somewhat greater length on the provisions which are most important to economic growth.

Removal of inequities

Our efforts to remove inequities have brought fairer tax treatment and reduced hardships to millions of individual taxpayers. Although many of these changes may not be of direct interest to you professionally, they will relieve individuals of unusual tax strains and make them better and steadier customers. Among the more significant provisions for improved tax treatment for individuals are those relating to: (1) parents with dependent children receiving part-time earnings, (2) taxpayers maintaining dependent parents in a separate home, (3) widows and widowers left with dependent children, (4) child care expenses, (5) unusual medical and hospital bills, (6) sickness and accident benefits, (7) large charitable contributions, (8) sale of residence, (9) farmers making soil and water conservation expenditures, (10) inventors, (11) recipients of annuities, and (12) retirement income.

Certain of the new relief measures may be of particular interest to you because they relate to marketing. For example, 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.

Under the old law the business expenses of an employed outside salesman could be deducted in arriving at adjusted gross income only if they were reimbursed or incurred while he was away from home overnight. Business expenses not in these restricted categories could be deducted only if the salesman was willing to itemize all of his deductions. In effect, the new Code treats outside salesmen like self-employed persons with respect to these business expenses, permitting their deduction in computing adjusted gross income even though the salesmen use the standard deduction.

These measures are illustrative of the relief given individual income taxpayers under the new Code. Substantial assistance has been provided in unusual hardship cases at a relatively modest cost.

Tax Revision

The second phase of our tax program of the past year has been the general revision of the Internal Revenue Code. Such revision has been long overdue. The tremendous development of our tax system during the periods of depression, war, and defense build-up had been haphazard. Inequities and inconsistencies crept in. Substantial impediments to economic development appeared. The law itself became complex, cumbersome and, in many cases, unclear.

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 of living and employment. Among these conditions, a tax system with minimum restraints on small and growing businesses is especially important."

The new Internal Revenue Code of 1954, which was approved on August 16, achieves a major revision in conformity with the President's tax philosophy and represents a new point of departure in the evolution of our tax system. It constitutes the first thorough overhaul of the Federal tax structure since long before the turn of the century.

The preparation of a new Code had 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 tax laws. In this cooperative effort we had the advantage of numerous earlier studies and suggestions for reform by individuals, professional groups, and Congressional committees. 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 consideration.

The taxpayers themselves played a large part in the formulation of the new Code. Throughout our work on the revision bill, we consulted extensively with 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 which, in turn, means that the people who produced that material are temporarily out of work. The dollars that are saved in Government spending reduce work for the man who used to get those dollars. So that big reductions cannot be made quickly without seriously dislocating the economy.

"As we cut Government spending, we must return to the people in tax cuts -- as we are now doing -- the billions of dollars of Government money saved, so that it can then be put to making new jobs for the people who previously received their income from Government spending.

As you know, the tax cuts made in 1954 involve a reduction of \$7.4 billion -- the greatest dollar reduction made during any one year in this country's history. Of this amount, \$3 billion represents individual income tax reduction, and \$2 billion the termination of the excess profits tax, both effective on January 1 of this year; \$1 billion is due to the excise reductions effective April 1. The balance of \$1.4 billion is accounted for by the reductions included in the recently enacted Internal Revenue Code of 1954.

Of the total reduction of \$7.4 billion, about \$4.6 billion was of direct benefit to individuals. This necessarily represents a substantial addition to their capacity to spend, save or invest -- a fact which is, of course, of great interest to those who are concerned with the future prospects in consumer goods markets. The balance of the tax reductions which are in the first instance of benefit to corporations will enable business enterprises to increase their expenditures for machinery and other new equipment in order to create new jobs.

Personal income in the first half of 1954 was about the same as in the first half of 1953 but lower income taxes resulted in a significant increase in disposable personal income. As a result, personal consumption expenditures are running above last year with obvious significance to the marketing fields.

I want to emphasize the difference between the Administration's balanced policy of contracting the role of the Government and leaving a larger volume of disposable income in the hands of the people of the country through tax reductions, and a program for bolstering consumer purchasing power by injecting new money into the system on the basis of a constantly expanding public expenditure and larger Government deficits.

So long as taxes are taking nearly 25 percent of our national income, it is obvious that the burden which they impose is severe. Reductions over and above those already accomplished are most desirable. However, it would be unwise and irresponsible to make such reductions until they are justified by additional budgetary economies.

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the Washington Seminar on Marketing, Mayflower Hotel, Washington, D. C., 1:00 p.m., E.S.T., Thursday, September 30, 1954

HOW THE NEW TAX PROGRAM WILL AFFECT MARKETING

This year's tax legislation is significant both in its effect upon the national economy generally and upon markets in particular. You who are concerned with merchandising are unusually alert to changes in economic activity, and typically lead in sensing a change in outlook. For this reason, I propose to deal principally with those features of the new tax law which are expected to contribute most to a vigorously expanding economy.

We are firmly of the opinion that if the Government provides the right kind of climate, free private enterprise can go ahead on its own, and it will not be necessary to adopt a program of deliberately pumping money into the hands of the consuming public, with the risk of further erosion of the value of the dollar.

Tax Reduction

This Administration has, as you know, been dedicated to the policies of economy in Government and tax reduction. We recognized the severity of the tax burdens we faced when this administration came into office, but also appreciated that tax reductions had to be made with care in order to avoid unsound fiscal practices and the risk of further inflation.

Substantial progress has already been made in putting the Government's financial house in better order. The budget proposed by the previous administration for the fiscal year ended June 30, 1954, was reduced by more than $10 billion. Expenditures in 1954 were nearly $7 billion less than those for the preceding fiscal year. The deficit was reduced from $9.4 to $3.0 billion and the 1954 cash budget was near balance.

With the large cuts in expenditures it was not only feasible but also prudent for us to proceed with tax cuts. In the absence of tax reduction, so large a decline in expenditures might have had a substantially depressing effect upon the economy. As Secretary Humphrey stated to the Committee on Finance on April 7:

> "The only way the Government can save money is to reduce its spending. This means either reduction of people from the Government payroll or buying less material,

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the Washington Seminar on Marketing etc.

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> "The only way the Government can save money is to reduce its spending. This means either reduction of people from the Government payroll or buying less material, which, in turn, means that the people who produced that material are temporarily out of work. The dollars that are saved in Government spending reduce work for the man who used to get those dollars. So that big reductions cannot be made quickly without seriously dislocating the economy.
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> "As we cut Government spending, we must return to the people in tax cuts -- as we are now doing -- the billions of dollars of Government money saved, so that it can then be put to making new jobs for the people who previously received their income from Government spending."

As you know, the tax cuts made in 1954 involve a reduction of $7.4 billion -- the greatest dollar reduction made during any one year in this country's history. Of this amount, $3 billion represents ~~the 10 percent~~ individual income tax reduction, and $2 billion/ the termination of the excess profits tax, both effective on January 1 of this year; $1 billion is due to the excise reductions effective April 1. The balance of $1.4 billion is accounted for by the reductions included in the recently enacted Internal Revenue Code of 1954.

Of the total reduction of \$7.4 billion, about \$4.6 billion was of direct benefit to individuals. This necessarily represents a substantial addition to their capacity to spend, save or invest -- a fact which is, of course, of great interest to those who are concerned with the future prospects in consumer goods markets. The balance of the tax reductions which are in the first instance of benefit to corporations will enable business enterprises to increase their expenditures for machinery and other new [illegible] ~~the goods and services which they require~~ in order to create new jobs.

Personal income in the first half of 1954 was about the same as in the first half of 1953 but lower income taxes resulted in a significant increase in disposable personal income. As a result, personal ~~person~~ consumption expenditures are running above last year with obvious significance to the marketing fields.

I want to emphasize the difference between the Administration's balanced policy of contracting the role of the Government and leaving a larger volume of disposable income in the hands of the people of the country through tax reductions, and ~~the crude but highly publicized formula~~ a program for bolstering consumer purchasing power by injecting new money into the system on the basis of a constantly expanding public expenditure and ~~an interminable series of~~ larger Government deficits.

So long as taxes are taking nearly 25 percent of our national income, it is obvious that the burden which they impose is severe. Reductions over and above those already accomplished are most desirable. However, it would be unwise and irresponsible to make such reductions until they are justified by additional budgetary economies.

Tax Revision

The second phase of our tax program of the past year has been the general revision of the Internal Revenue Code. Such revision has been long overdue. The tremendous development of our tax system during the periods of depression, war, and defense build-up had been haphazard. Inequities and inconsistencies crept in. Substantial impediments to economic development appeared. The law itself became complex, cumbersome and, in many cases, unclear.

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 of living and employment. Among these conditions, a tax system with minimum restraints on small and growing businesses is especially important."

The new Internal Revenue Code of 1954, which was approved on August 16, achieves a major revision in conformity with the President's tax philosophy and represents a new point of departure in the evolution of our tax system. It constitutes the first thorough overhaul of the Federal tax structure since long before the turn of the century.

The preparation of a new Code had 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 tax laws. In this cooperative effort we had the advantage of numerous earlier studies and suggestions for reform by individuals, professional groups, and Congressional committees. 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 consideration.

The taxpayers themselves played a large part in the formulation of the new Code. Throughout our work on the revision bill, we consulted extensively with 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.

The new Code has four principal objectives: (1) to remove inequities, (2) to close loopholes, (3) to simplify and clarify the law and (4) to reduce restraints on the economic growth and expansion of our free enterprise economy. I will indicate briefly how the first three of these broad objectives have been achieved and dwell at somewhat greater length on the provisions which are most important to economic growth.

Removal of inequities

Our efforts to remove inequities have brought fairer tax treatment and reduced hardships to millions of individual taxpayers. Although many of these changes may not be of direct interest to you professionally, they will relieve individuals of unusual tax strains and make them better and steadier customers. Among the more significant provisions for improved tax treatment for individuals are those relating to: (1) parents with dependent children receiving part-time earnings, (2) taxpayers maintaining dependent parents in a separate home, (3) widows and widowers left with dependent children, (4) child care expenses, (5) unusual medical and hospital bills, (6) sickness and accident benefits, (7) large charitable contributions, (8) sale of residence, (9) farmers making soil and water conservation expenditures, (10) inventors, (11) recipients of annuities, and (12) retirement income.

Certain of the new relief measures may be of particular interest to you because they relate to marketing. For example, 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.

Under the old law the business expenses of an employed outside salesman could be deducted in arriving at adjusted gross income only if they were reimbursed or incurred while he was away from home overnight. Business expenses not in these restricted categories could be deducted only if the salesman was willing to itemize all of his deductions. In effect, the new Code treats outside salesman like self-employed persons with respect to these business expenses, permitting their deduction in computing adjusted gross income even though the salesmen use the standard deduction.

These measures are illustrative of the relief given individual income taxpayers under the new Code. Substantial assistance has been provided in unusual hardship cases at a relatively modest cost.

Loopholes

The second objective was to close loopholes. This involved repairing more than 50 provisions in the old law which enabled some few taxpayers to avoid their share of the burden by taking advantage of technicalities. I will confine myself to two illustrations.

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.

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.

In many ways the tax revision prevents businesses and individuals from avoiding their share of the tax burden. These loophole-closing provisions will save some revenue and make the tax system fairer.

Simplification and clarification

The third objective was to simplify and clarify the tax law. For years taxpayers have been pleading that the law be made simple and clear so as to lighten the burden of compliance and reduce the amount of paper work.

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.

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.

