U.S. Treasury Dept.
Press Releases

RELEASE MORNING NEWSPAPERS,
Tuesday, April 5, 1955.

H-760

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 7 and to mature July 7, 1955, which were offered on March 31, were opened at the Federal Reserve Banks on April 4.

The details of this issue are as follows:

Total applied for - $2,125,925,000
Total accepted - 1,500,901,000 (includes $218,321,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.630 Equivalent rate of discount approx. 1.466% per annum

Range of accepted competitive bids:

High - 99.670 Equivalent rate of discount approx. 1.305% per annum
Low - 99.626 " " " " " 1.480% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 24,782,000	$ 22,470,000
New York		1,484,904,000	962,244,000
Philadelphia		28,450,000	13,450,000
Cleveland		44,665,000	44,665,000
Richmond		9,158,000	9,158,000
Atlanta		27,965,000	27,485,000
Chicago		255,934,000	194,282,000
St. Louis		19,964,000	19,964,000
Minneapolis		16,355,000	16,355,000
Kansas City		79,240,000	76,080,000
Dallas		42,574,000	32,254,000
San Francisco		91,934,000	82,494,000
	TOTAL	$2,125,925,000	$1,500,901,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Mr. Abrahamson was appointed an Assistant National Bank Examiner in February, 1926 and was commissioned a National Bank Examiner in May, 1932. His entire service has been in the Philadelphia district.

B 4 1-1-761

IMMEDIATE RELEASE
~~Monday~~, April 4, 1955

Comptroller of the Currency Ray M. Gidney today announced the promotion of James F. Rush from ~~the position of~~ National Bank Examiner to ~~that of~~ District Chief National Bank Examiner of the Seventh Federal Reserve District with headquarters at Chicago, ~~Illinois.~~ He will succeed Irwin D. Wright, who is retiring on April 30, 1955. Mr. Wright is accepting a position with the Valley National Bank of Alhambra, California.

He also announced the promotion of Clarence B. Redman from ~~the position of~~ Assistant Chief National Bank Examiner in the Washington office to ~~that of~~ District Chief National Bank Examiner in the Fourth Federal Reserve District with headquarters at Cleveland, Ohio. He will succeed Louis H. Sedlacek, who is resigning effective April 17, 1955 to accept a position with the First National Bank of McKeesport, Pennsylvania.

Mr. Gidney further announced the promotion of National Bank Examiner Marshall Abrahamson of the Third Federal Reserve District, Philadelphia, Pennsylvania, to ~~the position of~~ Assistant Chief National Bank Examiner in the Washington office to succeed Mr. Redman.

Mr. Rush was appointed an Assistant National Bank Examiner in 1927 and was commissioned a National Bank Examiner in 1937, and his entire service has been in the Chicago district.

Mr. Redman was appointed an Assistant National Bank Examiner in February, 1931 and was commissioned a National Bank Examiner on July 2, 1941, all of his service being in the Second Federal Reserve District with headquarters at New York, New York. He has served as an Assistant Chief National Bank Examiner in the Washington office since August, 1954.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, April 5, 1955.

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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.

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.

~~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 April 14, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 14, 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,

H-762

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 7, 1955 (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 April 14, 1955 (4), in the amount of $ 1,500,630,000 (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 April 14, 1955 (6), and will mature July 14, 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, April 11, 1955 (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

RELEASE MORNING NEWSPAPERS,
Thursday, April 7, 1955.

H-762

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing April 14,1955, in the amount of $1,500,630,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 14, 1955, and will mature July 14, 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 payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 14, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 14, 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.

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STATUTORY DEBT LIMITATION

AS OF March 31, 1955

10

Washington, April 8, 1955

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	$19,505,493,000		
Certificates of indebtedness	17,721,751,000		
Treasury notes	39,306,752,300	$ 76,533,996,300	
Bonds-			
Treasury	81,063,549,200		
Savings (current redemp. value)	58,366,184,225		
Depositary	445,925,500		
Investment series	12,622,858,000	152,498,516,925	
Special Funds-			
Certificates of indebtedness	28,740,794,000		
Treasury notes	13,356,497,400	42,097,291,400	
Total interest-bearing		271,129,804,625	
Matured, interest-ceased		787,109,680	
Bearing no interest:			
United States Savings Stamps	48,561,093		
Excess profits tax refund bonds	1,119,361		
Special notes of the United States: Internat'l Monetary Fund series	1,572,000,000	1,621,680,454	
Total		273,538,594,759	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	31,621,436		
Matured, interest-ceased	993,400	32,614,836	
Grand total outstanding			273,571,209,595
Balance face amount of obligations issuable under above authority			7,428,790,405

Reconcilement with Statement of the Public Debt March 31, 1955
(Date)

(Daily Statement of the United States Treasury, March 31, 1955)
(Date)

Outstanding-	
Total gross public debt	274,047,818,163
Guaranteed obligations not owned by the Treasury	32,614,836
Total gross public debt and guaranteed obligations	274,080,432,999
Deduct - other outstanding public debt obligations not subject to debt limitation	509,223,404
	273,571,209,595

H-763

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AS OF March 31, 1955

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17-764

RELEASE A.M. NEWSPAPERS,
Saturday, April 9, 1955.

An amendment to the Bureau of Customs regulations under the Antidumping Act was filed today with the Federal Register for publication. The amendment redefines the term "fair value" for the purpose of determining whether a finding of dumping ~~sales of~~ of imported merchandise ~~are made at a dumping price.~~ is to be made

Cases in which the Secretary of the Treasury determines that there are sales ~~to United States purchasers~~ at less than "fair value" are submitted to the United States Tariff Commission for a determination as to injury to an American industry. Affirmative determination as to both sales at less than fair value and injury result in a finding of dumping.

The basic objective of the amendment is to establish an improved test for determining dumping price which is more certain ~~[illegible]~~ easily understandable, and more easily applied, ~~and more uniform in application~~ for both American industry and importers of foreign products.

The amendment is to be effective 30 days after publication. The text of the amendment is attached.

TREASURY DEPARTMENT 13

WASHINGTON, D.C.

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(T. D 53773)

ANTIDUMPING ACT, 1921, CUSTOMS REGULATIONS AMENDED **14**

Section 14.7, Customs Regulations, amended to define the term "fair value".

TREASURY DEPARTMENT
OFFICE OF THE COMMISSIONER OF CUSTOMS
WASHINGTON, D. C.

TO COLLECTORS OF CUSTOMS AND OTHERS CONCERNED:

TITLE 19 -- CUSTOMS DUTIES

CHAPTER I -- BUREAU OF CUSTOMS

Part 14--APPRAISEMENT

In order to clarify, simplify, and make more effective and uniform the administration of the Antidumping Act, 1921, as amended, section 14.7 of the Customs Regulations is amended to read as follows:

14.7 Fair value.--(a) Definition 15/.--For the purposes of section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), the fair value of imported merchandise shall be determined as follows:

(1) Fair value based on price in country of exportation - the usual test.--Merchandise imported into the United States will ordinarily be considered to have been sold at less than fair value if the purchase price or exporter's sales price (as defined in sections 203 and 204, respectively, of the Antidumping Act, 1921, as amended (19 U.S.C. 162, 163)), as the case may be, is less than the price (after adjustment, as provided for in section 205 of the Antidumping Act, 1921, as amended (19 U.S.C. 164)) at which such or similar merchandise is sold by the foreign producer for consumption in the country of exportation on or about the date of purchase or agreement to purchase of the merchandise imported into the United States or, in the case of merchandise imported on consignment, the date of exportation thereof.

(2) Fair value based on sales in country of exportation and in other countries, not including United States.-- If, however, it is demonstrated that during a representative period the quantity of such or similar merchandise sold by the foreign producer for consumption in the country of exportation is so small in relation to the quantity sold by such producer for

(T. D. 53773)

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OFFICE OF THE COMMISSIONER OF CUSTOMS
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(2) Fair value based on sales in country of exportation and in other countries, not including United States.-- If, however, it is demonstrated that during a representative period the quantity of such or similar merchandise sold by the foreign producer for consumption in the country of exportation is so small, in relation to the quantity sold by such producer for exportation otherwise than to the United States, as to be an inadequate basis for comparison, then merchandise imported into the United States will ordinarily be deemed to have been sold at less than fair value if the purchase price or the exporter's sales price (as defined in sections 203 and 204, respectively, of the Antidumping Act, 1921, as amended (19 U.S.C. 162,163)), as the case may be, is less than the price (after adjustment, as provided for in section 205 of the Antidumping Act, 1921, as amended (19 U.S.C. 164)) at which such or similar merchandise is sold by the foreign producer otherwise than for exportation to the United States (i.e. for consumption in the country of exportation and for exportation otherwise than to the United States) on or about the date of purchase or agreement to purchase of the merchandise imported into the United States or, in the case of merchandise imported on consignment, the date of exportation thereof. Sales "otherwise than for exportation to the United States" shall not include consignments to the

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15/ The definition of fair value does not in any way modify or affect definitions of foreign market value in section 205 of the Antidumping Act, 1921, as amended (19 U. S. C. 164) or of cost

(Footnote 15 continued on following page)

United States to be sold after arrival in the United States.

(3) Determination based on sales by other foreign producers.-- If the Secretary deems the available information as to the prices of the foreign producer insufficient or inadequate, he may determine fair value under paragraph (a)(1) or (2) above on the basis of prices of other foreign producers or sellers in the same country for similar merchandise.

(4) Fair value based on cost of production.-- If the information available is deemed by the Secretary insufficient or inadequate for a determination under paragraph (a)(1),(2), or (3) above, he will determine fair value on the basis of the cost of production as defined in section 206 of the Antidumping Act, 1921, as amended, (19 U.S.C. 165).

(b) Calculation of fair value.-- In calculating fair value under section 201(a) Antidumping Act, 1921, as amended, (19 U.S.C. 160(a)), the following criteria shall be applicable:

(1) Quantities and circumstances of sale.-- In comparing the purchase price or exporter's sales price, as the case may be, with the sales on which a determination of fair value is to be based, a reasonable allowance may be made for any differences in quantities and circumstances of sale.

(2) Offering price.-- The foreign producer's offering price may be considered in the absence of sales.

(3) Sales agency.-- If the foreign producer sells through a sales agency or other organization related to such producer in any of the respects described in section 207 of the Antidumping Act, 1921, as amended (19 U.S.C. 166), the prices at which the producer's merchandise is sold by such sales agency or other organization may be used in determining whether there have been sales at less than fair value.

(4) Fictitious sales.-- In the determination of fair value, no pretended sale or offer for sale, and no sale or offer for sale intended to establish a fictitious market, shall be taken into account.

(5) Sales at varying prices.-- Where the prices in the sales which are being examined for a determination of fair value vary (after adjustment as provided for in section 205 of the Antidumping Act, 1921, as amended, (19 U.S.C. 164) and after allowances contemplated by paragraph (b)(1) above), determination of fair value will take into account the prices of a preponderance of the merchandise thus sold, weighted averages of the prices of the merchandise thus sold, or any other available criteria that the Secretary may deem reasonable.

(6) Quantities involved and differences in price.-- Merchandise will not be deemed to have been sold at less than fair value unless the quantity involved in the sale or sales to the United States, or the difference between the purchase price or exporter's sales price, as the case may be, and the fair value, is more than insignificant.

(Footnote 15 continued from preceding page)

of production given in section 206 (19 U.S.C. 165) or the application of a foreign market value (or, in the absence of such value, cost of production) as defined in the Antidumping Act, 1921, as amended, as a basis for determining whether or not to withhold appraisement under section 201 (b) (19 U.S.C. 160(b)) or for imposition of duty under section 202 (19 U.S.C. 161).

(Footnote 15 continued on following page)

(Footnote 15 continued from preceding page)

An industry in the United States which considers that it is being injured by sales of merchandise at less than fair value will ordinarily have insufficient information on which to submit proof either of fair value as herein defined, or foreign market value or cost of production as defined in said sections 205 and 206 (19 U.S.C. 164 and 165). The industry may, however, submit, and appraisers will consider, such material as is available to it, including information indicating the market price for similar merchandise in the country of exportation and in any third countries in which merchandise of the producer complained of is known to be sold. Information submitted by an industry and information submitted by the foreign producer and others will be of value in assisting the Treasury to establish the basis for fair value, foreign market value, or cost of production.

Fair value is computed on the basis of sales for consumption in the country of exportation or otherwise than for exportation to the United States at or about the date of the purchase or agreement to purchase of the merchandise to be imported into the United States, or the date of exportation. However, in cases where it may be important to determine either the stability of the market or its trend, as well as to determine whether there has been a fictitious sale as described in paragraph 14.7 (b) (4) of these Regulations, it will be helpful to the Secretary to have information as to sales made for consumption in the country of exportation or otherwise than for exportation to the United States over a significant period of time immediately preceding the date of purchase or agreement to purchase, or exportation.

EXAMPLES FOR PURPOSES OF ILLUSTRATION

A few examples of what would and what would not be considered sales at less than fair value are given below. With the exception of Examples 4 and 5, it is assumed that individual sales are in the same average quantities and with the exception of Examples 6 and 7, that they are also made under the same circumstances.

It must be understood that these examples of necessity oversimplify for purposes of illustration. Each actual case of alleged sales at less than fair value must be considered in the light of all relevant facts, and it may be seldom that cases will be presented for consideration which are as free of complications as are the cases cited in these examples. The tentative conclusions set forth below can not, therefore, be considered as decisions which are binding upon the Secretary of the Treasury. They are in particular subject to the qualification that there may be other factors present, not here stated, or not sufficiently emphasized for the purposes of an actual case, which would lead to different or opposite results.

As is the case in respect of other laws administered in whole or in part by him, the Commissionerof Customs stands ready to answer specific inquiries arising under the Antidumping Act,

(Footnote 15 continued on the following page)

(Footnote 15 continued from preceding page)

1921, as amended, which relate to contemplated transactions, to the best of his ability, notably those involving questions as to whether paragraph 14.7 (a) (1) or (a) (2) of those regulations applies, and questions as to the method of computation which may be used in connection with paragraph 14.7 (b) (5) hereof.

Example 1

A foreign producer has made the following sales of a particular product over a representative period:

Sales for Consumption in Country of Exportation	Sales for Exportation Otherwise than to the United States	Sales to the United States
75,000 units @ $1.00	25,000 units @ $.91	15,000 units @$.90

The quantity of sales of this product in the country of exportation, amounting to 75,000 units, is sufficiently large in relation to the total of 100,000 units sold otherwise than for exportation to the United States to constitute an adequate basis for comparison with sales to the United States. (See paragraphs 14.7 (a)(1) and (2) of these regulations.) The price for sale to the United States is less than the price in the country of exportation. The foreign producer is therefore selling in the United States at less than fair value. This will be so even if the home market sales involve a restriction for which allowance need not be made because of circumstances of sale (such a restriction might be the typical limitation of right of resale to a specified area) and the third country sales are freely offered, so that the foreign market value under section 205 of the Antidumping Act, 1921, as amended (19 U.S.C. 164) is $.91.

Example 2

A foreign producer has made the following sales of a particular product:

Sales for Consumption in Country of Exportation	Sales for Exportation Otherwise than to the United States	Sales to the United States
25,000 units @ $95	75,000 units @ $.90	15,000 units @ $.90

The foreign producer can show that the quantity of sales of this product in the country of exportation, amounting to 25,000 units, is so small in relation to the total of 100,000 units sold otherwise than for exportation to the United States, as to be an inadequate basis for comparison with sales to the United States. Determination of fair value will therefore be based on the selling

(Footnote 15 continued on following page)

(Footnote 15 continued from the preceding page)

price otherwise than for exportation to the United States, pursuant to paragraph 14.7 (a) (2) of these Regulations. In the absence of special circumstances it would appear that the sales for exportation to the United States were not below fair value, whether determined on the basis of variation below a preponderance of other sales, or a weighted average of such sales, or otherwise. This may be so even if the home market sales are freely offered and therefore represent the foreign market value, and the third country sales are restricted, provided that the restriction is one (such as the typical limitation of right of resale to a specified area) for which allowance need not be made because of the circumstances of the sale.

Example 3

A foreign producer has sold his merchandise for consumption in the country of exportation at or about the date of the sale or exportation to the United States at the following prices:

2,000	tons @	$32.00	ton
900	tons @	$32.50	ton
2,000	tons @	$33.00	ton
1,000	tons @	$33.10	ton

Sales to the United States have been made by this supplier in the same average quantities at a uniform price of $32.90 per ton during the period. The difference in price between the producer's home market sales or any average thereof and his sales to the United States is so slight that it will not be regarded as more than insignificant unless such factors as small margin of profit and the sensitive condition of the market justify a contrary conclusion.

Example 4

A foreign producer makes all of his sales, other than those to the United States, for consumption in the country of exportation. The majority of the merchandise thus sold by him is sold at list prices, net. However, a discount of 5% is granted on sales of more than 500 tons. Sales to the United States are at list prices less 10% and have been in quantities of 10,000 tons or more. There have been no other sales by this producer in such quantities. Since the discount appears to be a reasonable one in view of the difference in quantities, the sales will not be considered to have been made at less than fair value in the absence of evidence that the price differential was not due to the differences in quantities.

The same result could obtain if the pricing pattern showed a differential because of quantity even though there were no list prices, or the list prices did not specify quantity discounts. This is shown in Example 5.

Example 5

A foreign producer has the following record of sales at or about the date of sale or exportation to the United States:

(Footnote 15 continued on the following page)

(Footnote 15 continued from preceding page)

Sales for Consumption in Country of Exportation	Quantity for each sale	Sales to United States	Quantity for each sale
200,000 lbs @ $.85	Units of 100 lbs	100,000 lbs @ $.80	Units of 1,000 lbs.
100,000 lbs @ $.80	Units of 1,000 lbs		

Although the preponderance of sales during the period (200,000 lbs) were at a price of $.85 as opposed to the United States price of $.80, the lower United States price is justified on the ground that the home price pattern shows that to be the prevailing price for units of 1,000 lbs, which were the units involved in the United States sales. On the other hand, if the record of sales were to show 100,000 lbs sold for consumption in the country of exportation in units of 1000 lbs at $.85 instead of $.80, the sales to the United States would be deemed to have been made at less than fair value.

Example 6.

A foreign producer sells for consumption in the country of exportation at $12 a unit, regardless of quantities and regardless of whether the sales are to wholesalers or retailers. He sells to retail purchasers in the United States at $12 a unit and wholesale purchasers in the United States at $10 a unit, in each case regardless of quantities.

The circumstances in this case indicate that the foreign producer will be deemed to have been selling to wholesalers in the United States at less than fair value. Should, however, his record of sales for consumption in the country of exportation show that he sells, regardless of quantities, at $10 a unit to wholesalers and at $12 a unit to retailers, then, making allowances for the circumstances of sale, the sales in the United States will not be deemed to be sales at less than fair value.

Example 7

A foreign producer sells for consumption in the country of exportation at $105 a unit, delivered anywhere within the country of exportation, He has no f.o.b. factory price for home consumption. He sells to the United States f.o.b. factory for $100 a unit. Evidence indicates that it costs the producer on the average $.50 a unit to deliver on home consumption sales.

Giving due consideration to the circumstances of sale, the sales to United States purchasers at $100 a unit will be deemed to be sales at less than fair value. Should the delivery cost on home consumption sales average $5. a unit instead of $.50, the sales to United States purchasers at $100 a unit will not be deemed to be sales at less than fair value.

19-A

Notices of the proposed amendment of the regulations to define fair value were published in the Federal Register on June 22, 1954, and November 4, 1954. (19 F.R. 3795, 7157). After full consideration of data and views submitted the above regulations have been adopted. These regulations will become effective thirty days after the date of publication in the Federal Register.

Ralph Kelly

Commissioner of Customs

Approved: APRIL 8, 1955

H Chapman Rose

Acting Secretary of the Treasury

RELEASE MORNING NEWSPAPERS,
Tuesday, April 12, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated April 14 and to mature July 14, 1955, which were offered on April 7, were opened at the Federal Reserve Banks on April

The details of this issue are as follows:

Total applied for - $2,125,641,000
Total accepted - 1,500,441,000 (includes $223,738,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.582/ Equivalent rate of discount approx. 1.652% per annum

Range of accepted competitive bids:

High - 99.662 Equivalent rate of discount approx. 1.337% per annum
Low - 99.575 " " " " " 1.681% " "

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 29,321,000	$ 28,821,000
New York		1,474,421,000	914,421,000
Philadelphia		27,782,000	16,782,000
Cleveland		45,964,000	43,964,000
Richmond		15,201,000	15,201,000
Atlanta		26,854,000	26,854,000
Chicago		247,795,000	196,095,000
St. Louis		33,380,000	33,380,000
Minneapolis		22,232,000	22,232,000
Kansas City		48,999,000	48,999,000
Dallas		37,652,000	37,652,000
San Francisco		116,040,000	116,040,000
	TOTAL	$2,125,641,000	$1,500,441,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, April 12, 1955.

H-765

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated April 14 and to mature July 14, 1955, which were offered on April 7, were opened at the Federal Reserve Banks on April 11.

The details of this issue are as follows:

Total applied for - $2,125,641,000
Total accepted - 1,500,441,000 (includes $223,738,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.582/ Equivalent rate of discount approx. 1.652% per annum

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Richmond	15,201,000	15,201,000
Atlanta	26,854,000	26,854,000
Chicago	247,795,000	196,095,000
St. Louis	33,380,000	33,380,000
Minneapolis	22,232,000	22,232,000
Kansas City	48,999,000	48,999,000
Dallas	37,652,000	37,652,000
San Francisco	116,040,000	116,040,000
TOTAL	$2,125,641,000	$1,500,441,000

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APR 6 1955

MEMORANDUM TO MR. BARTELT:

The following transactions were made in direct and guaranteed securities of the Government for Treasury investments and other Accounts during the month of March, 1955:

Purchases	$19,013,500.00
Sales	135,200.00
	$18,878,300.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

~~H-743~~ H-766

IMMEDIATE RELEASE,
~~Monday, March 14, 1955~~.
Wednesday, April 13, 1955

During the month of ~~February~~ March 1955, 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 $18,878,300

[redacted]

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, April 13, 1955. H-766

During the month of March 1955, 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 $18,878,300.

oOo

"The operation of old-age and survivors insurance trust fund investment is similar to the investment of premiums collected by a private insurance company," the report states. "A private company uses part of its current premium receipts for payments to beneficiaries and for operating expenses. The balance of its receipts is invested in income producing assets...... Government securities ordinarily represent a considerable part of these investments....

"Social security tax collections are handled in much the same way. Investments of the trust fund, however, are limited by law to only one type -- securities issued by the Federal Government. There are two principal reasons for such a restriction. One is similar to the motivation of State legislation dealing with investments of private insurance companies; it is designed to ensure the safety of the fund. Government securities constitute the safest form of investment. The second reason is that it keeps this publicly operated program from investing reserve funds in competitive business ventures. Such investments by the trust fund would be completely out of harmony with accepted concepts of the proper scope of a governmental activity. The securities held by the trust fund perform the same function as those held by a private insurance company. They can be readily converted into cash when needed to meet disbursements, and the earnings on these investments make possible a lower rate of contributions than would otherwise be required."

The estimated number of persons in covered employment during some or all of calendar year 1954, according to the report, was about 61 million.

Benefit payments during the fiscal year 1954 to retired workers and their dependents and survivors amounted to $3,275,556,000.

Receipts of the trust fund during fiscal 1954 were $5,039,686,000, of which $450,504,000 was interest.

Estimates on operations of the fund for the next five years contained in the report indicate that with continued high employment, receipts will continue to exceed disbursements.

The trustees reviewed the growth of the social security program due to the amendments added to the law by the Eighty-third Congress. Approximately ten million additional workers and farm operators have been brought into the program. Approximately six million of these are covered automatically. State and local government employees numbering 3.5 million may be covered if a majority of members of each staff retirement plan votes for social security coverage. Clergymen may elect coverage on an individual basis.

The report contains a discussion of the manner in which the old-age and survivors insurance funds are invested. It explains that the trust fund receipts are required by law to be invested in obligations of the Federal government.

~~DRAFT PRESS RELEASE FOR TRUSTEES REPORT~~

Release A.M. Newspapers
Thursday, April 14, 1955

H-767

The Board of Trustees of the Old-Age and Survivors Insurance Trust Fund met on request ~~today~~ and approved and forwarded to Congress an annual report giving the assets of the Fund on June 30, 1954, as $20,042,615,000. This total compared with $18,366,356,000 a year earlier.

Trustees of the Fund are Treasury Secretary George M. Humphrey, Labor Secretary James P. Mitchell, and Health, Education, and Welfare Secretary Oveta Culp Hobby. The Board is charged with reporting to Congress each year on the operation and status of the trust fund and its expected operations during the next ensuing five years. The Secretary of the Treasury is the managing trustee of the fund. The Commissioner of Social Security, Charles I. Schottland, is Secretary of the Board of Trustees.

Reviewing the present status of old-age and survivors insurance, ~~at its meeting today,~~ the Board noted that workers in nine out of ten of the paid jobs in the United States are now eligible for old-age and survivors insurance protection.

As of June 1954, the total number of beneficiaries under the old-age and survivors insurance program was 6,469,000. This was 16 percent more than the number in June 1953.

RELEASE A.M. NEWSPAPERS
Thursday, April 14, 1955.

H-767

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"The operation of old-age and survivors insurance trust fund investment is similar to the investment of premiums collected by a private insurance company," the report states. "A private company uses part of its current premium receipts for payments to beneficiaries and for operating expenses. The balance of its receipts is invested in income producing assets.... Government securities ordinarily represent a considerable part of these investments....

"Social security tax collections are handled in much the same way. Investments of the trust fund, however, are limited by law to only one type -- securities issued by the Federal Government. There are two principal reasons for such a restriction. One is similar to the motivation of State legislation dealing with investments of private insurance companies; it is designed to ensure the safety of the fund. Government securities constitute the safest form of investment. The second reason is that it keeps this publicly operated program from investing reserve funds in competitive business ventures. Such investments by the trust fund would be completely out of harmony with accepted concepts of the proper scope of a governmental activity. The securities held by the trust fund perform the same function as those held by a private insurance company. They can be readily converted into cash when needed to meet disbursements, and the earnings on these investments make possible a lower rate of contributions than would otherwise be required."

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Release A.M. Newspapers
~~IMMEDIATE RELEASE~~
Thursday, April 14, 1955

H-768

Redistribution of the work load in regional disbursing and accounting offices of the Treasury will make possible the closing of four such offices in the near future at an annual saving of $126,500, the Treasury announced today.

The offices to be discontinued are those at Albuquerque, N. M., Helena, Mont., San Juan, P. R., and Seattle, Wash. Duties of the Albuquerque, Helena and Seattle offices will be reassigned to various other regional units operating in the same general geographic areas. The work of the San Juan office will be taken over by units on the mainland.

The shifts will be made at appropriate times commencing within the next few weeks, depending on the completion of arrangements with administrative agencies affected, completion of current tax refund payments, and arrangements for the transfer of employees to available new stations.

About 60 persons are employed in the four offices. ~~To the extent the services of these employees can be utilized in other localities, they will be transferred.~~ Every effort will be made to arrange for their employment in other Treasury offices or other Government agencies.

W.B.J.

W.R.S.

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS,
Thursday, April 14, 1955. H-768

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About 60 persons are employed in the four offices. Every effort will be made to arrange for their employment in other Treasury offices or other Government agencies.

oOo

~~ALPHA~~

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.

~~XXXXX~~

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 21, 1955 ~~(9)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 21, 1955 ~~(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,

H-769

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 14, 1955.

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing April 21, 1955, in the amount of $ 1,500,562,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 21, 1955, and will mature July 21, 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, April 18, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, April 14, 1955.

H-769

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

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 21, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 21, 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.

Commodity	Period and Quantity		Unit of Quantity	Imports as of April 2, 1955
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
Peanuts, shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including unshelled peanuts or peanut butter), of sizes averaging in representative samples more than 40 kernels per ounce..............................	March 9, 1955-June 30, 1955	51,000,000	Pound	4,924,851
Peanut Oil..........................	12 months from July 1, 1954	80,000,000	Pound	18,758,943
Barley, hulled, unhulled, rolled, and ground barley, and barley malt..	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	10,262,199
	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	11,768,599
	Other Countries	688,000	Bushel	687,832 *
Rye, rye flour, and rye meal........	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through April 12, 1955.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, April 14, 1955.

H-770

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to April 2, 1955, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of April 2, 1955
Whole milk, fresh or sour..........	Calendar Year	3,000,000	Gallon	3,168
Cream	Calendar Year	1,500,000	Gallon	107
Butter............................	Nov. 1, 1954-Mar. 31, 1955	50,000,000	Pound	318,710
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish..........	Calendar Year	35,432,624	Pound	11,455,563 (1)
White or Irish potatoes:				
Certified Seed.....................	12 months from Sept. 15,1954	150,000,000	Pound	67,484,965
Other		329,100,000	Pound	12,164,032
Cattle, less than 200 lbs. each.....	12 months from April 1, 1954	200,000	Head	5,129
Cattle, 700 lbs. or more each....... (other than dairy cows)	Jan. 1, 1955-Mar. 31, 1955	120,000	Head	51,571
Walnuts...........................	Calendar Year	5,000,000	Pound	1,903,138
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000	Pound	1,112,036
Filberts, shelled (whether or not blanched)........................	12 months from Oct. 1, 1954	6,000,000	Pound	3,544,991
Alsike clover seed.................	12 months from July 1, 1954	1,500,000	Pound	Quota Filled

(1) Imports for consumption at the quota rate are limited to 17,716,312 lbs. during the first six months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

MEDIATE RELEASE,
ursday, April 14, 1955.

H-770

The Bureau of Customs announced today preliminary figures showing the imports for ısumption of the commodities listed below within quota limitations from the beginning the quota periods to April 2, 1955, inclusive, as follows:

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berts, shelled (whether or not anched).........................	12 months from Oct. 1, 1954	6,000,000	Pound	3,544,991
ike clover seed................	12 months from July 1, 1954	1,500,000	Pound	Quota Filled

Imports for consumption at the quota rate are limited to 17,716,312 lbs. during the first six months of the calendar year.

(Continued)

Commodity	Period and Quantity		Unit of Quantity	Imports as of April 2, 1955
'eanuts, 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
'eanuts, shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including unshelled peanuts or peanut butter), of sizes averaging in representative samples more than 40 kernels per ounce..............................	March 9, 1955-June 30, 1955	51,000,000	Pound	4,924,851
'eanut Oil..........................	12 months from July. 1, 1954	80,000,000	Pound	18,758,943
}arley, hulled, unhulled, rolled, and ground barley, and barley malt..	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	10,262,199
	Other Countries	275,000	Bushel	5,635
)ats, hulled and unhulled, and unhulled ground....................	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	11,768,599
	Other Countries	688,000	Bushel	687,832
ye, rye flour, and rye meal........	12 months from July 1, 1954	186,000,000	Pound	Quota Fille

Imports through April 12, 1955.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, April 14, 1955.

H-771

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 April 12, 1955	Established Quota	Imports May 29, 1954, to Apr. 12, [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	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	3,822,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, April 14, 1955.

40 H-771

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Country of Origin	Wheat: Established Quota	Wheat: Imports May 29, 1954, to April 12, 1955	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Established Quota	Wheat flour, semolina, crushed or cracked wheat, and similar wheat products: Imports May 29, 1954, to Apr. 12, 1955
	(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	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	-	-	-
	,000	795,000	4,000,000	3,822,070

TREASURY DEPARTMENT
Washington

IMMED E RELEASE,
Thursday, April 14, 1955

H-772

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, 1955, to April 2, 1955, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of April 2, 1955
Buttons		850,000	Gross	149,090
Cigars		200,000,000	Number	587,638
Coconut Oil		448,000,000	Pound	39,792,934
Cordage		6,000,000	Pound	1,224,611
Rice		1,040,000	Pound	-
Sugars	(Refined	1,904,000,000	Pound	2,501,869
	(Unrefined			443,968,154
Tobacco		6,500,000	Pound	303,438

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, April 14, 1955.

H-772

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Rice	1,040,000	Pound	-
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Sugars (Unrefined			443,968,154
Tobacco	6,500,000	Pound	303,438

43

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 April 12, 1955	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to April 12, 1955
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152
Canada	239,690	132,891	-	-
France	227,420	-	75,807	-
British India	69,627	67,894	-	-
Netherlands	68,240	20,382	22,747	20,382
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	16,927	25,443	16,927
Italy	21,263	6,627	7,088	6,627
	5,482,509	1,685,873	1,599,886	1,485,088

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, April 14, 1955.

H-773

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 April 12, 1955, 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	5,931	Paraguay	871	-
British India	2,003,483	20,355	Colombia	124	124
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa . .	2,240	-
Brazil	618,723	618,723	Netherlands E. Indies.	71,388	-
Union of Soviet Socialist Republics .	475,124	411,813	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 April 2, 1955

Established Quota (Global)	Imports
70,000,000	6,401,557

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1955, to April 2, 1955.

Established Quota (Global)	Imports
45,656,420	10,821,994

TREASURY DEPARTMENT
Washington

MMEDIATE RELEASE,
hursday, April 14, 1955.

H-773

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

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1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
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#55

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(In pounds)

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Switzerland	44,388	-	14,796	-
Belgium	38,559	-	12,853	-
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
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	5,482,509	1,685,873	1,599,886	1,485,088

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

T-774

RELEASE MORNING NEWSPAPERS,
Tuesday, April 19, 1955.

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

The details of this issue are as follows:

Total applied for - $2,347,479,000
Total accepted - 1,500,794,000 (includes $259,172,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.579/ Equivalent rate of discount approx. 1.664% per annum

Range of accepted competitive bids:

High - 99.620 Equivalent rate of discount approx. 1.503% per annum
Low - 99.576 " " " " " 1.677% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 37,120,000	$ 28,940,000
New York	1,569,701,000	876,351,000
Philadelphia	41,320,000	26,370,000
Cleveland	74,677,000	55,177,000
Richmond	15,009,000	11,059,000
Atlanta	42,877,000	41,902,000
Chicago	266,326,000	212,176,000
St. Louis	51,444,000	44,994,000
Minneapolis	19,129,000	18,829,000
Kansas City	56,894,000	46,894,000
Dallas	49,712,000	32,512,000
San Francisco	123,270,000	105,290,000
TOTAL	$2,347,479,000	$1,500,794,000

RELEASE MORNING NEWSPAPERS,
Tuesday, April 19, 1955.