For example, assume that a taxpayer selling air-conditioning units guarantees the product, including parts, for one year after the sale. His experience indicates that the average cost of fulfilling the guarantee is $24 per unit. Under the old law, the full sales price of the unit was includible in taxable income in the year of the sale but the expenses of fulfilling the guarantee were not allowed until the taxable year in which they were incurred. Under the new law for each unit sold, $24 can be deducted as a cost of the sale and set up in a reserve account.

Reducing restraints on economic growth

The fourth objective of our work, and the most interesting for our consideration here, was the reduction of tax deterrents to the expansion of investment in private business and the minimizing of tax considerations as determinants of business decisions.

The expansion of investment is, as I have already pointed out, basic to the economic policy of this Administration. It is necessary for the creation of more jobs, the production of better goods at lower prices, and the broadening of markets. A number of the provisions in the new law are directed to this objective, the most important by far being the new rules governing 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.

Acceleration in the speed of the tax-free recovery of investment costs will ~~also~~ facilitate~~s~~ the financing of new investment. Growing firms will recoup their funds more rapidly, and thus be better able to finance their own expansion. In other cases, the credit position of the business will be strengthened by the increased availability of working capital or by the fact that the tax allowances for capital recovery will correspond more closely with the repayment schedule for business loans.

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 very modest 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.

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. It cuts down substantially the tax disadvantages of businesses with uneven earnings, which are apt to be the unusually risky enterprises that are of critical importance to the development of the economy.

New ventures and the marketing of new products can be undertaken with greater confidence because the Government, through the tax system, not only shares in the gains but also to a greater extent than ever before stands ready to share in the losses of business enterprise. The costs and uncertainties in putting out new products are well known to you all. This provision of the new law provides more favorable tax treatment for risks taken by business both large and small.

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 $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 $60,000 specific credit is of special importance to ~~a~~ small, new businesses since it means that during the period in which $60,000 of earnings is being accumulated there is no possibility of the penalty tax being imposed.

TREASURY DEPARTMENT

Page 14

To:

In his budget message last January the President reserved for further study 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.

Nils A. Lennartson
Assistant to the Secretary
Room 3420

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.

We look forward to an expansion of markets and believe that these tax revisions will make a real contribution to this end. Moreover, we anticipate that the expansion will not be confined ~~only~~ to those markets that would be directly stimulated by increases in consumer purchasing power. We expect the expansion to occur also in the markets for heavy things -- lathes, generators, heavy steel and machinery -- the demand for which depends on the investment of savings and the assumption of high risks by private enterprise.

<u>The Current Situation</u>

This discussion of our tax program is in the nature of a progress report. We have made a substantial advance both in reducing burdens through tax cuts of unprecedented size and in improving ~~max~~ the structure of our tax law. However, much remains to be done. In his Budget Message, the President reserved for further study the treatment of capital gains and losses, the problems of the oil and mining industries, the tax treatment of cooperatives and tax-exempt income, the retirement income of people not covered by pension laws.

As I have already said, further tax reductions, though badly needed, depend largely on the budget situation. We hope by wise tax policies and other measures to create a climate in which the economy can grow. An expanding national income would mean an expanding tax base, thus making it possible to provide for the heavy costs of defense with a decreasing proportion of a growing national income.

The current review of the Federal budget for the fiscal year 1955, which was presented on September 14, shows estimated expenditures of $64.0 billion.

This is $10.3 billion less ~~from~~ than the actual expenditures in the fiscal year 1953 and $3.6 billion less than in 1954. Some perspective for the magnitude of these figures is obtained by the fact that the $10.3 billion savings since 1953 exceeds total Federal expenditures in any of the years 1920 through 1940.

However, the budget deficit for the fiscal year 1955 is now estimated at $4.7 billion, which is $1.8 billion higher than the estimate made in January of this year. About two-thirds of this change was due to the fact that the reductions in excise taxes were greater than those recommended or estimated in the January Budget Message, and most of the balance was due to the drop in corporate profits.

As Secretary Humphrey said when the new budget estimates were released, "We said a year ago that we were going to keep working to get both spending and the deficit down. We did get them down. We are going to try to do it again this year. We shall keep working continuously during the rest of this fiscal year to better the estimates we are presenting today."

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, September 28, 1954

H-595

The Treasury announced today that it had found no dumping in the case of lighter flints imported from certain companies in Germany.

The finding was based on the fact that there had been no imports at a dumping price for over a year and a quarter, that imports prior to that time had been in small volume compared to American production and consumption, and that the Treasury had not found that the case involved injury or likelihood of it within the meaning of the Antidumping law.

The question may be reopened if there are any future importations at a dumping price.

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Immediate

~~September 27, 1954~~

~~PRESS RELEASE~~

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, September 28, 1954 H-594

The Treasury today announced a 50 percent allotment on subscriptions for the current offering of 1-5/8 percent Treasury Notes of Series B-1957. 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 from the Federal Reserve Banks show that subscriptions total about $8.2 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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TREASURY DEPARTMENT

WASHINGTON, D.C.

H-593

RELEASE MORNING NEWSPAPERS,
Tuesday, September 28, 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 30 and to mature December 30, 1954, which were offered on September 23, were opened at the Federal Reserve Banks on September 27.

The details of this issue are as follows:

Total applied for - $2,141,276,000
Total accepted - 1,501,773,000 (includes $188,544,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.751/ Equivalent rate of discount approx. 0.984% per annum

Range of accepted competitive bids:

High - 99.760 Equivalent rate of discount approx. 0.949% per annum
Low - 99.749 Equivalent rate of discount approx. 0.993% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 16,333,000	$ 14,833,000
New York	1,613,036,000	1,084,671,000
Philadelphia	29,711,000	14,711,000
Cleveland	33,204,000	27,624,000
Richmond	15,454,000	14,594,000
Atlanta	26,083,000	21,681,000
Chicago	200,882,000	162,632,000
St. Louis	31,702,000	29,784,000
Minneapolis	10,214,000	9,914,000
Kansas City	31,733,000	26,903,000
Dallas	37,288,000	20,786,000
San Francisco	95,636,000	73,640,000
Total	$ 2,141,276,000	$ 1,501,773,000

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Kansas City	31,733,000	26,903,000
Dallas	37,288,000	20,786,000
San Francisco	95,636,000	73,640,000
Total	$2,141,276,000	$1,501,773,000

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 30, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 30, 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, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 23, 1954.

H-592

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 30, 1954, in the amount of $1,500,616,000, 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 30, 1954, and will mature December 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 Standard time, Monday, September 27, 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

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TREASURY DEPARTMENT
Washington

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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 September 30, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 30, 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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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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 21, 1954.

H-591

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 23 and to mature December 23, 1954, which were offered on September 16, were opened at the Federal Reserve Banks on September 20.

The details of this issue are as follows:

Total applied for - $2,240,629,000
Total accepted - 1,500,201,000 (includes $278,636,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.751 Equivalent rate of discount approx. 0.986% per annum

Range of accepted competitive bids:

High - 99.754 Equivalent rate of discount approx. 0.973% per annum
Low - 99.749 Equivalent rate of discount approx. 0.993% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 31,014,000	$ 23,003,000
New York	1,588,333,000	975,353,000
Philadelphia	34,697,000	18,697,000
Cleveland	60,042,000	51,778,000
Richmond	22,052,000	17,040,000
Atlanta	26,336,000	23,010,000
Chicago	215,972,000	184,532,000
St. Louis	18,084,000	15,334,000
Minneapolis	19,943,000	15,875,000
Kansas City	45,772,000	32,867,000
Dallas	49,254,000	47,134,000
San Francisco	129,130,000	95,578,000
TOTAL	$2,240,629,000	$1,500,201,000

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H-591

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San Francisco	129,130,000	95,578,000
Total	$2,240,629,000	$1,500,201,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, September 20, 1954.

H-590

Secretary Humphrey announced today that on Thursday, September 23, the Treasury will offer for cash subscription $4 billion of 1-5/8 percent Treasury Notes to be dated October 4, 1954, and to mature May 15, 1957. The books will be open for only one day, on September 23.

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. On all other subscriptions a payment of 10 percent of the amount of notes subscribed for must be made, not subject to withdrawal until after allotment. The new notes may be paid for by credit in Treasury Tax and Loan Accounts.

Commercial banks and other lenders are requested to refrain from making unsecured loans or loans collateralized in whole or in part by the notes subscribed for, to cover the 10 percent deposits required to be paid when subscriptions are entered. A certification by the subscribing bank that no such loan has been made will be required on each subscription entered by it for account of its customers. A certification that the bank has no beneficial interest in its customers' subscriptions, and that no customers have any beneficial interest in the bank's own subscription, will also be required.

Any subscription addressed to a Federal Reserve Bank or Branch or to the Treasury Department and placed in the mail before midnight September 23 will be considered as timely.

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IMMEDIATE RELEASE,
Monday, September 20, 1954

H-590

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EFBartelt: hw 9/20/54

Government Service:

Appointed Deputy Administrator, Reconstruction Finance Corporation, Dec. 10, 1953; appointed consulting expert, Office of the Secretary of the Treasury, same date.
Appointed Administrator, R.F.C., April 26, 1954
Appointed Assistant to the Secretary of the Treasury, July 1, 1954; appointed Executive Director, Office of Defense Lending, and Administrator, Federal Facilities Corporation, same date.
Nominated to be Assistant Secretary of the Treasury, July 23, and confirmed July 28, 1954. Sworn in as Assistant Secretary September 20, 1954.

oOo

September 20, 1954.

LAURENCE BALLARD ROBBINS
Assistant Secretary of the Treasury

Born Pittsfield, Massachusetts, December 18, 1887
Graduated from Yale, Sheffield Scientific School, 1908
degree Ph.B.
Married, July 1, 1922; 3 children
Republican; Episcopalian

* * *

__Business History__:

Mining Engineer, Nevada, 1908 to 1910
Crane Brothers (paper manufacturers), Westfield, Massachusetts, 1910 to 1911
American Writing Paper Company, Holyoke, Massachusetts, western sales representative, 1911 to 1915, in Chicago
Bestwall Manufacturing Company, Chicago, Illinois, Treasurer and Director, 1915 to 1921
The Northern Trust Company, Chicago, Illinois, Jan. 1921 to December 31, 1952. Vice President from Jan. 1926; in charge of commercial banking department for several years prior to retirement

__Military__:

Major, Field Artillery, 42nd (Rainbow) Division, A.E.F., 1917 to 1919
Organized Reserve, 1923 to 1936; transferred to Inactive Reserve with rank of Colonel

__Other Activities__:

Chicago Clearing House Association, President, 1943 to 1945
Association of Reserve City Bankers, Vice President, 1934 to 1935
Bankers Club of Chicago, President, 1940 to 1941
Chicago Association of Commerce, Treasurer, 1932 to 1934
Community Fund of Chicago, Treasurer, 1937 to 1942
Chicago Council Boy Scouts of America, Chairman, Executive Board, 1925 to 1930; President, 1943 to 1946
Chicago Club; Commercial Club (Treasurer, 1951 to 1953); The Attic (former governor); Old Elm (board of governors); Shoreacres (board of governors), (President, 1939 to 1944); Yale Club of Chicago (President, 1924 to 1925)
Church of the Holy Spirit, Lake Forest, Senior Warden
Episcopal Diocese of Chicago, Trustee, Endowment Fund

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, September 20, 1954.

H-589

Secretary Humphrey today administered the oath of office to Laurence B. Robbins as an Assistant Secretary of the Treasury.

Having been appointed by President Eisenhower and confirmed by the Senate on July 29, 1954, Mr. Robbins was sworn in before a group of Government officials and friends, in the office of the Secretary.

Mr. Robbins, a native of Massachusetts, served for 32 years with the Northern Trust Co. of Chicago, 27 of them as vice president, before being called into the Government service December 10, 1953, as Deputy Administrator of the Reconstruction Finance Corporation. He became Administrator of the R.F.C. April 26, 1954. He served simultaneously as Special Assistant to the Secretary of the Treasury.

When the R.F.C. was placed under the direction of the Secretary of the Treasury on July 1, 1954 Mr. Robbins was designated by the Secretary to be Executive Director of the Office of Defense Lending and Administrator of the Federal Facilities Corporation. The Office of Defense Lending was established in the Treasury Department to handle Defense Production and Civil Defense loans. The Federal Facilities Corporation was a new corporation established to take over the synthetic rubber and tin operations previously administered by the R.F.C.

As Assistant Secretary, Mr. Robbins will continue to supervise these activities as well as the further liquidation of the R.F.C.

Immediate
Thursday September 30, 1954

H-589

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Assistant Secretary of the Treasury

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Chicago Club; Commercial Club (Treasurer, 1951 to 1953); The Attic (former governor); Old Elm (board of governors); Shoreacres (board of governors), (President, 1939 to 1944); Yale Club of Chicago (President, 1924 to 1925)
Church of the Holy Spirit, Lake Forest, Senior Warden
Episcopal Diocese of Chicago, Trustee, Endowment Fund

~~December 31, 1953~~

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Nominated to be Assistant Secretary of the Treasury, July 23, and confirmed July 28, 1954. Sworn in as Assistant Secretary September 20, 1954.

September 20, 1954.

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

TREASURY DEPARTMENT
Washington

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H-588

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 September 4, 1954, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 4, 19[54]
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	31,282
Cream	Calendar Year	1,500,000	Gallon	651
Butter	July 16, 1954-Oct. 31, 1954	5,000,000	Pound	90,982
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish..........	Calendar Year	33,950,386	Pound	Quota Filled
White or Irish potatoes:				
Certified Seed	12 months from 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	3,780
Cattle, 700 Lbs. or more each ..... (other than dairy cows)	July 1, 1954-Sept. 30, 1954	120,000	Head	4,590
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved.........................	12 months from Oct. 1, 1953	7,000,000	Pound	6,994,334
Alsike clover seed	July 1, 1954-June 30, 1955	1,500,000	Pound	1,066,948
* 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	41,325
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	2,463,634
Rye, rye flour and rye meal........	July 1, 1954-June 30, 1955	186,000,000	Pound	Quota Filled

(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 Sept. 14, 1954.

** Imports through Sept. 14, 1954, from countries other than Canada.

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

TREASURY DEPARTMENT
Washington

H-588

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 September 4, 1954, inclusive, as follows:

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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	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	3,780
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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	2,463,634
Rye, rye flour and rye meal........	July 1, 1954-June 30, 1955	186,000,000	Pound	Quota Filled

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* Imports through Sept. 14, 1954.

** Imports through Sept. 14, 1954, from countries other than Canada.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

H-587

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 September 14, 1954, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of September 4, 1954
Buttons..................	850,000	Gross	520,687
Cigars....................	200,000,000	Number	1,918,762
Coconut Oil	443,000,000	Pound	86,026,365
Cordage	6,000,000	Pound	1,589,266
Rice	1,040,000	Pound	-
Sugars (Refined..........	1,904,000,000	Pound	3,519,784
Sugars (Unrefined			1,625,850,756
Tobacco	6,500,000	Pound	786,046

TREASURY DEPARTMENT
Washington

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Thursday, September 16, 1954.

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Coconut Oil		448,000,000	Pound	86,026,365
Cordage		6,000,000	Pound	1,589,266
Rice		1,040,000	Pound	-
Sugars	(Refined..........	1,904,000,000	Pound	3,519,784
	(Unrefined			1,625,850,756
Tobacco		6,500,000	Pound	786,046

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

H-586

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 Sept. 14, 1954	Established Quota	Imports May 29, 1954, to Sept. 14, 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	70
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	3,817,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

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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 Sept. 14, 1954	Established Quota	Imports May 29, 1954, to Sept. 14, 195[illegible]
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	70
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	3,817,070

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 Sept. 14, 1954	Established 33-1/3% of Total Quota	Imports Sept. 20, 1953, to Sept. 14, 1954 1/
United Kingdom	4,323,457	902,606	1,441,152	812,239
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	1,252,122	1,599,886	861,034

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

H-585

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 September 14, 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	33,968	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	6,697,532	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 Sept. 4, 1954

Established Quota (Global)	Imports
70,000,000	12,428,645

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to Sept. 14, 1954

Established Quota (Global)	Imports
45,656,420	33,402,468

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 16, 1954.

H-585

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 September 14, 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	33,968	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	6,697,532	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 Sept. 4, 1954

Established Quota (Global)	Imports
70,000,000	12,428,645

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1954, to Sept. 14, 1954

Established Quota (Global)	Imports
45,656,420	33,402,468

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 Sept. 14, 1954	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1953, to Sept. 14, 1954
United Kingdom	4,323,457	902,606	1,441,152	812,239
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	1,252,122	1,599,886	861,034

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 23, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 23, 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, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 16, 1954.

H-584

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 23, 1954, in the amount of $1,500,973,000, 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 23, 1954, and will mature December 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 time, Monday, September 20, 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

TREASURY DEPARTMENT
Washington

17-584

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 16, 1954.

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The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State,

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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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 15, 1954.

H-583

During the month of August 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 $17,154,500.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Monday, August 16, 1954~~. ~~H-562~~
Wednesday, September 15, 1954 H-58[illegible]

During the month of ~~July~~ August 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 $17,152,500.
~~$21,666,300~~

oOo

September 7, 1954.

MEMORANDUM TO: MR. BARTELT

The following transactions were made in direct and guaranteed securities of the Government for Treasury investments and other accounts during the month of August, 1954:

Sales	$17,303,500.00
Purchases	149,000.00
	$17,154,500.00

Chief, Investments Branch
Division of Deposits & Investments

We also look forward to further tax reduction since we appreciate fully the severity of our present tax burden and believe that its reduction is essential to the continued prosperity of the country. However, we also believe that additional tax cuts must wait upon further reductions in Federal expenditures. Otherwise, the Government's deficits would start mounting and we would once again move up the all-to-familiar inflationary spiral that in the past 15 years cut the value of the United States dollar in half.

VI. Conclusion

The fact that our two countries have been able to maintain high levels of employment and production and relatively stable dollars during the current transition from a war to peace economy testifies to the soundness of the domestic policies we have both been pursuing. More important, however, is that we are building a solid foundation for future dynamic growth through sound Government financial practices and the encouragement of individual initiative and enterprise.

The maintenance of sound and buoyant domestic economies provides the groundwork for continuing improvement in the common efforts of our two countries, permits the more ready solution of particular problems that arise, and enables each country to make its best contribution to those activities which are in our common interest, whether they concern trade between individuals or cooperation between Governments.

oOo

The new law also provides a degree of relief from double taxation of corporate dividends. Such double taxation is a major injustice, a penalty on equity financing, and a serious obstacle to business financing. Under the new law each stockholder will be allowed to exclude from his gross income up to $50 of dividends and apply a credit against tax equal to 4 percent of the dividends in excess of the exclusion.

To those of you who are accustomed to the 20 percent credit allowed under the Canadian law, this will seem a very modest measure of relief. It is, however, 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 more evenly among all our citizens.

The new law adds an additional year to the allowable carry-back of net operating losses. This provides a two-year carry-back and a five-year carryforward, thus allowing such losses to be averaged over an eight-year period. This is somewhat more generous than the seven-year averaging period used under the Canadian law.

The new law includes a number of other measures which will eliminate substantial impediments to the growth of the economy. Among these are a revision in the treatment of research and experimental costs, and a substantial recasting of the penalty tax on undistributed earnings which we use to forestall avoidance of the surtax rates on individuals.

I do not wish to give you the impression that the removal of impediments to economic progress was the exclusive goal of the general tax revision bill. Indeed, over half the loss of revenue which the new law involves is for the direct benefit of individual taxpayers. Millions of persons in unusual hardship situations will find that the new legislation brings them a substantial measure of relief. Moreover, the new law includes more than 50 loophole-closing provisions and, of course, one of the main purposes of rewriting the Internal Revenue Code was the clarification and simplification of the law.

We are aware that our job of tax revision is not complete. Certain major areas were deliberately not covered in this revision but were reserved for future consideration. In any case, in a growing and changing economy, tax revision is necessarily a continuing task.

As a result of this policy, we have put into effect a tax reduction program totalling $7.4 billion. This is the largest dollar reduction in any single year in the history of the United States. The total includes a $3 billion reduction in individual income tax rates effective January 1, 1954, and the termination on the same date of the highly inequitable excess profits tax law enacted in 1950. The yield of our excise system was cut by about $1 billion as a result of legislation which took effect April 1, 1954. The remaining $1.4 billion is accounted for by the tax reducing provisions of the recently enacted General Tax Revision Bill.

About two-thirds of the total reduction under this program goes to individuals. Most of the remaining one-third is accounted for by measures designed to reduce or remove obstacles to economic expansion. As the President has said, their enactment will "help our people produce better goods at cheaper prices" and "help to create more jobs." The most important of these measures is a new and more realistic treatment of depreciation.

Unlike the Canadian regulations which permit the use of the declining-balance formula for depreciation deductions our Federal Government had been operating under a set of administrative rules which tended in practice to restrict most taxpayers to the use of the so-called straight-line method. This formula spreads the cost evenly over the asset's life. It is simple to use, but the deductions which it allows often fail to match true depreciation. Their failure to keep pace with the relatively rapid loss of value during the early years of the asset's life is discouraging to plant modernization and economic progress, particularly when the investment involves a considerable business risk. The unrealistically slow write-off also aggravates the problem of financing expansion.

The depreciation provisions of our new law will give taxpayers much greater latitude in the choice of methods of depreciation and permit a far more rapid write-off of the tax basis of their property. The taxpayer will be permitted specifically 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.

I believe that these new depreciation rules, which are strongly influenced by Canadian precedent, have reduced a serious obstacle to new investment in the United States.

(b) Debt Management

Effective public debt management and a flexible monetary policy are also indispensable ingredients of the sound money policy to which this Administration is committed.

Our debt management operations have been designed to add stability to the economy. This has involved working toward a better balanced maturity structure in the debt itself, which now approximates $275 billion, and encouraging a wider distribution of the debt among private investors. We are making slow but sure progress in reconstructing the huge public debt which under past Administrations had been managed by inflationary methods.

Primary responsibility for United States credit and monetary policy rests with the Federal Reserve System. Under this Administration the Federal Reserve has been free to pursue a flexible policy designed to promote stability and economic growth. Moreover, the Treasury has planned its financing operations so as to complement, and not nullify, action taken by the Federal Reserve System to keep the supply of money and credit in line with the needs of the country. During the current transition from higher to lower defense spending, when the Federal Reserve has been following a policy of active credit easing, the Treasury has purposely done its financing so as not to reduce the supply of long-term money available for private investment or for use by State and local governments for major projects which give employment. The effectiveness of these combined efforts is evidenced by the huge volume of new corporate and municipal issues which have been coming out this year and in the increasing availability of mortgage credit. The record construction activity encouraged by this ample credit has also been opportune in strengthening the economy during a period of adjustment.