H-774

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Atlanta	42,877,000	41,902,000
Chicago	266,326,000	212,176,000
St. Louis	51,444,000	44,994,000
Minneapolis	19,129,000	18,829,000
Kansas City	56,894,000	46,894,000
Dallas	49,712,000	32,812,000
San Francisco	123,270,000	105,290,000
TOTAL	$2,347,479,000	$1,500,794,000

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TREASURY DEPARTMENT
Washington

RELEASE 7 P.M. E.S.T.
Thursday, April 21, 1955

H-775

Remarks by Robert B. Blyth, Assistant to the Secretary of the Treasury, before a dinner meeting of the Association of Customers' Brokers, Astor Hotel, New York City, Thursday, April 21, 1955

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TREASURY DEPARTMENT
Washington

RELEASE 7 P.M. E.S.T.
Thursday, April 21, 1955.

H-775

Remarks by Robert B. Blyth, Assistant to the Secretary of the Treasury, before a dinner meeting of the Association of Customers' Brokers, Astor Hotel, New York City, Thursday, April 21, 1955

I am honored to have the opportunity to speak to a group such as this because I know the importance of the function that the brokers of this country perform in maintaining a smoothly functioning secondary financial market. This secondary market provides the necessary background for the broad capital market on which business and industry must rely as a source of new capital, and it permits the free movement of capital which is essential in our dynamic free enterprise society.

In my own work, until my recent move to Washington, I have had a good deal of responsibility in the field of common stock investment, and I have a great respect for what intelligent investment in common stock can do for an individual.

I come by my interest in common stocks naturally for my father, who is a Congregational Minister, and who had five children to support and educate, almost always managed to have some dollars to invest, and practically always had these dollars invested in American industry. As a matter of fact, the persistent accumulation of the small savings that a Minister's salary permits, and their careful investment in common stocks, has done very well by him, and although retired, he is now free of any real financial worry. I am sure that the basic motive behind his investment was a faith in the future of this country, and in my opinion, it is that same faith that should be the primary motive behind all common stock investment.

I emphasize that reason for investing in common stocks because I have always been a little annoyed by the excessive use of the "inflation hedge" argument for buying common stocks, which is the argument I have heard advanced more frequently than any other.

One of the reasons that I am very happy to serve for a time in the Treasury Department is to help, as far as it is possible, to prevent inflation. I have never thought the inflation argument for common stock investment was a very good argument any way. The long history of this country does not particularly support its validity. Actually, this country's experience with inflation has been largely associated with wars. If this argument were properly presented, it should be "buy stocks because of possibility of war".

In place of this inflation argument, this Administration is dedicated to the creation of an environment in which businessmen and individuals alike can plan their future without being haunted by the fear of inflation. I believe you can much more safely preach the virtues of common stock investment under such conditions.

In the past, the threat of inflation has been constantly with us. We have seen a running battle between the Government and the productive forces of industry and agriculture. The Government in the '30's, for example, created the base for an almost unlimited expansion of credit through changing the price of gold, and by establishing large idle reserves in the banking system. Industry and agriculture, on the other hand, have battled strongly to produce sufficient goods to meet the needs of the economy.

In peacetime, the peculiar productive genius of American industry and agriculture has won the battle. In time of war, in the absence of forceful monetary action and any thought of a balanced budget, forced concentration on war production and limitations on civilian production have turned the tide of battle to the forces of inflation. It is hard to describe our economy today. We are not at war technically because there is no shooting going on. Nevertheless, the economy is spending substantially more dollars for defense than in any previous peacetime era. As a result of this situation, we have a very delicate balance in our economy between the forces of inflation and deflation. Fortunately, the present Administration is alert to this situation and has encouraged the Federal Reserve System to take independent action in the control of credit and has itself taken constructive action in the fields of fiscal policy and debt management in order to protect the value of the dollar.

This Administration believes in the flexible monetary policies that the Federal Reserve has followed during the last two years, designed as they were to restrain the excess use of credit early in 1953, and stimulate its use in 1954.

Today, the excess reserves that were designed to encourage the use of credit last year have been removed from the banking system because the economy is so strong that it no longer needs that stimulus. Under present conditions, developments in the economy itself will primarily determine the course of the money market. If the economy moves ahead too rapidly, credit restraints will develop largely through natural forces, although ample credit will be available for normal growth. The underlying objective of monetary policy is to promote the sound, long-term growth of the country, and we believe that the flexible policies of the last two years have had a constructive impact.

In the field of fiscal management of the affairs of this country, we are making encouraging progress. As you are all aware, when this Administration came into office the Treasury was faced with a serious deficit. The budget is not yet balanced but encouraging progress has been made.

Total expenditures in the current fiscal year are expected to be about $11 billion below the level of two years ago. That is a tremendous reduction to make in a short time.

Last year it seemed absolutely essential to reduce taxes in order to cushion the impact of the sharp reduction which was being made in expenditures. This reduction in taxes was made as a part of fiscal policy, and it helped to cushion the shock on the economy of the decline in Federal spending. As a matter of fact, in the absence of tax reductions, a decline in Federal spending of that amount in so short a space of time could have created a deflationary spiral that might have seriously interrupted our progress toward a balanced budget.

Having safely come through this transition period, the Administration now is able to plan further progress toward a balanced budget. The 1956 budget estimate indicates a deficit of $2.4 billion, the most favorable budget picture in five years. Furthermore, on a cash basis it is anticipated that there will be a small surplus in the next fiscal year.

My own responsibilities in the Treasury are in the field of debt management. Our public debt to some considerable degree is an index of the failure of the Government to exercise proper fiscal management of the affairs of the country in the past. It is likely that a substantial public debt would have been created under even the most favorable circumstances, as a product of the tremendous global conflicts in which this country was taking part. Certainly, however, a more realistic approach to the problem of levying taxes and controlling spending could have prevented a piling up of as much debt as we now have. Furthermore, a more courageous application of monetary policy would have prevented some part of the inflationary developments of the past, and this in itself would have held down the size of the debt because of the lower price level. Thus, in a sense, the management of the public debt today is the management of the funded mistakes of the past.

Our public debt is a peculiar thing. It is a liability on our national balance sheet, but to the owner of the debt obligation, it is an asset. Furthermore, to the extent that the debt is purchased by our banking system, money is created, and this money -- or money value -- is basically never destroyed unless the debt is retired. This is true, even though the dollars borrowed by the Government are used to produce tanks and ammunition that are destroyed in armed conflict.

An increase in public debt resulting from an unbalanced budget does not in itself necessarily produce price inflation. Back in the '30's, for example, we had a steady succession of budget deficits that were large in relation to national income but, at the time, they had no demonstrable impact on commodity prices.

Deficit financing, however, under other conditions has caused inflation, and at best, it creates an inflation potential that never perishes unless the debt is finally retired. The management of the $275 billion public debt is largely concerned with the problem of minimizing this inflation potential, and with making our public debt a constructive force in our economy to the greatest extent possible.

I am not going to spend a lot of time describing the national debt to you. It is a large deb t but if we handle it prudently we do not need to be afraid of it. The predominant feature of our debt is that it is quite short term. When this Administration came into office half of the marketable debt was due or callable in one year.

In 1953 and 1954 over $40 billion of securities were sold with maturities beyond one year, and yet our marketable debt due or callable in one year declined less than $12 billion in this two-year period because of the way our maturities kept rolling in on us. At the end of 1954 our one-year marketable maturities still totaled almost $63 billion. As a matter of interest, our total public financing operations, including the weekly refunding of Treasury Bills, has aggregated over $300 billion since this Administration took office.

This compares with the total market value of all shares listed on stock exchanges in our country of $195 billion at the end of 1954, and the value of shares traded on the New York Stock Exchange in 1953 and 1954 of $38 billion. Treasury financing of this magnitude necessarily interferes with the normal functioning of other capital markets and is a disturbing influence in our economy. Furthermore, as you know, a large short-term debt complicates the problems of dealing with inflation. The maturity arrangement of our debt is not sensible or prudent. You would not think it wise, as an individual, to finance the purchase of a house with a mortgage due in six months. Neither is it prudent for the United States Government to be faced with the payment or refunding of a large part of its debt at frequent intervals.

These are some of the reasons why this Administration is anxious to improve the debt structure and would like to sell longer securities to the public at every favorable opportunity.

Yet we have to proceed very cautiously and examine very carefully the probable impact of each one of our large financing operations on the economy. If we sell too many long bonds we may preempt capital that is needed for the building of homes and the conduct of business. At times the sale of a long bond is useful in restraining the growth of money supply and guarding against inflationary developments. Last year when the economy was experiencing a readjustment period, the Treasury purposely refrained from selling a longer bond in order not to compete with the market for mortgages and other new security issues.

Early this year the business picture appeared sufficiently strong to permit the sale of a long bond without doing damage to the recovery. Accordingly, plans were developed and with the splendid help of the financial community, we successfully placed $1.9 billion of 3% 40-year bonds due in 1995. This was part of our program to improve our debt structure and reduce our short-term debt. In addition, we are interested in establishing a genuine market for longer term government securities. We think our economy is sounder and that all of the capital markets are sounder if long-term investors are able to make a free choice in the selection of investments and are not forced to make investment decisions by the lack of supply of long-term government securities. To a degree, we were providing investors with an alternative to common stock investment. The manager of a pension fund, for example, is now able to obtain a 3% return on his investments without departing from the very conservative government bond field. The stock market rests on a sounder base if such an investor is able to make a free choice of securities and is not forced to consider common stock investments just because he finds it difficult or impossible to meet his actuarial requirement in high grade, fixed income securities.

I hope these comments have demonstrated to you, in some measure, the importance of sound public debt management to the stock market.

Public debt operations can do much to remove the haunting fear of inflation, they can contribute greatly to economic stability and thus help provide the base from which sound economic progress can take place. Thus the management of the debt can be helpful in producing an atmosphere in which common stock investment will flourish.

Before closing, I can't refrain from commenting somewhat on the stock market. The Treasury, because of its broad interests in the overall health of the economy, followed with interest the pace of the recent sharp advance in stock prices. In such a rapid movement there is always danger that too little attention will be paid to sound value, and that the movement will carry the price structure to an unsupportable level. Too rapid a change in any sector of our economy, if not soundly based, can contribute more to unstable conditions -- and, in the long run, even to deflation -- than to sound economic progress.

I have no good judgment as to whether the market is too high or too low, but I prefer to believe that much of the advance in the market reflected a rebirth of confidenc in the free enterprise system, a conviction that our Government is again on sound footing, and a belief that appropriate action will be taken in the management of the fiscal and monetary affairs of this country in order to keep our dollar sound and the economic future bright.

I hope that the stock market will, over a period, sell at a high enough level to encourage corporations to make proper use of the equity market for the raising of new capital. There is evidence this year that the rise in the market has encouraged a far greater use of equity for raising new capital for business than has been true for many years. This is constructive. The increased supply of equity capital is itself the best natural check on an unhealthy advance in the market, and at the same time it can do a great deal to promote the further growth and progress of this country.

A recent rough compilation that I had made indicates that in the first quarter of this year the principal issues of common stock offered publicly by underwriters, or directly to stockholders, amounted to over $600,000,000, as against only $237,000,000 in the same period last year. These figures are not all inclusive but they compare with a figure compiled by the Securities & Exchange Commission of $1.2 billion total common stock financing for all 1953. In addition, convertible issues aggregated about $150,000,000 in the first three months of this year as against only $10,000,000 a year ago. As I read the paper from day to day I see convincing evidence of further common stock financing, and there have been announcements that indicate a substantial further issue of convertible securities. Convertible securities have proved to be an effective way of raising equity capital. An estimate that I have seen indicates that over $1 billion of equity capital came into being in 1954 as the result of conversion of convertible bonds and preferred stocks and cash payments that were required incident to the conversions.

Based on financing to date, and already planned, business may well sell substantially more common capital this year than ever before, with the possible exception of 1929. Furthermore, with the same possible exception, it appears likely that more convertible financing will be undertaken and quite possibly more convertible issues will be converted into common stock this year than ever before in our history. This is convincing evidence of the constructive value to the country of a high-level stock market. It is evidence that we have established an environment in which business is encouraged to make long-term plans to use additional permanent capital over and above the amount of retained earnings. This results in the creation of new jobs for our rising population which is the only thing that insures economic progress.

I have told you how management of the public debt can affect the stock market. Actually, it works both ways and the present active equity market in a way is helping us in managing the public debt. Common stock financing tends to encourage individual saving and attracts individual investor dollars more than any other form of capital financing. Habits of thrift are always important in our economy, and doubly so in a period such as we have today when the capital requirements of business and states and local government are so high. To whatever extent individuals increase their saving, or increase their direct financing of the capital needs of the economy, it helps reduce inflationary pressures and reduces the credit demands on the banking system. This improves the money market picture and makes it easier for the U.S. Treasury to successfully accomplish its financing without inflationary consequences.

Thus, just as sound debt management can contribute to economic progress, a healthy stock market also can make its important contribution to the well-balanced development of our American free enterprise system.

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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.

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.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 28, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 28, 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,

TREASURY DEPARTMENT
Washington

H-776

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 21, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing April 28, 1955, in the amount of $1,500,199,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated April 28, 1955, and will mature July 28, 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 Daylight Saving time, Monday, April 25, 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

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on April 28, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing April 28, 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.

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H-777

RELEASE MORNING NEWSPAPERS,
Tuesday, April 26, 1955.

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

The details of this issue are as follows:

Total applied for - $2,623,524,000
Total accepted - 1,500,984,000 (includes $223,636,000 entered on a noncompetitive basis and accepted in ~~full at the average price shown below)~~

Average price - 99.571/ Equivalent rate of discount approx. 1.697% per annum

Range of accepted competitive bids:

High - 99.620 Equivalent rate of discount approx. 1.503% per annum
Low - 99.570 " " " " " 1.701% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 41,932,000	$ 33,990,000
New York	1,859,930,000	992,829,000
Philadelphia	45,828,000	16,383,000
Cleveland	76,313,000	62,404,000
Richmond	14,472,000	11,052,000
Atlanta	31,249,000	26,114,000
Chicago	301,935,000	198,012,000
St. Louis	23,524,000	21,292,000
Minneapolis	17,801,000	15,011,000
Kansas City	48,034,000	40,980,000
Dallas	44,754,000	27,514,000
San Francisco	117,752,000	55,403,000
TOTAL	$2,623,524,000	$1,500,984,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Proposed press release

Ralph Kelly, Commissioner of Customs, announced today that the Bureau has under consideration a further reduction in documentary requirements on importations of merchandise.

Notice of proposed rule making is being published, under the Administrative Procedure Act, looking to complete elimination of consular and other certification of customs invoices.

Currently, for many shipments, foreign suppliers must obtain certification by the nearest United States consul of an invoice form listing such information as the names of shipper and consignee, selling price of the merchandise, its character, amount to be shipped, etc. It is proposed to substitute a special customs invoice which will not require certification.

Commissioner Kelly said the change, if adopted, should reduce paper work for both Customs and foreign trade interests, and save the foreign supplier the $2.50 certification fee on each transaction.

The certification requirements have been liberalized progressively by Customs in recent years, by extending exemptions to importations that are free of duty, or subject only to a specific rate of duty not dependent on value; and to shipments of relatively small value.

Mr. Kelly said Customs experience under the liberalized procedures now warrants the proposal for complete elimination of the certification requirement ~~entirely~~.

Immediate
Saturday, Apr 26 1958

63 1-7-77

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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
Washington

H-779

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, April 28, 1955 ~~(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 May 5, 1955 ~~(4)~~, in the amount of $ 1,500,192,000 ~~(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 May 5, 1955 ~~(6)~~, and will mature August 4, 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 Daylight Saving/~~Standard~~ time, Monday, May 2, 1955 (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.

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

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on May 5, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 5, 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.

I say that not because I favor boastfulness for its own sake. But, in this field as in so many others, confidence in the future, in stability, in safe reliance on forward planning, is ~~the~~ a most vital ingredient. ~~And I have thought from time to time that in our emphasis on what remains to be done we have lost perspective. We have sometimes run the risk of creating the impression both here and abroad that all may be lost if a particular step is or is not taken. By so doing, not only can we~~ We must never lose perspective, lest we ~~can~~ damage the confidence that must underly the President's goal of a high and expanding level of world trade that can be the foundation of a peaceful world.

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Insert B Page 13

What has been accomplished under the President's leadership to date in legislation in the [redacted] [redacted] Customs field ~~administration~~, together with what is now pending, marks progress [redacted] unprecedented in any similar ~~previous~~ period of the Nation's history in improving this vital area of trade between nations.

substantial areas where much remains to be done. In the field of valuation, the elimination of foreign market value would be another import step forward, which would reduce time-consuming and frequently unnecessary foreign inquiries. We must eliminate too the eccentricities which have been built into the statutory valuation language so as to return our valuation formula to commercial realism and eliminate the surprises which so often result from the present rules. We intend to renew (to the Congress) almost immediately (important) proposals to these two ends. ~~this, and very similar to those which were presented to the last Congress~~.

Insert B

It is right and proper that we should keep our eyes ahead, that we should avoid complacency, and that we should concentrate on improvements remaining to be made. But sometimes, in the discussions of foreign trade policy to which I have listened in the past two years, it has occurred to me that we ~~this Administration, and this country as a whole,~~ (may) have tended to be over-modest about what has already been done to foster a high and expanding level of foreign trade.

— page 14 to come —

the Tariff Act as it stands, leaving policy to the Congress.

These are some of the ways in which we have sought to achieve greater speed, certainty and fairness in administration of the Tariff Act. They are not dramatic in themselves; but, taken together, they constitute in my judgment a substantial advance in a direction which can ~~perhaps~~ contribute importantly to an expanding level of world trade. Decisions to enter new markets must be made at long range and must risk substantial sums. Men will not risk far ahead the substantial sums that are necessary unless they can be assured of stability, speed and certainty in administration, and a fair and judicial determination of questions if they arise.

By what I have said, I do not intend to imply in any way that the job is done. It never will be completely done. We must be eternally vigilant to search out new methods which will improve administration, reduce delay, and increase certainty. Even now, we know of

Fairness

A basic principle in our administration of the Tariff Act has been that it must be enforced as written. Administration of the Act cannot be slanted or deflected to effectuate either domestic or foreign policy; to do so would violate the will of Congress. Changes ~~[illegible]~~ for these purposes must be made legislatively and not administratively. The sole function of the Customs Service is to enforce the law as it stands ~~from time to time~~. If an impression is allowed to arise that interpretation of the Tariff Act is the servant of domestic policy, no importer will dare rely upon the stability of the rate of duty; and, conversely, no domestic manufacturer will feel sure of whatever protection the law is intended to give to the domestic production of his commodity. How difficult it is to make this clear is illustrated by the recent controversy over our upjeweling decision, where some persons on both sides of the controversy have insisted that the Customs decision was intended to effectuate national policy. It was not so intended nor so arrived at. In such situations, Customs must and will confine itself to interpreting words under which they must be classified were enacted into law. In the Customs Simplification Act of 1954 Congress recognized the need ~~provided~~ for modernizing and simplifying our tariff act descriptions, and authorized the Tariff Commission to undertake ~~is now at work on~~ a two-year project which ought to go far to eliminate the problems arising from the obsolescence of some of our Tariff Act descriptions.

Another part of the problem of certainty in classification is the familiar one of seeking uniformity in all parts of a far-flung field operation without at the same time so bottle-necking the process by referring decisions to Washington as to produce unbearable delay. This problem, which is faced in various forms by many government agencies, such as ~~like~~ the Internal Revenue Service, is peculiarly acute in Customs, because a change in classification, and therefore in the amount of duty payable on a product, affects the gross receipts rather than the net profits of a business and can thus have a far more drastic effect. In the past this problem has had, we believe, insufficient attention in the Customs, and we are currently hard at work on it. ~~improved solutions.~~

past Customs has published only those reclassifications which raised the duty, and not those which lowered it. This was because the law required publication only of those decisions which increased a rate of duty. As a result, however, I found that it was widely assumed that this was a one way street, and that all reclassifications resulted in higher duties. When ~~we finally became aware of this problem,~~ this problem was sharply pinpointed we had a survey made covering the last five years/ and found 50 published reclassifications which raised duties, while approximately 120 classification actions lowered them. We ~~have done our best to publicize the actual figures,~~ are continuing our efforts to publicize this information and thus dispel the impression widely held abroad that reclassification was just a protectionist device to frustrate the successful importer.

But of course the problem goes much deeper than mere public relations. Part of it arises from the fact that the commodity descriptions in the Tariff Act are now 25 years old, and that whole families of products, as in the electronic and synthetic chemical fields, have come into being that were not even dreamed of when the

Certainty

The area in which lack of certainty has plagued us most has been the classification of articles for Customs purposes. You are all familiar with what happens: a new article is first entered at one port and given a certain classification. Then, weeks, months or years later, it comes in at another port which gives it a different classification; or a question is raised as to the original classification. Reconsideration then takes place; and if a different and higher classification is found to be proper, a thriving business may be ruined which had been built on the assumption that the original classification was correct, or, if there is a backlog of unliquidated entries, the new classification may in some cases have a highly unfair retroactive application. Cases of this kind are the subject, I think, of more business between my office and the Commercial Counsellors of the Embassies in Washington than any other one topic.

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There was no luck and no trick in the way it was done; and by the same token there is no reason why the present rate of improvement should not continue, and put us presently upon a fairly current basis.

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We are seeking constantly for new ways of eliminating useless steps that add up to paper work and delay. Only yesterday, as many of you saw, we published a notice of ~~probable intention~~ our proposal to abolish the requirement of certification of consular invoices, which has long been criticized as a useless burden. Our purpose in all of this is, while retaining all proper safeguards to the revenue, to eliminate the delay which has been a curse of many transactions with the Customs in the past.

As soon as we have achieved our goal of putting Customs transactions on a fairly current basis, we shall find, I am sure, that we have thereby removed some of the worst consequences of the lack of certainty which is now so often emphasized as a deterrent to international trade. Where a liquidation backlog has piled up, many problems -- such, for example, as those in the field of classification and dumping -- may involve highly unfair retroactive aspects. Putting Customs transactions on a current basis will automatically solve many collateral problems.

Insert on Page 7, ~~before the fourth line from the bottom.~~

In the New York area I am happy to report improvements in the handling of passengers' baggage and of cargo. At the present time, passengers are being processed at Idlewild in less time than ever before in the history of Customs. We are giving much better service on the docks too.

For example, the average time for the clearance of passengers on the large liners, such as ~~like~~ the United States or the Queen Mary, has been reduced from about four hours to around two and one-half hours. At Idlewild, it is now a routine matter for express and cargo shipments arriving in the morning to be cleared through customs the same day. We also sample and examine greater quantities of merchandise on the docks so as to speed up the release of vessel cargoes.

I would like at this time to single out for credit Bob Dill, our New York collector, and Al Couri, our appraiser, for forming a port advisory committee to help Customs identify and solve these and other bothersome problems. Much credit is also due the splendid representation of the many trade, shipping, and travel organizations working with them.

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Now, how was this brought about? Not by the employment of more people, for Customs now employs about ~~30~~ 7 percent fewer people than it did two years ago and about 15 percent less than in 1947. Not by reason of a decrease in imports; they have more than doubled since 1947 and are now at levels near or above the postwar high. No, this was done by unremitting attention to improving the details of administration, and to the changes in legislation needed to make this possible. By the Customs Simplification Acts of 1953 and of 1954 -- an important part of the President's program in this field -- the Congress freed us from many archaic procedural requirements, such as the 100 percent audit of transactions by the Comptrollers of Customs, which wasted manpower by preventing the introduction of modern methods of auditing. With this new freedom, and by making better use of the management freedom we already had, we were able to do more work with fewer people. We employed management techniques that are familiar in business, such as developing and applying standards of output per man and other statistical controls, and using manpower not fully employed at one port of entry to handle an overload at another.

Speed

When this administration came into office, the backlog of customs entries awaiting liquidation was about 700,000. It had been rising steadily ever since the war from a low point of 275,000 in 1947; and it continued to rise until September of 1953, when it reached the all time high of 900,000. That was a backlog of one year's work at the then rate of liquidation. That meant that many an importer waited a year or more after paying his estimated duties before he could be sure that his customs liability was finally fixed.

I have just received figures which indicate that at the end of March this situation had been vastly improved. The backlog of unliquidated entries had been reduced by nearly one-third, to ~~650,000.~~ 655,000. While the number of entries filed continues at ~~its all-time~~ peak levels, the quarterly rate of liquidation has been raised from 225,000 (where it stood in September of 1953) to ~~325,000~~ 322,000 in the first quarter of this year and is continuing its rapid rate of rise.

I do not have to emphasize to you how big an investment a foreign manufacturer usually must contemplate ~~in many cases~~ in order to break into the American market. An advertising budget of five percent of sales is not unusual among American companies; and frequently a foreign manufacturer must contemplate an even larger proportionate outlay in order to enter this fiercely competitive arena. Yet, if he encounters an unanticipated problem with the American Customs — and ~~many~~ Some of them have been well publicized over the last few years — he can stand to lose this entire sales investment. This does not have to happen to many people before many more decide that they simply will not take the risk. In a large number of instances, I am convinced that deterrents of this kind are of greater importance than the fact that the tariff level is five or ten percent higher than someone might like to see it.

I should like today, therefore, to emphasize the achievements of the last two years in improving speed, certainty and fairness as a contribution of vital importance to a high level of world trade.

A five percent reduction in the average rate of duty may sound like a lot, because so many people confuse a five percent reduction with a reduction of five percentage points. The fact is, however, that a five percent reduction in the average rate of duty would make a difference of only about one-half of one percent in the duty paid cost of the goods landed in this country. Even a 15 percent reduction in the average rate of duty would make a difference of about one and one-half percent in the duty paid cost of goods landed here.]

Let me give you an example of what ~~Compare this with some of~~ the financial consequences may sometimes be of a lack of speed, certainty or fairness in the administration of the Customs laws. I came upon a case the other day where, after merchandise had been entering for some time at one rate of duty, a proposed reclassification would have changed that rate by almost 500 ~~more than 400~~ percent and increased the duty paid cost of the goods by almost 300 percent. All of you have heard of cases like this, and so, unfortunately, have many exporters in foreign lands.

Instead of adding one more to the list of speeches about ~~on~~ the Reciprocal Trade Agreements Act, I should like to discuss here today accomplishments, which I believe also deserve to be called vitally important, in a much less publicized area — the simplification and better administration of our Customs laws.

The longer I have worked in this field, the more convinced I have become that good administration of the Customs laws is of critical ~~central and even crucial~~ importance to the maintenance of a high level of world trade.

Good administration means three things: speed, certainty, and fairness. I do not think it is going too far to say that the assurance of these three things is of the highest importance ~~more important~~ to many people who want to ship goods to this country ~~than even a reduction of a number of percentage points in the tariff.~~

The reason for this is the simple one of dollars and cents. Our average rate of duty on all dutiable imports is about 11-1/2 percent.

Remarks by H. Chapman Rose, Assistant Secretary of the Treasury, ~~Speech~~ before National Council of American Importers

Thursday, April 28, 1955 - New York

as an important part of his far-reaching economic program

I would like to speak to you today about a phase of the President's foreign trade program that has, I am convinced, received less emphasis than it deserves. The President has asked for ~~referred to~~ the three-year extension of the ~~Reciprocal~~ Trade Agreements Act as the cornerstone of his effort to develop a high and expanding level of international trade, and of course it is. The enactment of this bill will give to the world the assurance that it wants and vitally needs of the continuity, stability, and direction of the foreign trade policy of the United States.

This measure, however, needs no analysis or discussion from me. It has been on all the front pages for months; and many of you here know as much as I do, or more, about its vital significance in the world trade picture.

TREASURY DEPARTMENT
Washington

RELEASE AT 12 NOON E.D.T.
Thursday, April 28, 1955

H-780

Remarks by Assistant Secretary H. Chapman Rose before a luncheon meeting of the National Council of American Importers, Sheraton Astor Hotel, New York, Thursday, April 28, 1955

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TREASURY DEPARTMENT
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91

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As soon as we have achieved our goal of putting Customs transactions on a fairly current basis, we shall find, I am sure, that we have thereby removed some of the worst consequences of the lack of certainty which is now so often emphasized as a deterrent to international trade. When a liquidation backlog has piled up, many problems -- such, for example, as those in the field of classification and dumping -- may involve highly unfair retroactive aspects. Putting Customs transactions on a current basis will automatically solve many collateral problems.

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The area in which lack of certainty has plagued us most has been the classification of articles for Customs purposes. You are all familiar with what happens: a new article is first entered at one port and given a certain classification. Then, weeks, months or years later, it comes in at another port which gives it a different classification; or a question is raised as to the original classification. Reconsideration then takes place; and if a different and higher classification is found to be proper, a thriving business may be ruined which had been built on the assumption that the original classification was correct, or, if there is a backlog of unliquidated entries, the new classification may in some cases have a highly unfair retroactive application. Cases of this kind are the subject, I think, of more business between my office and the Commercial Counsellors of the Embassies in Washington than any other one topic.

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But of course the problem goes much deeper than mere public relations. Part of it arises from the fact that the commodity descriptions in the Tariff Act are now 25 years old, and that whole families of products, as in the electronic and synthetic chemical fields, have come into being that were not even dreamed of when the words under which they must be classified were enacted into law. In the Customs Simplification Act of 1954 Congress recognized the need for modernizing and simplifying our tariff act descriptions, and authorized the Tariff Commission to undertake a two-year project which ought to go far to eliminate the problems arising from the obsolescence of some of our Tariff Act descriptions.

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By what I have said, I do not intend to imply in any way that the job is done. It never will be completely done. We must be eternally vigilant to search out new methods which will improve administration, reduce delay, and increase certainty. Even now, we know of substantial areas where much remains to be done. In the field of valuation, the elimination of foreign market value would be another important step forward, which would reduce time-consuming and frequently unnecessary foreign inquiries. We must eliminate too the eccentricities which have been built into the statutory valuation language so as to return our valuation formula to commercial realism and eliminate the surprises which so often result from the present rules. We intend to renew to the Congress almost immediately important proposals to these two ends.

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I say that not because I favor boastfulness for its own sake. But, in this field as in so many others, confidence in the future, in stability, in safe reliance on forward planning, is a most vital ingredient. We must never lose perspective lest we damage the confidence that must underly the President's goal of a high and expanding level of world trade that can be the foundation of a peaceful world.

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Release AM Newspapers
Thursday, April 28, 1955

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H-781

Treasury Secretary Humphrey today announced the appointment of Samuel T. Adams, 42, of Arlington, Va., as Director of Personnel of the Treasury Department, effective May 16.

Mr. Adams has been since March, 1953, administrative assistant to the Director of the Bureau of the Budget. For six years prior he was Personnel Director of the Bureau of the Budget. He previously was with R.H. Macy & Co., Inc., as manager of executive placement.

From March, 1942, to January, 1943, Mr. Adams was in the Army Air Forces, and until 1946 was in the Office of the Chief of Staff and on the General Staff of the War Department, as chief of the Personnel and Administration Branch. He rose from first lieutenant to lieutenant colonel.

Mr. Adams was born in Washington, Missouri, and was graduated from the University of Arizona in 1934 with the degree of A.B. He did postgraduate work at Oxford University, England, and Stanford University, California.

He is married and has two children.

~~The effective date of his appointment as Treasury Personnel Director is May 15.~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-782

RELEASE MORNING NEWSPAPERS,
Tuesday, May 3, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated May 5 and to mature August 4, 1955 which were offered on April 28, were opened at the Federal Reserve Banks on May 2.

The details of this issue are as follows:

Total applied for - $2,372,345,000
Total accepted - 1,500,874,000 (includes $209,669,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.589 Equivalent rate of discount approx. 1.627% per annum

Range of accepted competitive bids: (Excepting two tenders totaling $200,000)

High - 99.593 Equivalent rate of discount approx. 1.610% per annum
Low - 99.587 " " " " " 1.634% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 41,627,000	$ 33,692,000
New York	1,665,042,000	972,187,000
Philadelphia	26,833,000	9,538,000
Cleveland	59,736,000	50,285,000
Richmond	19,871,000	9,724,000
Atlanta	35,844,000	17,991,000
Chicago	324,984,000	274,195,000
St. Louis	16,145,000	11,584,000
Minneapolis	17,855,000	17,855,000
Kansas City	38,251,000	20,114,000
Dallas	44,903,000	25,780,000
San Francisco	81,254,000	57,929,000
TOTAL	$2,372,345,000	$1,500,874,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, May 3, 1955.

H-782

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated May 5 and to mature August 4, 1955, which were offered on April 28, were opened at the Federal Reserve Banks on May 2.