(c) Tax Policies

The maintenance of economic stability required that the cuts in Government spending be matched by similar reductions in taxes even before budgetary balance had been achieved. As Secretary Humphrey stated in his testimony before the Senate Committee on Finance on April 7, 1954,

> "...big reductions cannot be made quickly without seriously dislocating the economy.
>
> "As we cut government spending, we must return to the people in tax cuts -- as we are now doing -- the billions of dollars of government money saved, so that it can then be put to making new jobs for the people who previously received their income from government spending."

The considerable load carried by the excises in the Canadian system helps to explain the somewhat lower level of corporate and individual income tax rates in that country. It may also help to explain why Canada was able to avoid the imposition of that highly objectionable form of taxation, the excess profits tax, at the time of the Korean crisis.

The reliance in Canada upon indirect taxation for a relatively large part of total revenues makes it possible to moderate taxes on income, thus minimizing the inequities and repressive economic effects of these taxes, which become very troublesome when the rates are high. It is likely, therefore, that the Canadian tax system may have somewhat better balance than our own and that this may have been a factor in the extraordinarily rapid growth of the Canadian economy during recent years.

V. Recent Fiscal Policies in the United States

I think it can be argued that for some years the United States has lagged behind Canada in matters of fiscal policy. I believe, however, that a material change has occurred since January 1, 1953. I would like to discuss briefly the budgetary and debt policies of the present Administration, and at somewhat greater length the recent tax changes with which I have been particularly concerned.

(a) Budget Policies

If we are to have sound prosperity and steady economic growth, we must have a currency whose purchasing power can be counted upon not only in the weeks and months but in the years ahead. That is why we think it so important that the Federal budget be brought and kept under control.

The 1954 budget projected by the previous Administration called for outlays approximating $78 billion. As a result of a careful, methodical, and continuous pruning, these spending plans were cut back by the present Administration so that we actually spent during the fiscal year 1954, $67.6 billion. This is $6.7 billion less than the amount spent in the previous fiscal year and represents a reduction of more than $10 billion in the spending program which we had inherited.

This job was not an easy one because it had to be carried out in the face of an obvious need for large defense expenditures. Nevertheless, the results obtained are gratifying. We wound up the fiscal year 1954 with a budget deficit of $3 billion instead of $10 billion as expected by the preceding Administration, and with the cash budget nearly in balance.

The tax system of the central government in Canada is similar in many respects to that of the Federal Government in the United States. Indeed, some of the major Canadian taxes have been patterned after equivalent levies in the United States. There are, however, some very significant differences.

The Federal Government of the United States relies far more heavily upon so-called direct taxes. In the current year, 77 percent of the estimated net budget receipts will come from the taxes on individual and corporate incomes. In Canada, such taxes will account for 56 percent of the total.

On the other hand, indirect taxes play a far more important role in Canada. During the current fiscal year Canada expects to obtain about 35 percent of its revenues from these sources as compared with 17 percent in the United States. This reflects in large part the important role in the Canadian system played by the general manufacturers' sales tax which has no counterpart in the finances of our Federal Government.

The proper balance between the different major sources of revenue is one of the basic issues in any tax system. The marked difference in the role of the excises in the tax system of the United States and Canada has long been a matter of great interest to experts in this field.

Many persons, including myself, have considered the individual income tax to be the best single form of tax because it is direct in its impact and because the rates and the definition of income can be adjusted to whatever may be the prevailing concepts of ability to pay. Indeed, if only modest revenue were required, taxes on individual incomes might be used as virtually the sole source, but with budgets of the size of those now existing in Canada and the United States, a dominant reliance on this form of taxation would likely lead to its breakdown.

The corporate income tax may also be pushed to its breaking point. Corporate profits when distributed as dividends are the necessary reward to the suppliers of equity capital upon which our whole industrial system has been built. To the extent that corporate profits are not distributed as dividends they constitute additional capital for expansion by existing successful companies. Thus, whether distributed or retained, reasonable legitimate profits are part of the foundation of our economic system. The critical point in corporate taxation cannot be predicted with any high degree of accuracy. It may well be that a tax rate of 52 percent on corporate incomes, which we now have in the United States, is somewhat above the margin tolerable over the long pull.

In both Canada and the United States the prospects for further economic growth, and even higher levels of prosperity, have never been better. There are great opportunities for new business, for the development of natural resources, for the introduction of new products and new techniques. The extent to which these opportunities will be realized depends primarily upon the vigor of free private enterprise in both countries. 63

The role of the government is, nevertheless, important. In both Canada and the United States, depression, war, and defense emergencies have greatly expanded the scope of governmental activities. Our governments are taking in taxes and spending amounts close to one fourth of our respective national incomes. Sound fiscal policies are, therefore, of critical importance in developing a climate which will give the greatest possible scope to individual initiative.

In recent years, both governments have been concerned with the need to restrain inflationary pressures and prevent disrupting price rises. At the same time real concern has existed over the severe tax burdens necessary to finance current levels of government spending, and there has been an appreciation of the fact that, because taxes are necessarily severe, it is essential that they be imposed in such a manner as to minimize their adverse effects on economic growth and incentives.

IV. Fiscal Policies in Canada

I have studied the Canadian budget and tax policies of recent years with great interest and considerable admiration. During World War II Canada was more successful than the United States in keeping down the size of its deficits. During the period of the war the Canadian government financed 57 percent of its total expenditures by taxation while, in the same general period, in the United States taxes accounted for 45 percent of total expenditures.

The Canadian government not only relied less heavily upon borrowing but also the structure of its debt at the end of the war financing period was such as to foster stability in its economy since it had only one-eighth of its debt maturing within one year. In the postwar years this favorable structure has been maintained. In contrast, at the end of 1946, the United States had about one-fourth of its debt maturing within a year's time, and we have only recently begun to make some headway against this problem.

Since World War II the Canadian Government has managed not only to balance its budget but also to have surpluses which it has been able to apply to debt reduction. Since 1946 the central government has reduced its debt outstanding by 10 percent. In the United States, during these postwar years, there was some temporary debt reduction, but it was soon offset by rising expenditures. As a result, instead of our public debt being reduced, it has increased by 6 percent since 1946.

II. Cooperative Economic Effort

I need not dwell on the many examples of intergovernmental economic cooperation, such as the St. Lawrence Seaway project, the Joint United States-Canadian Committee on Trade and Economic Affairs, the development of critical raw materials, research and development programs in atomic energy and other fields, as well as our concerted interest in promoting peacetime uses of atomic energy.

However, I would like to note in passing the manifestation of this cooperative spirit in the field of taxation which is now my principal concern in the Treasury Department. Since 1936 the United States and Canada have had an agreement for the avoidance of double taxation and the prevention of evasion of income taxes. As commercial, financial and cultural relations between citizens of the two countries have increased, this agreement has been revised and expanded, and in 1944 it was supplemented by a similar agreement with respect to estate taxes and succession duties.

Pursuant to these agreements, the taxing authorities of the two governments work closely together in solving general tax problems as well as individual cases which transcend the border between the countries. As might be expected, taxpayers of the two countries often take the initiative in suggesting matters for inclusion in these tax treaties. In the past year we have been urged to consider the allowance of deductions by the respective governments for contributions made by citizens of one country to charitable organizations in the other, the allowance of a dividend credit to a citizen of one country holding shares of a corporation of the other country, and the extension of the exemption afforded under the existing treaty by each country to ships and aircraft of the other country to include the other common carriers, railroads, busses and trucks.

In mentioning these proposals, I do not imply that either the United States Treasury or the Canadian Ministry of Finance will find them feasible. I would not want either our United States taxpayers or their fellow Canadians to gain the impression that these interesting suggestions of theirs will necessarily stand the tests that our Treasury and the Canadian Ministry, each on its own and quite independently of the other, will ultimately apply. At this time, I can only say that these suggestions will be studied.

III. The Importance of Domestic Economic Policies

The continued growth of the large and mutually advantageous flow of trade and investment between the United States and Canada depends heavily upon a high level of economic activity in both countries.

It would be strange if the annual exchange of some $7 billion worth of goods and services did not create some problems for particular segments within each of our economies. In some cases demands in the United States for tariffs or tariff increases result. These demands are handled under the policy outlined by the President's Message to Congress on March 30. This policy has two elements: (1) gradual and selective revision of our tariffs through negotiation, and (2) maintenance of provisions in our tariff legislation for mitigating injury to domestic producers from tariff reductions. It also involves, as the President's recent decision on lead and zinc indicates, an awareness that in some cases it may be preferable to strengthen a domestic industry and protect it from injury by means other than tariff actions. On balance we feel confident that, even though tariffs may be raised in some instances on proof of need, the net effect of the President's policy will be to facilitate a continued and further growth in the volume of mutually beneficial trade between the United States and Canada.

(b) Investment

No better proof of our belief in the continuing vigor of our free economies exists than the investments of United States capital in Canadian development that have taken place in recent years. At the end of 1953 these investments had reached a total of $8.6 billion -- nearly 80 percent of all foreign investments in Canada. Since the end of World War II United States direct and portfolio investments in Canada have risen by about 70 percent.

These investments, important as they are, have merely supplemented those made by Canadians. They are bringing good results. The ore trains that have just begun to roll from Labrador represent the latest of many examples of products which our joint investments have developed. Also, steady additions to productive capacity in petroleum, mining, lumbering, and other fields in which Canada is so richly endowed are continuing to lay the foundations for an increasing trade between our countries.

It should be noted that United States investment in Canada would not have reached anything like its present proportions if investors had not been able to convert their capital and earnings back into U. S. dollars whenever they wished.

(c) Tourist traffic

I would like also to emphasize the less publicized but basic economic ties between our countries represented by the daily contacts of thousands of private businessmen and by the flow of workers and visitors across our borders. This tourist flow, which took two and a half million United States tourist cars into Canada last year, will increase with the development of new Canadian roads such as the transcontinental highway from Nova Scotia to British Columbia and with the extension of air service penetrating new Canadian areas of interest for United States travelers.

Each country has supported the other in emphasizing to the rest of the world the value of private enterprise and initiative. We have sought together to promote freer trade and payments and to eliminate trade discrimination by other countries. We have both given these other countries generous amounts of aid to help them achieve freer and sounder economies.

We stand as a powerful symbol of how two private enterprise economies can live peacefully together and flourish in a world full of internal and external crises. This demonstration of the mutual advantages which two private enterprise countries under separate political leaderships can derive from such a relationship with each other is far more important and effective as an example for the rest of the world than any of the numerous and important accomplishments which might be attributed to either of our countries separately.

These advantages are derived from our private trade with each other, from the flow of investment which helps to sustain and expand that trade, and from intergovernmental cooperation designed to provide opportunities for an even greater volume of trade.

(a) <u>Trade</u>

Canada obtains from the United States over two-thirds of its total imports, compared with about one-tenth from the United Kingdom and much smaller amounts from other suppliers. At the same time the United States buys over half of Canada's total exports, more than three times as much as the next largest market, the United Kingdom.

From the United States' standpoint Canada, providing over one-fifth of our total imports, is second only to the Latin American area as a source of our supplies and more important than all of Western Europe, including the United Kingdom. United States sales to Canada, amounting to one-fourth of our total non-military exports, place the Canadian market on a par with Latin America and above any other area as a buyer of the United States' products.

I would like to point out that a great deal of this trade is of a complementary nature. Canada's exports of raw materials and partially manufactured goods, which make up around 60 percent of its exports to all countries, already represent an important source of supply to United States industry and promise to be even more important in future years as the United States economy expands and needs increase. Conversely, the United States has had an important share of the growing Canadian market for manufactured goods, which make up more than 70 percent of Canada's imports from all sources. Moreover, many of our exports of capital goods to the Canadian market depend on the metals and other raw materials that we import from Canada, while our capital goods exports in turn help Canada to produce still more of these basic materials. Our trade, thus, to a large extent fills shortages of supply in each other's economy.

TREASURY DEPARTMENT
Washington

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the Conference on Canadian-American Economic Relations, University of Rochester, Rochester, New York, Thursday, September 2, 1954.

Economic Relations -- Canada and the United States

The people of our two countries are justly proud of the high degree of well-being we enjoy. We look to our two economies to provide the base for our continued growth and advancement. Equally important, of course, is the contribution that our two great North American economies can make to the future strength and security of the free world.

While the postwar period has been one of unprecendented growth for Canada and the United States, we have not been without a generous supply of economic problems. Nor will we probably ever be without recurring uncertainties in our economic affairs.

Problems, however, can lead to progress. They are a challenge. And when Government, business, and educational leaders get together in conferences, such as these being inaugurated here at the University of Rochester this week, we are doing much to meet the challenge. Economic issues confronting our two countries are brought into focus and groundwork is laid for constructive interchange of ideas on how best to meet joint problems.

We in Rochester are particularly proud of the initiative the University of Rochester is taking in promoting a better public understanding of the inter-relationship of Canadian-United States economic affairs.

I. The Interdependence of the Two Economies

The importance of the United States and Canadian economies to each other is demonstrated in many concrete ways. Before mentioning some of them, I would like to stress our common outlook towards economic affairs. We have similar interests not only because of geography and the movement of goods, but also because in large degree our economic background and objectives have been the same.

Treasury ~~Department~~
Washington

Remarks by Marion B. Folsom, Under Secretary of the Treasury, before the Conference on Canadian-American Economic Relations, University of Rochester, Rochester, N.Y., Thursday, September 2, 1954.

H-582

CONFERENCE ON CANADIAN-AMERICAN ECONOMIC RELATIONS
UNIVERSITY OF ROCHESTER
ROCHESTER, New York

September 1, 2, 1954

Economic Relations -- Canada and the United States

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It would be strange if the annual exchange of some $7 billion worth of goods and services did not create some problems for particular segments within each of our economies.

In some cases demands in the United States for tariffs or tariff increases result. These demands are handled under the policy outlined by the President's Message to Congress on March 30. This policy has two elements: (1) gradual and selective revision of our tariffs through negotiation, and (2) maintenance of provisions in our tariff legislation for mitigating injury to domestic producers from tariff reductions. It also involves, as the President's recent decision on lead and zinc indicates, an awareness that in some cases it may be preferable to strengthen a domestic industry and protect it from injury by means other than tariff actions. On balance ~~I~~ We feel confident that, even though tariffs may be raised in some instances on proof of need, the net effect of the President's policy will be to facilitate a continued and further growth in the volume of mutually beneficial trade between the United States and Canada.

(b) Investment

No better proof of our belief in the continuing vigor of our free economies exists than the investments of United States capital in Canadian development that have taken place in recent years. At the end of 1953 these investments had reached a total of $8.6 billion -- nearly 80 percent of all foreign investments in Canada. Since the end of World War II United States direct and portfolio investments in Canada have risen by about 70 percent.

These investments, important as they are, have merely supplemented those made by Canadians. They are bringing good results. The ore trains that have just begun to roll from Labrador ~~[illegible]~~ ~~Ungava~~ represent the latest of many examples of products which our joint investments have developed. Also, steady additions to productive capacity in petroleum, mining, lumbering, and other fields in which Canada is so richly endowed are continuing to lay the foundations for an increasing trade between our countries.

It should be noted that United States investment in Canada would not have reached anything like its present proportions if investors had not been able to convert their capital and earnings back into U. S. dollars whenever they wished.

(c) Tourist traffic

I would like also to emphasize the less publicized but basic economic ties between our countries represented by the daily contacts of thousands of private businessmen and by the flow of workers and visitors across our borders. This tourist flow, which took two and a half million United States tourist cars into Canada last year, will increase with the development of new Canadian roads such as the transcontinental highway from Nova Scotia to British Columbia and with the extension of air service penetrating new Canadian areas of interest for United States travelers.

II. Cooperative Economic Effort

I need not dwell on the many examples of intergovernmental economic cooperation, such as the St. Lawrence Seaway project, the Joint United States-Canadian Committee on Trade and Economic Affairs, the development of critical raw materials, research and development programs in atomic energy and other fields, as well as our concerted interest in promoting peacetime uses of atomic energy.

However, I would like to note in passing the manifestation of this cooperative spirit in the field of taxation which is now my principal concern in the Treasury Department. Since 1936 the United States and Canada have had an agreement for the avoidance of double taxation and the prevention of evasion of income taxes. As commercial, financial and cultural relations between citizens of the two countries have increased, this agreement has been revised and expanded, and in 1944 it was supplemented by a similar agreement with respect to estate taxes and succession duties.

Pursuant to these agreements, the taxing authorities of the two governments work closely together in solving general tax problems as well as individual cases which transcend the border between the countries. As might be expected, taxpayers of the two countries often take the initiative in suggesting matters for inclusion in these tax treaties. In the past year we have been urged to consider the allowance of deductions by the respective governments for contributions made by citizens of one country to charitable organizations in the other, the allowance of a dividend credit to a citizen of one country holding shares of a corporation of the other country, and the extension of the exemption afforded under the existing treaty by each country to ships and aircraft of the other country to include the other common carriers, railroads, busses and trucks.

In mentioning these proposals, I do not imply that either the United States Treasury or the Canadian Ministry of Finance will find them feasible. I would not want either our United States taxpayers or their fellow Canadians to gain the impression that these interesting suggestions of theirs will necessarily stand the tests that our Treasury and the Canadian Ministry, each on its own and quite independently of the other, will ultimately apply. At this time, I can only say that these suggestions will be studied.

III. The Importance of Domestic Economic Policies

The continued growth of the large and mutually advantageous flow of trade and investment between the United States and Canada depends heavily upon a high level of economic activity in both countries.

In both Canada and the United States the prospects for further economic growth, and even higher levels of prosperity, have never been better. There are great opportunities for new business, for the development of natural resources, for the introduction of new products and new techniques. The extent to which these opportunities will be realized depends primarily upon the vigor of free private enterprise in both countries.

The role of the government is, nevertheless, important. In both Canada and the United States, depression, war, and defense emergencies have greatly expanded the scope of governmental activities. Our governments are taking in taxes and spending amounts close to one fourth of our respective national incomes. Sound fiscal policies are, therefore, of critical importance in developing a climate which will give the greatest possible scope to individual initiative.

In recent years, both governments have been concerned with the need to restrain inflationary pressures and prevent disrupting price rises. At the same time real concern has existed over the severe tax burdens necessary to finance current levels of government spending, and there has been an appreciation of the fact that, because taxes are necessarily severe, it is essential that they be imposed in such a manner as to minimize their adverse effects on economic growth and incentives.

IV. Fiscal Policies in Canada

I have studied the Canadian budget and tax policies of recent years with great interest and considerable admiration. During World War II Canada was more successful than the United States in keeping down the size of its deficits. During the period of the war the Canadian government financed 57 percent of its total expenditures by taxation while, in the same general period, in the United States taxes accounted for 45 percent of total expenditures.

The Canadian government not only relied less heavily upon borrowing but also the structure of its debt at the end of the war financing period was such as to foster stability in its economy since it had only one-eighth of its debt maturing within one year. In the postwar years this favorable structure has been maintained. In contrast, at the end of 1946, the United States had about one-fourth of its debt maturing within a year's time, and we have only recently begun to make some headway against this problem.

Since World War II the Canadian Government has managed not only to balance its budget but also to have surpluses which it has been able to apply to debt reduction. Since 1946 the central government has reduced its debt outstanding by 10 percent. In the United States, during these postwar years, there was some temporary debt reduction, but it was soon offset by rising expenditures. As a result, instead of our public debt being reduced, it has increased by 6 percent since 1946.

The tax system of the central government in Canada is similar in many respects to that of the Federal Government in the United States. Indeed, some of the major Canadian taxes have been patterned after equivalent levies in the United States. There are, however, some very significant differences.

The Federal Government of the United States relies far more heavily upon so-called direct taxes. In the current year, 77 percent of the estimated net budget receipts will come from the taxes on individual and corporate incomes. In Canada, such taxes will account for 56 percent of the total.

On the other hand, indirect taxes play a far more important role in Canada. During the current fiscal year Canada expects to obtain about 35 percent of its revenues from these sources as compared with 17 percent in the United States. This reflects in large part the important role in the Canadian system played by the general manufacturers' sales tax which has no counterpart in the finances of our Federal Government.

The proper balance between the different major sources of revenue is one of the basic issues in any tax system. The marked difference in the role of the excises in the tax system of the United States and Canada has long been a matter of great interest to experts in this field.

Many persons, including myself, have considered the individual income tax to be the best single form of tax because it is direct in its impact and because the rates and the definition of income can be adjusted to whatever may be the prevailing concepts of ability to pay. Indeed, if only modest revenue were required, taxes on individual incomes might be used as virtually the sole source, but with budgets of the size of those now existing in Canada and the United States, a dominant reliance on this form of taxation would likely lead to its breakdown.

The corporate income tax may also be pushed to its breaking point. Corporate profits when distributed as dividends are the necessary reward to the suppliers of equity capital upon which our whole industrial system has been built. To the extent that corporate profits are not distributed as dividends they constitute additional capital for expansion by existing successful companies. Thus, whether distributed or retained, reasonable legitimate profits are part of the foundation of our economic system. The critical point in corporate taxation cannot be predicted with any high degree of accuracy. It may well be that a tax rate of 52 percent on corporate incomes, which we now have in the United States, is somewhat above the margin tolerable over the long pull.

The considerable load carried by the excises in the Canadian system helps to explain the somewhat lower level of corporate and individual income tax rates in that country. It may also help to explain why Canada was able to avoid the imposition of that highly objectionable form of taxation, the excess profits tax, at the time of the Korean crisis.

The reliance in Canada upon indirect taxation for a relatively large part of total revenues makes it possible to moderate taxes on income, thus minimizing the inequities and repressive economic effects of these taxes, which become very troublesome when the rates are high. It is likely, therefore, that the Canadian tax system may have somewhat better balance than our own and that this may have been a factor in the extraordinarily rapid growth of the Canadian economy during recent years.

V. Recent Fiscal Policies in the United States

I think it can be argued that for some years the United States has lagged behind Canada in matters of fiscal policy. I believe, however, that a material change has occurred since January 1, 1953. I would like to discuss briefly the budgetary and debt policies of the present Administration, and at somewhat greater length the recent tax changes with which I have been particularly concerned.

(a) Budget Policies

If we are to have sound prosperity and steady economic growth, we must have a currency whose purchasing power can be counted upon not only in the weeks and months but in the years ahead. That is why we think it so important that the Federal budget be brought and kept under control.

The 1954 budget projected by the previous Administration called for outlays approximating $78 billion. As a result of a careful, methodical, and continuous pruning, these spending plans were cut back by the present Administration so that we actually spent during the fiscal year 1954, $67.6 billion. This is $6.7 billion less than the amount spent in the previous fiscal year and represents a reduction of more than $10 billion in the spending program which we had inherited.

This job was not an easy one because it had to be carried out in the face of an obvious need for large defense expenditures. Nevertheless, the results obtained are gratifying. We wound up the fiscal year 1954 with a budget deficit of $3 billion instead of $10 billion as expected by the preceding Administration, and with the cash budget nearly in balance.