The details of this issue are as follows:

Total applied for - $2,372,345,000
Total accepted - 1,500,874,000 (includes $209,669,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.589 Equivalent rate of discount approx. 1.627% per annum

Range of accepted competitive bids: (Excepting two tenders totaling $200,000)

High - 99.593 Equivalent rate of discount approx. 1.610% per annum
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(13 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 41,627,000	$ 33,692,000
New York	1,665,042,000	972,187,000
Philadelphia	26,833,000	9,538,000
Cleveland	59,736,000	50,285,000
Richmond	19,871,000	9,724,000
Atlanta	35,844,000	17,991,000
Chicago	324,984,000	274,195,000
St. Louis	16,145,000	11,584,000
Minneapolis	17,855,000	17,855,000
Kansas City	38,251,000	20,114,000
Dallas	44,903,000	25,780,000
San Francisco	81,254,000	57,929,000
TOTAL	$2,372,345,000	$1,500,874,000

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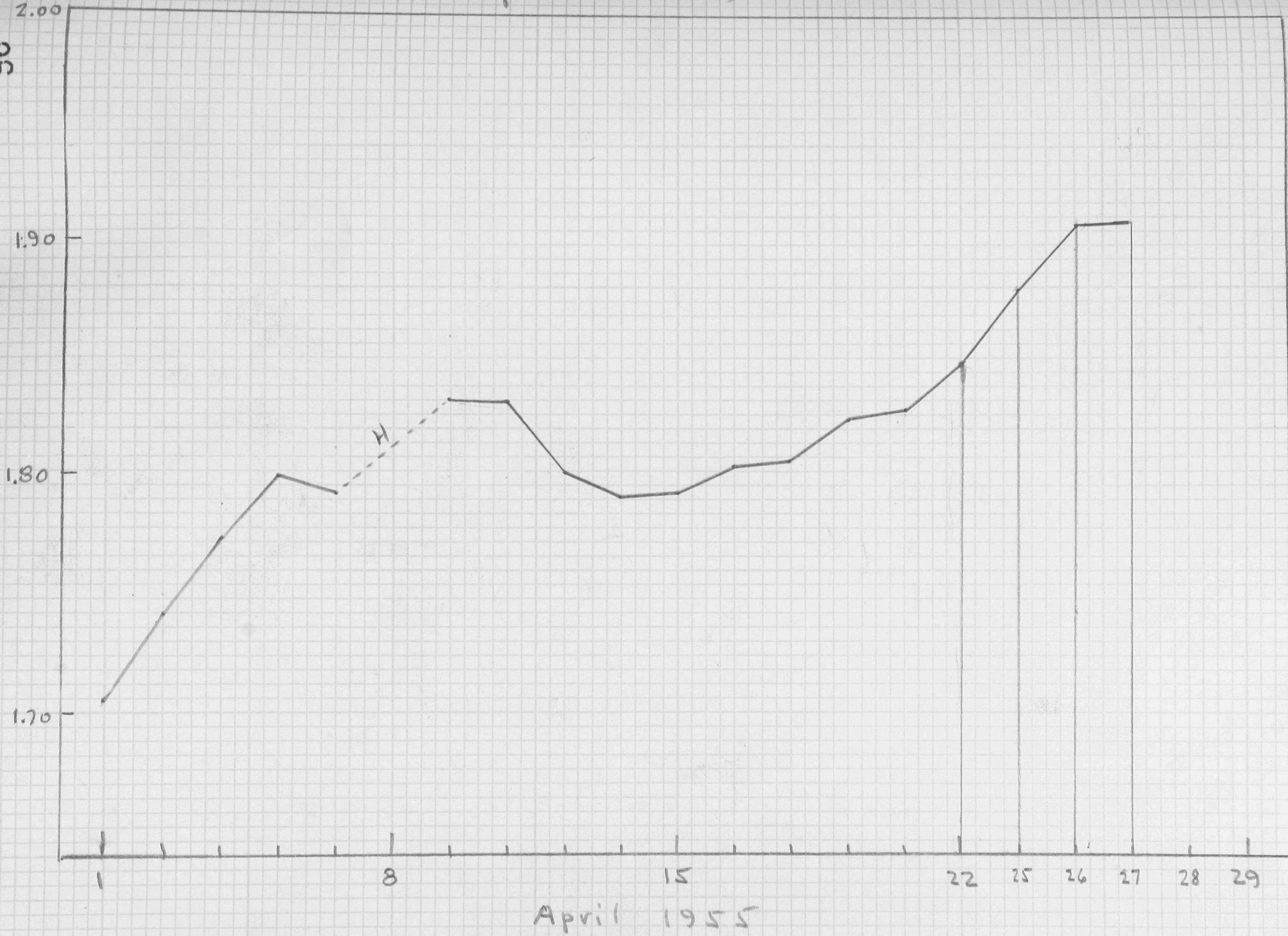
(Par Equivalent Basis)



Where the maturing certificates are exchanged for the new notes, the full year's interest earned will be paid to subscribers. ~~Where the maturing certificates are exchanged for the Treasury bonds, the full year's interest will be credited, accrued interest from December 15, 1954, to May 17, 1955, will be charged, and the difference (about $0.75 per $1,000) will be paid to subscribers.~~

The exchange subscription books will close at the close of business ~~Friday,~~ Thursday May ~~6~~ 5. Any exchange subscription addressed to a Federal Reserve Bank or Branch or to the Treasurer of the United States, and placed in the mail before midnight, May ~~6~~ 5, will be considered as timely.

Holdings

98-B

Savings

IMMEDIATE RELEASE,
Thursday, April 28, 1955.

Secretary of the Treasury Humphrey announced today the following offerings of Treasury securities:

CASH OFFERING

On Tuesday, May 3, the books will be opened for cash subscriptions to an issue of $2-1/2 billion, or thereabouts, of 2 percent Treasury Notes to be dated May 17, 1955, and to mature August 15, 1956. This offering is to raise funds to pay off the Treasury Savings Notes which will mature in the next two months.

The books for cash subscription to this offering will be open only for one day, on May 3. Cash subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasurer of the United States, and placed in the mail before midnight, May 3, will be considered as timely.

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 50 percent of the combined capital, surplus and undivided profits of the subscribing bank as of December 31, 1954. A payment of 10 percent of the amount of notes subscribed for, not subject to withdrawal until after allotment, must be made on all other subscriptions. 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. 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.

EXCHANGE OFFERING

On ~~Wednesday~~ Tuesday, May ~~4~~ 3, holders of the $3.9 billion of certificates of indebtedness maturing May 17, 1955, will be offered the choice of exchanging their maturing certificates for the new notes offered for cash~~, or for an additional amount of the 2-1/2 percent Treasury Bonds of 1958, originally issued on February 15, 1953, and maturing December 15, 1958. There are about $2.4 billion of these bonds presently outstanding~~.

 OK mal 4 p.m.

H

~~STATEMENT FOR THE TICKER REGARDING NEW TREASURY NOTE~~ OFFERING

Secretary of the Treasury Humphrey announced today that ~~on Tuesday, May 3, the books will be opened for~~ an offering of 2 percent Treasury Notes to be dated May 17, 1955, and to mature August 15, 1956, for cash in the amount of $2-1/2 billion, or thereabouts, and in exchange for the $3.9 billion of certificates of indebtedness maturing May 17, 1955. The cash offering is to raise funds to pay off the Treasury Savings Notes which will mature in the next two months. The books will be opened Tuesday, May 3.

Series B Tax ana

2.65

2.4

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, April 28, 1955. H-783

Secretary of the Treasury Humphrey announced today an offering of 2 percent Treasury Notes to be dated May 17, 1955, and to mature August 15, 1956, for cash in the amount of $2-1/2 billion, or thereabouts, and in exchange for the $3.9 billion of certificates of indebtedness maturing May 17, 1955.

The cash offering is to raise funds to pay off the Treasury Series B Tax and Savings Notes which will mature in the next two months. The books will be opened Tuesday, May 3.

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.

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Add to ~~Bryan~~ Baynes release: 10

At the same time Secretary Humphrey announced the assignment of Justin F. Winkle from Assistant Commissioner (Planing) to Assistant Commissioner (Technical), effective

In 1934 he became tax attorney for Armour and Company and was appointed Assistant General Counsel of the ~~C~~ompany in 1940. He resigned this position in May 1944 to enter private law practice in Los Angeles.

From 1930 to 1935, Mr. Barnes lectured at the University of Chicago Law School on federal tax law, contracts and insurance. He is a member of the Chicago, Los Angeles, Illinois, California and American Bar Associations.

Mr. Barnes is married and has two daughters, and resides in Evanston, Illinois.

+1-754 103

RELEASE A.M.'s FRIDAY

Secretary Humphrey today announced the appointment of John P~~.~~ Barnes of Chicago as Chief Counsel of the Internal Revenue Service. ~~He~~ will take office on May 9th, 1955.

The Chief Counsel ~~of the Internal Revenue Service~~ is an Assistant General Counsel of the Treasury Department.

Mr. Barnes has been in general law practice since May 1944, specializing in federal tax matters. In ~~August 1946~~ 1952 he became a member of the law firm of McKinney, Carlson, Barnes and Smalley, Chicago.

The new Chief Counsel is returning to the Internal Revenue Service where he served from 1928 to 1933 as Special Attorney. During this period he was assigned to the office of the United States Attorney for the Northern District of Illinois, acting as legal advisor to the various revenue officers in the Chicago district and also representing the Government in trials of civil tax cases.

Mr. Barnes was born in Montgomery, Alabama on August 13, 1902. He received his ~~law~~ degree from the University of Chicago in 1923, and a J.D. degree, cum laude in 1924. ~~and was elected to~~ He is a member of the Order of Coif. After graduation he practiced law in Birmingham, Alabama. From 1926 to 1928 he served as Assistant Legislative Counsel, the United States Senate.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Friday, April 29, 1955.

H-784

Secretary Humphrey today announced the appointment of John Potts Barnes of Chicago as Chief Counsel of the Internal Revenue Service. The Chief Counsel is an Assistant General Counsel of the Treasury Department. He will take office on May 9, 1955.

Mr. Barnes has been in general law practice since May 1944, specializing in federal tax matters. In 1952 he became a member of the law firm of McKinney, Carlson, Barnes and Smalley, Chicago.

The new Chief Counsel is returning to the Internal Revenue Service where he served from 1928 to 1933 as Special Attorney. During this period he was assigned to the office of the United States Attorney for the Northern District of Illinois, acting as legal advisor to the various revenue officers in the Chicago district and also representing the Government in trials of civil tax cases.

Mr. Barnes was born in Montgomery, Alabama on August 13, 1902. He received his academic degree from the University of Chicago in 1923, and a J.D. degree, cum laude in 1924. He is a member of the Order of Coif. After graduation he practiced law in Birmingham, Alabama. From 1926 to 1928 he served as Assistant Legislative Counsel, the United States Senate.

In 1934 he became tax attorney for Armour and Company and was appointed Assistant General Counsel of the company in 1940. He resigned this position in May 1944 to enter private law practice in Los Angeles.

From 1930 to 1935, Mr. Barnes lectured at the University of Chicago Law School on federal tax law, contracts and insurance. He is a member of the Chicago, Los Angeles, Illinois, California and American Bar Associations.

Mr. Barnes is married and has two daughters, and resides in Evanston, Illinois.

At the same time Secretary Humphrey announced the assignment of Justin F. Winkle from Assistant Commissioner (Planning) to Assistant Commissioner (Technical).

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[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.

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 May 12, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 12, 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,

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 5, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing May 12, 1955, in the amount of $1,499,683,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated May 12, 1955, and will mature August 11, 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~~ Daylight Saving time, Monday, May 9, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, May 5, 1955.

H-785

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing May 12, 1955, in the amount of $1,499,683,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated May 12, 1955, and will mature August 11, 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 Daylight Saving time, Monday, May 9, 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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on May 12, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 12, 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.

H-786

IMMEDIATE RELEASE
Thursday, May 5, 1955

The Treasury Department announced today that preliminary reports from the Federal Reserve banks indicate a probable allotment of about 62 percent on about $4 billion in subscriptions for the current cash offering of $2½ billion in 2 percent Treasury Notes of Series B-1956, with allotment in full on subscriptions for $100,000 and less. The exact basis of allotment will be announced tomorrow morning.

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, May 5, 1955. H-786

The Treasury Department announced today that preliminary reports from the Federal Reserve banks indicate a probable allotment of about 62 percent on about $4 billion in subscriptions for the current cash offering of $2-1/2 billion in 2 percent Treasury Notes of Series B-1956, with allotment in full on subscriptions for $100,000 and less. The exact basis of allotment will be announced tomorrow morning.

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H-787

IMMEDIATE RELEASE,
Friday, May 6, 1955

The Treasury Department today confirmed a 62 percent allotment on subscriptions in excess of $100,000 for the current cash offering of $2 1/2 billion of 2 percent Treasury Notes. Subscriptions for $100,000 or less will be allotted in full. Subscriptions for more than $100,000 will be allotted not less than $100,000.

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

As revised by Mr Burgess — Huddleston after [illegible]

IMMEDIATE RELEASE,
Friday, May 6, 1955. H-787

The Treasury Department today confirmed a 62 percent allotment on subscriptions in excess of $100,000 for the current cash offering of $2-1/2 billion of 2 percent Treasury Notes. Subscriptions for $100,000 or less will be allotted in full. Subscriptions for more than $100,000 will be allotted not less than $100,000.

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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RELEASE MORNING NEWSPAPERS,
Tuesday, May 10, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated May 12 and to mature August 11, 1955, which were offered on May 5, were opened at the Federal Reserve Banks on May 9.

The details of this issue are as follows:

Total applied for - $2,409,908,000
Total accepted - 1,501,287,000 (includes $190,707,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.636 Equivalent rate of discount approx. 1.440% per annum

Range of accepted competitive bids:

High	- 99.640	Equivalent rate of discount approx. 1.424% per annum
Low	- 99.634	" " " " " 1.448% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 30,121,000	$ 25,761,000
New York	1,679,962,000	967,044,000
Philadelphia	37,319,000	19,219,000
Cleveland	47,143,000	38,153,000
Richmond	10,605,000	9,115,000
Atlanta	18,688,000	15,758,000
Chicago	330,016,000	272,876,000
St. Louis	23,100,000	15,914,000
Minneapolis	23,990,000	13,530,000
Kansas City	55,918,000	21,936,000
Dallas	54,943,000	51,703,000
San Francisco	98,103,000	50,278,000
Total	$2,409,908,000	$1,501,287,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, May 10, 1955.

H-788

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated May 12 and to mature August 11, 1955, which were offered on May 5, were opened at the Federal Reserve Banks on May 9.

The details of this issue are as follows:

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Minneapolis	23,990,000	13,530,000
Kansas City	55,918,000	21,936,000
Dallas	54,943,000	51,703,000
San Francisco	98,103,000	50,278,000
TOTAL	$2,409,908,000	$1,501,287,000

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115 TREASURY DEPARTMENT

STATUTORY DEBT LIMITATION
AS OF April 30, 1955

Washington, May 11, 1955

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	$ 19,507,077,000		
Certificates of indebtedness	20,931,776,000		
Treasury notes	39,285,720,400	$ 79,724,573,400	
Bonds-			
Treasury	81,061,679,700		
Savings (current redemp. value)	58,326,193,724		
Depositary	445,656,500		
Investment series	12,604,546,000	152,438,075,924	
Special Funds-			
Certificates of indebtedness	28,468,407,000		
Treasury notes	13,222,489,400	41,690,896,400	
Total interest-bearing		273,853,545,724	
Matured, interest-ceased		660,103,975	
Bearing no interest:			
United States Savings Stamps	48,820,661		
Excess profits tax refund bonds	1,105,250		
Special notes of the United States:			
Internat'l Monetary Fund series	1,578,000,000	1,627,925,911	
Total		276,141,575,610	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	36,530,936		
Matured, interest-ceased	924,775	37,455,711	
Grand total outstanding			276,179,031,321
Balance face amount of obligations issuable under above authority			4,820,968,679

Reconcilement with Statement of the Public Debt April 30, 1955 (Date)

(Daily Statement of the United States Treasury, April 29, 1955 (Date))

Outstanding-	
Total gross public debt	276,648,829,195
Guaranteed obligations not owned by the Treasury	37,455,711
Total gross public debt and guaranteed obligations	276,686,284,906
Deduct - other outstanding public debt obligations not subject to debt limitation	507,253,585
	276,179,031,321

H-789

STATUTORY DEBT LIMITATION

AS OF April 30, 1955

TREASURY DEPARTMENT

Washington, May 11, 1955

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority :hat 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 :t of June 26, 1946; U.S.C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current reaption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder ll be considered as its face amount." The Act of August 28, 1954, (P.L. 686-83rd Congress) provides that during the iod beginning on August 28, 1954, and ending June 30, 1955, the above limitation ($275,000,000,000) shall be temporarily reased by $6,000,000,000.

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Certificates of indebtedness	20,931,776,000		
Treasury notes	39,285,720,400	$ 79,724,573,400	
Bonds-			
Treasury	81,061,679,700		
Savings (current redemp. value)	58,326,193,724		
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Investment series	12,604,546,000	152,438,075,924	
Special Funds-			
Certificates of indebtedness	28,468,407,000		
Treasury notes	13,222,489,400	41,690,896,400	
Total interest-bearing		273,853,545,724	
Matured, interest-ceased		660,103,975	
Bearing no interest:			
United States Savings Stamps	48,820,661		
Excess profits tax refund bonds	1,105,250		
Special notes of the United States:			
Internat'l Monetary Fund series	1,578,000,000	1,627,925,911	
Total		276,141,575,610	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	36,530,936		
Matured, interest-ceased	924,775	37,455,711	
Grand total outstanding			276,179,031,321
alance face amount of obligations issuable under above authority			4,820,968,679

Reconcilement with Statement of the Public Debt April 30, 1955
(Date)

(Daily Statement of the United States Treasury, April 29, 1955)
(Date)

:standing-	
Total gross public debt	276,648,829,195
Guaranteed obligations not owned by the Treasury	37,455,711
Total gross public debt and guaranteed obligations	276,686,284,906
luct - other outstanding public debt obligations not subject to debt limitation	507,253,585
	276,179,031,321

H-789

We have studied many proposals to correct the situation by amendmen of the sections rather than repeal, but we have found no proposal which we can be sure will accomplish the original objective without giving some taxpayers an unintended advantage or producing very involved technical problems creating uncertain and litigation.

~~This Administration,~~ The the Treasury Department ~~and I personally are~~ is firmly opposed to any tax legislation which gives any American an unfair advantage over another taxpayer. We will always recommend prompt action be taken to correct any situation which can result in windfalls to any taxpayer. To firmly follow out ~~the Administration's~~ our policy of being as fair and just to all taxpayers as is humanly possible, I am urging outright repeal of the two sections which would have resulted in some taxpayers getting a break over others.

As the Chairman knows, I sent the Chairman of the House Ways and Mea Committee last week a letter stating that none of the other approximately 70 suggestions for perfecting the Internal Revenue Code of 1954 require immediate legislation. With this the Chairman of the House Ways and Means Committe agreed in a letter which was made public last Friday along with my letter to him. All of the suggestions considered by the staffs of the Joint Committee on Internal Revenue Taxation, the Ways and Means Committee, and the Treasury are wholly noncontroversial. More than half are clerical errors, such as misprints, misspelling, bad punctuation, and like errata with no legal significance. Other suggestions pertain to items on which the Treasury could issue ~~more accurate~~ better regulations if somewhat more precise statutory language were adopted. The revenue effect of the suggestions ~~will be~~ is insignificant, if indeed they have any overall revenue effect.

~~I ask permission to make my letter to Chairman Cooper of May 4, as well as his reply to me of May 6, a part of the record.~~

That completes my statement, Mr. Chairman.

regulation, they reported their findings and we promptly ~~made this move to~~ called the matter to the attention of the Congress.

The original estimate for several so-called bookkeeping items, of which Sections 452 and 462 were the principal revenue items, was $47 million. The limited check that we have made around the country indicates that the loss would be substantially greater than the original estimates. How much greater it might be we can not now say because we simply do not have the information as to what the bulk of taxpayers concerned might claim should these provisions remain in the law. And with the litigation that would surely be involved in many cases should the provisions remain, we might not have final figures on the loss for years to come.

Repeal of these two provisions will reinstate the legal rights of everyone just as they were under the old law prior to last August and protect the government from revenue loss which was never intended by the Congress.

~~I wish to emphasize that there is almost no new money over our original estimates which will be added to the Treasury by repeal of these two provisions. This action simply avoids unplanned loss of revenue.~~

The objective of trying to conform tax accounting with business accounting is still a sound one. In trying to do this, however, a serious mistake was made in not sufficiently limiting the application of the provisions and restricting the revenue impact of the changes as enacted. That is why repeal is required rather than amendment, so as to be sure that in any new approach to the original objective the revenue is adequately protected.

~~As we have previously testified and said many times, in a revision of tax laws involving 875 pages of printed matter covering all of the law with respect to Federal taxation, it is inevitable that some errors should creep in. These can all only be developed by experience in actual practice and we have repeatedly said that as soon as any discrepancy between the original Congressional intent and actual operation of the law became apparent we would call it to the attention of the Congress for corrective action. This is such a case.~~

oOo

TREASURY DEPARTMENT
Washington

Statement by Treasury Secretary Humphrey before Ways and Means Committee, 10:00 a.m., Thursday, March 10, 1955.

Mr. Chairman:

I am here today to urge prompt action, as I did in my letter to the Chairman on Monday of this week, to repeal Sections 452 and 462 of the Internal Revenue Code of 1954.

The original objective of these two sections, which cover prepaid income and reserves for estimated expenses, was simply to conform tax accounting with business accounting. It was never intended that these provisions would result in any substantial loss of revenue or result in windfalls to taxpayers. A review of the consideration of this subject by this committee will confirm the impression held at the time by lawyers, accountants, and businessmen, that the basic motive for these provisions was simplification of tax accounting procedures, and not radical tax reductions.

This tax law became effective on August 16, 1954. During the fall, as the knowledge of its provisions increased, there began to be rumors that these particular provisions might not work as originally intended. Before the end of the year, studies by the Treasury staff, working with the staff of your committee, were undertaken to see if the threatened situation could properly and effectively be cured by regulation. Proposed regulations were issued on January 22. However, until the time came when these provisions began to be put into actual practice by taxpayers preparing their income tax returns and the thirty days expired for protests against the proposed regulations, there was not much reliable information available.

It then developed that there is a sharp difference of opinion between taxpayers and the Government as to the scope of these sections. The tentative regulations issued by the Treasury on January 22, in order to carry out the provisions of the law, have come under strong attack as being too restrictive in limiting the intended application of the sections. Taxpayers have already served notice that they intend to litigate this restriction. Should they be successful in the courts, the revenue loss under the law might be far in excess of anything contemplated by the Congress. As soon as the checks were sufficiently conclusive to satisfy the staff that the original objective might not be carried out and that the situation could not be adequately corrected by

Treasury Department
Washington

40

Statement by Treasury Secretary Humphrey
before Senate Finance Committee, 10:00 a.m.,
Wednesday, May 11, 1955

Mr. Chairman:

I am here today to urge the repeal of Sections 452 and 462 of the Internal Revenue Code of 1954.

(Pick up attached paragraphs from House statement.)

1-1-790

TREASURY DEPARTMENT
Washington

Statement by Treasury Secretary Humphrey
before the Senate Finance Committee,
10:00 a.m., Wednesday, May 11, 1955

Mr. Chairman:

I am here today to urge the repeal of Sections 452 and 462 of the Internal Revenue Code of 1954.

The original objective of these two sections, which cover prepaid income and reserves for estimated expenses, was simply to conform tax accounting with business accounting. It was never intended that these provisions would result in any substantial loss of revenue or result in windfalls to taxpayers. A review of the consideration of this subject by this committee will confirm the impression held at the time by lawyers, accountants, and businessmen that the basic motive for these provisions was simplification of tax accounting procedures, and not radical tax reductions.

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The original estimate for several so-called bookkeeping items, of which Sections 452 and 462 were the principal revenue items, was $47 million. The limited check that we have made around the country indicates that the loss would be substantially greater than the original estimates. How much greater it might be we can not now say because we simply do not have the information as to what the bulk of taxpayers concerned might claim should these provisions remain in the law. And with the litigation that would surely be involved in many cases should the provisions remain, we might not have final figures on the loss for years to come.

Repeal of these two provisions will reinstate the legal rights of everyone just as they were under the old law prior to last August and protect the government from revenue loss which was never intended by the Congress.

The objective of trying to conform tax accounting with business accounting is still a sound one. In trying to do this, however, a serious mistake was made in not sufficiently limiting the application of the provisions and restricting the revenue impact of the changes as enacted. That is why repeal is required rather than amendment, so as to be sure that in any new approach to the original objective the revenue is adequately protected.

We have studied many proposals to correct the situation by amendment of the sections rather than repeal, but we have found no proposal which we can be sure will accomplish the original objective without giving some taxpayers an unintended advantage or producing very involved technical problems creating uncertainty and litigation.

The Treasury Department is firmly opposed to any tax legislation which gives any American an unfair advantage over another taxpayer. We will always recommend prompt action be taken to correct any situation which can result in windfalls to any taxpayer. To firmly follow out our policy of being as fair and just to all taxpayers as is humanly possible, I am urging outright repeal of the two sections which would have resulted in some taxpayers getting a break over others.

As the Chairman knows, I sent the Chairman of the House Ways and Means Committee last week a letter stating that none of the other approximately 70 suggestions for perfecting the Internal Revenue Code of 1954 require immediate legislation. With this the Chairman of the House Ways and Means Committee agreed in a letter which was made public last Friday along with my letter to him. All of the suggestions considered by the staffs of the Joint Committee on Internal Revenue Taxation, the Ways and Means Committee, and the Treasury are wholly noncontroversial. More than half are clerical errors, such as misprints, misspelling, bad punctuation, and like errata with no legal significance. Other suggestions pertain to items on which the Treasury could issue better regulations if somewhat more precise statutory language were adopted. The revenue effect of the suggestions is insignificant, if indeed they have any overall revenue effect.

That completes my statement, Mr. Chairman.

oOo

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.

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 May 19, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 19, 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,

TREASURY DEPARTMENT
Washington

H-

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 12, 1955.

The Treasury Department, by this public notice, invites tenders for $ 1,500,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and in exchange for Treasury bills maturing May 19, 1955, in the amount of $ 1,500,125,000 , to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated May 19, 1955, and will mature August 18, 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~~ Daylight Saving time, Monday, May 16, 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

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, May 12, 1955.

H-791

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing May 19, 1955, in the amount of $1,500,125,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated May 19, 1955, and will mature August 18, 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 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 Ba on May 19, 1955, in cash or other immediately available fund or in a like face amount of Treasury bills maturing May 19, 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 ne bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not ha any exemption, as such, and loss from the sale or other dispositi 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 Feder or State, but are exempt from all taxation now or hereafter impose on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authorit 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.

Commodity	Period and Quantity		Unit of Quantity	Imports as of April 30, 1[illegible]
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
Peanuts, shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including unshelled peanuts or peanut butter), of sizes averaging in representative samples more than 40 kernels per ounce	March 9, 1955-June 30, 1955	51,000,000	Pound	15,342,303
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	19,981,090
Barley, hulled, unhulled, rolled, and ground barley, and barley malt .	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	11,714,068
	Other Countries	275,000	Bushel	5,726 *
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	13,083,732
	Other Countries	688,000	Bushel	687,832 *
Rye, rye flour, and rye meal	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Imports through May 10, 1955.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, May 12, 1955.

H-792

The Bureau of Customs announced today preliminary figures showing the imports f consumption of the commodities listed below within quota limitations from the beginn of the quota periods to April 30, 1955, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as April 30, 1
Whole milk, fresh or sour..........	Calendar Year	3,000,000	Gallon	3,241
Cream	Calendar Year	1,500,000	Gallon	168
Butter	Apr. 1, 1955- July 15, 1955	5,000,000	Pound	85,972
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	35,432,624	Pound	Quota Filled
White or Irish potatoes:				
Certified Seed	12 months from	150,000,000		74,738,890
Other	Sept. 15, 1954	329,100,000	Pound	15,156,336
Cattle, less than 200 lbs. each	12 months from April 1, 1955	200,000	Head	500
Cattle, 700 lbs. or more each ...... (other than dairy cows)	Apr. 1, 1955 - June 30, 1955	120,000	Head	9,451
Walnuts	Calendar Year	5,000,000	Pound	3,154,544
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000	Pound	1,459,575
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000	Pound	4,141,192
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Fille

(1) Imports for consumption at the quota rate are limited to 17,716,312 lbs. during the first six months of the calendar year.

(Continued)

/ 30

~~129~~

TREASURY DEPARTMENT
Washington

H-792

MMEDIATE RELEASE,
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(Continued)

Commodity	Period and Quantity		Unit of Quantity	Imports a[s of] April 30,
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 Fill[ed]
Peanuts, shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including unshelled peanuts or peanut butter), of sizes averaging in representative samples more than 40 kernels per ounce	March 9, 1955-June 30, 1955	51,000,000	Pound	15,342,303
Peanut Oil	12 months from July 1, 1954	80,000,000	Pound	19,981,090
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	Other Countries	688,000	Bushel	687,832
Rye, rye flour, and rye meal	12 months from July 1, 1954	186,000,000	Pound	Quota Fill[ed]

* Imports through May 10, 1955.

COTTON WASTES
(In pounds)

131

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 May 10, 1955	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954 to May 10, 1955
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152
Canada	239,690	167,753	-	-
France	227,420	-	75,807	-
British India	69,627	67,894	-	-
Netherlands	68,240	20,382	22,747	20,382
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	1,703,808	1,599,886	1,468,161

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, May 12, 1955.

132

H-793

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 May 10, 1955, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	5,931
British India	2,003,483	20,355
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	411,813
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-

Country of Origin	Established Quota	Imports
Honduras	752	-
Paraguay	871	-
Colombia	124	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 April 30, 1955

Established Quota (Global)	Imports
70,000,000	7,683,008

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1955, to April 30, 1955

Established Quota (Global)	Imports
45,656,420	17,285,979

IMMEDIATE RELEASE,
Thursday, May 12, 1955.

H-793 133

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 May 10, 1955, inclusive

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Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	411,813
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-

Country of Origin	Established Quota	Imports
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Colombia	124	124
Iraq	195	-
British East Africa . .	2,240	-
Netherlands E. Indies.	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
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1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
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Cotton, harsh or rough, of less than 3/4"
Imports Sept. 20, 1954, to April 30, 1955

Established Quota (Global)	Imports
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Cotton 1-1/8" or more, but less than 1-11/16"
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COTTON WASTES
(In pounds)

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France	227,420	-	75,807	-
British India	69,627	67,894	-	-
Netherlands	68,240	20,382	22,747	20,382
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	1,703,808	1,599,886	1,468,161

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, May 12, 1955.

H-794

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 May 10, 1955	Established Quota	Imports May 29, 1954, to May 10, 19
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	70
Australia	-	-	1,000	-
Germany	100	-	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	795,000	4,000,000	3,822,070

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Japan	-	-	8,000	-
United Kingdom	100	-	75,000	70
Australia	-	-	1,000	-
Germany	100	-	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	795,000	4,000,000	3,822,070

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, May 12, 1955.

H-795

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, 1955, to April 30, 1955, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of April 30, 1955
Buttons		850,000	Gross	243,061
Cigars		200,000,000	Number	824,008
Coconut Oil		448,000,000	Pound	46,943,287
Cordage		6,000,000	Pound	1,718,388
Rice		1,040,000	Pound	-
Sugars	(Refined	1,904,000,000	Pound	2,953,817
	(Unrefined			630,043,878
Tobacco		6,500,000	Pound	365,938

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H-796

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of 2 percent Treasury Notes of Series B-1956 for cash ar in exchange for Treasury Certificates of Indebtedness of Series B-1955, maturing May 17, 1955. These notes will be dated May 17, 1955, and will mature August 15, 1956.

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

Federal Reserve District	Total Cash Subscriptions Received	Total Cash Subscriptions Allotted	Total Exchange Subscriptions Received and Allotted	Total Allotments
Boston	$ 112,861,000	$ 71,287,000	$ 43,577,000	$ 114,864,
New York	1,702,712,000	1,060,725,000	2,397,579,000	3,458,304,
Philadelphia	158,920,000	100,979,000	48,680,000	149,659,
Cleveland	254,715,000	161,744,000	87,183,000	248,927,
Richmond	103,075,000	67,106,000	11,389,000	78,495,
Atlanta	141,254,000	95,057,000	58,557,000	153,614,
Chicago	566,580,000	362,803,000	196,145,000	558,948,
St. Louis	113,477,000	75,087,000	51,204,000	126,291,
Minneapolis	93,031,000	63,353,000	51,549,000	114,902,
Kansas City	124,109,000	85,132,000	59,283,000	144,415,
Dallas	183,596,000	117,618,000	23,321,000	140,939,
San Francisco	434,766,000	271,138,000	146,260,000	417,398,
Treasury	- -	- -	2,591,000	2,591,
TOTAL	$3,989,096,000	$2,532,029,000	$3,177,318,000	$5,709,347,

WASHINGTON, D.C.

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Louis	113,477,000	75,087,000	51,204,000	126,291,000
neapolis	93,031,000	63,353,000	51,549,000	114,902,000
sas City	124,109,000	85,132,000	59,283,000	144,415,000
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asury	- -	- -	2,591,000	2,591,000
TOTAL	$3,989,096,000	$2,532,029,000	$3,177,318,000	$5,709,347,000

If somewhat higher interest rates and lower bond prices make you consider more carefully each loan that you make or each security that you buy in times of peak business activity, they will have served their purpose.

but they increase the incentive to save on the part of individuals. A general rise in interest rates permits savings banks to offer higher interest ~~rates for~~ to their depositors and it forces borrowers of money, such as business and states and local sub-divisions, to pay a higher rate in order to attract individual saving.

Changes in interest rates, of course, result in changes in bond prices and monetary policy is made effective at least in part through these changes. When interest rates go up, ~~which results in a decline in~~ bond prices decline, and that ~~it~~ affects the willingness of commercial banks as well as insurance companies and savings banks to accept the loss that they must incur if they transfer their bond investments into other ~~new~~ activities. Specifically, in the case of a savings bank if a loss is present in their government bond portfolio they may be more reluctant to sell such issues and make new mortgage loans. This tends to limit the lending activities of savings banks to the amount of their cash flow, which in the long run should be regarded as a normal situation. Thus, a higher interest rate level instills caution on the part of lenders. ~~which~~ At certain times in our economic development that is highly desirable.

The rate that we have had to pay on our short-term borrowings has advanced moderately in recent months due to the fact that business has improved ~~very~~ rapidly, ~~resulting in~~ accompanied by increased demands for credit. In addition, the excess reserves that were in the banking system last year have now been withdrawn and the Federal Reserve System has raised the discount rate from $1\frac{1}{2}$ to 1-3/4 percent. Basically, these actions have been taken because the economy is so healthy that it no longer needs the stimulus of the excess reserves and the lower discount rate. There are no substantial excess reserves today, ~~but~~ yet there is no shortage of credit for legitimate business purposes. Under these conditions, future developments in the economy itself will primarily determine the course of the money market. If the economy moves ahead too rapidly, restraints will develop largely through natural forces, although ample credit should be available for normal growth.

Fluctuations in interest rates which result from natural forces and monetary policy affect the supply of bank credit and the availability of long-term credit for business and individuals from non bank sources ~~in~~ from ~~opposite~~ two different directions. Higher rates reduce the availability of bank credit no ¶ ← In addition, we have just finished putting out an issue of 143 15-month notes to refund our $3.9 billion May certificate maturity and to raise $2.5 billion of cash needed to pay off maturing savings notes.

~~at first glance~~ ~~The charts that you saw indicated that~~ The size of our problem of raising additional money in the market during the last half of this year ~~is~~ looks to be just about the same as it was last year, after you allow for the increased savings note maturities. In many ways, however, our financing problem in the months ahead is considerably easier than it was a year ago. In the first place, the publicly-held marketable maturities, other than Treasury bills, that must be refunded the rest of this year amount to only $9.2 billion, as against $16.5 billion in the last half of 1954.

Even more important than the lighter refunding schedule is the fact that there is daylight ahead in the budget picture. A balanced cash budget, ~~at least on a cash basis,~~ appears ~~more and more~~ likely in the fiscal year that is just ahead. The end of cash deficit financing for the year as a whole will have fundamental significance for the Government bond market. It will mean, among other things, that more of our borrowing this fall~~,~~ can be temporary borrowing, to be paid off next spring out of a large seasonal budget surplus.

the course of a business recovery. The sale of the bond was part of our long-range plan to improve the structure of ~~our~~ the debt, ~~reducing~~ to reduce the concentration of various short maturities, and to ~~placing~~ place more of our debt in the hands of permanent investors. In addition, we are interested in establishing a genuine market for longer-term government securities. We think our economy is sounder and that all of our capital markets are sounder – including the corporate bond market and the mortgage market – if genuine long-term investors are able to make a free choice of investments and are not forced to make investment decisions by the lack of supply of long-term government securities. We think that the Mutual Savings Banks ~~system~~ and the Insurance ~~Industry~~ companies are ~~more~~ in a sound ~~ly based~~ position if there is a broad market for long-term government securities. If this is true, our effort to improve the structure of the debt by issuing long-term bonds deserves the whole-hearted support of all of these institutional investors.

Since the issuance of the 3 percent bond we have had to turn our attention to the short-term market. In April we ~~We have~~ sold an issue of ~~1 3/8%~~ Tax Certificates to cover temporary cash needs through the middle of June. ~~due June 22, [illegible]~~

tional purchases in the market and their holdings increased to $225 million at the end of February and to $261 million at the end of March. During the first three months of this year their total holdings of government securities advanced about $40 million. This was an excellent showing. ~~and~~ We are appreciative of the part that the savings banks played in making ~~this~~ the 3 per issue a success. The Treasury feels that ~~In our opinion,~~ the sale of the long-term bond issue was a highly constructive move. The success of the offering and the movement of business since that time clearly demonstrates that long-term financing can be undertaken without interrupting investment is a more appropriate holding for such investors since they tend to hold long-term sav[...]. As a result, many Insurance Companies and Savings Banks participated in the successful distribution of our 3% issue by selling shorter term issues and buying the new security. This is perfectly proper and, indeed, desirable from the Treasury's standpoint ~~if~~ when the liquidation of the other securities ~~was~~ is handled in an orderly fashion, and ~~if~~ when the investor ~~did~~ does not buy the new issue purely on a speculative basis.

In urging us to sell a long-term bond, Many Savings Banks and Insurance Companies ~~urged us to sell a long bond, and~~ indicated their willingness to support it on an even sounder premise, ~~of~~ They argued that it would assist~~ing~~ the Treasury in reconstructing its debt, and assist~~ing~~ also in the development of a broad market for really long-term Government securities. They felt that the funding of the debt was important from the standpoint of the long run economic welfare of the country. ~~and~~ They felt that the health of their own institutions would be promoted through the purchase of a long-term Treasury bond, even though at the moment there ~~were~~ might be other places where they could use their money to greater temporary advantage.

Mutual Savings Banks were allotted $45 million of the 3 percent bonds at the time of issue on February 15. However, they made substantial addiin 1947, to $8.8 billion at the ~~present time,~~ end of 1954, with a steady reduction in holdings ~~throughout the~~ last year. Similarly, insurance companies ~~, likewise, have~~ reduced their holdings from a peak of $25 billion early in 1947 to [redacted] $15 billion at the ~~present time,~~ end of 1954 with some reduction taking place in each of the last few years.

~~You saw in the slides~~ One of the charts ~~that~~ showed the average maturity of the marketable holdings of various investor groups. This indicated that the average maturity of ~~the holdings of~~ Governments held by mutual savings banks had declined from a peak of 13-3/4 years ~~at the end of 1945,~~ early in 1946, to approximately 8-3/4 years at the end of 1954. Similarly, the average life of the holdings of insurance companies declined from $16\frac{1}{4}$ years at the end of 1945, to 9 years at the end of 1954. This is one of the reasons why the investor groups urged us to sell a long-term bond.

The holdings of insurance companies and savings banks have become steadily shorter, and to some extent, a longer institutions throughout the country. The members of these committees are in close touch with investment thinking, and are able to help us to a ~~reflect to som~~e considerable degree in appraising business conditions throughout the country. They are in close contact with the Government securities market, and the other capital markets that are likely to be affected by Treasury financing operations.

These various groups confirmed our own thinking that the business picture was ~~very~~ strong and improving, and it was their judgment that a long-term issue could be successfully placed. The representatives of the insurance companies and of the savings banks both urged us to sell a long-term bond, and indicated that there would be considerable support for the issue within their respective fields. This was true, notwithstanding the fact that both groups ~~the Insurance Companies and Savings Banks~~ for some time have been net sellers of Governments. For example, mutual savings banks have now reduced their holdings of Government securities from a peak of approximately $12 billion marketable bond issue of the Government since 1945, the other ~~issue~~ being the $3\frac{1}{4}$'s of 1983, which were sold in 1953. We have sold an aggregate of ~~$2.0~~ 3 1/2 billion of long bonds in the last two years. In contrast, no marketable bonds with a maturity beyond ten years were sold in the preceding seven years.

In reaching a decision to sell this recent issue, we had to assure ourselves that it would not have an unfavorable impact on business generally, and that it would not upset ~~the~~ other capital markets. Finally, we had to be certain that a demand existed for the issue. As you may know, the Treasury, when facing a problem of this magnitude, calls in for consultation committees representing various investor groups, including a committee from your own National Association of Mutual Savings Banks. ~~Association.~~ Other groups that we consult include representatives of the American Bankers Association, the Insurance Companies, and the Investment Bankers Association. These groups are very helpful to us since they represent a broad cross section of ~~the~~ financial of 1955, in spite of the sale in 1953 and 1954 of $40 billion of securities due in periods longer than one year, the total debt due within a year on the same basis was reduced only to $67 billion at the end of 1954.

We are making ~~some~~ progress in stopping the piling up of debt in extremely short-term maturities~~, and~~. As you saw on the charts, ~~slides,~~ our average maturity is now about 4 2/3 ~~4.7~~ years. That ~~which~~ is ~~about one year longer than the average was at the end of 1952,~~ ~~and~~ almost two years longer than it would have been if we had refunded all maturing obligations into one-year maturities in the intervening period. The average length of the debt is still shorter than it was in some years, however, so ~~It~~ it is easy to see~~, however,~~ why the Treasury would like to ~~is anxious to~~ sell more long-term securities and improve the structure of the debt further.

The problems we face in the sale of ~~a~~ long-term bonds were brought into focus very sharply in the discussions that we had earlier this year ~~this Spring~~ in Washington with regard to the sale of the 3% bond due in 1995. This was only the second ~~really~~ long-term

The interests of investors do not always parallel debt management objectives, and in any event we certainly ~~we~~ cannot satisfy all investor groups at any given time. However, it is only through understanding investment needs and investor psychology that we can intelligently proceed with our program of improving the structure of the debt.

~~The slides that you have seen give you an excellent view of~~ The fiscal position of the Treasury is improving. We have made ~~significant~~ ~~They show the~~ progress with next year's spending scheduled to be $12 billion below ~~that is being made~~ in bringing expenditures under control. ~~and~~ The charts ~~they~~ show what our practical problems are in the way of maturities ~~and cash requirements.~~ ~~These figures~~ They also show that the predominant feature of our debt is that it is quite short term. In the Treasury we cannot ignore this debt because so much of it falls due each year that we are constantly, it seems, making arrangements for refinancing maturities. In 1953, for example, when this Administration took office, $80 ~~$82~~ billion of fully marketable debt was due or first callable within one year (including savings notes). That ~~which~~ was over 50% of the marketable debt at the time. At the beginning of the Government -- whether we are operating at a surplus or a deficit. It must consider the condition of business and the desirability of encouraging or discouraging the use of bank credit in line with the broad monetary objectives of the Federal Reserve authorities. Finally, there are a multitude of other considerations such as and the cost of servicing the debt, the impact of broad ownership of the debt on public support for sound fiscal practice, ~~and~~ the impact of debt management on the health of our financial institutions and the liquidity of our capital markets.

In determining what should be done in debt management at any given time, we consider the condition of the various capital ~~security~~ markets, and what individuals and other investor groups are doing with their money. The interests and needs of all kinds of investors are important to the Treasury, ~~since~~ These investors own the public debt, and in our free enterprise society, individuals and institutions alike have a free choice of investing or not investing their money, of buying Government securities or other securities instead.

and plan for the future with less fear of unemployment or being unable to work as they get older.

We can reduce ~~this~~ the public debt safely ~~only~~ as private ~~capital~~ enterprise ~~is able to~~ takes over more of the ~~same job and perform~~ functions now performed by the Government ~~these constructive functions in our economy~~. In the meantime, the way we manage the debt can either emphasize its constructive side or it can permit the debt to become a destructive force working toward inflation or deflation. If we allow our national debt to pile up too much in very short maturities it can become a powerful force ~~tending to~~ undermine the value of the dollar. On the other hand, if we reduce the volume of very short debt and encourage the widespread ownership of government securities, our national debt can be a constructive influence in our economy.

Sound debt management is essential to the maintenance of a sound, stable dollar, and to the establishment of conditions that will encourage dynamic long-term growth of our economy.

Debt management must take into consideration the fiscal position

Mr. Blyth: ~~Comments by Mr. Blyth~~

The foregoing charts have presented ~~This is~~ a visual picture of ~~our~~ the national debt, showing ~~you~~ something of its size, its structure, and its ownership. The Treasury's ~~Our~~ problem is to take ~~the~~ that debt as it stands and make it to the fullest extent possible a constructive influence in our economy.

Our national debt is too large and we would like to reduce it if we could. Yet there is nothing inherently wrong with debt if it is prudently incurred and wisely used for constructive ~~or necessary~~ purposes. Even our national debt has its constructive side. It is a liability on the national Balance Sheet but it is an asset to the many many citizens of our country that either own a small share of it directly or have an interest in it through some savings plan or through a public or private insurance or pension plan.

Last year the ~~U.S.~~ Treasury paid out $1.9 billions of public debt ~~as~~ interest to individuals, including ~~as~~ $1.1 billion of interest accruals which ~~largely~~ went to increase the value of E bonds. In addition, we paid $1.3 billion interest to government investment accounts -- largely our social security and unemployment trust funds. We paid ~~$200~~ $.6 billion to mutual savings ~~institutions and a like amount to~~ banks and insurance companies. Many additional ~~dollars~~ millions are paid to charitable and college endowment funds, to pension funds, and many other types of holders.

This is one of the constructive sides of our debt. These interest dollars we are paying out are helping to provide jobs. The payments that we make to savings banks and to individuals directly, including E bond ~~holders~~ interest, are especially helpful in encouraging habits of thrift and helping our people provide for the future. The payments we make to pension plans, insurance companies and our own government trust funds are helping our citizens live

Nonbank investors now hold $136-1/2 billion of the debt, which is close to their all-time peak. During the last year or two, the liquidation of Government securities held by insurance companies and mutual savings banks has been almost exactly offset by ~~the~~ a pick-up ~~of Governments~~ in pension funds -- largely state and local Government funds. Most of the decline in individuals' holdings of F and G bonds and marketable securities has been offset by the continued rapid expansion of the Series E and H bond program.

Series E and H bonds continue to be the best vehicle the Treasury has for achieving a widespread distribution of the debt throughout the country and for working along with the Nation's financial institutions in encouraging habits of thrift. It is expected that the fiscal year ending June 30 will show E and H bond sales of about $5-1/4 billion. Not only will this be the best year since the end of war financing, it also means that the E and H program will produce about $3/4 of a billion of cash toward Treasury financing needs rather than being a drain on the Treasury as it was not so many years ago.

***

35 lines

That means that the average length of the marketable debt to its first call date is now around 4-2/3 years as compared to an average length of 3-2/3 years a year and a half ago. Despite this progress, the debt is still ~~not quite as long as~~ shorter than it was at the time of the Federal Reserve-Treasury accord in March 1951, and much shorter than at any time during the preceding decade. Most of the Treasury debt extension during the last year and a half has been reflected in an increase in average length of commercial bank portfolios. The commercial banks' appetite for extending the in maturities ~~of their portfolios~~ last year has brought their average length of Government holdings up from 2-1/2 years to 4-1/2 years, ~~and~~ Until the recent 3 percent bond issue, savings banks and life insurance companies continued to show a declining average length of portfolios.

~~The Treasury not only has a big job on its hands in its refunding operations just to keep the average length of the debt from shortening more and more through the passage of time; it also has a substantial cash financing job to face. Treasury cash market financing in Calendar 1955, including the $2-1/2 billion issue that will come on the books tomorrow, may run as high as $13 billion. On the surface, that looks substantially larger than the $10 billion financing job that was done last year. However, when the increased maturity of savings notes this year is taken into consideration -- $4-1/2 billion as against $1-1/2 billion in 1954 -- the ~~two~~ jobs for the two years are just about the same size.~~

cash financing

~~The ownership structure of the public debt is quite revealing.~~ ~~Excluding~~ Outside the Government's own investment accounts, ~~like~~ such as social security and veterans' insurance, about $227-1/2 billion of the $277 billion public debt is ~~privately~~ held. That was an increase of $4-1/2 billion over a year ago, which in turn was $4-1/2 billion above April 1953. Commercial banks hold $67-1/2 billion of that debt, down somewhat from the $70 billion peak reached last fall but still above a year ago. On the other hand, Federal Reserve holdings are down from

The debt may be looked at in another way too — in relation to the other kinds of debt in the United States. At the present time the total debts in the United States that we owe each other -- individuals, businesses, and all branches of Government -- amount to about $700 billion, with the Federal Government accounting for 40 percent of the total. Although the Federal debt is a smaller proportion of the total debt than it was at the end of World War II, it is nevertheless much larger than in 1939 when Federal debt accounted for less than one-fourth of the total debt of the country. This underscores ~~Thus we have another indication of~~ the importance of Treasury debt management decisions in their effect not only on Government finances ~~the public debt~~ itself but also on the capital markets and the economy of the whole country.

This $277 billion public debt splits conveniently into two parts. One of those parts is nonmarketable -- $116 billion -- covering such things as savings bonds and special issues to the Government's social security and other trust funds. The remaining $161 billion is marketable, although in our current thinking we also include here the Treasury savings notes, since they are now much like maturing short-term marketables. The Treasury has been working during the last two years toward a better structure of the public debt so that less of the debt comes due within one year and more of it is in the hands of real savers in the over-5-year category. At the present time, $62-1/2 billion of this $161 billion segment of the debt comes due or is first callable within 1 year; ~~12 months;~~ $41 billion of it is in the 1-5 year area; and $57-1/2 billion runs over 5 years to maturity. These figures are quite different than they were in December 1953. There has been a reduction of almost $20 billion in the under-1-year debt, an increase of $5 billion in the 1-5 year debt, and an increase of $15 billion in the over-5-year debt.

spectacularly during World War II and

Before World War I the public debt amounted to $1 billion. Debt expansion to $26 billion during World War I was followed by debt reduction out of budget surplus during the 20's. ~~With World War II financing~~ Following, on the heels of a trebling of the debt during the 30's, — from $16 billion to $48 billion — the debt rose ~~to~~ $260 billion ~~at~~ the end of 1946. Post-World War II debt reduction out of budget surplus was only $8 billion, and then the expanded defense program plunged us into deficit financing again so that the debt at the present time is up to about $277 billion

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There are many ways of looking at the public debt and its burden. The debt now amounts to almost $1700 per person. The per capita debt burden has actually declined slightly during the last six years since the population has increased a little faster than the debt. By comparison, the per capita debt amounted to $1832 at the end of 1946.

In terms of national income, the debt picture has improved considerably since the end of World War II. At the end of 1946, the $260 billion public debt was a third larger than our national income of about $190 billion. Now, national income has grown to about $310 billion, so that our $277 billion national debt is equal to only 89 percent of national income. One of the ~~reasons for~~ factors in this reduced ratio of debt to income, unfortunately, doesn't ~~represent~~ suggest a real improvement at all. It reflects the inflation of the earlier postwar years ~~and the~~ which brought about a significant ~~resulting~~ decline in the purchasing power of the dollar. A large share of the change, however, represents the growing productivity of our Nation in real terms the increased ability to produce more and more houses, industrial plants, highways, schools, cars, TV sets, etc. In this way we can grow up to the debt so that even though the dollar amount of debt is not declining as we might wish, the debt still becomes somewhat less burdensome.

Factors Affecting Treasury Finance

~~Current Debt Management Problems~~

Remarks by Robert B. Blyth, Assistant to the Secretary of the Treasury, and Slide Presentation by Robert P. Mayo, Chief, Debt Division, Analysis Staff, before the National Association of Mutual Savings Banks, Atlantic City, New Jersey, May 16, 1955.

Mr. Blyth:

It is a privilege to be with you today to talk about the public debt to a group of people who are as intimately concerned with our Nation's financial welfare as all of you are. Most people throughout the country pay little attention to ~~ignore~~ the national debt, either because they don't know much about it or because they are too busy with their own personal affairs. Many people, when they do stop to think about the debt, are afraid of it. They realize that being so far in debt is not such a good idea in their own personal finances, so they are awed when they are told that the national debt runs about $1700 for every man, woman, and child in the country.

In the Treasury ~~We don't~~ approach the problem of debt management ~~of the public debt~~ with a more positive ~~fearful~~ attitude. The damage to the purchasing power of the dollar that resulted in part from the way the public debt was created and from its mismanagement in the past is behind us. That damage to purchasing power has been costly but we can live with this big public debt if we manage it intelligently.

The proper antidote to fear of the debt is understanding of the debt. At this point, Mr. Mayo will show you some of the background charts that we have developed in the Treasury for our various consulting groups in order to put this problem of the public debt in proper perspective.

~~* * *~~ (3 stars)

H-797

TREASURY DEPARTMENT
Washington

Remarks by Robert B. Blyth, Assistant to the Secretary of the Treasury, and Slide Presentation by Robert P. Mayo, Chief, Debt Division, Analysis Staff, before the National Association of Mutual Savings Banks, Atlantic City, New Jersey, May 16, 1955. Scheduled for delivery at 9:45 A.M., E.D.T.

FACTORS AFFECTING TREASURY FINANCING

MR. BLYTH:

It is a privilege to be with you today to talk about the public debt to a group of people who are as intimately concerned with our Nation's financial welfare as all of you are. Most people throughout the country pay little attention to the national debt, either because they don't know much about it or because they are too busy with their own personal affairs. Many people, when they do stop to think about the debt, are afraid of it. They realize that being so far in debt is not such a good idea in their own personal finances, so they are awed when they are told that the national debt runs about $1,700 for every man, woman, and child in the country.

In the Treasury we approach the problem of debt management with a more positive attitude. The damage to the purchasing power of the dollar that resulted in part from the way the public debt was created and from its mismanagement in the past is behind us. That damage to purchasing power has been costly but we can live with this big public debt if we manage it intelligently.

The proper antidote to fear of the debt is understanding of the debt. At this point, Mr. Mayo will show you some of the background charts that we have developed in the Treasury for our various consulting groups in order to put this problem of the public debt in proper perspective.

* * *

MR. MAYO:

Before World War I the public debt amounted to $1 billion. Debt expansion to $26 billion during World War I was followed by debt reduction out of budget surplus during the 20's. Following on the heels of a trebling of the debt during the 30's -- from

$16 billion to $48 billion -- the debt rose spectacularly during World War II and stood at $260 billion at the end of 1946. Post-World War II debt reduction out of budget surplus was only $8 billion, and then the expanded defense program plunged us into deficit financing again so that the debt at the present time is up to about $277 billion.

There are many ways of looking at the public debt and its burden. The debt now amounts to almost $1,700 per person. The per capita debt burden has actually declined slightly during the last six years since the population has increased a little faster than the debt. By comparison, the per capita debt amounted to $1,832 at the end of 1946.

In terms of national income, the debt picture has improved considerably since the end of World War II. At the end of 1946, the $260 billion public debt was a third larger than our national income of about $190 billion. Now, national income has grown to about $310 billion, so that our $277 billion national debt is equal to only 89 percent of national income. One of the factors in this reduced ratio of debt to income, unfortunately, doesn't suggest a real improvement at all. It reflects the inflation of the earlier postwar years which brought about a significant decline in the purchasing power of the dollar. A large share of the change, however, represents the growing productivity of our Nation in real terms -- the increased ability to produce more and more houses, industrial plants, highways, schools, cars, TV sets, etc. In this way we can grow up to the debt so that even though the dollar amount of debt is not declining as we might wish, the debt still becomes somewhat less burdensome.

The debt may be looked at in another way too -- in relation to the other kinds of debt in the United States. At the present time the total debts in the United States that we owe each other -- individuals, businesses, and all branches of Government -- amount to about $700 billion, with the Federal Government accounting for 40 percent of the total. Although the Federal debt is a smaller proportion of the total debt than it was at the end of World War II, it is nevertheless much larger than in 1939 when Federal debt accounted for less than one-fourth of the total debt of the country. This increase underscores the importance of Treasury debt management decisions in their effect not only on Government finance itself but also on the capital markets and the economy of the whole country.

This $277 billion public debt splits conveniently into two parts. One of those parts is nonmarketable -- $116 billion -- covering such things as savings bonds and special issues to the Government's social security and other trust funds. The remaining $161 billion is marketable, although in our current thinking we also include here the Treasury savings notes, since they are now much like maturing short-term marketables. The Treasury has been working during the last two years toward a better structure of the public debt so that less of the debt comes due within one year and more of it is in the hands of real savers in the over-5-year category. At the present time, $62-1/2 billion of this $161 billion segment of the debt comes due or is first callable within 1 year; $41 billion of it is in the 1-5 year area; and $57-1/2 billion runs over 5 years to maturity. These figures are quite different than they were in December 1953. There has been a reduction of almost $20 billion in the under-1-year debt, an increase of $5 billion in the 1-5 year debt, and an increase of $15 billion in the over-5-year debt.

That means that the average length of the marketable debt to its first call date is now around 4-2/3 years as compared to an average length of 3-2/3 years a year and a half ago. Despite this progress, the debt is still shorter than it was at the time of the Federal Reserve-Treasury accord in March 1951, and much shorter than at any time during the preceding decade. Most of the Treasury debt extension during the last year and a half has been reflected in an increase in average length of commercial bank portfolios. The commercial banks' appetite for extending their maturities last year has brought their average length of Government holdings up from 2-1/2 years to 4-1/2 years. Until the recent 3 percent bond issue, savings banks and life insurance companies continued to show a declining average length of portfolios

About $227-1/2 billion of the $277 billion public debt is held outside of the Government's own investment accounts, such as social security and veterans' insurance. That was an increase of $4-1/2 billion over a year ago, which in turn was $4-1/2 billion above April 1953. Commercial banks hold $67-1/2 billion of that debt, down somewhat from the $70 billion peak reached last fall but still above a year ago. On the other hand, Federal Reserve holdings are down from a year ago.

Nonbank investors now hold $136-1/2 billion of the debt, which is close to their all-time peak. During the last year or two, the liquidation of Government securities held by insurance companies and mutual savings banks has been almost exactly offset by a pick-up in pension funds -- largely state and local Government funds. Most of the decline in individuals' holdings of F and G bonds and marketable securities has been offset by the continued rapid expansion of the Series E and H bond program.

Series E and H bonds continue to be the best vehicle the Treasury has for achieving a widespread distribution of the debt throughout the country and for working along with the Nation's financial institutions in encouraging habits of thrift. It is expected that the fiscal year ending June 30 will show E and H bond sales of about $5-1/4 billion. Not only will this be the best year since the end of war financing, it also means that the E and H program will produce about $3/4 of a billion of cash toward Treasury financing needs rather than being a drain on the Treasury as it was not so many years ago.

* * *

MR. BLYTH:

The foregoing charts have presented a visual picture of the national debt, showing something of its size, its structure, and its ownership. The Treasury's problem is to take that debt as it stands and make it to the fullest extent possible a constructive influence in our economy.

Our national debt is too large and we would like to reduce it if we could. Yet there is nothing inherently wrong with debt if it is prudently incurred and wisely used for constructive purposes. Even our national debt has its constructive side. It is a liability on the national balance sheet but it is an asset to the many many citizens of our country that either own a small share of it directly or have an interest in it through some savings plan or through a public or private insurance or pension plan.

Last year the Treasury paid out $1.9 billion of public debt interest to individuals, including $1.1 billion of interest accruals which went to increase the value of E bonds. In addition, we paid $1.3 billion interest to government investment accounts -- largely our social security and unemployment trust funds. We paid $.6 billion to mutual savings banks and insurance companies. Many additional millions are paid to charitable and college endowment funds, to pension funds, and many other types of holders.

This is one of the constructive sides of our debt. These interest dollars we are paying out are helping to provide jobs. The payments that we make to savings banks and to individuals directly, including E bond interest, are especially helpful in encouraging habits of thrift and helping our people provide for the future. The payments we make to pension plans, insurance companies and our own government trust funds are helping our citizens live and plan for the future with less fear of unemployment or being unable to work as they get older.

We can reduce the public debt safely as private enterprise takes over more of the functions now performed by the Government. In the meantime, the way we manage the debt can either emphasize its constructive side or it can permit the debt to become a destructive force working toward inflation or deflation. If we allow our national debt to pile up too much in very short maturities it can become a powerful force tending to undermine the value of the dollar. On the other hand, if we reduce the volume of very short debt and encourage the widespread ownership of government securities, our national debt can be a constructive influence in our economy.

Sound debt management is essential to the maintenance of a sound, stable dollar, and to the establishment of conditions that will encourage dynamic long-term growth of our economy.

Debt management must take into consideration the fiscal position of the Government -- whether we are operating at a surplus or a deficit. It must consider the condition of business and the desirability of encouraging or discouraging the use of bank credit in line with the broad monetary objectives of the Federal Reserve authorities. Finally, there are a multitude of other considerations such as the impact of broad ownership of the debt on public support for sound fiscal practice, the impact of debt management on the health of our financial institutions and the liquidity of our capital markets, and the cost of servicing the debt.

In determining what should be done in debt management at any given time, we consider the condition of the various capital markets, and what individuals and other investor groups are doing with their money. The interests and needs of all kinds of investors are important to the Treasury. These investors own the public debt, and in our free enterprise society, individuals and institutions alike have a free choice of investing or not investing their money, of buying Government securities or other securities instead.

The interests of investors do not always parallel debt management objectives, and in any event we certainly cannot satisfy all investor groups at any given time. However, it is only through understanding investment needs and investor psychology that we can proceed intelligently with our program of improving the structure of the debt.

The fiscal position of the Treasury is improving. We have made significant progress in bringing expenditures under control, with next year's spending scheduled to be $12 billion below 1953 levels. The charts show what our practical problems are in the way of maturities of the debt. They also show that the predominant feature of our debt is that it is quite short term. In the Treasury we cannot ignore this debt because so much of it falls due each year that we are constantly, it seems, making arrangements for refinancing maturities. In 1953, for example, when this Administration took office, $80 billion of fully marketable debt was due or first callable within one year (including savings notes). That was over 50% of the marketable debt at the time. At the beginning of 1955, in spite of the sale in 1953 and 1954 of $40 billion of securities due in periods longer than one year, the total debt due within a year on the same basis was reduced only to $67 billion at the end of 1954.

We are making progress in stopping the piling up of debt in extremely short-term maturities. As you saw on the charts, our average maturity is now about 4-2/3 years. That is almost two years longer than it would have been if we had refunded all maturing obligations into one-year maturities in the intervening period. The average length of the debt is still shorter than it was in earlier post-war years, however, so it is easy to see why the Treasury would like to sell more long-term securities and improve the structure of the debt further.

The problems we face in the sale of long-term bonds were brought into focus very sharply in the discussions that we had earlier this year in Washington with regard to the sale of the 3% bond due in 1995. This was only the second long-term marketable bond issue of the Government since 1945, the other being the 3-1/4's of 1983, which were sold in 1953. We have sold an aggregate of $3-1/2 billion of long bonds in the last two years. In contrast, no marketable bonds with a maturity beyond ten years were sold in the preceding seven years.

In reaching a decision to sell this recent issue, we had to assure ourselves that it would not have an unfavorable impact on business generally, and that it would not upset other capital markets. Finally, we had to be certain that a demand existed for the issue. As you may know, the Treasury, when facing a problem of this magnitude, calls in for consultation committees representing various investor groups, including a committee from your own National Association of Mutual Savings Banks. Other groups that we consult include representatives of the American Bankers Association, the Insurance Companies, and the Investment Bankers Association. These groups are very helpful to us since they represent a broad cross section of financial institutions throughout the country. The members of these committees are in close touch with investment thinking, and are able to help us to a considerable degree in appraising business conditions throughout the country. They are in close contact with the Government securities market, and the other capital markets that are likely to be affected by Treasury financing operations.

These various groups confirmed our own thinking that the business picture was strong and improving, and it was their judgment that a long-term issue could be successfully placed. The representatives of the insurance companies and of the savings banks both urged us to sell a long-term bond, and indicated that there would be considerable support for the issue within their respective fields. This was true, notwithstanding the fact that both groups have been net sellers of Governments for some time. For example, mutual savings banks have now reduced their holdings of Government securities from a peak of approximately $12 billion in 1947, to $8.8 billion at the end of 1954, with a steady reduction in holdings last year. Similarly, insurance companies reduced their holdings from a peak of $25 billion early in 1947 to $15 billion at the end of 1954, with some reduction taking place in each of the last few years.

One of the charts showed the average maturity of the marketable holdings of various investor groups. This indicated that the average maturity of Governments held by mutual savings banks had declined from a peak of 13-3/4 years early in 1946, to approximately 8-3/4 years at the end of 1954. Similarly, the average life of the holdings of insurance companies declined from 16-1/4 years at the end of 1945, to 9 years at the end of 1954. This is one of the reasons why the investor groups urged us to sell a long-term bond.

The holdings of insurance companies and savings banks have become steadily shorter, and to some extent, a longer investment is a more appropriate holding for such investors since they tend to hold long-term savings. As a result, many insurance companies and savings banks participated in the successful distribution of our 3% issue by selling shorter term issues and buying the new security. This is perfectly proper and, indeed, desirable from the Treasury's standpoint when the liquidation of the other securities is handled in an orderly fashion, and when the investor does not buy the new issue purely on a speculative basis.

In urging us to sell a long bond, many savings banks and insurance companies indicated their willingness to support it on an even sounder premise. They argued that it would assist the Treasury in reconstructing its debt, and assist also in the development of a broad market for really long-term Government securities. They felt that the funding of the debt was important from the standpoint of the long run economic welfare of the country. They felt that the health of their own institutions would be promoted through the purchase of a long-term Treasury bond, even though at the moment there might be other places where they could use their money to greater temporary advantage.

Mutual savings banks were allotted $45 million of the 3 percent bonds at the time of issue on February 15. However, they made substantial additional purchases in the market and their holdings increased to $225 million at the end of February and to $261 million at the end of March. During the first three months of this year their total holdings of government securities advanced about $40 million. This was an excellent showing.

We are appreciative of the part that the savings banks played in making the 3 percent issue a success. The Treasury feels that the sale of the long-term bond issue was a highly constructive move. The success of the offering and the movement of business since that time clearly demonstrates that long-term financing can be undertaken without interrupting the course of a business recovery.

The sale of the bond was part of our long-range plan to improve the structure of the debt, to reduce the concentration of various short maturities, and to place more of our debt in the hands of permanent investors. In addition, we are interested in establishing a genuine market for longer-term government securities. We think our economy is sounder and that all of our capital markets are sounder -- including the corporate bond market and the mortgage market -- if genuine long-term investors are able to make a free choice of investments and are not forced to make investment decisions by the lack of supply of long-term government securities. We think that the mutual savings banks and the insurance companies are in a sounder position if there is a broad market for long-term government securities. If this is true, our effort to improve the structure of the debt by issuing long-term bonds deserves the whole-hearted support of all of these institutional investors.

Since the issuance of the 3 percent bond we have had to turn our attention to the short-term market. In April we sold an issue of tax certificates to cover temporary cash needs through the middle of June. In addition, we have just finished putting out an issue of 15-month notes to refund our $3.9 billion May certificate maturity and to raise $2.5 billion of cash needed to pay off maturing savings notes.

The size of our problem of raising additional money in the market during the last half of this year looks to be just about the same as it was last year, after allowing for the increased savings note maturities this year. In many ways, however, our financing problem in the months ahead is considerably easier than it was a year ago. In the first place, the publicly-held marketable maturities, other than Treasury bills, that must be refunded the rest of this year amount to only $9.2 billion, as against $16.5 billion in the last half of 1954.

Even more important than the lighter refunding schedule is the fact that there is daylight ahead in the budget picture. A balanced cash budget appears likely in the fiscal year that is just ahead. The end of cash deficit financing for the year as a whole will have fundamental significance for the Government bond market. It will mean, among other things, that more of our borrowing this fall can be temporary borrowing, to be paid off next spring out of a large seasonal budget surplus.

The rate that we have had to pay on our short-term borrowings has advanced moderately in recent months due to the fact that business has improved rapidly, accompanied by increased demands for credit. In addition, the excess reserves that were in the banking system last year have now been withdrawn and the Federal Reserve System has raised the discount rate from 1-1/2 to 1-3/4 percent. Basically, these actions have been taken because the economy is so healthy that it no longer needs the stimulus of the excess reserves and the lower discount rate. There are no substantial excess reserves today, yet there is no shortage of credit for legitimate business purposes. Under these conditions, future developments in the economy itself will primarily determine the course of the money market. If the economy moves ahead too rapidly, restraints will develop largely through natural forces, although ample credit should be available for normal growth.

Fluctuations in interest rates which result from natural forces and monetary policy affect the supply of bank credit and the availability of long-term credit for business and individuals from non-bank sources from two different directions. Higher rates reduce the availability of bank credit but they increase the incentive to save on the part of individuals. A general rise in interest rates permits savings banks to offer higher interest to their depositors and it forces borrowers of money, such as business and states and local sub-divisions, to pay a higher rate in order to attract individual saving.

Changes in interest rates, of course, result in changes in bond prices and monetary policy is made effective at least in part through these changes. When interest rates go up, bond prices decline, and that affects the willingness of commercial banks as well as insurance companies and savings banks to accept the loss that they must incur if they transfer their bond investments into other activities. Specifically, in the case of a savings bank if a loss is present in their government bond portfolio they may be more reluctant to sell such issues and make new mortgage loans. This tends to limit the lending activities of savings banks to the amount of their cash flow, which in the long run should be regarded as a normal situation. Thus, a higher interest rate level instills caution on the part of lenders. At certain times in our economic development that is highly desirable.