(b) Debt Management

Effective public debt management and a flexible monetary policy are also indispensable ingredients of the sound money policy to which this Administration is committed.

Our debt management operations have been designed to add stability to the economy. This has involved working toward a better balanced maturity structure in the debt itself, which now approximates $275 billion, and encouraging a wider distribution of the debt among private investors. We are making slow but sure progress in reconstructing the huge public debt which under past Administrations had been managed by inflationary methods.

Primary responsibility for United States credit and monetary policy rests with the Federal Reserve System. Under this Administration the Federal Reserve has been free to pursue a flexible policy designed to promote stability and economic growth. Moreover, the Treasury has planned its financing operations so as to complement, and not nullify, action taken by the Federal Reserve System to keep the supply of money and credit in line with the needs of the country. During the current transition from higher to lower defense spending, when the Federal Reserve has been following a policy of active credit easing, the Treasury has purposely done its financing so as not to reduce the supply of long-term money available for private investment or for use by State and local governments for major projects which give employment. The effectiveness of these combined efforts is evidenced by the huge volume of new corporate and municipal issues which have been coming out this year and in the increasing availability of mortgage credit. The record construction activity encouraged by this ample credit has also been opportune in strengthening the economy during a period of adjustment.

(c) Tax Policies

The maintenance of economic stability required that the cuts in Government spending be matched by similar reductions in taxes even before budgetary balance had been achieved. As Secretary Humphrey stated in his testimony before the Senate Committee on Finance on April 7, 1954,

> "...big reductions cannot be made quickly without seriously dislocating the economy.
>
> "As we cut government spending, we must return to the people in tax cuts -- as we are now doing -- the billions of dollars of government money saved, so that it can then be put to making new jobs for the people who previously received their income from government spending."

As a result of this policy, we have put into effect a tax reduction program totalling $7.4 billion. This is the largest dollar reduction in any single year in the history of the United States. The total includes a $3 billion reduction in individual income tax rates effective January 1, 1954, and the termination on the same date of the highly inequitable excess profits tax law enacted in 1950. The yield of our excise system was cut by about $1 billion as a result of legislation which took effect April 1, 1954. The remaining $1.4 billion is accounted for by the tax reducing provisions of the recently enacted General Tax Revision Bill.

About two-thirds of the total reduction under this program goes to individuals. Most of the remaining one-third is accounted for by measures designed to reduce or remove obstacles to economic expansion. As the President has said, their enactment will "help our people produce better goods at cheaper prices" and "help to create more jobs." The most important of these measures is a new and more realistic treatment of depreciation.

Unlike the Canadian regulations which permit the use of the declining-balance formula for depreciation deductions, our Federal Government had been operating under a set of administrative rules which tended in practice to restrict most taxpayers to the use of the so-called straight-line method. This formula spreads the cost evenly over the asset's life. It is simple to use, but the deductions which it allows often fail to match true depreciation. Their failure to keep pace with the relatively rapid loss of value during the early years of the asset's life is discouraging to plant modernization and economic progress, particularly when the investment involves a considerable business risk. The unrealistically slow write-off also aggravates the problem of financing expansion.

The depreciation provisions of our new law will give taxpayers much greater latitude in the choice of methods of depreciation and permit a far more rapid write-off of the tax basis of their property. The taxpayer will be permitted specifically 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.

I believe that these new depreciation rules, which are strongly influenced by Canadian precedent, have reduced a serious obstacle to new investment in the United States.

The new law also provides a degree of relief from double taxation of corporate dividends. Such double taxation is a major injustice, a penalty on equity financing, and a serious obstacle to business financing. Under the new law each stockholder will be allowed to exclude from his gross income up to $50 of dividends and apply a credit against tax equal to 4 percent of the dividends in excess of the exclusion.

To those of you who are accustomed to the 20 percent credit allowed under the Canadian law, this will seem a very modest measure of relief. It is, however, 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 more evenly among all our citizens.

The new law adds an additional year to the allowable carryback of net operating losses. This provides a two-year carryback and a five-year carryforward, thus allowing such losses to be averaged over an eight-year period. This is somewhat more generous than the seven-year averaging period used under the Canadian law.

The new law includes a number of other measures which will eliminate substantial impediments to the growth of the economy. Among these are a revision in the treatment of research and experimental costs, and a substantial recasting of the penalty tax on undistributed earnings which we use to forestall avoidance of the surtax rates on individuals.

I do not wish to give you the impression that the removal of impediments to economic progress was the exclusive goal of the general tax revision bill. Indeed, over half the loss of revenue which the new law involves is for the direct benefit of individual taxpayers. Millions of persons in unusual hardship situations will find that the new legislation brings them a substantial measure of relief. Moreover, the new law includes more than 50 loophole-closing provisions and, of course, one of the main purposes of rewriting the Internal Revenue Code was the clarification and simplification of the law.

We are aware that our job of tax revision is not complete. Certain major areas were deliberately not covered in this revision but were reserved for future consideration. In any case, in a growing and changing economy, tax revision is necessarily a continuing task.

We also look forward to further tax reduction since we appreciate fully the severity of our present tax burden and believe that its reduction is essential to the continued prosperity of the country. However, we also believe that additional tax cuts must wait upon further reductions in Federal expenditures. Otherwise, the Government's deficits would start mounting and we would once again move up the all-too-familiar inflationary spiral that in the past 15 years cut the value of the United States dollar in half.

VI. Conclusion

The fact that our two countries have been able to maintain high levels of employment and production and relatively stable dollars during the current transition from a war to peace economy testifies to the soundness of the domestic policies we have both been pursuing. More important, however, is that we are building a solid foundation for future dynamic growth through sound Government financial practices and the encouragement of individual initiative and enterprise.

The maintenance of sound and buoyant domestic economies provides the groundwork for continuing improvement in the common efforts of our two countries, permits the more ready solution of particular problems that arise, and enables each country to make its best contribution to those activities which are in our common interest, whether they concern trade between individuals or cooperation between Governments.

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STATEMENT BY TREASURY SECRETARY HUMPHREY

(For use at 7:00 p.m., Tuesday, September 14, 1954)

The mid-year review of the estimates in the 1955 budget shows an estimated deficit for this fiscal year of about $4.7 billion. About 2/3 of the increase over our January estimate was caused by greater reduction of excise taxes by the Congress than we either recommended or estimated at the beginning of the year.

I want to make it clear that this is an interim estimate and one that we shall work every day, every week, and every month to reduce. You will recall that a year ago we presented an interim report on the prospective figures for 1954. We said then that we hoped to better them by the end of the fiscal year. We actually cut spending by nearly $4 billion between our August estimate and our fiscal 1954 year-end figures. Receipts also were down by more than $3 billion, partly due to tax reductions. The deficit was reduced from $3.8 billion to $3 billion.

We said a year ago that we were going to keep working to get both spending and the deficit down. We did get them down. We are going to try to do it again this year. We shall keep working continuously during the rest of this fiscal year to better the estimates we are presenting today.

H-581

9/14/54

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TREASURY DEPARTMENT
Washington

Treasury

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H-581

9/14/54

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 14, 1954.

H-580

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 16 and to mature December 16, 1954, which were offered on September 9, were opened at the Federal Reserve Banks on September 13.

The details of this issue are as follows:

Total applied for - $2,460,361,000
Total accepted - 1,500,043,000 (includes $283,553,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.741/ Equivalent rate of discount approx. 1.024% per annum

Range of accepted competitive bids:

High - 99.752 Equivalent rate of discount approx. 0.981% per annum
Low - 99.739 Equivalent rate of discount approx. 1.033% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 35,284,000	$ 33,124,000
New York	1,742,420,000	907,525,000
Philadelphia	38,034,000	16,239,000
Cleveland	48,204,000	46,204,000
Richmond	19,881,000	19,881,000
Atlanta	44,409,000	43,245,000
Chicago	219,041,000	183,261,000
St. Louis	25,944,000	25,416,000
Minneapolis	19,537,000	19,537,000
Kansas City	69,454,000	63,694,000
Dallas	63,173,000	56,193,000
San Francisco	134,980,000	85,724,000
TOTAL	$2,460,361,000	$1,500,043,000

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Dallas	63,173,000	56,193,000
San Francisco	134,980,000	85,724,000
Total	$2,460,361,000	$1,500,043,000

and other long term investors have been placed in mortgages, the corporate market, and the municipal market. These institutions have supported a large volume of home building, corporate construction, and state and local government construction. This activity has aided materially in the transition to a lower level of Government spending. It is interesting to note that thus far in 1954, the total of corporate and municipal security offerings for new capital has equaled the record volume of the corresponding period of 1953. This is evidence that the flexible credit policy of the Federal Reserve and Treasury debt management are accomplishing desired results.

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The Savings Bonds Program is an important part of debt management. With a return of confidence in the value of the dollar, sales of Series E & H Bonds are increasing and are in excess of redemptions. Our goal for the year in sales of Series E & H Bonds is "A Billion More in '54." The Savings Bond Program is helping to maintain a wide distribution of the debt among individuals.

The Federal Reserve System has been free and unhampered under this Administration to pursue a flexible credit policy designed to promote stability and economic growth. We have seen the benefits of this flexible policy as it has been made effective. For example, in the latter part of 1952 and early 1953 strong inflationary pressures prevailed. The Federal Reserve, as it should under inflationary conditions, let the heavy demand for credit tighten the money market. The force of a heavy demand for credit bidding against the existing supply in the market was restrictive and caused an increase in interest rates.

Beginning about the middle of last year, in view of the tightness that had developed in the money markets and some softening in the business situation, the Federal Reserve, under a flexible credit policy, began increasing bank reserves to make sure that credit would be available to meet expected demands. Later it became the objective of the Federal Reserve to maintain a condition of active ease in the money market in order to provide a climate from a credit standpoint that would tend to stimulate economic activity. In these circumstances, with an increased supply of credit available and a somewhat slackened demand for credit, interest rates have declined.

The Treasury has pursued financing policies since January 1953 that have been consistent with Federal Reserve credit policies. In April last year, when credit restraint was desirable, a long term bond was issued. This offering was made in a free market in competition with other users of credit. Funds were channeled into Government financing that might have been used for private expansion and would have added to inflationary pressures.

Since the Federal Reserve began supplying reserves to the money market about the middle of last year, the Treasury has offered intermediate term securities which were taken largely by the commercial banking system. In this way, the Treasury has continued to pursue its objective of lengthening the debt even though no further issues of long-term bonds have been offered. Funds of savings banks, savings and loan associations, insurance companies, The chief purposes of the tax revision law were to: (1) remove inequities, (2) reduce restraints on economic growth and the creation of jobs, (3) close loopholes, and (4) clarify the law.

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 Tax Revision 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 are making slow but sure progress in reconstructing the huge public debt. The Administration inherited not only a large public debt but a debt that was too heavily concentrated in short-term securities. This concentration resulted from financing and refunding of maturing issues year after year by the Treasury in short-term securities at low interest rates based on credit supplied by the Federal Reserve System. These financing policies under the previous Administration contributed to inflation and to the depreciation that took place in the purchasing power of the dollar.

A large public debt is new to this country. Prior to World War I, the debt was only about one billion dollars. During that War, it increased to 26 billion dollars. During the 20's, the debt was reduced out of an excess of tax receipts over expenditures to 16 billion dollars in 1930. Deficit financing in the depression of the 30's increased the public debt to almost 50 billion dollars. As the result of the Second World War, the public debt increased to a peak of 280 billion dollars. Following the war, the debt was reduced a little, principally out of the large cash balance built up in the Victory Loan drive late in 1945. The debt is now 275 billion dollars. In 18 of the last 21 years, we have had a budget deficit.

It is our objective to manage this inheritance of debt in such a way as to contribute to neither inflation nor deflation, but to stability. Part of this program means to lengthen the maturity distribution of the debt. Another part of this program means a wide distribution of the debt among all classes of investors.

In 8 out of 10 major financing operations since this Administration took office, (excluding seasonal tax anticipation borrowing), steps have been made to lengthen the debt.

The budget deficit, which was 9.4 billion dollars in fiscal 1953, amounted to 3 billion in 1954. Thus we have gone two-thirds of the way toward a balanced budget in this short period of time.

It takes time for the private sector of the economy to adjust to and replace the large cuts being made in Federal spending. It was to cushion the impact on the economy of these cuts in Federal spending that reductions were made in taxes even before a balance had been accomplished in the budget.

Tax reductions this year totaling 7.4 billion dollars -- the largest dollar total in history -- have been passed along to the public to spend or invest. These tax cuts are having a healthy and stimulating effect on the economy and are helping to provide more and better jobs. Further tax reductions, as desirable as they would be for all of us, must wait until they can be justified by further reductions in Government expenditures.

The action of Congress in passing the Tax Revision Bill this year was tremendously important to all of us. The Treasury team together with the committees of Congress worked for many months, since early 1953, to study and prepare this bill. General tax revision was long overdue. The increases in our tax laws during periods of depression, war, and defense build-ups had been haphazard. Inequities and uncertainties crept in. Substantial impediments to economic development appeared. The law itself became complex, cumbersome, and in many cases, unclear.

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 of living and employment. Among these conditions, a fair tax system with minimum restraints on small and growing businesses is especially important."

TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

Excerpts from remarks by David M. Kennedy, Assistant to the Secretary of the Treasury, before the Savings Banks Association of Massachusetts at Mount Washington Hotel, Bretton Woods, New Hampshire, on September 11, 1954.

The aims and objectives of the financial program of this Administration have been briefly summarized as economy, lower taxes, and honest money. These aims are being accomplished. Confidence in the value of the dollar has returned. The transition of our economy to a lower level of Government spending is progressing smoothly.

Encouragement of private enterprise, removal of restrictions and handicaps, and sound, realistic programs by the Federal Government are laying the groundwork for a healthily expanding economy, for better national security, and for more jobs for more people.

The Federal budget has been brought under control. We have come more than two-thirds of the way toward balancing the budget and we have done this while putting into effect tax reductions which will return nearly 7-1/2 billion dollars to the people.

Government spending which totaled 39.6 billion dollars in the fiscal year 1950 increased year by year and amounted to 74.3 billion in fiscal 1953. In 1954, expenditures were reduced to $67.6 billion. This reduction in expenditures has resulted in a saving of 6-1/2 billion dollars from the 1953 figure and a saving of 10 billion dollars from the budget estimate made in January 1953 by the outgoing Administration. The tide has been turned. Further reductions in expenditures are planned for the current fiscal year of 1955.

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~~We at the Treasury appreciate so much~~ The action of Congress in passing the Tax Revision Bill ~~which became law on August 16~~ this year was tremendously important to all of us. The Treasury Team together with the committees of Congress worked for many months, since ~~the Spring of~~ early 1953, to study and prepare this bill. General tax revision was long overdue. The increases in our tax laws during periods of depression, war, and defense build-ups had been haphazard. Inequities and uncertainties crept in. Substantial impediments to economic development appeared. The law itself became complex, cumbersome, and in many cases, unclear.

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It is our objective to manage this inheritance of debt in such a way as to contribute to neither inflation nor ~~in~~deflation, but to stability. Part of this program means to lengthen the maturity distribution of the debt. Another part of this program means a wide distribution of the debt among all classes of investors.

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The Treasury has pursued financing policies since January 1953 that have been ~~in this period~~ consistent with Federal Reserve credit policies. In April last year, when credit restraint was desired, a long term bond was issued. This offering was made in a free market in competition with other users of credit. Funds were channeled into Government financing that might have been used for private expansion and would have added to inflationary pressures.

In this way, the ~~The~~ Treasury has continued to pursue its objective of lengthening the debt [illegible] issues of long term bonds [illegible]. Since the Federal Reserve began supplying reserves to the money market about the middle of last year, the Treasury has offered ~~we have offered for this purpose~~ intermediate term securities which were taken largely by the commercial banking system. Funds of savings banks, savings and loan associations, insurance companies, and other long term investors have been placed in mortgages, the corporate market, and the municipal market. These institutions have supported a large volume of home building, corporate construction, and state and local government construction. This activity has aided materially in the transition to a lower level of Government spending. It is interesting to note that thus far in 1954, the total of corporate and municipal security offerings for new capital has equaled ~~exceeded~~ the record volume of the corresponding period of 1953. This is evidence that the flexible credit policy of the Federal Reserve and Treasury debt management are accomplishing desired results.

STATUTORY DEBT LIMITATION
AS OF August 31, 1954

TREASURY DEPARTMENT
Fiscal Service

Washington, Sept. 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 Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the period beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily increased by $6,000,000,000.

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			$281,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$19,507,780,000		
Certificates of indebtedness	18,277,116,000		
Treasury notes	36,896,698,400	$ 74,681,594,400	
Bonds-			
Treasury	84,182,701,450		
Savings (current redemp. value)	58,078,481,320		
Depositary	419,360,000		
Investment series	12,767,014,000	155,447,556,770	
Special Funds-			
Certificates of indebtedness	28,866,657,000		
Treasury notes	13,612,318,400	42,478,975,400	
Total interest-bearing		272,608,126,570	
Matured, interest-ceased		335,685,585	
Bearing no interest:			
United States Savings Stamps	48,713,263		
Excess profits tax refund bonds	1,213,814		
Special notes of the United States:			
Internat'l Monetary Fund series	1,426,000,000	1,475,927,077	
Total		274,419,739,232	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	26,172,636		
Matured, interest-ceased	1,118,950	27,291,586	
Grand total outstanding			274,447,030,818
Balance face amount of obligations issuable under above authority			6,552,969,182

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

(Daily Statement of the United States Treasury, August 31, 1954)
(Date)

Outstanding-	
Total gross public debt	274,955,006,377
Guaranteed obligations not owned by the Treasury	27,291,586
Total gross public debt and guaranteed obligations	274,982,297,963
Deduct - other outstanding public debt obligations not subject to debt limitation	535,267,145
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H-578

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TREASURY DEPARTMENT
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H-578

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 9, 1954.

H-577

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the second quarter of 1954. In this period, U. S. gold purchases of $82.3 million were offset by U. S. sales of $101.9 million. These transactions brought to $82.6 million the net outflow of gold from the United States in the first half of the year, with U. S. sales at $183.7 million and purchases at $101.1 million.

In the twelve months ended June 30, 1954, net sales of monetary gold by the United States totaled $519.5 million. That figure compares with net gold sales by the United States totaling $996.6 million in the preceding twelve-month period ended June 30, 1953.

The outward gold movement from the United States continued to be low in July and August 1954 with U. S. sales of $72.3 million and $65.1 million, respectively. 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 two quarters of 1954 and for the two fiscal years (ended June 30) 1953 and 1954, is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
January 1, 1954 - June 30, 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	Second Quarter 1954	Fiscal Year 1954 (July 1, 1953 - June 30, 1954)	Fiscal Year 1953 (July 1, 1952 - June 30, 1953)
Argentina	-	-	-$10.0	-$94.8
Belgium	-	-	-45.0	-63.9
Belgian Congo	-	-	-9.9	-2.0
Bolivia	$13.2	$2.0	15.3	-
Colombia	-	-	-	-3.5
Denmark	-	-	-	-20.2
Germany	-40.0	-15.6	-145.6	-50.0
Lebanon	-8.8	-	-11.2	-2.8
Mexico	-	80.3	80.3	-53.1
Netherlands	-	-	-40.0	-125.0
Norway	-	-	-	-5.0
Portugal	-20.0	-5.0	-54.9	-34.9
Sweden	-	-	-10.0	-10.0
Switzerland	-	-	-20.0	-45.0
Switzerland-Bank for International Settlements	-7.9	-1.1	-71.0	-34.5
Syria	-	-	-.5	-1.0
Turkey	-	-	-	-1.2
United Kingdom	-	-50.0	-170.0	-440.0
Uruguay	-5.0	-	-5.0	-10.2
Vatican City	5.5	-	9.5	-
Venezuela	-	-30.0	-30.0	-
All Other	-.2	-.2	-1.5	.3
Total	-$63.0	-$19.6	-$519.5	-$996.6

Figures may not add to totals because of rounding.

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 16, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 16, 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, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 9, 1954.

H-576

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 16, 1954, in the amount of $1,500,603,000, 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 16, 1954, and will mature December 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 time, Monday, September 13, 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

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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, non-competitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 16, 1954, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 16, 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.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, September 4, 1954.

H-575

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 9 and to mature December 9, 1954, which were offered on August 31, were opened at the Federal Reserve Banks on September 3.

The details of this issue are as follows:

Total applied for - $2,242,097,000
Total accepted - 1,501,457,000 (includes $199,123,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.743/ Equivalent rate of discount approx. 1.016% per annum

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

High - 99.750 Equivalent rate of discount approx. 0.989% per annum
Low - 99.741 Equivalent rate of discount approx. 1.025% per annum

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 34,666,000	$ 29,166,000
New York	1,651,325,000	1,001,945,000
Philadelphia	32,490,000	18,190,000
Cleveland	37,373,000	27,987,000
Richmond	16,814,000	15,884,000
Atlanta	20,915,000	18,185,000
Chicago	236,500,000	212,080,000
St. Louis	17,690,000	17,390,000
Minneapolis	10,950,000	10,450,000
Kansas City	31,796,000	31,596,000
Dallas	49,077,000	39,077,000
San Francisco	102,501,000	79,507,000
TOTAL	$2,242,097,000	$1,501,457,000

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H-575

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Richmond		16,814,000	15,884,000
Atlanta		20,915,000	18,185,000
Chicago		236,500,000	212,080,000
St. Louis		17,690,000	17,390,000
Minneapolis		10,950,000	10,450,000
Kansas City		31,796,000	31,596,000
Dallas		49,077,000	39,077,000
San Francisco		102,501,000	79,507,000
	TOTAL	$2,242,097,000	$1,501,457,000