If somewhat higher interest rates and lower bond prices make you consider more carefully each loan that you make or each security that you buy in times of peak business activity, they will have served their purpose.

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There is probably no one on either side of the aisle, probably no thinking person in America, who does not know how much this nation needs better highways. We need them for the daily business and safety of everyone. And we need them to help our defense should this nation ever be attacked by a foreign power.

This being the case, I ~~simply do~~ believe that men of good will and good intentions must be able to get together on a plan for starting these better highways -- not on a small scale, and not just a little amount a year -- but on a major scale, and right now. Every year, ~~yes~~ every month lost in having these extra miles of better highways means loss to our economy and so loss ~~the~~ better living for ~~of~~ our citizens. It means loss of lives through loss of the safety these better highways would bring. It means loss of the best possible transportation of our defense equipment and evacuation of our people in the event of an enemy attack.

These are the simple reasons why I urge that we all get behind a program which will get this better highway system going on a major scale, and get it going quickly. The Administration's proposal to set up a corporation which can borrow the money and get the highways started now, for all the reasons I have named, is the best way ~~I have found~~ [illegible] yet proposed to get done what everyone agrees should and must be done. [illegible] ~~The need for these~~ highways on a major scale~~, and quickly, is bigger than politics. And it is bigger than any principle which~~ I have yet heard raised against the Administration's plan for doing it.

Federal responsibility for improving the interstate system justifies using nation-wide gasoline and diesel fuel taxes to pay for these roads.

It should be noted, moreover, that primary and secondary roads would be greatly improved under H.R. 4260. Authorizations would continue at the level of the 1954 Act, the highest in history. And increased Federal payments on the expensive interstate mileage would release State funds for other roads. In other words, the mere inauguration of this program would have the effect in terms of road-miles of increasing Federal aid for primary and secondary roads.

The borrowing under this program should be kept to a minimum. I would raise no objection if the Congress increased the Federal gasoline and diesel fuel taxes to help pay for this program. But if pay-as-you-go financing is not feasible, then borrowing is clearly justified by our need for these roads. Such borrwoing ~~should~~ [illegible] be related to user revenues. This is the right way to pay for roads and it will not impose an unfair burden on the general taxpayer.

H.R. 4260 quite properly establishes a debt limit for the bonds of the Federal Highway Corporation. Congress may wish to go a step further and revise the present definition of the debt limit to include these non-guaranteed highway bonds and other similar items now outside of the debt limit. The Treasury would have no objection to such action. The issuance of bonds by the Highway Corporation would provide a project basis for planning an improved highway system and would help insure that highway borrowing is done on a self-liquidating basis.

There are differences of opinion, of course, as to whether the corporate device should be used. I favor it in this case as a means of accomplishing the objectives set forth above. We have gone over this legislation very carefully and there is no question in my mind of the legality of the proposed corporation or of the proposed appropriation procedure.

In my view the new highways will be earning assets, making possible a continuation of expansion in the use of motor transportation which would otherwise be seriously handicapped by the growing inadequacy of our highway network. You already know of the savings possible from improved safety, reduced time delays, greater vehicle efficiency, and lower repair and maintenance costs.

With respect to the principle of self-liquidation, there would be no general question about this program if it had been possible to pay for these roads by direct tolls. Such a plan, however, would encounter serious difficulties, particularly in sparsely populated ~~States~~ areas. As a result the authors of this program looked for the nearest approach to it. Tolls can be measured by mileage traveled, vehicle weight, number of passengers, or number of axles. Also tolls can be measured by consumption of motor vehicle fuel. This practical way of doing it is included in H.R. 4260.

It seems to me there are persuasive arguments for considering the financing of this critical interstate system in terms of the total picture of the use of fuel by all of the Nation's motor vehicles. The highways constructed will be available for the use of all such vehicles. This is not unlike the principle used generally by the States where gasoline taxes collected on the main roads help to pay for the smaller roads. And the heavy

H.R. 4260 sets up a Government corporation to handle the expanded program in an effective and economical manner. The Board of Directors of the corporation would have the powers needed to assure flexible handling of the program, and would deal with such problems as the timing of constructions, the borrowing and repayment of money, and the resolving of policy differences which may arise between the States and the Federal Government. Of course, the actual conduct of the program would be the responsibility of the Bureau of Public Roads.

It will ~~may~~ cost somewhat more to issue the bonds through the Corporation rather than by the use of public debt obligations. I think it is worth it. It provides a semi-automatic way of paying off the debt over specific periods. If they carry a higher rate, that very fact may give them wider distribution of ownership by real investors and require less use of bank credit.

It is a wholesome thing to have debt limits set by the Congress. It provides a standard in our fiscal policy for everybody to think about and respect. It is wise for the highway program to have a debt limit, too, and one is provided for in ~~S. 1160.~~ HR4260

There is one further point on this program that is very important, and that is its inflationary potential. If the Congress and the Administration were to stop suddenly right now in their drive toward a lower level of budget expenditures, then I would say that to pile this highway program on top of it might be inflationary. As I mentioned before, however, we are firmly committed to further reducing Government expenditures and working toward a less oppressive tax system. As we succeed in cutting expenditures further a highway program like this can, I believe, be handled without inflationary effects.

I should also like to call your attention to the fact that the bill provides that the Secretary of the Treasury is responsible for the supervision of the borrowing program and all borrowing requires his consent. In this way, the borrowing of money can be harmonized with Government fiscal, monetary and debt management policy. Within limits, the timing of the borrowing can be subject to control and adjusted to varying conditions in the economic life of the country. Thus, provision is made for keeping any possible inflationary effects of the program under control.

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In suggesting this program, the Administration has clearly in mind the advantages to the whole country of an expanded road program which will employ more people, and add to the country's rate of economic growth. Such a road program will encourage the continued development of the automobile industry and the construction industry; in fact, all our citizens will be better off as benefits of the program run through the entire economy.

The Treasury has given particular study to the financing of the proposed highway program and its relationship to the Federal budget. I would be the last man to advocate a program that simply added to our Federal budget and the charge on general Federal revenues. We must think in terms of cutting back the volume of Federal expenditures, and I have repeatedly stated that I think this can be done and that the load of general taxes, which weighs so heavily on the economy, can be decreased over a period of years. One of the reasons I am in favor of the road program is that it does not interfere with the long-term objectives of reducing Federal expenditures and reducing general taxes.

Let me say also that no one could have a higher regard than I have for the views of Senator Byrd. I have been in agreement with him on the major principles of sound Federal Government finance. I have read with care his impressive statement last Friday before the Committee. It raises important questions of principle as well as questions of administrative practice and Government accounting.

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I believe the principle involved in ~~S. 1160~~ HR 4260 is sound. My reasons are simple. There are real earning assets here -- new highways vital to the future of our Nation. If the program could be paid for completely by tolls, there would be no question about its financial soundness. But "tolls" can be measured in a great many ways. You can base them on mileage traveled. You can levy a charge based on the weight of the vehicle, the number of passengers, or the number of axles. Or, you can carry that one step further and measure your tolls by consumption of motor vehicle fuel. This is a practical way of doing it.

There is no doubt in my mind that this program should be handled on as close to a pay-as-you-go basis as possible. I would not object, therefore, if the Congress sees fit to increase the Federal gasoline tax in order to finance this program.

If it cannot be on a pay-as-you-go basis and borrowing is necessary, then that borrowing should not involve a pledge of the general revenues of the United States Government. It should rather rely upon specific user taxes, in the last analysis, for servicing the bonds and for their security.

TREASURY DEPARTMENT
Washington

Statement by Secretary of the Treasury Humphrey
Before the ~~Senate~~ House Committee on Public Works, Public
Roads Subcommittee, ~~Tuesday, March 22,~~ Monday, May 16 1955, at 10:00 a.m. E.D.T.

I am glad to have the opportunity to participate in your discussion of the President's highway program, with particular reference to the financial aspects of ~~S. 1160~~. H.R. 4260 and several similar bills.

We are all agreed on the need for an expanded highway program. The question is how ~~best to finance it~~. to get it.

The plan embodied in ~~S. 1160~~ H.R. 4260 of setting up a self-sustaining Government corporation to handle the expanded highway program has been carefully designed to serve the following objectives:

1. To get the road program under way with the speed required by the rapidly growing volume of automobile traffic.

2. To produce promptly an interstate network ~~as part of the defense program~~ more effectively than can be done by dependence on programs of the separate states.

3. To tie firmly together the expenditures on roads and the income which can reasonably be drawn from the users of the roads, so that the operation is self-sustaining.

4. To finance this road program with taxable securities rather than tax-exempt securities; this is an important objective, since the growing volume of tax-exempt securities for roads involves a serious loss of revenue to the Treasury and complicates ~~it~~ financing.

5. To hold down further increases in the mounting levels of Government obligations payable out of general revenues.

The evidence that has already been presented to your Committee, I am sure, has convinced all of us of the urgent need for building highways more rapidly. To do so will result in a substantial economic gain to the American people in terms of time-saving through more rapid movement of traffic, greater efficiency through more prompt delivery, the reduction of the accident toll, and lower costs on the upkeep of vehicles. These are all matters difficult to measure, but all of them are important.

~~H-752~~ H-798

TREASURY DEPARTMENT
Washington

Statement by Secretary of the Treasury Humphrey before the House Committee on Public Works, Subcommittee on Roads Monday, May 16, 1955, 10:00 a.m., E.D.T.

I am glad to have the opportunity to participate in your discussion of the President's highway program, with particular reference to the financial aspects of H.R. 4260 and several similar bills.

We are all agreed on the need for an expanded highway program. The question is how to get it.

The plan embodied in H.R. 4260 of setting up a self-sustaining Government corporation to handle the expanded highway program has been carefully designed to serve the following objectives:

1. To get the road program under way with the speed required by the rapidly growing volume of automobile traffic.

2. To produce promptly an interstate network more effectively than can be done by dependence on programs of the separate states.

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The evidence that has already been presented to your Committee, I am sure, has convinced all of us of the urgent need for building highways more rapidly. To do so will result in a substantial economic gain to the American people in terms of time-saving through more rapid movement of traffic, greater efficiency through more prompt delivery, the reduction of the accident toll, and lower costs on the upkeep of vehicles. These are all matters difficult to measure, but all of them are important.

In suggesting this program, the Administration has clearly in mind the advantages to the whole country of an expanded road program which will employ more people, and add to the country's rate of economic growth. Such a road program will encourage the continued development of the automobile industry and the construction industry; in fact, all our citizens will be better off as benefits of the program run through the entire economy.

The Treasury has given particular study to the financing of the proposed highway program and its relationship to the Federal budget. I would be the last man to advocate a program that simply added to our Federal budget and the charge on general Federal revenues. We must think in terms of cutting back the volume of Federal expenditures, and I have repeatedly stated that I think this can be done and that the load of general taxes, which weighs so heavily on the economy, can be decreased over a period of years. One of the reasons I am in favor of the road program is that it does not interfere with the long-term objectives of reducing Federal expenditures and reducing general taxes.

H.R. 4260 sets up a Government corporation to handle the expanded program in an effective and economical manner. The Board of Directors of the corporation would have the powers needed to assure flexible handling of the program, and would deal with such problems as the timing of construction, the borrowing and repayment of money, and the resolving of policy differences which may arise between the States and the Federal Government. Of course, the actual conduct of the program would be the responsibility of the Bureau of Public Roads.

It will cost somewhat more to issue the bonds through the Corporation rather than by the use of public debt obligations. I think it is worth it. It provides a semi-automatic way of paying off the debt over specific periods. If they carry a higher rate, that very fact may give them wider distribution of ownership by real investors and require less use of bank credit.

It is a wholesome thing to have debt limits set by the Congress. It provides a standard in our fiscal policy for everybody to think about and respect. It is wise for the highway program to have a debt limit, too, and one is provided for in H.R. 4260.

There is one further point on this program that is very important, and that is its inflationary potential. If the Congress and the Administration were to stop suddenly right now in their drive toward a lower level of budget expenditures, then I would say that to pile this highway program on top of it might be inflationary. As I mentioned before, however, we are firmly committed to further reducing Government expenditures and working toward a less oppressive tax system. As we succeed in cutting expenditures further a highway program like this can, I believe, be handled without inflationary effects.

I should also like to call your attention to the fact that the bill provides that the Secretary of the Treasury is responsibile for the supervision of the borrowing program and all borrowing requires his consent. In this way, the borrowing of money can be harmonized with Government fiscal, monetary and debt management policy. Within limits, the timing of the borrowing can be subject to control and adjusted to varying conditions in the economic life of the country. Thus, provision is made for best keeping any possible inflationary effects of the program under control.

There are differences of opinion, of course, as to whether the corporate device should be used. I favor it in this case as a means of accomplishing the objectives set forth above. We have gone over this legislation very carefully and there is no question in my mind of the legality of the proposed corporation or of the proposed appropriation procedure.

In my view the new highways will be earning assets, making possible a continuation of expansion in the use of motor transportation which would otherwise be seriously handicapped by the growing inadequacy of our highway network. You already know of the savings possible from improved safety, reduced time delays, greater vehicle efficiency, and lower repair and maintenance costs.

With respect to the principle of self-liquidation, there would be no general question about this program if it had been possible to pay for these roads by direct tolls. Such a plan, however, would encounter serious difficulties, particularly in sparsely populated areas. As a result the authors of this program looked for the nearest approach to it. Tolls can be measured by mileage traveled, vehicle weight, number of passengers, or number of axles. Also tolls can be measured by consumption of motor vehicle fuel. This practical way of doing it is included in H.R. 4260.

It seems to me there are persuasive arguments for considering the financing of this critical interstate system in terms of the total picture of the use of fuel by all of the Nation's motor vehicles. The highways constructed will be available for the use of all such vehicles. This is not unlike the principle used generally by the States where gasoline taxes collected on the main roads help to pay for the other roads. And the heavy Federal responsibility for improving the interstate system justifies using nationwide gasoline and diesel fuel taxes to pay for these roads.

It should be noted, moreover, that primary and secondary roads would be greatly improved under H.R. 4260. Authorizations would continue at the level of the 1954 Act, the highest in history. And increased Federal payments on the expensive interstate mileage would release State funds for other roads. In other words, the mere inauguration of this program would have the effect in terms of road-miles of increasing Federal aid for primary and secondary roads.

The borrowing under this program should be kept to a minimum. I would raise no objection if the Congress increased the Federal gasoline and diesel fuel taxes to help pay for this program. But if pay-as-you-go financing is not feasible, then borrowing is clearly justified by our need for these roads now. Such borrowing must be related to user revenues. This is the right way to pay for roads and it will not impose an unfair burden on the general taxpayer.

H.R. 4260 quite properly establishes a debt limit for the bonds of the Federal Highway Corporation. Congress may wish to go a step further and revise the present definition of the debt limit to include these non-guaranteed highway bonds and other similar items now outside of the debt limit. The Treasury would have no objection to such action. The issuance of bonds by the Highway Corporation would provide a project basis for planning an improved highway system and would help ensure that highway borrowing is done on a self-liquidating basis.

There is probably no one on either side of the aisle, probably no thinking person in America, who does not know that the nation needs better highways. We need them for the daily business and safety of everyone. And we need them to help our defense should this nation ever be attacked by a foreign power.

This being the case, I believe that men of good will and good intentions must be able to get together on a plan for starting these better highways -- not on a small scale, and not just a little amount a year -- but on a major scale, and right now. Every year, every month lost in having these extra miles of better highways means loss to our economy and so less better living for our citizens. It means loss of lives through loss of the safety these better highways would bring. It means loss of the best possible transportation of our defense equipment and evacuation of our people in the event of an enemy attack.

These are the simple reasons why I urge that we all get behind a program which will get this better highway system going on a major scale, and get it going quickly. The Administration's proposal to set up a corporation which can borrow the money and get the highways started now, for all the reasons I have named, is the best way yet proposed to get done what everyone agrees should and must be done.

oOo

H-799

RELEASE MORNING NEWSPAPERS,
Tuesday, May 17, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated May 19 and to mature August 18, 1955, which were offered on May 12, were opened at the Federal Reserve Banks on May 16.

The details of this issue are as follows:

Total applied for - $2,361,747,000
Total accepted - 1,500,392,000 (includes $196,018,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.639/ Equivalent rate of discount approx. 1.427% per annum

Range of accepted competitive bids:

High - 99.646 Equivalent rate of discount approx. 1.400% per annum
Low - 99.637 " " " " " 1.436% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 40,265,000	$ 37,265,000
New York	1,663,597,000	927,694,000
Philadelphia	30,303,000	14,253,000
Cleveland	87,072,000	86,657,000
Richmond	17,942,000	16,842,000
Atlanta	24,802,000	22,928,000
Chicago	277,837,000	217,468,000
St. Louis	38,132,000	32,232,000
Minneapolis	24,732,000	24,632,000
Kansas City	42,546,000	30,671,000
Dallas	44,225,000	27,925,000
San Francisco	70,294,000	61,825,000
TOTAL	$2,361,747,000	$1,500,392,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, May 17, 1955.

H-799

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TOTAL	$2,361,747,000	$1,500,392,000

oOo

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MEMORANDUM TO MR. BARTELT:

The following transactions were made in direct and guaranteed securities of the Government for Treasury investments and other accounts during the month of April, 1955;

Purchases	$29,968,500.00
Sales	96,500.00
	$29,872,000.00

(Sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

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TREASURY DEPARTMENT

~~182~~

WASHINGTON, D.C.

H-800

~~H-766~~

IMMEDIATE RELEASE,
~~Wednesday, April 13, 1955.~~
Monday, May 16, 1955

During the month of ~~March~~ April 1955, 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 ~~$16,878,300.~~ $29,872,000

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, May 16, 1955.

H-800

During the month of April 1955, 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 $29,872,000.

oOo

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.

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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 May 26, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing May 26, 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,

TREASURY DEPARTMENT
Washington

H-801

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, May 19, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing May 26, 1955, in the amount of $1,500,241,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated May 26, 1955, and will mature August 25, 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~~ Daylight Saving time, Monday, May 23, 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

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Insert

~~"No one could compute the number of~~ Savings Bond sales messages ~~that have reached the American people by way of~~ on radio and television," Mr. Burgess said. "Your industry has to its credit a public service in behalf of the bond program that deserves unstinted praise."

"Millions upon millions of people have been reached thru

H-802

IMMEDIATE RELEASE,
Friday, May 20, 1955.

The Treasury Department today honored the nation's radio and television industry for its 14 years of public service to the United States Savings Bonds program.

W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs, presented the Minute Man Award of the Treasury to the National Association of Radio and Television Broadcasters at a luncheon in the Association's Washington headquarters. It was accepted on behalf of the industry by Harold Fellows, president of the Association.

Insert

The radio and television industry has been one of the most loyal and consistent supporters of the Savings Bonds program over the years. Millions of dollars worth of broadcasting time is contributed annually to the promotion of Savings Bond sales.

One of the most popular Savings Bonds radio programs is "Guest Star," a 15-minute feature carried regularly by some 2,700 radio stations. Thousands of spot announcements are carried daily on the nation's radio and TV stations. The time for all of these presentations is donated.

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The Bill also makes other minor changes suggested by the Federal Reserve Bank of New York to assist it in making its certifications of daily commercial rates, particularly when there is no market in the United States for the currency in question.

The last provision [redacted] previously proposed to the Congress is covered in Section 4. This is a clean-up provision repealing a number of obsolete sections of the tariff laws. I am satisfied that these repeals do not affect any present operations, duties or obligations of the Customs Bureau. The explanation of each repeal is contained in the Analysis, a copy of which has been furnished you, and which I request may be made a part of the record.

requires every collector to keep current a daily record of certifications in order to apply the appropriate certified rate.

The proposal in last year's Bill would have authorized the Secretary of the Treasury to proclaim the par values maintained by foreign countries which could normally have been used by Customs. Specific legislative direction would also have been given on procedure for handling currencies where there is more than one effective rate. This proposal caused some concern because it ~~appeared~~ was thought by some to affect the domestic and international monetary policies of this Government.

~~To avoid this difficulty over an administrative proposal,~~

this Bill would maintain without change all of the existing procedures for currency conversion but superimpose upon them one additional authority to ease the Customs administrative task. This new authority would permit the Secretary of the Treasury to provide by regulation that the rate first certified in a quarter by the Federal Reserve Bank of New York could continue to be used for Customs purposes throughout that quarter unless the rate on a particular day changed by more than 5% from the first certified rate. This procedure would permit collectors of customs to use one rate for conversion purposes for a three-month period unless notice was received from ~~Washington~~ U.S. Bureau of Customs that on any particular day the certified commercial rate had changed by more than 5%.

It is expected that this authority would be used only for those principal trading countries from which imports arrive every day and for which the Federal Reserve Bank certifies daily rates.

~~that~~ the benefits of greater speed of administration, increased certainty and commercial realism warrant these changes in valuation procedures.

The second of the proposals made by the Treasury in 1953 and 1954 which has not been enacted relates to the conversion of foreign currencies into dollars for customs purposes. Section 3 of the Bill ~~[illegible]~~ will provide for more efficient administrative procedures in converting foreign currencies.

Whenever a current valuation for a particular import into the United States is quoted in a foreign currency, it is necessary to convert that valuation into dollars for the purpose of determining the amount of an ad valorem duty. Under existing law the Treasury uses the gold coin parity proclaimed quarterly by the Secretary of the Treasury as the conversion factor, unless the commercial buying rate for the currency in the New York market as determined and certified by the Federal Reserve Bank of New York differs by more than 5% from this proclaimed coinage parity. If, as in the great majority of cases, this commercial rate certified by the Federal Reserve Bank varies by more than 5%, the rate certified by the Federal Reserve Bank is used by Customs.

One of the principal difficulties in the administration of this provision is that ~~the~~ rates ~~are certified to four to six decimal places and they frequent~~ly vary daily ~~by minute differences.~~ within a very narrow range. This

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The reduction in valuation that these charts indicate is not the same as a reduction in the rate of duty or in tariff protection. The reduction in tariff protection is determined by multiplying the change in value by the tariff rate applicable to the commodity. Thus, if there is a change in value of 5% as to a product dutiable at 20%, the loss in tariff protection is only 1%.

Chart 4 presents this loss in tariff protection as the percentage reduction in after-duty cost shown by the bar on the left. You will note that in only four commodity groups is the decrease in after-duty cost more than 2% and that the average reduction for all groups is only one-half of 1%.

Finally, we considered an important test of the proposed valuation methods would be their relation to the amounts actually paid for the imports as shown by the invoice value. You will see from Chart 4 that the valuations resulting from the sample survey totalled 8.8 million dollars as compared to a total invoice value of 8.7 million. This is an indication ~~demonstrates to me~~ that the valuation proposals ~~will go far toward reaching~~ more nearly reflect ~~approach~~ commercially realistic valuations.

The results of this survey confirm our belief that while some reductions in valuations will result, the changes are quite small on the average and that the loss in revenue protection is not significant as to any commodity group. Moreover, ~~I trust you will agree with me~~

the values of ad valorem imports would have decreased by roughly 2.5% to 1.376 billion dollars. In terms of duty collections, however, the decrease would only be 2%, that is from a reduction in revenue collection from 259.6 million dollars to 254.5 million dollars.

It is true, however, that an average decrease in value of 2.5%, or in revenue collection of 2%, may mean that particular commodities are being affected ~~much more seriously~~ to a greater extent. We compiled information from the sample survey according to the Schedule A commodity classification of the Bureau of Census, and Chart 2 shows the results of this compilation. The bar on the left indicates the possible reduction in valuation; the bar on the right indicates the volume of ad valorem imports for that commodity group in fiscal 1954. You will note that as to only eight groups is the percentage decrease in appraised value greater than 8%, and that all commodity groups for which the decrease is over 4% represent only 19.5% of the total of ad valorem imports.

Chart 3 ~~also~~ illustrates the relative importance both as to value of imports and as to customs revenue of the groups with more and less than the average amount of decrease. You will note, from Chart 3 that the highest average rates of duty are applicable to commodities where the change in value is smallest, and this accounts for the fact that the indicated revenue reduction of 2% is less than the 2-1/2% reduction in value.

We sought to obtain as fair a random sample as possible of all imports into the United States. For this purpose, we selected New York as representative of the Atlantic seaboard trade, Laredo for Mexican trade, Detroit and Buffalo for the Canadian Border trade, Los Angeles and San Francisco for the Pacific Coast, and New Orleans and Houston for the Gulf port trade.

1954 statistics indicate that about 70% by value of all imports subject to ad valorem duty were appraised at these eight ports, and that about 75% of all ad valorem duties were collected there. The sample recomputed the valuation of 5% of the entries for each type of trade. This was done by reappraising every 20th entry at New York and at Laredo, and every 40th entry at Detroit, Buffalo, Los Angeles, San Francisco, New Orleans and Houston.

A total of 19,908 recomputations of dutiable value were made. 3,605 of them resulted in changes. As you will note from the first chart, total entered import values for this period were approximately ten and one-half billion dollars, of which nearly six billion dollars were free of duty. Of the dutiable imports amounting in value to slightly over four and one-half billion, three and one-quarter billion were subject to specific rates of duty, and therefore would not be affected by this legislation. The value for fiscal year 1954 of imports subject to ad valorem rates of duty was 1.411 billion. The survey indicates that if the present proposals had then been in effect,

(2) It has come to our attention that for the purposes of determining the commission usually paid or agreed to be paid under United States value or in determining the various elements of constructed value, situations may exist where the only transactions available for consideration are between related companies and would be unreliable bases for valuation. A new subsection (g) has therefore been inserted in amended Section 402 to permit related company transactions to be disregarded in those circumstances and ~~where necessary~~ to authorize determination of the amounts required to be considered from the best evidence available.

(3) Subsection (e) on page 10 has been added to make it clear that if any reduction in the level of tariff protection results, or is likely to result, from the change in valuation, that reduction, shall be given full consideration by the Tariff Commission and all executive officers in connection with any tariff adjustment, ~~by executive action~~.

Because of the additional time available for consideration of these valuation proposals, we decided to obtain additional information which would indicate as precisely as possible the probable results of the suggested valuation changes. A sample survey of imports during the fiscal year 1954 was made and the appraised value of imports in the sample was recalculated to determine what the valuation would have been if the proposed methods of valuation had then been in effect.

In other words, we have sought to make these subsidiary ~~other~~ standards of valuation (United States value and constructed value) as nearly comparable as possible to an export value if one had existed. In doing so, we have sought to minimize the incentive to create artificial conditions in the trade in a particular product for the purpose of shifting the valuation basis to a more favorable standard.

You will recall that certain imports, particularly coal tar products, are valued on the basis of the American selling price. This Bill, like the Jenkins Bill, leaves the American selling price applicable to all such imports as well as to any imports ~~as~~ to which the American selling price ~~it~~ may be made applicable in the future.

Although the Bill before you contains a number of drafting changes, there are only three changes in substance from the former Jenkins Bill.

(1) H.R. 6040 and H.R. 6041 do not propose the introduction of "comparative value" as a new valuation standard. "Comparative value" was formerly proposed in an effort to avoid the complicated determination of constructed value in as many cases as possible. The results of our survey, which I shall later describe in more detail, indicate that comparative value would be used in only an insignificant number of cases (under one percent), and therefore it has not been felt necessary to introduce this new concept.

Thus, for example, this language has been held to require the use of the wholesale value of the largest number of transactions rather than those which move the largest quantity of goods. It has excluded the use of the wholesale price if it is offered only to wholesalers and not to retailers purchasing in similar quantities. It has excluded the use of a wholesale price if the seller, pursuant to a frequent business practice, restricts his customers and is willing, for example, to sell to only one customer in each town. The second important change which this Bill makes in our valuation methods is to alter these definitions so as to permit the more frequent use of the actual going wholesale price when it is commercially realistic to do so.

The third important change made by the Bill in our valuation methods relates to certain subsidiary, or backstopping, methods of valuation for which the statute provides in the event that the preferred method of valuation cannot be used. The first of these is the so-called United States value, which, broadly speaking, is the going wholesale price at which the imported merchandise is sold in the United States, less the cost of getting it here, including duty, transportation, selling expense, etc. The principal change proposed in this method of valuation is to substitute for present arbitrarily fixed deductions the actual commission and profit realized in the type of trade involved. The catch-all of valuation, if all else fails, is to figure the cost of production (retitled constructed value in this Bill); and a similar change is proposed here by substituting actual expenses and profit for arbitrarily fixed minimum percentages now contained in the statute.

Studies which we have made indicate that the lowering of tariff protection resulting from the changes would be small and would average for all groups of ad valorem imports about one half of one percent of the duty-paid cost of all such imports.

Later in my statement I shall describe the minor changes in substance which our further consideration has led us to suggest. Although passed by the House, this provision was not acted on in the Senate because the Senate Finance Committee was unable in either year to hold public hearings on it.

The purpose of our proposed change in method of valuation is to simplify the process, make it more certain, and approach more closely to commercially realistic valuations. Insert

Our primary method of valuation at present is to ascertain, first, the foreign value of the goods (that is, the going wholesale price in the country of origin for domestic consumption there); and, second, the export value (that is, the going wholesale price for export to the United States); and then to take the higher of these. The first change which these bills would make is to eliminate foreign value and base our valuation primarily on export value.

The second substantial change in our present methods relates to the definition of "wholesale value". Wholesale value is spelled out in the present law as the price at which "such or similar merchandise is freely offered for sale to all purchasers in usual wholesale quantities and in the ordinary course of trade" in the principal markets in question. These words, with the judicial interpretations that have been put upon them, have been responsible for much uncertainty, and many aberrations from the valuation results which an ordinary businessman would expect.

At the present time, although we have not made as great progress as I had hoped for when I appeared before this Committee last year, the backlog has been reduced by nearly one-third - to 665,000. The volume of imports continues at peak levels, but our rate of liquidation has been raised from 225,000 a quarter in September 1953 to 322,000 in the first quarter of this year, and we expect the rate of liquidation to continue this rapid rise.

The Customs Simplification Act of 1954 made a first step toward overcoming another major obstacle to efficient customs administration. Pursuant to authority granted by that Act, the Tariff Commission has begun a review of tariff classification provisions with a view to revising the classification to cover products currently imported into the United States and to remove, to the extent practicable, certain anomalies and difficulties which have arisen under the present language. The Tariff Commission has made a preliminary report to this Committee and to the Senate Committee on Finance on this project.

However, one major proposal which the Treasury made to Congress in 1953 and 1954 has not been acted on. This relates to the method of valuing the products which, under the Tariff Act, are dutiable in whole or in part at a percentage of their valuation. That is the subject covered by Section 2 of the bills now before you. The provisions of Section 2 are very nearly the same as those of the Jenkins Bill, twice reported by this Committee and twice passed by the House in 1953.

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~~DRAFT - May 20, 19~~

STATEMENT OF H. CHAPMAN ROSE
Assistant Secretary of the Treasury
before the
House Ways and Means Committee

May 23, 1955

Mr. Chairman, Members of the Committee:

I am very grateful for this opportunity to appear before your Committee to testify on H.R. 6040 and H.R. 6041, identical bills introduced by Chairman Cooper and Mr. Jenkins.

You will recall that I have appeared before this Committee last year and the year before in support of bills in this field which were reported by you and were enacted as the Customs Simplification Acts of 1953 and 1954. I want to express again the gratitude of the Treasury Department, as well as my own personal thanks, for the great help which the enactment of these two laws has given to the program of customs management improvement.

These Acts have contributed substantially to a dramatic reversal in the trend of backlog of unliquidated customs entries. When this Administration took office, the backlog of customs entries awaiting liquidation was about 700,000. That backlog had been rising steadily ever since the war from a low point of 275,000 in 1947 and continued to rise until September 1953, when it reached an all-time high of 900,000. That meant that, at the rate at which Customs was then handling its business, it would have taken one full year to dispose of the backlog.

41-563

TREASURY DEPARTMENT
Washington

Statement of
H. Chapman Rose, Assistant Secretary of the Treasury
before the
House Ways and Means Committee
May 23, 1955

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The purpose of our proposed change in method of valuation is to simplify the process, make it more certain, and approach more closely to commercially realistic valuations. Studies which we have made indicate that the lowering of tariff protection resulting from the change would be small and would average for all groups of ad valorem imports about one half of one percent of the duty-paid cost of all such imports.

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Thus, for example, this language has been held to require the use of the wholesale value of the largest number of transactions rather than those which move the largest quantity of goods. It has excluded the use of the wholesale price if it is offered only to wholesalers and not to retailers purchasing in similar quantities. It has excluded the use of a wholesale price if the seller, pursuant to a frequent business practice, restricts his customers and is willing, for example, to sell to only one customer in each town. The second important change which this Bill makes in our valuation methods is to alter these definitions so as to permit the more frequent use of the actual going wholesale price when it is commercially realistic to do so.

The third important change made by the Bill in our valuation methods relates to certain subsidiary, or backstopping, methods of valuation for which the statute provides in the event that the preferred method of valuation cannot be used. The first of these is the so-called United States value, which, broadly speaking, is the going wholesale price at which the imported merchandise is sold in the United States, less the cost of getting it here, including duty, transportation, selling expense, etc. The principal change proposed in this method of valuation is to substitute for present arbitrarily fixed deductions the actual commission and profit realized in the type of trade involved. The catch-all of valuation, if all else fails, is to figure the cost of production (retitled constructed value in this Bill); and a similar change is proposed here by substituting actual expenses and profit for arbitrarily fixed minimum percentages now contained in the statute.

In other words, we have sought to make these subsidiary standards of valuation (United States value and constructed value) as nearly comparable as possible to an export value if one had existed. In doing so, we have sought to minimize the incentive to create artificial conditions in the trade in a particular product for the purpose of shifting the valuation basis to a more favorable standard.

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In terms of duty collections, however, the decrease would only be 2%, that is from a reduction in revenue collection from 259.6 million dollars to 254.5 million dollars.

It is true, however, that an average decrease in value of 2.5%, or in revenue collection of 2%, may mean that particular commodities are being affected to a greater extent. We compiled information from the sample survey according to the Schedule A commodity classification of the Bureau of Census, and Chart 2 shows the results of this compilation. The bar on the left indicates the possible reduction in valuation; the bar on the right indicates the volume of ad valorem imports for that commodity group in fiscal 1954. You will note that as to only eight groups is the percentage decrease in appraised value greater than 8%, and that all commodity groups for which the decrease is over 4% represent only 19.5% of the total of ad valorem imports.

You will note from Chart 3 that the highest average rates of duty are applicable to commodities where the change in value is smallest, and this accounts for the fact that the indicated revenue reduction of 2% is less than the 2-1/2% reduction in value.

The reduction in valuation that these charts indicate is not the same as a reduction in the rate of duty or in tariff protection. The reduction in tariff protection is determined by multiplying the change in value by the tariff rate applicable to the commodity. Thus, if there is a change in value of 5% as to a product dutiable at 20%, the loss in tariff protection is only 1%.

Chart 4 presents this loss in tariff protection as the percentage reduction in after-duty cost shown by the bar on the left. You will note that in only four commodity groups is the decrease in after-duty cost more than 2% and that the average reduction for all groups is only one-half of 1%.

Finally, we considered an important test of the proposed valuation methods would be their relation to the amounts actually paid for the imports as shown by the invoice value. You will see from Chart 4 that the valuations resulting from the sample survey totalled 8.8 million dollars as compared to a total invoice value of 8.7 million. This is an indication that these valuation proposals more nearly reflect commercially realistic valuations.

The results of this survey confirm our belief that while some reductions in valuations will result, the changes are quite small on the average and that the loss in revenue protection is not significant as to any commodity group. Moreover, the benefits of greater speed of administration, increased certainty and commercial realism warrant these changes in valuation procedures.

The second of the proposals made by the Treasury in 1953 and 1954 which has not been enacted relates to the conversion of foreign currencies into dollars for customs purposes. Section 3 of the Bill will provide for more efficient administrative procedures in converting foreign currencies.

Whenever a current valuation for a particular import into the United States is quoted in a foreign currency, it is necessary to convert that valuation into dollars for the purpose of determining the amount of an ad valorem duty. Under existing law the Treasury uses the gold coin parity proclaimed quarterly by the Secretary of the Treasury as the conversion factor, unless the commercial buying rates for the currency in the New York market as determined and certified by the Federal Reserve Bank of New York differs by more than 5% from this proclaimed coinage parity. If, as in the great majority of cases, this commercial rate certified by the Federal Reserve Bank varies by more than 5%, the rate certified by the Federal Reserve Bank is used by Customs.

One of the principal difficulties in the administration of this provision is that rates vary daily within a very narrow range. This requires every collector to keep current a daily record of certifications in order to apply the appropriate certified rate.

The proposal in last year's Bill would have authorized the Secretary of the Treasury to proclaim the par values maintained by foreign countries which could normally have been used by Customs. Specific legislative direction would also have been given on procedure for handling currencies where there is more than one effective rate. This proposal caused some concern because it was thought by some to affect the domestic and international monetary policies of this Government.

This Bill would maintain without change all of the existing procedures for currency conversion but superimpose upon them one additional authority to ease the Customs administrative task. This new authority would permit the Secretary of the Treasury to provide by regulation that the rate first certified in a quarter by the Federal Reserve Bank of New York could continue to be used for Customs purposes throughout that quarter unless the rate on a particular day changed by more than 5% from the first certified rate. This procedure would permit collectors of customs to use one rate for conversion purposes for a three-month period unless notice was received from the Bureau of Customs that on any particular day the certified commercial rate had changed by more than 5%.

It is expected that this authority would be used only for those principal trading countries from which imports arrive every day and for which the Federal Reserve Bank certifies daily rates.

The Bill also makes other minor changes suggested by the Federal Reserve Bank of New York to assist it in making its certifications of daily commercial rates, particularly when there is no market in the United States for the currency in question.

The last provision previously proposed to the Congress is covered in Section 4. This is a clean-up provision repealing a number of obsolete sections of the tariff laws. I am satisfied that these repeals do not affect any present operations, duties or obligations of the Customs Bureau. The explanation of each repeal is contained in the Analysis, a copy of which has been furnished you, and which I request may be made a part of the record.

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In addition to his banking and business activities, Mr. Champ has held many positions of public service. He is a former director and vice-president of the U. S. Chamber of Commerce. He has served at various times on the Governor's Commission for Reorganization of the Utah State Government, and as chairman of the Governor's Advisory Committee on Public Welfare and Emergency Relief. In World War I he served with the United States Food Administration, and later on relief assignments to the Near East, Russia, and Armenia.

A native of Salt Lake City, Mr. Champ attended the Utah State Agricultural College, St. Stephens School in Colorado Springs, Colorado, and Harvard University. ~~He was married in 1921 to the former Frances Elizabeth Winton, and they have three children, George Herbert, Mary Knox, and Frederick Winton Champ.~~

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Release AM. Newspapers,
Wednesday, May 25, 1955

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H-804

ADVANCE: ~~For morning~~ newspapers of
Wednesday, May ~~25~~

[redacted] Secretary Humphrey today announced the appointment of Frederick P. Champ, president of the Cache Valley Banking Company of Logan, Utah, as State Chairman of the U. S. Savings Bonds Advisory Committee for Utah.

An active supporter of the Savings Bonds Program since its inception, Mr. Champ succeeds the late Charles L. Smith, ~~who was~~ Chairman of the Board of Directors of the First Security Bank of Utah, who died ~~until his death recently~~. in February

Mr. Champ became Cache County War Bond Chairman in 1942, area co-ordinator of the Utah War Finance Committee in 1944, and district chairman of the Savings Bonds Program in 1954. He has received the Treasury's 10-Year Pin and President's Prayer Award for outstanding service to the Savings Bonds Program over the years.

[redacted] Secretary Humphrey wrote Mr. Champ: "I am pleased to learn of your willingness to accept the important volunteer role as State Chairman of the Savings Bonds Program for Utah, and I am delighted to appoint you to that capacity for the customary two-year period. We at the Treasury are enthusiastic about this program, which is important to us in our determination to achieve and maintain a sound and honest dollar."

Mr. Champ is also president of the Utah Mortgage Loan Corporation, the Cache Valley Building Co., and the Champ Investment Co., all in Logan. He is Chairman of the Board of the Commercial Security Bank of Ogden, Utah, and a director in the Paramount Fire Insurance Co.

(more)

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A.M. NEWSPAPERS,
Thursday, May 26, 1955.

H-804

Secretary Humphrey today announced the appointment of Frederick P. Champ, president of the Cache Valley Banking Company of Logan, Utah, as State Chairman of the U.S. Savings Bonds Advisory Committee for Utah.

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A native of Salt Lake City, Mr. Champ attended the Utah State Agricultural College, St. Stephens School in Colorado Springs, Colorado, and Harvard University.

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H-805

RELEASE MORNING NEWSPAPERS,
Tuesday, May 24, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated May 26 and to mature August 25, 19[illegible] which were offered on May 19, were opened at the Federal Reserve Banks on May 23.

The details of this issue are as follows:

Total applied for - $2,140,636,000
Total accepted - 1,500,481,000 (includes $168,462,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.628/ Equivalent rate of discount approx. 1.471% per annum

Range of accepted competitive bids:

High - 99.646 Equivalent rate of discount approx. 1.400% per annum
Low - 99.623 " " " " " 1.491% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 25,996,000	$ 25,996,000
New York	1,537,585,000	982,510,000
Philadelphia	28,424,000	13,424,000
Cleveland	49,338,000	47,238,000
Richmond	9,217,000	9,217,000
Atlanta	17,142,000	16,142,000
Chicago	253,752,000	207,832,000
St. Louis	11,536,000	11,536,000
Minneapolis	22,378,000	22,378,000
Kansas City	49,003,000	38,903,000
Dallas	55,945,000	46,465,000
San Francisco	80,320,000	78,840,000
TOTAL	$2,140,636,000	$1,500,481,000

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TREASURY DEPARTMENT

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ALPHA

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.

~~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 June 2, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 2, 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,

~~Exhibit~~

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H-806

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, May 24, 1955 ~~(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 June 2, 1955 ~~(4)~~, in the amount of $1,500,692,000 ~~(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 June 2, 1955 ~~(6)~~, and will mature September 1, 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~~ Daylight Saving time, Friday, May 27, 1955 ~~(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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, May 24, 1955

H-806

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing June 2, 1955, in the amount of $1,500,692,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 2, 1955, and will mature September 1, 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 Daylight Saving time, Friday, May 27, 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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 2, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 2, 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.

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Assistant to the Fiscal Assistant Secretary.

Mr. Heffelfinger is Chairman of the Treasury Fiscal Service Improvement Committee, and a member of the Treasury Department Management Committee, the Treasury Department Awards Committee, and the Treasury Department Wage Board. He has served as a member of the Treasury Insurance Committee ~~(1932-37),~~ and member of the Committee on Enrollment and Disbarment ~~(1934)~~. In addition, he was Secretary-Treasurer of the War Finance Corporation in liquidation (1933-39), Assistant to the Director General of Railroads, U. S. Railroad Administration in liquidation (1938-39), and financial adviser to the U. S. Economic Survey Mission to the Philippines (1950).

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On August 1, 1917, Mr. Heffelfinger joined the Treasury as a messenger in the Office of the Register of the Treasury. He earned promotion to such positions as head of the Section of Surety Bonds, Bureau of Accounts; Administrative Assistant to the Commissioner of Accounts; and Assistant Commissioner of Accounts. From 1940 to 1945 he was Assistant to the Under Secretary of the Treasury, and participated in the wartime financing operations of the Treasury and other important fiscal activities during that period. With the establishment of the Fiscal Service in 1945, Mr. Heffelfinger was designated

He has served since 1947 as National Chairman for Federal Employees in the fund-raising campaign of the American Cancer Society and in 1953 received the Society's Distinguished Service Award. In 1950 he received an American Legion award for his work in behalf of the crippled children of the District of Columbia. He is ~~Treasurer~~ a member of the Board of the District of Columbia Society for Crippled Children, Inc., and is a Director of the National Society for Crippled Children and Adults, Inc.

Mr. Bartelt and Miss Mildred Smith of Memphis, Missouri, were married on June 5, 1917. They have three children. They reside at 3017 Stephenson Place, Northwest, Washington, D. C.

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From 1933 to 1939, in addition to his Treasury duties, he served as a member of the Liquidating Committee of the War Finance Corporation; from 1937 to 1939 he served as one of the three Assistants to the Director General of Railroads in connection with liquidation of the U.S. Railroad Administration; from 1947 to 1949 he served as President and Chairman of the Board of the Tennessee Valley Associated Cooperatives, Inc., with responsibility for liquidation of the Corporation.

From 1942 to 1944, he lectured at the American University, Washington, D.C., on the Accounting System of the United States Government. He has made numerous speeches in virtually all of the principal cities of the country in the interest of improved methods of public accounting, reporting, and auditing, and is the author of "Accounting Procedures of the U.S. Government," published by the Public Administration Service, Chicago, Illinois, in 1940.

President Truman, on November 7, 1946, designated him as United States Representative on the Fiscal Commission of the Economic and Social Council of the United Nations. He was reappointed as United States Representative and has represented the United States at the 1947, 1949, and 1951 sessions of the Fiscal Commission.

Since March 21, 1947, he has served as National Chairman for Federal employees ~~in the fund-raising campaigns of the American Cancer Society~~.

~~At its annual conference in Detroit, Michigan, on May 25, 1949,~~ The Municipal Finance Officers' Association of the United States and Canada conferred on Mr. Bartelt an honorary life membership, "in recognition of his contributions to governmental accounting and his outstanding public service."

On ~~March 17, 1950 the American Legion presented the~~ "Outstanding Citizen of the Month" award to Mr. Bartelt for his work in behalf of the crippled children of the District of Columbia. Since then he has been appointed Treasurer of the District of Columbia Society for Cripplied Children, Inc., and to the Board of Directors of the National Society for Cripplied Children and Adults, Inc.

In 1951 he served as Executive Vice Chairman for Federal Employees in the CRUSADE FOR FREEDOM, and on January 18, 1952 he was elected to the Board of Directors of the CRUSADE.

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February 1952

Biographical Sketch--Mr. Bartelt

Edward F. Bartelt was born in Quincy, Illinois, on June 17, 1895, and attended the public schools in Quincy before going to a business college.

He joined the Treasury Department in 1917 as a clerk. He became Chief of the Division of Bookkeeping and Warrants in 1927, Assistant Commissioner of Accounts in 1931, Commissioner of Accounts in 1935.

He was responsible for the accounting for $15 billion in work-relief expenditures in the period of the great depression.

In 1942 Mr. Bartelt was designated by the President as Chairman of the Inter-departmental Savings Bond Committee which promotes the sale of U. S. Savings Bonds to federal employees through the payroll savings plan. Under his leadership sales of savings bonds to civilian and military personnel have amounted to billions of dollars.

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Treasury Under Secretary W. Randolph Burgess, to whom the Fiscal Assistant Secretary reports, also wrote Mr. Bartelt:

"You have rendered the Government, through the Treasury Department, extraordinarily effective and devoted service. Your career has added luster to the career service, and you can retire with the consciousness of a job well done.

"Personally, I have valued enormously the association with you which has extended now over a good many years, and I shall miss you more than I can say."

The Fiscal Assistant Secretary, under direction of the Under Secretary for Monetary Affairs, is responsible for (1) the administration of Treasury fiscal operations; (2) supervision of the functions and activities of the three bureaus comprising the Treasury Fiscal Service, namely, the Bureau of Accounts, the Bureau of the Public Debt, and the Office of the Treasurer of the United States; and (3) supervision, through the Commissioner of Accounts, of the accounting functions and activities of the entire Treasury Department.

Some of the duties involved in these responsibilities are acting in a liaison capacity between the Treasury and other agencies of the government with respect to their financial operations; directing the performance of the fiscal agency functions of the Federal Reserve Banks; supervising the current cash position of the Treasury; and directing the transfer of government funds between Federal Reserve Banks.

(Biographies of Messrs. Bartelt and Heffelfinger are attached.)

FOR IMMEDIATE RELEASE
Tuesday, May 24, 1955

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H-807

Edward F. Bartelt, Fiscal Assistant Secretary of the Treasury, with 38 years of government service, will retire at his own request June 17, his 60th birthday.

Treasury Secretary Humphrey today approved Mr. Bartelt's retirement request "with great regret." At the same time Secretary Humphrey appointed as successor to Mr. Bartelt, William T. Heffelfinger, who started as a messenger in the Treasury in 1917. Mr. Heffelfinger, a native of Washington, D. C., has been Assistant to the Fiscal Assistant Secretary for the past ten years.

Mr. Bartelt, a native of Germany, N.Y., was appointed Fiscal Assistant Secretary March 16, 1945, ~~and Mr. Heffelfinger as Assistant to Mr. Bartelt three months later~~.

Secretary Humphrey wrote Mr. Bartelt as follows:

"It is with great regret that I approve your request to retire from Government service on June 17, your 60th birthday.

"I do approve only with the full knowledge that you earnestly desire to step down from the very active service you have given your government for some 38 years. As I have told you many times during the two and one-half years I have been with the Treasury, I have come to appreciate your loyal and outstanding service a very great deal.

"I trust that your years of retirement will be many and pleasant. You certainly have earned them and the gratitude of the many citizens who have benefited through your ability and understanding.

"I know that I speak not only for myself but for thousands of people in Government when I say you have our very best wishes for the future."

TREASURY DEPARTMENT

WASHINGTON, D.C.

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We believe also that this is the best foundation for a sound and growing economy.

The way to bring this about is to follow similar policies to those which were advocated and put into force by Alexander Hamilton and George Washington when the Republic was first started -- to keep our National spending under control, to collect adequate taxes, to pay our debts, and to operate with a sound banking system.

These are our objectives and, in carrying them out, the Coast Guard performs an essential service, for it provides an indispensable weapon to enforce the honest and full collection of the taxes on imports and certain excises.

As graduates of the Coast Guard Academy, you have received an outstanding education -- one that fits you to meet the technical needs of a varied and complex service.

You are starting your career as officers in the Coast Guard during a major period of uncertainty in the world's history -- during a period of struggle between the forces of freedom and the forces of ruthless imperialism. We have every confiden in the eventual triumph of right and freedom. But this confidence must be backed by constant and growing preparedness. It must be backed by our armed forces, technicall trained and ready to meet attack with overwhelming strength. Finally, this confidenc must be backed by economic strength based on sound finance.

You have not chosen an easy career, but I am sure that each of you, in your own way, will make a solid contribution toward those traditions of leadership and readiness for which the Coast Guard motto stands. I am proud to welcome you as Officers in the Department of the Treasury.

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So from its very beginning the Coast Guard has had a basic responsibility in the great mission of giving the Nation sound money.

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Even so, we shall have to admit that under the pressure of war we have failed at times to carry out the policies on which the Nation was founded. We had undue inflation in World War I and even more after World War II which sharply reduced the buying power of the dollar and brought hardship to people who depended on savings or were living on pensions or fixed incomes. I am sure you have heard people with that experience say, "What's the use of saving your money because it will not buy as much when you come to spend it." Fortunately, we in this country have been much better off in this respect than have citizens of almost any other country in the world. In many of them savings were simply wiped out by inflation.

In fact, some economists have even gone so far as to predict that this and other countries would face continually rising prices and a gradual decline in the value of money.

Let me reassure you, in our Treasury Department today we do not believe this. Quite the contrary, we believe firmly that this country can have sound, stable money which will retain its value down through the years.

courageous step was ever taken by a financial statesman than Hamilton's action committing the country to pay this debt in full, even though bonds representing the debt sold in the market at 10 cents on the dollar or less. But Hamilton knew that the surest way to establish confidence in the new Government's financial integrity was to start immediately on a sound program to pay debts.

Before the Government could put the plan into effect, it needed money, and needed it badly. No sound financial program was possible without adequate Federal income to pay interest on the debt, to retire the debt as it matured, and to meet Government operating expenses.

But the possible sources of Federal revenue were limited. The individual states were jealous of their own prerogatives in levying taxes. The colonists, under the British crown, had vigorously resented such imposts as the stamp tax on tea, and had taken delight in evading British levies on imports. The administration of any system of internal taxation was certain to be very difficult.

For this reason, and because of the country's heavy dependence on imported products, the Government decided to rely on import duties for most of its income, adding levies on distilled spirits to cover domestic production as well. Under this simple plan, collections were concentrated at relatively few points.

But there was one especially serious threat to the success of this plan -- the widespread evasion of customs duties through smuggling. For revenue enforcement so vital to the Nation's sound money program -- Hamilton recommended the construction and manning of "ten boats," to use his words, at $1,000 each, for a "Revenue Marine Service."

These ten vessels, so small that Hamilton called them boats, were authorized by the Congress, were built and started active operations against smuggling in the following year. Thus, the Coast Guard began. It was commanded by forty carefully selected "officers of the customs," and manned by crews which, as Hamilton insisted, should be made up of "respectable characters."

closely to the Treasury Department. It is, in fact, the purpose for which the Coast Guard was created in 1790.

To understand this mission we need to turn back the pages of history to the year 1789 when Alexander Hamilton became Secretary of the Treasury, the first cabinet officer appointed by Washington.

Hamilton's first and greatest problem was that the country had no money that could be trusted. There were some coins of various nationalities and some paper money issued by the states and the Continental Congress. "Not worth a continental," was the common phrase which characterized the value of that money.

No country can operate successfully without an adequate supply of sound, honest money in which the business of the country can be transacted. One of the reasons for the extraordinary growth and achievements of the United States is its possession, over most of the years of the country's life, of good money. "Sound as a dollar" has taken the place of "not worth a continental".

It was Hamilton who wrought that great transformation, and the agency which later became the Coast Guard was one of the essential factors accomplishing that purpose.

Hamilton realized that a politically independent and permanent nation was virtually impossible without <u>national</u> financial stability. To achieve this in a raw, new country, with credit virtually destroyed both at home and abroad, and with the states strongly opposed to taxation by a federal authority, seemed an almost insurmountable task.

Hamilton's bold plan for re-establishing the Nation's credit involved recognizing and funding the Nation's debts, paying interest on them, and retiring them as they came due. The domestic debts owed by the Federal Government, the debts incurred by the 13 colonies in fighting the war, and debts owed to foreign countries amounted in all to 78 million dollars, a towering sum in those days. Perhaps no more

Address by W. Randolph Burgess, Under Secretary of the Treasury, at the 69th Commencement Exercises of the United States Coast Guard Academy, New London, Connecticut, May 27, 1955, 2:00 P.M., EDT

Members of the Graduating Class, I welcome this opportunity to join in the happiness you feel in the completion of a tough but profoundly worthwhile job, and, on behalf of the Secretary of the Treasury, I congratulate you on this achievement.

You have been working hard for 4 years for this day when you qualify as full-fledged officers in the Coast Guard. This, seems, therefore, to be a particularly appropriate moment for me - an officer ~~member~~ of the Treasury - to, tell, you of the pride with which the Treasury Department regards its valiant task force ~~seagoing arm~~ the Coast Guard.

We show that pride in various ways. The Secretary of the Treasury has behind him when he sits at his desk two flags on standards. One is the flag of the United States. The other is his own flag - a blue ground with 13 stars encircling crossed anchors. The anchors symbolize the Coast Guard as an integral and essential part of the Treasury. The Under Secretaries have the same two flags behind their desks except that their Treasury flags have red grounds. Assistant Secretaries have white flags. But the Coast Guard anchors are on them all -- red, white, or blue.

These flags are a constant reminder of our pride in the Coast Guard.

We are proud of the record of the Coast Guard in every war of the United States. We are proud of their brave execution of rescue missions. We are proud of their guidance to mariners and aviators in the face of all sorts of weather conditions.

These are challenging missions and they have been splendidly fulfilled. You men who are being graduated here today have before you the opportunity of adding new lustre to a great tradition of service to your country.

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We believe also that this is the best foundation for a sound and growing economy.

The way to bring this about is to follow similar policies to those which were advocated and put into force by Alexander Hamilton and George Washington when the Republic was first started -- to keep our National spending under control, to collect adequate taxes, to pay our debts, and to operate with a sound banking system.

These are our objectives and, in carrying them out, the Coast Guard performs an essential service, for it provides an indispensable weapon to enforce the honest and full collection of the taxes on imports and certain excises.

As graduates of the Coast Guard Academy, you have received an outstanding education -- one that fits you to meet the technical needs of a varied and complex service.

You are starting your career as officers in the Coast Guard during a major period of uncertainty in the world's history -- during a period of struggle between the forces of freedom and the forces of ruthless imperialism. We have every confidence in the eventual triumph of right and freedom. But this confidence must be backed by constant and growing preparedness. It must be backed by our armed forces, technically trained and ready to meet attack with overwhelming strength. Finally, this confidence must be backed by economic strength based on sound finance.

You have not chosen an easy career, but I am sure that each of you, in your own way, will make a solid contribution toward those traditions of leadership and readiness for which the Coast Guard motto stands. I am proud to welcome you as Officers in the Department of the Treasury.

oOo

Immediate
Thursday May 26

H-809

~~PRESS RELEASE ON U. K. CAST IRON SOIL PIPE~~

The Treasury Department has instructed Customs field officers to withhold appraisement of entries of cast iron soil pipe from the United Kingdom pending investigation to determine whether the pipe is being sold to the United States at less than fair value.

Under the Antidumping Act evidence of sales in the United States at less than fair value would require reference of the case to the Tariff Commission, which would consider whether American industry was being injured. Both dumping price and injury must be shown to justify a finding of dumping under the law.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-810

RELEASE MORNING NEWSPAPERS,
Saturday, May 28, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,00 or thereabouts, of 91-day Treasury bills to be dated June 2 and to mature September 1, 1955, which were offered on May 24, were opened at the Federal Reserve Banks on May 27

The details of this issue are as follows:

Total applied for - $2,167,284,000
Total accepted - 1,500,414,000 (Includes $150,952,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.638 Equivalent rate of discount approx. 1.434% per annum

Range of accepted competitive bids:

High	- 99.646	Equivalent rate of discount approx. 1.400%	per annum
Low	- 99.634	" " " " " 1.448%	" "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 11,062,000	$ 11,062,000
New York	1,642,425,000	1,062,265,000
Philadelphia	33,172,000	18,172,000
Cleveland	35,156,000	35,156,000
Richmond	7,675,000	7,675,000
Atlanta	18,259,000	17,259,000
Chicago	262,508,000	196,228,000
St. Louis	10,395,000	10,395,000
Minneapolis	7,228,000	6,728,000
Kansas City	32,868,000	31,908,000
Dallas	41,342,000	38,372,000
San Francisco	65,194,000	65,194,000
Total	$2,167,284,000	$1,500,414,000

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That is why it is important that we celebrate this day and dedicate this memorial: Not only as a fitting tribute to past deeds of greatness, and those who did them, but also as an inspiration to the present and the future, for "great feeling begets great feeling." That is the well-spring of the morale of any Armed Service; and perhaps because it is the smallest of the Services, or perhaps because alone among them it is charged with a humanitarian as well as a military mission, the Coast Guard has, I feel, a special morale that is all its own. I once said to a graduating class at the Coast Guard Academy that the spirit of the Service was akin to the morale and spirit of that little English Army just before its victory on the battlefield of Agincourt which Shakespeare described in that unforgettable line spoken by Henry the Fifth "We few, we happy few, we band of brothers."

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It is wholly fitting that we recall these things in the uneasy peace of this Memorial Day of 1955. In another Memorial ceremony nearly four score years ago one of our greatest soldier statesmen, Justice Oliver Wendell Holmes gave his explanation of why we celebrate this day in these words:

"Feeling begets feeling, and great feeling begets great feeling. We can hardly share the emotions that make this day to us the most sacred day of the year, and embody them in ceremonial pomp, without in some degree imparting them to those who come after us. I believe from the bottom of my heart that our memorial halls and statues and tablets, the tattered flags of our regiments gathered in the State-houses, and this day with its funeral march and decorated graves, are worth more to our young men by way of chastening and inspiration than the monuments of another hundred years of peaceful life could be."

troops and brought away their wounded from the battle. It ~~is~~ was such a deeply moving incident on the beaches of Luzon that was seen by Norman Millet Thomas, himself aboard the Coast Guard-manned transport Calloway, and then so effectively translated into the memorial that we dedicate today. It was such an incident that is commemorated in the posthumous award of the Congressional Medal of Honor to Coast Guardsman Douglas Albert Munro, whose citation I would like to read:

> "For extraordinary heroism and conspicuous gallantry in action above and beyond the call of duty as Officer in Charge of a group of twenty-four Higgins boats engaged in the evacuation of a battalion of Marines trapped by enemy Japanese forces at Point Cruz, Guadalcanal, on September 27, 1942. After making preliminary plans for the evacuation of nearly five hundred beleaguered Marines, Munro, under constant strafing by enemy machine guns on the island and at great risk of his life, daringly led five of his small craft toward the shore. As he closed the beach, he signalled the others to land and then in order to draw the enemy's fire and protect the heavily loaded boats, he valiantly placed his craft, with its two small guns, as a shield between the beachhead and the Japanese. When the perilous task of evacuation was nearly completed, Munro, was instantly killed by enemy fire, but his crew, two of whom were wounded, carried on until the last boat had loaded and cleared

What were these tasks ~~things~~? The Coast Guard is unique among the five Armed Services in this respect: It has, in addition to its military responsibility, the vital and humanitarian peace-time job of protecting and watching over the sea-borne commerce of the nation. It maintains the light-houses and the buoys along our coasts and in our harbors. Its cutters and life-boat stations, its planes and helicopters, are daily at their work of saving people and ships from the perils of the sea. Its ocean stations in the isolated reaches of the Atlantic and the Pacific and its chain of loran stations spanning much of this hemisphere supply navigational and weather data to enhance the speed and safety with which man may sail the seas. There is no place where it is more appropriate to emphasize the importance of these peacetime tasks than here in the greatest harbor of the Continent.

All these jobs, of course, need even more urgently to be done in wartime, under the more hazardous and difficult conditions of black-out and submarine and air attack. All these jobs the men and women of the Coast Guard continued to do superlatively well throughout the war.

In addition to all this, the augmented military activity of the Coast Guard ran the whole gamut of the war at sea and on the beaches. The Coast Guard manned transports and escorted convoys. It was part of the anti-submarine patrol and killed its share of U-boats. On the beachheads from Normandy and Sicily to the Philippines, whose names are etched in glorious memory, the Coast Guard landed assault

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Memorial Day has been set aside as the time when a grateful nation pauses to remember and pay tribute to the gallant dead of our Armed Forces who made the ultimate sacrifice of all their own tomorrows in order that tomorrow might dawn bright and full of promise for the United States and for all of us.

It is peculiarly fitting that on this day we should gather here to dedicate a permanent memorial to the men and women who served in the United States Coast Guard during the last war. I am particularly grateful that it has fallen to my lot to come here today for this purpose, because it affords me the opportunity to bear public witness to my esteem for that great service, borne of an intimate and most rewarding association with it over these last few years.

It comes as a surprise to many that the Coast Guard is the nation's oldest fighting force afloat, and that its proud tradition stretches back to earliest days of the nation, when in 1790 Alexander Hamilton as the first Secretary of the Treasury brought into being the Revenue Marine. ~~Yet, because~~ In time of war the Coast Guard merges for the duration with the Navy, its larger sister service. For that reason it is important, particularly on this occasion, to identify the kind of ~~thing~~ war-time tasks the Coast Guard ~~did~~ had, and ~~did~~ performed so well.

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Treasury Department
Washington

Release on Delivery

Address by Assistant Secretary H. Chapman Rose at Dedication of United States Coast Guard World War II Memorial, Battery Park, New York City, May 30, 1955, 10:30 A.M. EDT.

H — 811

TREASURY DEPARTMENT
Washington

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oOo

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.

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 June 9, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 9, 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,

TREASURY DEPARTMENT
Washington

H-812

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 2, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing June 9, 1955, in the amount of $1,499,998,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 9, 1955, and will mature September 8, 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 Daylight Saving ~~Standard~~ time, Monday, June 6, 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

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FOR IMMEDIATE RELEASE

H-813

Secretary Humphrey today announced the appointment of Theodore H. Wegener, of Boise, Idaho, as co-chairman of the U. S. Savings Bonds Advisory Committee for Idaho. He will assist Charles C. Adams, of Lewiston, Idaho, who has served as state chairman since 1946.

In announcing the appointment, ~~Treasury~~ Secretary Humphrey said: "It is upon such leaders as Mr. Adams and Mr. Wegener that the success of the Savings Bonds Program depends. They and the thousands of other volunteers who devote their time and effort to the program perform a most valuable public service."

Mr. Wegener has lived in Boise since 1923. He has been president of the investment banking firm of Wegener and Daly since 1930, and is manager of the Broadway Holding Company, which has extensive real estate interests in the area. He became chairman of the Boise Planning Committee in 1943.

Prominent in civic affairs, Mr. Wegener has been a director of the Boise Community Chest and of the Northwest Regional Executive Committee of Boy Scouts of America. He is currently associated with the Crippled Children organization and the Crusade for Freedom.

Mr. Wegener is a former president of the Boise Chamber of Commerce, of the Idaho Wildlife Federation, and a past District Governor of Rotary. He served as executive manager of the Idaho War Finance Committee from its formation through the war period. He has also been a director of the Investment Bankers Association, Northwest Group.

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H-814

IMMEDIATE RELEASE,
Friday, June 3, 1955.

The Bureau of Customs announced today that the Canadian wheat and wheat flour quotas prescribed in the President's Proclamation of May 28, 1941, as modified, were filled at the opening moment of the quota period, 12:00 noon eastern standard time, on May 31, 1955.

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The IFC, though financially independent of the International Bank, will be affiliated with it. The Bank's Board of Directors will serve as the Board of Directors of the Corporation. The Bank's President will be the Corporation's Chairman. Thus the Corporation will have the benefit of the experience and sound judgment which have distinguished the management of the Bank. Operating economy will also be assured.

The provisions of the Corporation's Articles of Agreement are based largely on the relevant provisions of the Bank's Articles ~~of Agreement~~. The legislation proposed for United States membership follows substantially the provisions of the Bretton Woods Agreements Act, which were worked out ten years ago in this Committee.

The Corporation is not an answer to all the problems facing the private investor going abroad. Much will depend upon the attitudes of the host countries to new private investment. We hope the Corporation will be able to influence these countries to take favorable attitudes toward investors. While no governmental guarantee of its investments is desirable or will be requested, obviously the Corporation can operate in any country only if the government is favorable to its activities and to other private investments. In substance it will operate under the same conditions as private ~~investments~~ investors do in these countries.

In the present state of international affairs, it is vital that the United States and the other capital exporting countries maintain good economic relations throughout the free world. This should be done as far as possible by the investment of private capital. While the International Finance Corporation is an experiment, it offers a worthwhile chance to increase the role of private investment. I hope that this Committee will give favorable consideration to the proposed legislation.

instances may take the form of obligations with set interest rates, and in others with income dependent upon the earnings of the local concern. This may mean, sometimes, that securities will bear interest only to the extent that the local concern earns enough to pay, and in other instances it may mean that the Corporation will participate in additional earnings over and above a fixed rate. It may also take obligations which could be converted into stock when sold to private investors by the IFC. The particular form of securities will have to be tailored to the special problems of the particular investment. In all cases it will be expected that private investors will provide the major share of the capital as well as take management responsibility.

Moreover, the IFC is not intended to be an international holding company. When an enterprise gets on its feet and the Corporation finds that it can advantageously sell off its investment, it will do so. It will use the proceeds for investment in new enterprises. In this way a capital of $100 million, which the governments are now asked to provide, will be turned over, we hope, many times in the course of the coming years.

The Corporation will come into existence after 30 countries, with subscriptions of at least $75 million, have accepted membership. All subscriptions will be paid in full in gold or dollars. The United States subscription is slightly over $35 million. This amount has been included in the President's budget. Forty-two countries have informed the International Bank of their intention to initiate the necessary steps to become members, and 15 of these have already signed the Articles of Agreement, subject to legislative approval.

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done so well by the Export-Import Bank and the IBRD in financing trade and economic development. The two banks do not advance venture capital. They make loans at fixed rates of interest and agreed schedules of amortization. Before the banks make loans they must have reasonable assurance of repayment. Moreover, in the case of the International Bank the guarantee of the government of the country concerned is required for each loan. The IFC, on the other hand, will provide venture capital on flexible terms and will operate without government guarantee.

The IFC will not compete with private capital. Its job will be to join with private partners in financing productive enterprises. These partners may be local firms or they may be foreign investors, or both. The private interests will supply the management and the bulk of the capital for each enterprise, while the Corporation will furnish only the margin needed to complete the financing. Where private capital can do the whole job, the Corporation will not enter into the financing at all.