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

	June 30, 1954	April 15, 1954	June 30, 1953	Increase or decrease since Apr. 15, 1954: Amount	Percent	Increase or decrease since June 30, 1953: Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	53,784,450	53,886,291	53,369,383	-101,841	-.19	415,067	.78
Time	23,978,113	23,424,828	22,285,848	553,285	2.36	1,692,265	7.59
Deposits of U. S. Government	3,614,035	2,467,178	2,472,941	1,146,857	46.48	1,141,094	46.14
Postal savings deposits	13,070	13,236	13,451	-166	-1.25	-381	-2.83
Deposits of States and political subdivisions	7,063,425	6,917,357	6,627,528	146,068	2.11	435,897	6.58
Deposits of banks	9,752,516	9,143,411	8,596,634	609,105	6.66	1,155,882	13.45
Other deposits (certified and cashiers' checks, etc.)	1,439,122	1,477,337	1,383,168	-38,215	-2.59	55,954	4.05
Total deposits	99,644,731	97,329,638	94,748,953	2,315,093	2.38	4,895,778	5.17
Bills payable, rediscounts, and other liabilities for borrowed money	28,751	319,466	45,510	-290,715	-91.00	-16,759	-36.82
Other liabilities	1,535,233	1,629,653	1,678,089	-94,420	-5.79	-142,856	-8.51
Total liabilities, excluding capital accounts	101,208,715	99,278,757	96,472,552	1,929,958	1.94	4,736,163	4.91
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	4,793	4,953	5,658	-160	-3.23	-865	-15.29
Common	2,366,285	2,347,728	2,258,971	18,557	.79	107,314	4.75
Total	2,371,078	2,352,681	2,264,629	18,397	.78	106,449	4.70
Surplus	3,645,330	3,608,648	3,410,122	36,682	1.02	235,208	6.90
Undivided profits	1,404,866	1,385,346	1,296,655	19,520	1.41	108,211	8.35
Reserves	283,626	273,465	267,318	10,161	3.72	16,308	6.10
Total surplus, profits, and reserves	5,333,822	5,267,459	4,974,095	66,363	1.26	359,727	7.23
Total capital accounts	7,704,900	7,620,140	7,238,724	84,760	1.11	466,176	6.44
Total liabilities and capital accounts	108,913,615	106,898,897	103,711,276	2,014,718	1.88	5,202,339	5.02
	Percent	Percent	Percent				
RATIOS:							
U.S. Gov't securities to total assets	32.93	32.36	31.87				
Loans & discounts to total assets	34.69	35.27	35.23				
Capital accounts to total deposits	7.73	7.83	7.64				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1954, April 15, 1954, and June 30, 1953

(In thousands of dollars)

	June 30, 1954	April 15, 1954	June 30, 1953	Increase or decrease since Apr. 15, 1954		Increase or decrease since June 30, 1953	
				Amount	Percent	Amount	Percent
Number of banks	4,842	4,848	4,881	-6		-39	
ASSETS							
Commercial and industrial loans	15,868,307	16,075,240	16,574,920	-206,933	-1.29	-706,613	-4.26
Loans on real estate	9,172,416	8,991,911	8,508,503	180,505	2.01	663,913	7.80
All other loans, including overdrafts	13,317,321	13,199,073	11,995,778	118,248	.90	1,321,543	11.02
Total gross loans	38,358,044	38,266,224	37,079,201	91,820	.24	1,278,843	3.45
Less valuation reserves	575,658	562,576	541,846	13,082	2.32	33,812	6.24
Net loans	37,782,386	37,703,648	36,537,355	78,738	.21	1,245,031	3.41
U. S. Government securities:							
Direct obligations	35,835,931	34,560,499	33,025,310	1,275,432	3.69	2,810,621	8.51
Obligations fully guaranteed	26,424	26,997	23,744	-573	-2.12	2,680	11.29
Total U. S. Securities	35,862,355	34,587,496	33,049,054	1,274,859	3.69	2,813,301	8.51
Obligations of States and political subdivisions	6,954,581	6,783,450	6,218,735	171,131	2.52	735,846	11.83
Other bonds, notes and debentures	1,905,204	1,936,535	2,066,839	-31,331	-1.62	-161,635	-7.82
Corporate stocks, including stocks of Fed.Reserve banks	210,936	209,664	200,901	1,272	.61	10,035	4.99
Total securities	44,933,076	43,517,145	41,535,529	1,415,931	3.25	3,397,547	8.18
Total loans and securities	82,715,462	81,220,793	78,072,884	1,494,669	1.84	4,642,578	5.95
Currency and coin	1,385,790	1,260,549	1,353,588	125,241	9.94	32,202	2.38
Reserve with Fed.Reserve banks	12,400,242	12,638,566	12,516,301	-238,324	-1.89	-116,059	-.93
Balances with other banks	10,913,876	10,303,967	10,473,757	609,909	5.92	440,119	4.20
Total cash, balances with other banks, including reserve balances and cash items in process of collection	24,699,908	24,203,082	24,343,646	496,826	2.05	356,262	1.46
Other assets	1,498,245	1,475,022	1,294,746	23,223	1.57	203,499	15.72
Total assets	108,913,615	106,898,897	103,711,276	2,014,718	1.88	5,202,339	5.02

nearly 1 percent since April, and were up 11 percent in the year. The percentage of loans and discounts to total assets on June 30, 1954 was 34.69 in comparison with 35.27 in April and 35.23 in the year.

Investments of the banks in United States Government obligations on June 30, 1954 aggregated $35,900,000,000 (including $26,400,000 guaranteed obligations), an increase of $1,300,000,000 since April. These investments were 33 percent of total assets. Other bonds, stocks and securities of $9,000,000,000, which included obligations of States and political subdivisions of $6,900,000,000, were $100,000,000 more than in April, and $600,000,000 more than held in June last year. Total securities held amounting to $44,900,000,000 were $1,400,000,000 more than the April figure.

Cash of $1,400,000,000, reserve with Federal Reserve banks of $12,400,000,000, and balances with other banks (including cash itemsin process of collection) of $10,900,000,000, a total of $24,700,000,000, showed an increase of $500,000,000 since April.

The capital stock of the banks on June 30, 1954 was $2,371,000,000, including nearly $5,000,000 of preferred stock. Surplus was $3,645,000,000, undivided profits $1,405,000,000, and capital reserves $284,000,000, or a total of $5,334,000,000. Total capital accounts of $7,705,000,000, which were 7.73 percent of total deposits, were $85,000,000 more than in April when they were 7.83 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE MORNING NEWSPAPERS
Friday, September 3, 1954.

H-574

The total assets of national banks on June 30, 1954 amounted to nearly $109,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,842 active national banks in the United States and possessions. The assets were $2,000,000,000 more than the amount reported by the 4,848 active banks on April 15, 1954, the date of the previous call, but were more than $5,000,000,000 over the aggregate reported by the 4,881 active banks as of June 30, 1953.

The deposits of the banks on June 30 were $99,645,000,000, an increase of $2,300,000,000 since April, and an increase of nearly $5,000,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $53,800,000,000, which decreased $102,000,000, and time deposits of individuals, partnerships, and corporations of $24,000,000,000, which increased $553,000,000. Deposits of the United States Government of $3,600,000,000 increased $1,147,000,000 since April; deposits of States and political subdivisions of $7,000,000,000 showed an increase of $146,000,000, and deposits of banks amounted to $9,800,000,000, an increase of $609,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,400,000,000.

Net loans and discounts on June 30, 1954 were $37,800,000,000, an increase of $79,000,000 since April, and $1,200,000,000, or 3 percent, above the June figure last year. Commercial and industrial loans were $15,800,000,000, a decrease of $200,000,000 since April. Loans on real estate of $9,200,000,000 were up 2 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., amounted to $13,300,000,000, an increase of

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Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1954, April 15, 1954, and June 30, 1953

(In thousands of dollars)

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All other loans, including overdrafts	13,317,321	13,199,073	11,995,778	118,248	.90	1,321,543	11.02
Total gross loans	38,358,044	38,266,224	37,079,201	91,820	.24	1,278,843	3.45
Less valuation reserves	575,658	562,576	541,846	13,082	2.32	33,812	6.24
Net loans	37,782,386	37,703,648	36,537,355	78,738	.21	1,245,031	3.41
U. S. Government securities:							
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Total securities	44,933,076	43,517,145	41,535,529	1,415,931	3.25	3,397,547	8.18
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Other assets	1,498,245	1,475,022	1,294,746	23,223	1.57	203,499	15.72
Total assets	108,913,615	106,898,897	103,711,276	2,014,718	1.88	5,202,339	5.02

(In thousands of dollars)

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	Percent	Percent	Percent				
RATIOS:							
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NOTE: Minus sign denotes decrease.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 1, 1954.

H-573

Secretary Humphrey today issued the following statement on the resignation of Elbert P. Tuttle as General Counsel of the Treasury Department to become judge of the United States Circuit Court of Appeals, Fifth Circuit:

"It is with the greatest regret that we in the Treasury are going to lose Mr. Tuttle's association with us as General Counsel. He has been an invaluable part of the Treasury team. In many respects his understanding and judgment have contributed to the solution of problems of the highest national concern. Only our confidence that he will make a distinguished jurist reconciles us to the very real loss caused to the Treasury by his departure."

Mr. Tuttle, a long-time resident of Atlanta, Georgia, was appointed General Counsel of the Treasury Department by President Eisenhower in January, 1953, and served in that capacity until today.

He was nominated by the President on July 7, 1954, to be a Circuit judge, and was confirmed by the Senate on August 3. He was to be sworn in at 2 p.m. today by Associate Justice Burton of the United States Supreme Court.

Mr. Tuttle will return to Atlanta to live.

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Immediate Release Wed

H-573

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~~[illegible]~~

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"It is with the [redacted] greatest regret that we in the Treasury are going to lose Mr. Tuttle's association with us as General Counsel. He has been an invaluable part of the Treasury team. In many respects his understanding and judgment have contributed to the solution of problems of the highest national concern. Only ~~Our~~ our confidence that he will make a distinguished jurist reconciles us to the very real loss caused to the Treasury [redacted] by his departure[redacted]."

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE AFTERNOON NEWSPAPERS,
Thursday, September 2, 1954.

H-572

Secretary Humphrey today announced the appointment of John D. Lockton, treasurer of the General Electric Company, as State Chairman of the U. S. Savings Bonds Advisory Committee for New York.

Mr. Lockton succeeds Robert W. Sparks, vice president and treasurer of The Bowery Savings Bank of New York, who resigned as New York State Chairman recently after serving in the Savings Bonds program in various capacities since its inception in May, 1941.

The new State Chairman, who will direct volunteer Savings Bonds activities in New York, was born in Logansport, Ind., and attended public schools in Battle Creek, Mich. and Elkhart, Ind. Upon his graduation in 1926, with an A. B. degree from the University of Michigan, he joined the General Electric Company. In November, 1932, he was appointed assistant to the treasurer, and two years later was elected assistant treasurer. He became treasurer January 1, 1948.

In his capacity as treasurer he also serves as a trustee of the General Electric Pension Trust and several related trusts, a director of the General Electric Credit Corporation, Electric Mutual Liability Insurance Company and several other subsidiary companies.

He is chairman of the General Electric Employees Savings and Stock Bonus Plan under which the company gives a stock bonus to employees buying U. S. Savings Bonds on the Payroll Savings Plan. Since the bonus plan was initiated in October 1948, employees have purchased more than $100,000,000 of Savings Bonds through payroll savings. This achievement was recognized by a Treasury Citation awarded by Secretary Humphrey on June 18.

Mr. Lockton is a trustee of the Episcopal Diocese of Albany, a vestryman of St. George's Episcopal Church, Schenectady; a trustee of Russell Sage College, and the Schenectady Savings Bank, a director of the Van Curler Hotel, and chairman of the Schenectady County Savings Bonds Committee. He is a member of Sigma Alpha Epsilon fraternity, Rotary, Mohawk Club and Mohawk Golf Club.

~~SUGGESTED TREASURY~~ RELEASE Sept. 21
AFTERNOONNG NEWSPAPERS, THURSDAY, ~~AUGUST 19, 1954~~

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(more)

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Commenting on Mr. Lockton's acceptance, Secretary Humphrey wrote him: "We at the Treasury are delighted to learn of your willingness to serve as State Chairman. ~~as~~ The Savings Bonds program is very important to us in our efforts to achieve and maintain a sound American dollar. ~~and~~ the program also helps us in the efficient management of the public debt. I wish you every success in your position as key volunteer for the Bond program in your State."

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DATE LOANED	BORROWER'S NAME	PHONE NUMBER