When the IFC project was first talked about, investment in equities was one of the proposed methods of operation. We in the ~~Treasury~~ did not think it would be desirable or feasible for an international governmental corporation to invest in common stock and to take the management responsibility which stock ownership entails. The present plan has eliminated the equity investment and management feature. The Administration believes this is a great improvement and supports the project fully in its present form.

Although the Corporation will not hold stock, it will advance capital in various forms appropriate to new enterprises. Its investments in some heavily centered in Canada and some countries in Latin America and in the Middle East. These investments have played an important part in developing the countries involved. But a more diversified form of investment would contribute significantly to the progress of the less developed countries.

The International Finance Corporation has been proposed as one way of encouraging new foreign private investment. The IFC is to serve as a catalyst in stimulating private investment. It is not another type of government-to-government ~~assistance.~~ aid. Instead, by assisting private ventures on a business basis, the IFC will give concrete expression to the basic American conviction that economic development is best achieved through the growth of private enterprise.

The IFC will, we hope, generate an increased flow of private capital not merely by providing financial support but also by giving additional confidence to American and other firms that are interested in going abroad but are deterred by lack of knowledge and experience. I am convinced that there are many companies — mostly middle-sized and small firms — that will engage in overseas operations if they can get IFC participation, but which would not do so solely on their own. I also believe that the proposed clearing-house function of the IFC — bringing investment opportunities in capital importing countries to the attention of potential investors in the more advanced countries — may prove to be a very important service.

The Corporation will perform a different job from that now being

TREASURY DEPARTMENT
Washington

Morning 10 A.M. EDT

Statement by Secretary Humphrey before the Senate Committee on Banking and Currency, Monday, June 6, 1955

President Eisenhower on May 2 recommended action by the Congress to authorize United States membership in the proposed International Finance Corporation. I am here this morning to support the President's recommendation.

As you know, the IFC will be an international effort to cooperate with private capital in both the capital exporting and the capital importing countries to set up new enterprises, or in some cases expand or modernize existing enterprises, particularly in the less developed countries of the world.

In recent years there has been a great deal of discussion here and abroad about the need for more investment in such countries. They are anxious to secure capital, to build up their economic development, and to raise the standards of living of their people. This is an objective with which the United States Government has always had great sympathy. Increased capital investment will aid the growth of world trade, and thus be beneficial to us as well as other countries.

Private American investors are today placing new capital abroad and reinvesting their earnings from previous investments abroad at about twice the rate of loans made by the International Bank and the Export-Import Bank. This private investment, however, has been largely concentrated in a few lines -- oil, mines, and to a lesser extent various manufacturing and merchandising enterprises. It has also been pretty

H-815

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The International Finance Corporation has been proposed as one way of encouraging new foreign private investment. The IFC is to serve as a catalyst in stimulating private investment. It is not another type of government-to-government aid. Instead, by assisting private ventures on a business basis, the IFC will give concrete expression to the basic American conviction that economic development is best achieved through the growth of private enterprise.

H-815

The IFC will, we hope, generate an increased flow of private capital not merely by providing financial support but also by giving additional confidence to American and other firms that are interested in going abroad but are deterred by lack of knowledge and experience. I am convinced that there are many companies -- mostly middle-sized and small firms -- that will engage in overseas operations if they can get IFC participation, but which would not do so solely on their own. I also believe that the proposed clearing-house function of the IFC -- bringing investment opportunities in capital importing countries to the attention of potential investors in the more advanced countries -- may prove to be a very important service.

The Corporation will perform a different job from that now being done so well by the Export-Import Bank and the IBRD in financing trade and economic development. The two banks do not advance venture capital. They make loans at fixed rates of interest and agreed schedules of amortization. Before the banks make loans they must have reasonable assurance of repayment. Moreover, in the case of the International Bank the guarantee of the government of the country concerned is required for each loan. The IFC, on the other hand, will provide venture capital on flexible terms and will operate without government guarantee.

The IFC will not compete with private capital. Its job will be to join with private partners in financing productive enterprises. These partners may be local firms or they may be foreign investors, or both. The private interests will supply the management and the bulk of the capital for each enterprise, while the Corporation will furnish only the margin needed to complete the financing. Where private capital can do the whole job, the Corporation will not enter into the financing at all.

When the IFC project was first talked about, investment in equities was one of the proposed methods of operations. We in the Treasury did not think it would be desirable or feasible for an international governmental corporation to invest in common stock and to take the management responsibility which stock ownership entails. The present plan has eliminated the equity investment and management feature. The Administration believes this is a great improvement and supports the project fully in its present form.

Although the Corporation will not hold stock, it will advance capital in various forms appropriate to new enterprises. Its investments in some instances may take the form of obligations with set interest rates, and in others with income dependent upon the earnings of the local concern. This may mean, sometimes, that securities will bear interest only to the extent that the local concern earns enough to pay, and in other instances it may mean that the Corporation will participate in additional earnings over and above a fixed rate. It may also take obligations which could be converted into stock when sold to private investors by the IFC. The particular form of securities will have to be tailored to the special problems of the particular investment. In all cases it will be expected that private investors will provide the major share of the capital as well as take management responsibility.

Moreover, the IFC is not intended to be an international holding company. When an enterprise gets on its feet and the Corporation finds that it can advantageously sell off its investment, it will do so. It will use the proceeds for investment in new enterprises. In this way a capital of $100 million, which the governments are now asked to provide, will be turned over, we hope, many times in the course of the coming years.

The Corporation will come into existence after 30 countries, with subscriptions of at least $75 million, have accepted membership. All subscriptions will be paid in full in gold or dollars. The United States subscription is slightly over $35 million. This amount has been included in the President's budget. Forty-two countries have informed the International Bank of their intention to initiate the necessary steps to become members, and 15 of these have already signed the Articles of Agreement, subject to legislative approval.

The IFC, though financially independent of the International Bank, will be affiliated with it. The Bank's Board of Directors will serve as the Board of Directors of the Corporation. The Bank's President will be the Corporation's Chairman. Thus the Corporation will have the benefit of the experience and sound judgment which have distinguished the management of the Bank. Operating economy will also be assured.

The provisions of the Corporation's Articles of Agreement are based largely on the relevant provisions of the Bank's Articles. The legislation proposed for United States membership follows substantially the provisions of the Bretton Woods Agreements Act, which were worked out ten years ago in this Committee.

The Corporation is not an answer to all the problems facing the private investor going abroad. Much will depend upon the attitudes of the host countries to new private investment. We hope the Corporation will be able to influence these countries to take favorable attitudes toward investors. While no governmental guarantee of its investments is desirable or will be requested, the Corporation obviously can operate in any country only if the government is favorable to its activities and to other private investments. In substance it will operate under the same conditions as private investors do in these countries.

In the present state of international affairs, it is vital that the United States and the other capital exporting countries maintain good economic relations throughout the free world. This should be done as far as possible by the investment of private capital. While the International Finance Corporation is an experiment, it offers a worthwhile chance to increase the role of private investment. I hope that this Committee will give favorable consideration to the proposed legislation.

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H-816

RELEASE MORNING NEWSPAPERS,
Tuesday, June 7, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated June 9 and to mature September 8, 1955, which were offered on June 2, were opened at the Federal Reserve Banks on June 6.

The details of this issue are as follows:

Total applied for - $1,996,107,000
Total accepted - 1,500,252,000 (includes $179,153,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.649 Equivalent rate of discount approx. 1.390% per annum

Range of accepted competitive bids:

High - 99.663 Equivalent rate of discount approx. 1.333% per annum
Low - 99.636 " " " " 1.440% per annum

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

Federal Reserve District		Total Applied for	Total Accepted
Boston		$ 29,130,000	$ 29,130,000
New York		1,463,382,000	1,029,182,000
Philadelphia		26,829,000	15,779,000
Cleveland		40,609,000	40,609,000
Richmond		15,696,000	15,696,000
Atlanta		25,452,000	25,347,000
Chicago		236,719,000	186,719,000
St. Louis		21,610,000	21,610,000
Minneapolis		13,660,000	13,160,000
Kansas City		36,594,000	36,594,000
Dallas		49,187,000	49,187,000
San Francisco		37,239,000	37,239,000
	TOTAL	$1,996,107,000	$1,500,252,000

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Tuesday, June 7, 1955.

H-816

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H-817

IMMEDIATE RELEASE
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Comptroller of the Currency Ray M. Gidney today announced that Mr. William P. Folger, who has been with the Office of the Comptroller of the Currency since 1918 and has served as Chief National Bank Examiner since 1929, will retire effective June 30, 1955. Mr. Hollis S. Haggard, presently serving as District Chief National ~~Bank~~ Examiner of the First Federal Reserve District, Boston, Massachusetts, will succeed Mr. Folger. Mr. Gidney also announced the promotion of Mr. Aloysius W. Green from the position of National Bank Examiner to that of District Chief National Bank Examiner of the First Federal Reserve District, Boston, Massachusetts, to succeed Mr. Haggard.

Mr. Haggard was appointed an Assistant National Bank Examiner in June, 1925. He was commissioned a National Bank Examiner in March, 1934 and was promoted to District Chief National Bank Examiner of the Eighth Federal Reserve District, St. Louis, Missouri on April 1, 1946. He was transferred to Boston, Massachusetts as Chief of the First Federal Reserve District on September 1, 1950.

Mr. Green was appointed an Assistant National Bank Examiner in October, 1919 and was commissioned a National Bank Examiner in February, 1925. All of his service has been in the Boston district with the exception of one year in the Philadelphia district.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 8, 1955.

H-817

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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.

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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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 June 16, 1955 ~~(9)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 16, 1955 ~~(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,

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H-818

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 9, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing June 16, 1955, in the amount of $1,500,861,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 16, 1955, and will mature September 15, 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~~ Daylight Saving time, Monday, June 13, 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders in whole or in part, and his action in any such respect shall be final. Subject to these reservations, 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, 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.

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 28, 1955
*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	24,153,317
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 months from Oct. 1, 1954			
	Canada	27,225,000	Bushel	13,529,362
	Other Countries	275,000	Bushel	5,726
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	14,448,414
	Other Countries	688,000	Bushel	687,832
Rye, rye flour, and rye meal ...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

* Presidential Proclamation of June 8, 1953, as amended and modified, was further amended and modified by Presidential Proclamation of May 16, 1955, so as to extend current quota year for peanuts through July 31, 1955, and to permit an unlimited additional quantity of shelled, blanched, salted, prepared, or preserved peanuts (including roasted peanuts but not including unshelled peanuts or peanut butter) to be entered, or withdrawn from warehouse, for consumption on or before July 31, 1955, subject to a fee of 2 cents per pound, but not more than 50 per centum ad valorem, the fee to be in addition to any other duties imposed on such peanuts.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, June 9, 1955.

H-819

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to May 28, 1955, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of May 28, 1955
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	3,285
Cream	Calendar Year	1,500,000	Gallon	198
Butter	Apr. 1, 1955- July 15, 1955	5,000,000	Pound	86,309
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	35,432,624	Pound	Quota Filled
White or Irish potatoes:				
Certified Seed	12 months from	150,000,000	Pound	76,363,040
Other	Sept. 15, 1954	329,100,000	Pound	16,176,167
Cattle, less than 200 lbs. each	12 months from April 1, 1955	200,000	Head	2,354
Cattle, 700 lbs. or more each (other than dairy cows)	Apr. 1, 1955 - June 30, 1955	120,000	Head	13,189
Walnuts	Calendar Year	5,000,000	Pound	4,171,073
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000	Pound	1,537,705
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000	Pound	5,723,726
Alsike clover seed	12 months from July 1, 1954	1,500,000	Pound	Quota Filled

(1) Imports for consumption at the quota rate are limited to 17,716,312 lbs. during the first six months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

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Thursday, June 9, 1955.

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*Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 months from July 1, 1954	1,709,000	Pound	Quota Filled
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	Canada	39,312,000	Bushel	14,448,414
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Rye, rye flour, and rye meal ...	12 months from July 1, 1954	186,000,000	Pound	Quota Filled

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, June 9, 1955

H-820

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, 1955, as follows:

Country of Origin	Wheat		Wheat flour, semolina, crushed or cracked wheat, and similar wheat products	
	Established Quota	Imports May 29, 1955, to June 7, 1955	Established Quota	Imports May 29, 1955, to June 7, 19[illegible]
	(Bushels)	(Bushels)	(Pounds)	(Pounds)
Canada	795,000	795,000	3,815,000	3,815,000
China	-	-	24,000	-
Hungary	-	-	13,000	-
Hong Kong	-	-	13,000	-
Japan	-	-	8,000	-
United Kingdom	100	-	75,000	-
Australia	-	-	1,000	-
Germany	100	-	5,000	-
Syria	100	-	5,000	-
New Zealand	-	-	1,000	-
Chile	-	-	1,000	-
Netherlands	100	-	1,000	-
Argentina	2,000	-	14,000	-
Italy	100	-	2,000	-
Cuba	-	-	12,000	-
France	1,000	-	1,000	-
Greece	-	-	1,000	-
Mexico	100	-	1,000	-
Panama	-	-	1,000	-
Uruguay	-	-	1,000	-
Poland and Danzig	-	-	1,000	-
Sweden	-	-	1,000	-
Yugoslavia	-	-	1,000	-
Norway	-	-	1,000	-
Canary Islands	-	-	1,000	-
Rumania	1,000	-	-	-
Guatemala	100	-	-	-
Brazil	100	-	-	-
Union of Soviet Socialist Republics	100	-	-	-
Belgium	100	-	-	-
	800,000	795,000	4,000,000	3,815,000

IMMEDIATE RELEASE,
Thursday, June 9, 1955

TREASURY DEPARTMENT
Washington

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H-820

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, 1955, as follows:

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

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, June 9, 1955

H-821

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, 1955, to May 28, 1955, inclusive, as follows:

Products of the Philippines		Established Quota Quantity	Unit of Quantity	Imports as of May 28, 1955
Buttons		850,000	Gross	292,802
Cigars		200,000,000	Number	1,146,133
Coconut Oil		448,000,000	Pound	55,934,140
Cordage		6,000,000	Pound	1,981,304
Rice		1,040,000	Pound	-
Sugars	(Refined	1,904,000,000	Pound	2,953,817
	(Unrefined			853,846,169
Tobacco		6,500,000	Pound	517,938

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
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	(Unrefined			853,846,169
Tobacco		6,500,000	Pound	517,938

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 June 7, 1955	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1954, to June 7, 1955
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152
Canada	239,690	213,822	-	-
France	227,420	37,090	75,807	37,090
British India	69,627	67,894	-	-
Netherlands	68,240	20,382	22,747	20,382
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	1,786,967	1,599,886	1,505,251

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, June 9, 1955

H-822

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 June 7, 1955, inclusive

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-
Peru	247,952	5,931
British India	2,003,483	157,029
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	618,723
Union of Soviet Socialist Republics .	475,124	411,813
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-

Country of Origin	Established Quota	Imports
Honduras	752	-
Paraguay	871	-
Colombia	124	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 May 28, 1955

Established Quota (Global)	Imports
70,000,000	11,082,341

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1955, to May 28, 1955

Established Quota (Global)	Imports
45,656,420	19,128,569

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, June 9, 1955

H-822 287

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

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	5,482,509	1,786,967	1,599,886	1,505,251

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

STATUTORY DEBT LIMITATION

AS OF May 31, 1955

Washington, June 9, 1955

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	$ 19,510,504,000		
Certificates of indebtedness	17,045,725,000		
Treasury notes	43,521,600,800	$ 80,077,829,800	
Bonds-			
Treasury	81,059,164,200		
Savings (current redemp. value)	58,346,442,517		
Depositary	409,792,500		
Investment series	12,599,689,000	152,415,088,217	
Special Funds-			
Certificates of indebtedness	29,117,432,000		
Treasury notes	13,123,003,400	42,240,435,400	
Total interest-bearing		274,733,353,417	
Matured, interest-ceased		605,704,525	
Bearing no interest:			
United States Savings Stamps	48,655,144		
Excess profits tax refund bonds	1,097,157		
Special notes of the United States:			
Internat'l Monetary Fund series	1,578,000,000	1,627,752,301	
Total		276,966,810,243	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	41,913,736		
Matured, interest-ceased	907,000	42,820,736	
Grand total outstanding			277,009,630,979
Balance face amount of obligations issuable under above authority			3,990,369,021

Reconcilement with Statement of the Public Debt May 31, 1955
(Date)

(Daily Statement of the United States Treasury, May 31, 1955)
(Date)

Outstanding-	
Total gross public debt	277,472,387,530
Guaranteed obligations not owned by the Treasury	42,820,736
Total gross public debt and guaranteed obligations	277,515,208,266
Deduct - other outstanding public debt obligations not subject to debt limitation	505,577,287
	277,009,630,979

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AS OF May 31, 1955

Washington, June 9, 1955

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	277,009,630,979

H-823

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Friday, June 10, 1955.

H-824

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the first quarter of 1955. In this period, the net outward movement of gold amounted to $36.9 million; U.S. sales of gold were $40.4 million; U.S. purchases, $3.5 million.

A table showing net transactions for the first quarter of 1955, by country, is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
January 1 - March 31, 1955

(In millions of dollars at $35 per ounce)

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

Country	1st Quarter 1955	Calendar Year 1954
Austria	—	-$6.2
Bolivia	$3.5	17.3
France	-22.5	—
Germany	-10.0	-225.6
International Monetary Fund	-2.7	—
Israel	—	-1.1
Lebanon	—	-8.8
Mexico	—	80.3
Portugal	-5.0	-54.9
Sweden	—	-15.0
Switzerland	—	-15.5
Switzerland--Bank for International Settlements	—	-20.0
United Kingdom	—	-50.0
Uruguay	—	-5.0
The Vatican	—	8.8
Venezuela	—	-30.0
All Others	-.2	-1.0
Total	-$36.9	-$326.6

H-825

RELEASE MORNING NEWSPAPERS,
Tuesday, June 14, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated June 16 and to mature September 15 1955, which were offered on June 9, were opened at the Federal Reserve Banks on June 13

The details of this issue are as follows:

Total applied for - $2,509,175,000
Total accepted - 1,501,134,000 (includes $206,466,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.617/ Equivalent rate of discount approx. 1.514% per annum

Range of accepted competitive bids:

High	- 99.665	Equivalent rate of discount approx. 1.325% per annum
Low	- 99.616	" " " " " 1.519% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 38,126,000	$ 29,936,000
New York	1,808,949,000	989,454,000
Philadelphia	34,480,000	17,326,000
Cleveland	56,547,000	53,255,000
Richmond	14,764,000	11,965,000
Atlanta	44,451,000	32,023,000
Chicago	270,041,000	176,078,000
St. Louis	24,481,000	22,254,000
Minneapolis	22,216,000	21,065,000
Kansas City	56,974,000	52,421,000
Dallas	50,050,000	27,073,000
San Francisco	88,096,000	68,284,000
TOTAL	$2,509,175,000	$1,501,134,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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H-825

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Richmond	14,764,000	11,965,000
Atlanta	44,451,000	32,023,000
Chicago	270,041,000	176,078,000
St. Louis	24,481,000	22,254,000
Minneapolis	22,216,000	21,065,000
Kansas City	56,974,000	52,421,000
Dallas	50,050,000	27,073,000
San Francisco	88,096,000	68,284,000
TOTAL	$2,509,175,000	$1,501,134,000

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Conclusion

~~From the foregoing illustrations,~~ It seems clear that there is no pat answer to the conflicts between the great forces of change and the conserving power of tradition. Both may be good and both may be bad, depending on the time and the circumstances.

Tradition, itself, may be dynamic in furnishing that confidence which ~~is~~ are so often the well springs of ~~basis~~ of human action. And, again, we ~~may~~ have a tradition of welcoming change and seeking the dynamic solution of our problems. in this Country

The problem is one of balance, of analysis, and of nurturing both of these great forces for social progress.

Perhaps one can do no better than to quote from St. Paul and say, "Prove all things; hold fast that which is good."

—oOo—

and that inspiration

budgets have been the greatest and most frequent cause of disastrous inflations.

So there has grown up a tradition that "the budget must be balanced." All over the world this powerful tradition has been invoked in times of stress to persuade reluctant parliaments to forego excess spending, levy adequate taxes, and so keep their money sound. When the International Bank and the Export-Import Bank are considering loans in any country, one of their requirements is that the budget must be under control and at least within range of balance.

In recent years this tradition of the balanced budget has been disputed in the name of dynamism. Just a year ago, for example, several economists appeared before the United States Congress and recommended large government spending programs as essential to start the country growing again and take up the slack of unemployment. Their appeals were fortunately not heeded and the natural forces of private enterprise have brought a vigorous recovery. So today the problem is not lack of dynamism, but almost too much. The question is whether the economic pace may not be faster than can be sustained.

The important lesson is that dynamic growth came not from what the government did for the people, but what the people themselves did when they had confidence in the economic climate. Sound monetary policies and sound budgetary policies helped to provide an encouraging climate. They were a symbol of integrity in government.

So here again is evidence of the dynamic quality of sound tradition.

The experience of various European countries in recent years is especially interesting testimony to the resurgent power of old traditions of balanced budgets and vigorous central bank policies. In Belgium, in Germany, in Holland, in Italy, in England and elsewhere the greatest upswing of recovery and vigorous economic growth came after the reestablishment of traditional fiscal and monetary policies; bringing budgets into balance; checking inflation by courageous monetary policy.

they press forward or hold back with their individual undertakings.

Thus the success of the System in its great social objectives depends on the understanding and cooperation of leading citizens. If they heed its signals promptly and trim their sails accordingly, the economic ship can sail a true course. Here is dynamism in its truest sense - yet at the same time we enter the realm of tradition, of the accumulation of experience and understanding. When the old lady of Threadneedle Street, the Bank of England, speaks through action, Lombard Street understands, through 250 years of experience. The leadership of the Bank is recognized and respected - it was one of the foundations of England's long-time financial leadership of the world. Here is a great tradition.

In 4~~0~~1 years of the Federal Reserve System we have begun to build such a tradition. The financial and business community is beginning to understand the place of the Reserve System and what its action means. Sometimes the System has failed to give clear leadership. Sometimes business and banking have failed to heed its signals. But year by year progress is being made in accruing a tradition. Nothing could be more vital to the preservation of the kind of economic principle we want here -- the dynamic, vigorous life of free enterprise.

Thus, indeed a sound tradition of central banking becomes for us a foundation for dynamic growth. A sound central banking policy supported by a powerful tradition can give us the underlying confidence to support courageous enterprise. So we are justified in speaking of the dynamism of tradition.

Tradition of the Budget

Side by side with the central banking action as an instrument of economic policy is fiscal policy centered on the budget. An unbalanced budget tends to increase the country's money supply and so could offset the central bank's effort to keep the money supply on even keel. History shows that unbalanced government management of business - intervention at every point - in effect, state socialism.

The ~~other~~ alternative is fiscal and monetary control - influencing the economy through the supply and price of money. This method leaves the individual and business free to exercise their own choices, but alters the climate in which these choices are made. This is the form of economic control most consistent with a political democracy. It allows the maximum of freedom for enterprise and progress with the least government interference.

For this type of social control a central banking system such as the Bank of England or our Federal Reserve System is essential. Alexander Hamilton knew that when he set up the Bank of the United States as one of the financial cornerstones of our new Republic.

Unhappily, Hamilton's concept was dulled and distorted under political pressures and the First as well as the Second Banks of the United States were allowed to perish.

During succeeding years when we had no central bank we learned to our sorrow the need for one - and 41 years ago the Federal Reserve System was established.

In these 41 years we have been learning to live with this sort of banking system -- learning the meaning of the discount rate, open market operations, and its other mechanisms.

We have learned that the Reserve System has powerful weapons of great influence. As recently as the Spring of 1953 we saw their power in checking economic overexpansion and in 1954 the restorative influence of easy money.

Another thing with which I believe you would all agree is that there is nothing automatic or mechanical in the System's operations. They work only through their influence on the decisions of many people - decisions whether must the banker sit on both sides of the same table. Complete confidence of the customer is the key to good banking.

In our national finances there are also many illustrations of both the value of change and the value of tradition.

The Reserve System and Tradition

The introduction of the Federal Reserve System was a drastic yet highly desirable departure from banking practices of the past century. The System was received rather slowly by the banks of the country; and there are still certain respects, I believe, in which banking has not fully adapted its way of life to the presence of a central banking system. For example, a very interesting report on check clearings by a joint committee of commercial banks and Federal Reserve representatives was recently rendered. The recommendations of the committee were carefully, thoroughly studied and would appear to lead to over-all economies in the handling of checks. Yet there has been such resistance to this report that the question may well be raised as to whether some of this resistance does not spring from a fear of change rather than from a reasoned judgment.

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The economic and social reasons for cherishing a central banking system are overpowering. They stem from the need to exercise control over the great swings of economic activity and employment which are called the business cycle. These cycles, if unimpeded, bring a swifter transition from rags to riches and riches to rags than our economy can take without disaster and rebellion.

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All of you will recall the mortgage mechanisms of previous generations by which banks and others made short 3 to 5 year mortgages, supplemented by second mortgages at very high rates. Some of you are old enough to remember the troubles that arose when these mortgages fell due at the wrong time.

It took the emergency of the 30's to bring about a common adoption of the longer term installment payment mortgage which has so proved itself that it has been generally adopted. In fact, it was the savings and loan associations, rather than the chartered commercial banks, which developed this form of lending. The tradition of lending practice had been a poor one, ~~and was well jettisoned.~~

Pension funds provide another illustration. A few years ago a prudent banker or trustee would, as a matter of principle, invest pension funds in prime bonds. Today they put up to 50 percent in equities. Even life insurance companies are authorized by law in some States, to buy shares. Rightly, or wrongly, This marks the passing of a stout tradition.

On the other hand, there are many traditions in the banking business which are properly cherished. There is the tradition of always balancing your books before you leave for the night. There is the tradition of knowing your customer and his character as well as looking at his statement. There is the tradition that complete integrity is essential in the banker. In no transaction

300

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Here, then, are two of the great forces of the world standing in apparent opposition. "Dynamism", the symbol of change and development; "Tradition", the powerful urge to carry on the ideals and principles of the past.

On the surface, these two forces often appear to be in contradiction. One says, "We must not let mere tradition stand in the way of progress", but the other cautions, "We must not let the desire for change ruin the great traditions of the past."

The successful yoking into a harmonious relationship of these two great impulses which bid for men's minds is one of the greatest problems of Government, of banking, or of any other human endeavor. It is also one of the problems of the Graduate School of Banking, as each of you may have discovered as you have sat listening to your teachers during these two weeks.

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Sometime in the 20's the Economic Policy Commission of the American Bankers Association employed a competent economist to make a study of installment credit.

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(m)

[redacted]

There's a breathless hush in the close
    to-night --
  Ten to make and the match to win --
A bumping pitch and a blinding light,
  An hour to play and the last man in.
And it's not for the sake of a ribboned coat,
  Or the selfish hope of a season's fame,
But his captain's hand on his shoulder smote
  "Play up! play up! and play the game!"

The sand of the desert is sodden red --
  Red with the wreck of a square that
    broke --
The gatling's jammed and the colonel dead,
  And the regiment blind with dust and
    smoke:
The river of death has brimmed its banks
  And England's far, and honour a name,
But the voice of a schoolboy rallies the ranks,
  "Play up! play up! and play the game!"

Out of print rules

This is the word that year by year
  While in her place the school is set
Every one of her sons must hear,
  And none that hears it dare forget.
This they all with a joyful mind
  Bear through life like a torch in flame,
And, falling, fling to the host behind,
  "Play up! play up! and play the game!"

Out

Henry Newbolt, 1862-1938

nature decrees that every living thing moves either forward or backward. To remain in the same place, to follow the same patterns, often calls for the use of force to resist the ~~pressure of~~ inertia which is always slowing down physical or human effort.

Tradition Still a Great Force

But even the politician who talks about dynamism in his speech always gets around to saying something about the great traditions of America and brings in a resounding quotation from Lincoln or Jefferson or Franklin. Religion is, of course, nourished by the wells of tradition.

At this time of year many of us go trouping back to our college campuses and glory in the tradition of our colleges which has been passed down successive generations. We want our sons to go to the ivy covered colleges in order that they may absorb the traditions of the past.

When war comes, the band begins playing the martial airs of long ago and the tradition of patriotism and the stories of the country's old-time war heroes prove the most inspiring influence to rouse the new generation into taking its militant part.

Every area of endeavor develops its own set of traditions. One of the best known belongs to show business. "The show must go on" has provided the inspiration and the strength by which many a saddened or sickened Thespian has surmounted personal grief or illness and gone before the footlights to give the finest performance of a lifetime.

From the field of sports come heart-moving traditions. For example, there is Henry Newbolt's poem of the transfer of a sports tradition from football to war:

has a new tempo

ideologies ~~is new~~. There is a new destructive force in the world. Attila came with his conquering hardes from out of the East. So did Genghis Khan. Both left a wake of physical destruction, but it was a narrow wake. Today, again, the age-old destructive impulse to scourge and conquer the rest of the world has stirred in the East, but today destruction is not limited by the length of a spear. Whole populations may be blasted with the atom bomb. An entire generation may be poisoned by the insidious venom of an idea.

Under the joint pressures of hot war and cold war and a changing social point of view, the American people have come to expect their Federal Government will undertake a whole new range of activities and a new responsibility for the well-being of the people.

A few years ago a truthful and influential book bore the title, "U.S.A.: The Permanent Revolution." The book showed with illustration after illustration how in this country we have been moving forward from one new conquest of nature to another, from one new social advance to another, - how education is fitting our people for new and interesting adventures in living - social revolution without bloodshed.

To describe the challenge of the fast-moving world of today, we have built a new vocabulary. A good example is the word "dynamism." Everybody uses it today. A political policy must be a "dynamic policy." A public program must be "dynamic."

The word is from the Greek dynamis, meaning power. It conveys to us something more in the way of explosive growth. Modern research and invention, the atom bomb, the newer chemicals have stirred our imagination and desire for change. A new population spurt has pressed for new schools, new houses, new occupations. Wars and threats of war awake our sense of history.

Thus we understand that it takes effort just to stand still - the law of

Treasury Department
Washington
Cover Sheet
Release P.M. ...
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ADDRESS BY W. RANDOLPH BURGESS, UNDER SECRETARY OF THE TREASURY, TO THE GRADUATE SCHOOL OF BANKING, AMERICAN BANKERS ASSOCIATION, AT RUTGERS UNIVERSITY, NEW BRUNSWICK, NEW JERSEY, 8 P.M. EDT, FRIDAY, JUNE 17, 1955

Start

THE DYNAMISM OF TRADITION

When I started studying the history of philosophy we began with the contrast between two early Greek philosophers whose names were Heraclitus and Parmenides.

Heraclitus was the philosopher of change. He thought that the most important characteristic of the world was its constant change, its fluidity, as he observed the movements of the tides, the growth of all living things, and the infinite variety of human events.

Parmenides was the philosopher of permanence, of the essential continuity of existence. "The more it changes, the more it remains the same."

As I sit in my office in Washington, I am surrounded by tradition. The room, which dates back more than 100 years, once housed Andrew Johnson in his first few months in office as President after Lincoln's assassination because he did not want to disturb Mrs. Lincoln at the White House. Portraits of former Secretaries of the Treasury now hang on this wall.

These former Secretaries, as we realize when we read their writings, faced problems astonishingly like our own: difficulties in raising taxes, despair over the spending pressures of the Congress, the constant importunity of people looking for federal jobs. "The more it changes, the more it remains the same."

A New World

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H - 5 ...

TREASURY DEPARTMENT
Washington

RELEASE ON DELIVERY

Address by W. Randolph Burgess, Under Secretary of the Treasury, to the Graduate School of Banking, American Bankers Association, at Rutgers University, New Brunswick, New Jersey, 8 P.M. EDT, Friday, June 17, 1955

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The Reserve System and Tradition

The introduction of the Federal Reserve System was a drastic yet highly desirable departure from banking practices of the past century. The System was received rather slowly by the banks of the country; and there are still certain respects, I believe, in which banking has not fully adapted its way of life to the presence of a central banking system. For example, a very interesting report on check clearings by a joint committee of commercial banks and Federal Reserve representatives was recently rendered. The recommendations of the committee were carefully, thoroughly studied and would appear to lead to over-all economies in the handling of checks. Yet there has been such resistance to this report that the question may well be raised as to whether some of this resistance does not spring from a fear of change rather than from a reasoned judgment.

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There are two kinds of prescriptions for the business cycle. One is government management of business -- intervention at every point -- in effect, state socialism.

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Another thing with which I believe you would all agree is that there is nothing automatic or mechanical in the System's operations. They work only through their influence on the decisions of many people -- decisions whether they press forward or hold back with their individual undertakings.

Thus the success of the System in its great social objectives depends on the understanding and cooperation of leading citizens. If they heed its signals promptly and trim their sails accordingly, the economic ship can sail a true course. Here is dynamism in its truest sense -- yet at the same time we enter the realm of tradition, of the accumulation of experience and understanding. When the old lady of Threadneedle Street, the Bank of England, speaks through action, Lombard Street understands, through 250 years of experience. The leadership of the Bank is recognized and respected -- it was one of the foundations of England's long-time financial leadership of the world. Here is a great tradition.

In 41 years of the Federal Reserve System we have begun to build such a tradition. The financial and business community is beginning to understand the place of the Reserve System and what its action means. Sometimes the System has failed to give clear leadership. Sometimes business and banking have failed to heed its signals. But year by year progress is being made in accruing a tradition. Nothing could be more vital to the preservation of the kind of economic principle we want here -- the dynamic, vigorous life of free enterprise.

Thus, indeed a sound tradition of central banking becomes for us a foundation for dynamic growth. A sound central banking policy supported by a powerful tradition can give us the underlying confidence to support courageous enterprise. So we are justified in speaking of the dynamism of tradition.

<u>Tradition of the Budget</u>

Side by side with the central banking action as an instrument of economic policy is fiscal policy centered on the budget. An unbalanced budget tends to increase the country's money supply and so could offset the central bank's effort to keep the money supply on even keel. History shows that unbalanced budgets have been the greatest and most frequent cause of disastrous inflations.

So there has grown up a tradition that "the budget must be balanced." All over the world this powerful tradition has been invoked in times of stress to persuade reluctant parliaments to forego excess spending, levy adequate taxes, and so keep their money sound. When the International Bank and the Export-Import Bank are considering loans in any country, one of their requirements is that the budget must be under control and at least within range of balance.

In recent years this tradition of the balanced budget has been disputed in the name of dynamism. Just a year ago, for example, several economists appeared before the United States Congress and recommended large government spending programs as essential to start the country growing again and take up the slack of unemployment. Their appeals were fortunately not heeded and the natural forces of private enterprise have brought a vigorous recovery. So today the problem is not lack of dynamism, but almost too much. The question is whether the economic pace may not be faster than can be sustained.

The important lesson is that dynamic growth came not from what the government did for the people, but what the people themselves did when they had confidence in the economic climate. Sound monetary policies and sound budgetary policies helped to provide an encouraging climate. They were a symbol of integrity in government.

So here again is evidence of the dynamic quality of sound tradition.

The experience of various European countries in recent years is especially interesting testimony to the resurgent power of old traditions of balanced budgets and vigorous central bank policies. In Belgium, in Germany, in Holland, in Italy, in England and elsewhere the greatest upswing of recovery and vigorous economic growth came after the reestablishment of traditional fiscal and monetary policies; bringing budgets into balance; checking inflation by courageous monetary policy.

Conclusion

It seems clear that there is no pat answer to the conflicts between the great forces of change and the conserving power of tradition. Both may be good and both may be bad, depending on the time and the circumstances.

Tradition, itself, may be dynamic in furnishing that confidence and that inspiration which are so often the well springs of human action. And, again, in this country we have a tradition of welcoming change and seeking the dynamic solution of our problems.

The problem is one of balance, of analysis, and of nurturing both of these great forces for social progress.

Perhaps one can do no better than to quote from St. Paul and say, "Prove all things; hold fast that which is good."

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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.

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.

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 June 23, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 23, 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,

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 16, 1955.

H-827

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing June 23, 1955, in the amount of $1,501,724,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 23, 1955, and will mature September 22, 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~~ Daylight Saving time, Monday, June 20, 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

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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 June 23, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 23, 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.

IMMEDIATE RELEASE,
~~Monday, May 16, 1955~~.
Thursday, June 16, 1955

~~H-800~~ H-828

During ~~the month of April~~ May 1955, 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 ~~$29,872,000~~. $56,222,000.

June 10, 1955

MEMORANDUM TO MR. BARTELT:

The following transactions were made in direct and guaranteed securities of the Government for Treasury investments and other accounts during the month of May, 1955:

Purchases	$56,419,000.00
Sales	197,000.00
Net purchases	$56,222,000.00

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, June 16, 1955.

H-828

During May 1955, 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 $56,222,000.

oOo

FOR IMMEDIATE RELEASE
Friday June 17, 1955

H- 829

The Treasury Department announced today that as a further step in its program to reduce operating expenses, it will reuse marketable public debt securities in bearer form which are taken in for denomination exchange or for transfer from one Federal Reserve Bank to another, and which are not soiled or damaged.

Previously all marketable securities taken in for these purposes have been cancelled and put through the retirement process, and new securities issued. The expense now incurred in printing new securities and processing the cancelled securities will be eliminated. This savings will amount to about $125,000 annually on the basis of current operations.

It is estimated that over a half-million pieces of marketable bonds, notes, certificates of indebtedness, and Treasury bills can be reused each year.

WASHINGTON, D.C.

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Friday, June 17, 1955. H-829

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oOo

H-830

RELEASE MORNING NEWSPAPERS,
Tuesday, June 21, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,00 or thereabouts, of 91-day Treasury bills to be dated June 23 and to mature September 2 1955, which were offered on June 16, were opened at the Federal Reserve Banks on June 20.

The details of this issue are as follows:

Total applied for - $2,379,909,000
Total accepted - 1,503,161,000 (includes $235,091,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.641/ Equivalent rate of discount approx. 1.420% per annum

Range of accepted competitive bids: (Excepting one tender of $800,000)

High - 99.644 Equivalent rate of discount approx. 1.408% per annum
Low - 99.640 " " " " " 1.424% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 43,692,000	$ 37,991,000
New York	1,613,276,000	911,144,000
Philadelphia	51,929,000	12,909,000
Cleveland	69,616,000	62,441,000
Richmond	15,246,000	12,046,000
Atlanta	48,393,000	42,352,000
Chicago	326,948,000	261,475,000
St. Louis	21,867,000	21,702,000
Minneapolis	18,195,000	17,360,000
Kansas City	59,034,000	34,755,000
Dallas	38,444,000	21,162,000
San Francisco	73,269,000	67,824,000
Total	$2,379,909,000	$1,503,161,000

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 21, 1955.

H-830

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Dallas	38,444,000	21,162,000
San Francisco	73,269,000	67,824,000
TOTAL	$2,379,909,000	$1,503,161,000

oOo

produced for us such a grand job in your state. My very best wishes for your future success and happiness."

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From 1937 to 1953, Mr. Holt was president and treasurer of the Television Corporation of Birmingham, operating radio stations WAPI and WAFM, and later television station WAFM-TV. ~~He was with the New Orleans Times-Picayune in 1954-55.~~ At present, he is a partner in the Birmingham consulting firm of Norton & Holt. Since 1948 he has been a director of the Birmingham branch of the Federal Reserve Bank of Atlanta, becoming chairman of the board this year.

Mr. Holt is a past vice-president of the Birmingham Chamber of Commerce, and is a Kiwanian.

Mr. McMillan, who is president of the T.R. Miller Lumber Co. of Brewton, has served for 14 years as volunteer Alabama chairman of the Savings Bonds Program. Seven times under Mr. McMillan's leadership, Alabama was the only state in the nation in which every county exceeded its assigned bond sales quota in a War Loan Drive.

He recently asked to be relieved of the Savings Bonds chairmanship in order to devote more time to his business. He is also chairman of the board of the Citizens-Farmers & Merchants Bank of Brewton; president of the Wiggins Neal Estate Co., also of Brewton; and chairman of the board of the Neal Lumber and Manufacturing Co. of Blountstown, Fla.

"I am fully cognizant that you have been State chairman in Alabama since the very inception of the Savings Bonds Program, and I accept your resignation with real regret," Secretary Humphrey wrote Mr. McMillan. "I want you to know how much the Treasury appreciates the time and effort which

Immediate Release
Wed, June 2

H-831

Secretary Humphrey today announced the appointment of Thad Holt, prominent Birmingham management consultant and chairman of the board of the Birmingham branch of the Federal Reserve Bank of Atlanta, as State chairman of the Alabama Savings Bonds Committee. He will succeed Ed Leigh McMillan, of Brewton, who has resigned, after serving since 1941, due to the press of business affairs.

"I am delighted to learn of your willingness to accept the volunteer State chairmanship of our Savings Bonds program for Alabama," the Secretary wrote Mr. Holt. "The Savings Bonds Program is important to us in our determination to achieve and maintain a sound and honest dollar, and the addition of a leader of your stature will help us tremendously."

A native of Sumterville, Ala., Mr. Holt graduated from Colorado College, where he won Phi Beta Kappa honors. He was in advertising and sales work for 25 years. He was vice-president of Famous Features Syndicate, New York City, in 1921-22, and advertising and sales manager for the Wofford Oil Co. from 1921 to 1927. He was director for the Alabama Industrial Development Board, 1929-32, and served as state director of several different federal relief agencies from 1932 to 1936, with headquarters at Montgomery. He was assistant national administrator of WPA in 1936-37.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, June 22, 1955. H-831

Secretary Humphrey today announced the appointment of Thad Holt, prominent Birmingham management consultant and chairman of the board of the Birmingham branch of the Federal Reserve Bank of Atlanta, as State chairman of the Alabama Savings Bonds Committee. He will succeed Ed Leigh McMillan, of Brewton, who has resigned, after serving since 1941, due to the press of business affairs.

A native of Sumterville, Ala., Mr. Holt graduated from Colorado College, where he won Phi Beta Kappa honors. He was in advertising and sales work for 25 years. He was vice-president of Famous Features Syndicate, New York City, in 1921-22, and advertising and sales manager for the Wofford Oil Co. from 1921 to 1927. He was director for the Alabama Industrial Development Board, 1929-32, and served as state director of several different federal relief agencies from 1932 to 1936, with headquarters at Montgomery. He was assistant national administrator of WPA in 1936-37.

From 1937 to 1953, Mr. Holt was president and treasurer of the Television Corporation of Birmingham, operating radio stations WAPI and WAFM, and later television station WAFM-TV. At present, he is a partner in the Birmingham consulting firm of Norton & Holt. Since 1948 he has been a director of the Birmingham branch of the Federal Reserve Bank of Atlanta, becoming chairman of the board this year.

Mr. Holt is a past vice-president of the Birmingham Chamber of Commerce, and is a Kiwanian.

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He recently asked to be relieved of the Savings Bonds chairmanship in order to devote more time to his business. He is also chairman of the board of the Citizens-Farmers & Merchants Bank of Brewton; president of the Wiggins Real Estate Co., also of Brewton; and chairman of the board of the Neal Lumber and Manufacturing Co. of Blountstown, Fla.

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NAM COMMITTEE ON COOPERATION WITH THE U. S. TREASURY DEPARTMENT

National Chairman: John S. Coleman, President, Burroughs Corporation, Detroit
(80.0%)
(Employee participation)

MICHIGAN-OHIO REGION

(~~Michigan, Ohio~~)

Malcolm P. Ferguson, (~~Unable to attend~~) (44.7%)
President
Bendix Aviation Corporation,
~~1104 Fisher Building~~
Detroit, ~~2, Michigan~~

NEW YORK REGION

(~~New York, Northern New Jersey~~)

George H. Coppers, ~~(42.3%)~~
President
National Biscuit Company
~~449 W. 14th Street~~
New York, ~~14, New York~~

PITTSBURGH REGION

(~~West Va., Western Penn.~~)

John P. Roche, (~~Unable to attend~~)
Executive Vice President ~~(12%)~~
Heppenstall Company,
~~4620 Hatfield Street~~
Pittsburgh, ~~1, Pennsylvania~~

NEW ENGLAND REGION

(~~Conn., Maine, Mass., N.H., Vt. R.~~

Edwin H. Arnold, (~~Unable to attend~~)
Chairman of the Board (~~No inf. on participation~~)
Arnold, Hoffman & Company, Inc.
~~P. O. Box 1185~~
Providence, Rhode Island.

MIDDLE ATLANTIC REGION

(~~Del., Md., Wash. D. C., Eastern Penn., Southern N. J.~~)

Roger S. Firestone, (~~Unable to attend~~) (75%)
President
Plastic Division,
~~The~~ Firestone Tire & Rubber Company
~~P. O. Box 690~~
Pottstown, Pennsylvania.

SOUTHEASTERN REGION

(~~Ala., Fla., Ga., Ky., N.C., S.C., Va., Tenn.~~)

Daniel J. Haughton, (~~Represented by Mr. Kierton~~) (90%)
Vice President & General Manager,
Georgia Division,
Lockheed Aircraft Corporation,
Marietta, Georgia

SOUTHWESTERN REGION

(~~Texas, La., Miss., Okla.~~)

William T. Payne (~~No information on employee participation~~)
President
Big Chief Drilling Company,
~~Box 8837~~
Oklahoma City ~~2, Oklahoma~~

CHICAGO REGION -

(~~No. 121., Ind.~~, Iowa, Wisc., ~~Minn.~~, North ~~Dakota, South~~ Dakota)

Frederick W. Specht, ~~(Represented by E. J. McAdams)~~
President
Armour & Company, ~~(16.5%)~~
~~4301 S. Racine Avenue~~
Chicago, ~~9, Illinois~~

PACIFIC CENTRAL REGION -

(~~Colo.,~~ No. ~~Calif., No. Nev.,~~ Utah, ~~Wyo.~~)

J. D. Zellerbach, ~~(Unable to attend)~~ ~~(35.0%)~~
President
Crown Zellerbach Corporation,
~~343 Sansome Street~~
San Francisco ~~19, California~~

SOUTH CENTRAL REGION -

(~~Ark., Kans., Mo., Nebr.,~~ So. Ill.)

Henry S. Blake, ~~(70.9%)~~
President
Capper Publications, Inc.
~~8th & Jackson Streets~~
Topeka, Kansas,

PACIFIC SOUTHWEST REGION -

(~~Ariz., N.~~ Mex., ~~S. Calif., S. Nev.~~)

Donald W. Douglas ~~(Unable to attend)~~ ~~(34.5%)~~
President,
Douglas Aircraft Company, Inc.,
Santa Monica, California

PACIFIC NORTHWEST REGION -

(~~Ida., Mont., Ore., Wash.~~)

Lawson P. Turcotte, ~~(No information on employee participation)~~
President
Puget Sound Pulp & Timber Company,
Bellingham, Washington.

P The Secretary of the Committee is

Noble D. Travis,
~~**Secretary of Committee**~~
Vice President
Detroit Trust Company,
Detroit, ~~**Michigan**~~

"People who have a backlog of Savings Bonds have a sense of security that enables them to go ahead and buy in substantial amounts. I think this had a lot to do with the pickup in business that we've had this year. Savings Bonds are good for business and for the whole economy.

"This NAM campaign in behalf of the Payroll Savings Plan gives all your members a great opportunity. I hope you get 100 per cent of your membership behind it."

Meeting with the new Committee were H.C. McClellan, chairman of the board of the NAM, and Kenneth R. Miller, senior vice president of NAM; Joseph M. Dodge, special assistant to President Eisenhower; W. Randolph Burgess, Under Secretary of the Treasury; and Earl O. Shreve, national director of the Savings Bonds Division.

"We of NAM pledge our utmost cooperation to the Treasury Department in going after greater and greater participation of our 20,000 manufacturing companies in the Payroll Savings Plan." Mr. Coleman said. "Many of them already have outstanding records for bond-buying by their employees."

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Immediate
Monday, June 29, 1953

H-832

[redacted] Secretary Humphrey today met with members of a newly appointed committee of leading manufacturers who will cooperate with the Treasury Department in a campaign to expand participation in the Payroll Savings Plan among the employees of the 20,000 member companies of the National Association of Manufacturers.

The committee, with John S. Coleman, president of the Burroughs Corporation of Detroit, as national chairman, was appointed by Henry G. Riter, 3rd, president of the NAM.

The manufacturers outlined plans for a campaign to gain the widest possible support of NAM member firms for the Payroll Savings Plan of Savings Bonds purchases, with the objective of reaching several million potential new purchasers.

Welcoming the NAM group at his office, Secretary Humphrey emphasized the importance of Savings Bonds sales to the country as a whole.

"The job you do in promoting Savings Bonds sales will not only help us to manage the national debt properly, but also will give more people a sense of participation in the government," he said. "One of the greatest services of the bond program is to build sentiment for sound money policies that will protect the value of people's savings and keep us out of the bottomless pit of inflation.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, June 20, 1955.

H-832

Secretary Humphrey today met with members of a newly appointed committee of leading manufacturers who will cooperate with the Treasury Department in a campaign to expand participation in the Payroll Savings Plan among the employees of the 20,000 member companies of the National Association of Manufacturers.

The committee, with John S. Coleman, president of the Burroughs Corporation of Detroit, as national chairman, was appointed by Henry G. Riter, 3rd, president of the NAM.

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"We of NAM pledge our utmost cooperation to the Treasury Department in going after greater and greater participation of our 20,000 manufacturing companies in the Payroll Savings Plan." Mr. Coleman said. "Many of them already have outstanding records for bond-buying by their employees."

Members of the Committee in addition to Chairman Coleman are:

Michigan-Ohio Region -- Malcolm P. Ferguson, President, Bendix Aviation Corporation, Detroit.

Pittsburgh Region -- John P. Roche, Executive Vice President, Heppenstall Company, Pittsburgh.

Middle Atlantic Region -- Roger S. Firestone, President, Plastic Division, Firestone Tire & Rubber Company, Pottstown, Pennsylvania.

New York Region -- George H. Coppers, President, National Biscuit Company, New York.

New England Region -- Edwin H. Arnold, Chairman of the Board, Arnold, Hoffman & Company, Inc., Providence, Rhode Island.

Southeastern Region -- Daniel J. Haughton, Vice President and General Manager, Georgia Division, Lockheed Aircraft Corporation, Marietta, Georgia.

Southwestern Region -- William T. Payne, President, Big Chief Drilling Company, Oklahoma City.

Chicago Region -- Frederick W. Specht, President, Armour & Company, Chicago.

South Central Region -- Henry S. Blake, President, Capper Publications, Inc., Topeka, Kansas.

Pacific Central Region -- J. D. Zellerbach, President Crown Zellerbach Corporation, San Francisco.

Pacific Southwest Region -- Donald W. Douglas, President, Douglas Aircraft Company, Inc., Santa Monica, California.

Pacific Northwest Region -- Lawson P. Turcotte, President, Puget Sound Pulp & Timber Company, Bellingham, Washington.

The Secretary of the Committee is Noble D. Travis, Vice President, Detroit Trust Company, Detroit.

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ALPHA

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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.

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.

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 June 30, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 30, 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,

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17-833

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, June 23, 1955.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing June 30, 1955, in the amount of $1,500,474,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated June 30, 1955, and will mature September 29, 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~~ Daylight Saving time, Monday, June 27, 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

RELEASE MORNING NEWSPAPERS,
Thursday, June 23, 1955.

H-833

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

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on June 30, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing June 30, 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.

the skill and the wisdom which Assistant Secretary Burgess and his colleagues in the services brought to the undertaking. The program that they produced seemed to me to reconcile with a very high degree of success the various contending demands which such a program must need. I cannot pretend to expertness in the current legislative developments; but I can only hope that from them will emerge a program that will do justice to the efforts which these devoted men, and this Association have made, and that will form the basis for a sound and adequate reserve program.

In closing, I would like to present my personal thanks to this Association and its members for the assistance which it has given to the Coast Guard and to the Treasury in the development of the Coast Guard Reserve program.

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country ~~a~~ the climate in which millions of men and women, by striving for a better life for themselves and their families, have by their efforts made ~~a~~ the strongest and most productive economy that the world has ever seen.

Such an economy can, we firmly believe, carry the burden of a fully adequate, but carefully and wisely planned, defense program. How heavy that burden is, I do not need to repeat, for, as all of you know, two-thirds of our national budget of more than ~~six~~ [illegible] billion dollars goes for that purpose; and, as other speakers have said to you, such plans must include a strong reserve as a vital ingredient. My colleagues in the Defense Department have as difficult a ~~[illegible]~~ problem of balancing contending ~~forces~~ demands and factors as any that we face at the Treasury; for their plans must include adequate forces on active duty in all branches of the armed services; they must include an adequate cadre of regular personnel, both officers and enlisted, to keep the skills and readiness of the various units at an adequate pitch, and at the same time to avoid unduly high training costs that grow from excessive personnel turnover; they must take account of the principle of equity in the obligation to render military service to the country; they must provide for adequate and quick expansibility in the event of emergency or war; and they must seek to avoid a level of expenditure which even this vastly dynamic economy could not carry on a long-term basis.

To balance these factors and demands is a most formidable task ~~of the most formidable size~~, and I have the greatest admiration for the zeal, At the outset, I should like to emphasize, as the Secretary of the Treasury has so often done, that despite the Treasury's responsibility for taxes and progress toward a balanced budget, we have always felt that priority must be given to a balanced, wisely planned military program which is adequate for the nation's defense. Defense cannot, of course be measured adequately in dollars; unwise or wasteful programs would add to military appropriations without adding to the strength of our defense. But whatever a wisely planned, carefully balanced program for the national defense requires must be provided.

In the second place, we must recognize - as we have in the past and we must continue to do despite some encouraging signs of an improvement in the climate of world opinion - that we are planning for the long pull. In the long pull, the strength of the United States will be measured by the strength and wonderful productivity of this American economy that has produced so many miracles in the past and can be trusted to repeat ~~them~~ in the future. We must, therefore, concurrently with providing an adequate defense, give constant attention to the vital need for keeping our economy strong. That meant that we must take, as we have done, the necessary steps to put an end to the inflation that had ~~have~~ been continuous up to 1953; that we must maintain in our economy the element of individual incentive which has made it so fantastically productive in the past; and that we must maintain in this

Mr. Chairman, distinguished guests, members of the Reserve Officers Association -

I appreciate very deeply the invitation to address your 1955 Annual Convention. My association with Reserve Officers affairs goes back a long way - to the time more than thirty years ago when I entered a R.O.T.C. unit at Princeton University. More recently, during my service with the Treasury since the beginning of 1953, I have had a very rewarding association with the relatively new, but growing, Coast Guard Reserve. As I do not have to tell the members of this body, the Coast Guard had no organized reserve before the last war; it came into being within the last decade as the result of the devoted efforts of Coast Guard personnel, both regular and temporary, the many friends of the Coast Guard ~~and~~ in the Congress, and the great assistance of this Association. That Reserve is now, and will be increasingly, ~~an important~~ a vital part of the Coast Guard organization.

From one standpoint, the Treasury is perhaps in a unique position as regards the armed services of the United States. In peacetime, the Coast Guard, though the smallest of the services, is personnel-wise nevertheless a major component of the Treasury. From another standpoint, however, the major ~~responsibility~~ responsibilities of the Treasury have to do with taxation, the national debt, the economy of the country, and, of course, the impact of the budget on all of these. I thought that I might talk to you, therefore, from my perspective in the Treasury, about the relationship of the Government's military and economic programs, with particular reference to the reserve.

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TREASURY DEPARTMENT
Washington

29th Annual Convention of the U.S.

Remarks by Assistant Secretary H. Chapman Rose at the ~~National Conference and Convention of~~ Reserve Officers Association, Sheraton Plaza Hotel, Boston, Massachusetts, ~~is~~ Scheduled for delivery at 10:00 a.m., EDT, Friday, June 24, 1955.

TREASURY DEPARTMENT
Washington

Remarks by Assistant Secretary H. Chapman Rose at the 29th Annual Convention of the U. S. Reserve Officers Association, Sheraton Plaza Hotel, Boston, Massachusetts. Scheduled for delivery at 10:00 a.m., EDT, Friday, June 24, 1955.

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In the second place, we must recognize -- as we have in the past and we must continue to do despite some encouraging signs of an improvement in the world climate -- that we are planning for the long pull. In the long pull, the strength of the United States will be measured by the strength and wonderful productivity of this American economy that has produced so many miracles in the past and can be trusted to report them in the future. We must, therefore, concurrently with providing an adequate defense, give constant attention to the vital need for keeping our economy strong. That meant that we must take, as we have done, the necessary steps to put an end to the inflation that had been continuous up to 1953; that we must maintain in our economy the element of individual incentive which has made it so fantastically productive in the past; and that we must maintain in this country the climate in which millions of men and women, by striving for a better life for themselves and their families, have by their efforts made the strongest and most productive economy that the world has ever seen.

Such an economy can, we firmly believe, carry the burden of a fully adequate, but carefully and wisely planned, defense program. How heavy that burden is, I do not need to repeat, for, as all of you know, two-thirds of our national budget of more than sixty billion dollars goes for that purpose; and, as other speakers have said to you, such plans must include a strong reserve as a vital ingredient. My colleagues in the Defense Department have as difficult a problem of balancing contending demands and factors as any that we face at the Treasury; for their plans must include adequate forces on active duty in all branches of the armed services; they must include an adequate cadre of regular personnel, both officers and enlisted, to keep the skills and readiness of the various units at an adequate pitch, and at the same time to avoid unduly high training costs that grow from excessive personnel turnover; they must take account of the principle of equity in the obligation to render military service to the country; they must provide for adequate and quick expansibility in the event of emergency or war; and they must seek to avoid a level of expenditure which even this vastly dynamic economy could not carry on a long-term basis.

To balance these factors and demands is a most formidable task; and I have the greatest admiration for the zeal, the skill and the wisdom which Assistant Secretary Burgess and his colleagues in the services brought to the undertaking. The program that they produced seemed to me to reconcile with a very high degree of success the various contending demands which such a program must need. I cannot pretend to expertness in the current legislative developments; but I can only hope that from them will emerge a program that will do justice to the efforts which these devoted men and this Association have made, and that will form the basis for a sound and adequate reserve program.

In closing, I would like to present my personal thanks to this Association and its members for the assistance which it has given to the Coast Guard and to the Treasury in the development of the Coast Guard Reserve program.

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(In thousands of dollars)

	Apr. 11, 1955	Dec. 31, 1954	Apr. 15, 1954	Increase or decrease since Dec. 31, 1954: Amount	Percent	Increase or decrease since Apr. 15, 1954: Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	54,336,811	59,005,232	53,886,291	-4,668,421	-7.91	450,520	.84
Time	24,627,252	24,676,853	23,424,828	-49,601	-.20	1,202,424	5.13
Deposits of U. S. Government	2,971,601	2,823,965	2,467,178	147,636	5.23	504,423	20.45
Postal savings deposits	13,068	13,069	13,236	-1	-.01	-168	-1.27
Deposits of States and political subdivisions	6,825,739	7,174,667	6,917,357	-348,928	-4.86	-91,618	-1.32
Deposits of banks	8,501,034	10,717,647	9,143,411	-2,216,613	-20.68	-642,377	-7.03
Other deposits (certified and cashiers' checks, etc.)	1,386,525	1,734,380	1,477,337	-347,855	-20.06	-90,812	-6.15
Total deposits	98,662,030	106,145,813	97,329,638	-7,483,783	-7.05	1,332,392	1.37
Bills payable, rediscounts, and other liabilities for borrowed money	489,086	11,098	319,466	477,988	4306.97	169,620	53.09
Other liabilities	1,455,817	1,889,416	1,629,653	-433,599	-22.95	-173,836	-10.67
Total liabilities, excluding capital accounts	100,606,933	108,046,327	99,278,757	-7,439,394	-6.89	1,328,176	1.34
CAPITAL ACCOUNTS							
Capital stock:							
Preferred	3,956	4,389	4,953	-433	-9.87	-997	-20.13
Common	2,389,071	2,481,455	2,347,728	-92,384	-3.72	41,343	1.76
Total	2,393,027	2,485,844	2,352,681	-92,817	-3.73	40,346	1.71
Surplus	3,643,227	3,950,552	3,608,648	-307,325	-7.78	34,579	.96
Undivided profits	1,341,456	1,377,282	1,385,346	-35,826	-2.60	-43,890	-3.17
Reserves	268,592	290,564	273,465	-21,972	-7.56	-4,873	-1.78
Total surplus, profits, and reserves	5,253,275	5,618,398	5,267,459	-365,123	-6.50	-14,184	-.27
Total capital accounts	7,646,302	8,104,242	7,620,140	-457,940	-5.65	26,162	.35
Total liabilities and capital accounts	108,253,235	116,150,569	106,898,897	-7,897,334	-6.80	1,354,338	1.27
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	33.68	34.01	32.36				
Loans & discounts to total assets	34.90	34.29	35.27				
Capital accounts to total deposits	7.75	7.64	7.83				

NOTE: Minus sign denotes decrease.

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Statement showing comparison of principal items of assets and liabilities of active national banks as of April 11, 1955, December 31, 1954, and April 15, 1954

(In thousands of dollars)

	Apr. 11, 1955	Dec. 31, 1954	Apr. 15, 1954	Increase or decrease since Dec. 31, 1954		Increase or decrease since Apr. 15, 1954	
				Amount	Percent	Amount	Percent
Number of banks	4,759	4,796	4,848	-37		-89	
ASSETS							
Commercial and industrial loans	14,963,564	16,447,067	16,075,240	-1,483,503	-9.02	-1,111,676	-6.92
Loans on real estate	10,063,246	9,806,254	8,991,911	256,992	2.62	1,071,335	11.91
All other loans, including overdrafts	13,330,634	14,196,209	13,199,073	-865,575	-6.10	131,561	1.00
Total gross loans	38,357,444	40,449,530	38,266,224	-2,092,086	-5.17	91,220	.24
Less valuation reserves	577,623	621,852	562,576	-44,229	-7.11	15,047	2.67
Net loans	37,779,821	39,827,678	37,703,648	-2,047,857	-5.14	76,173	.20
U. S. Government securities:							
Direct obligations	36,459,789	39,500,738	34,560,499	-3,040,949	-7.70	1,899,290	5.50
Obligations fully guaranteed	2,473	6,261	26,997	-3,788	-60.50	-24,524	-90.84
Total U. S. securities	36,462,262	39,506,999	34,587,496	-3,044,737	-7.71	1,874,766	5.42
Obligations of States and political subdivisions	7,117,452	7,246,304	6,783,450	-128,852	-1.78	334,002	4.92
Other bonds, notes and debentures	2,036,213	1,956,124	1,936,535	80,089	4.09	99,678	5.15
Corporate stocks, including stocks of Fed. Reserve banks	204,406	222,831	209,664	-18,425	-8.27	-5,258	-2.51
Total securities	45,820,333	48,932,258	43,517,145	-3,111,925	-6.36	2,303,188	5.29
Total loans and securities	83,600,154	88,759,936	81,220,793	-5,159,782	-5.81	2,379,361	2.93
Currency and coin	1,423,283	1,279,171	1,260,549	144,112	11.27	162,734	12.91
Reserve with Fed. Reserve banks	11,463,994	12,450,001	12,638,566	-986,007	-7.92	-1,174,572	-9.29
Balances with other banks	10,191,362	11,992,725	10,303,967	-1,801,363	-15.02	-112,605	-1.09
Total cash, balances with other banks, including reserve balances and cash items in process of collection	23,078,639	25,721,897	24,203,082	-2,643,258	-10.28	-1,124,443	-4.65
Other assets	1,574,442	1,668,736	1,475,022	-94,294	-5.65	99,420	6.74
Total assets	108,253,235	116,150,569	106,898,897	-7,897,334	-6.80	1,354,338	1.27

decrease of $2,000,000,000 since December, but an increase of $76,200,000 over the April loan figure in 1954. Commercial and industrial loans of nearly $15,000,000,000 were down $1,500,000,000 since December, but loans on real estate of $10,100,000,000 were up $257,000,000. 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, a decrease of 6 percent since December. The percentage of net loans and discounts to total assets on April 11, 1955 was 34.90 in comparison with 34.29 in December and 35.27 in April 1954.

Investments of the banks in United States Government obligations on April 11, 1955 aggregated $36,500,000,000 (including $2,500,000 guaranteed obligations), a decrease of $3,000,000,000 since December. These investments were 34 percent of total assets. Other bonds, stocks and securities of $9,400,000,000, which included obligations of States and political subdivisions of $7,100,000,000, were $67,200,000 less than in December, but $400,000,000 more than held in April 1954. Total securities held amounting to $45,800,000,000 decreased $3,100,000,000 since December.

Cash of $1,400,000,000, reserve with Federal Reserve banks of $11,500,000,000, and balances with other banks (including cash items in process of collection) of $10,200,000,000, a total of $23,100,000,000, showed a decrease of $2,600,000,000 in the quarter.

The capital stock of the banks on April 11, 1955 was $2,400,000,000, including nearly $4,000,000 of preferred stock. Surplus was $3,600,000,000, undivided profits $1,300,000,000 and capital reserves $300,000,000, or a total of $5,200,000,000. Total capital accounts of $7,600,000,000, which were 7.75 percent of total deposits, were $500,000,000 less than in December when they were 7.64 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE MORNING NEWSPAPERS,
Monday, June 27, 1955 H-835

The total assets of national banks on April 11, 1955 amounted to $108,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,759 active national banks in the United States and possessions. The assets were $7,900,000,000 below the amount reported by the 4,796 active banks on December 31, 1954, the date of the previous call, but were $1,300,000,000 over the aggregate reported by the 4,848 active banks as of April 15, 1954, the date of the corresponding call a year ago. The merger of the Chase National Bank of New York and the Public National Bank of New York, with total assets of $6,232,000,000 as of December 31, 1954, with and into State chartered institutions between the end of the year and April 11, 1955 accounts for the major portion of this shrinkage in assets, and in deposits, loans, etc., as commented upon below.

The deposits of the banks on April 11 were $98,700,000,000, a decrease of $7,500,000,000 since December, but an increase of $1,300,000,000 in the year. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of $54,300,000,000, which decreased $4,700,000,000, and time deposits of individuals, partnerships, and corporations of $24,600,000,000, which decreased $49,600,000. Deposits of the United States Government of nearly $3,000,000,000 increased $147,600,000 since December; deposits of States and political subdivisions of $6,800,000,000 showed a decrease of $350,000,000, and deposits of banks amounted to $8,500,000,000, a decrease of $2,200,000,000. Postal savings were $13,000,000 and certified and cashiers' checks, etc., were $1,400,000,000.

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(In thousands of dollars)

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Total assets	108,253,235	116,150,569	106,898,897	-7,897,334	-6.80	1,354,338	1.27

Comparison of principal items of assets and liabilities of national banks – Continued

(In thousands of dollars)

	Apr. 11, 1955	Dec. 31, 1954	Apr. 15, 1954	Increase or decrease since Dec. 31, 1954		Increase or decrease since Apr. 15, 1954	
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Total liabilities, excluding capital accounts	100,606,933	108,046,327	99,278,757	-7,439,394	-6.89	1,328,176	1.34
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Common	2,389,071	2,481,455	2,347,728	-92,384	-3.72	41,343	1.76
Total	2,393,027	2,485,844	2,352,681	-92,817	-3.73	40,346	1.71
Surplus	3,643,227	3,950,552	3,608,648	-307,325	-7.78	34,579	.96
Undivided profits	1,341,456	1,377,282	1,385,346	-35,826	-2.60	-43,890	-3.17
Reserves	268,592	290,564	273,465	-21,972	-7.56	-4,873	-1.78
Total surplus, profits, and reserves	5,253,275	5,618,398	5,267,459	-365,123	-6.50	-14,184	-.27
Total capital accounts	7,646,302	8,104,242	7,620,140	-457,940	-5.65	26,162	.35
Total liabilities and capital accounts	108,253,235	116,150,569	106,898,897	-7,897,334	-6.80	1,354,338	1.27
	Percent	Percent	Percent				
RATIOS:							
U. S. Gov't securities to total assets	33.68	34.01	32.36				
Loans & discounts to total assets	34.90	34.29	35.27				
Capital accounts to total deposits	7.75	7.64	7.83				

NOTE: Minus sign denotes decrease.

Statement of Secretary of the Treasury Humphrey
before the House Committee on Ways and Means
10 A.M. EDT, Friday, June 24, 1955

I am here today to ask your approval for a year's extension of the $6 billion temporary increase in the public debt limit. Last August the Congress authorized a temporary increase in the limit from $275 billion to $281 billion in order to give the Treasury needed elasticity in handling its seasonal borrowing problems during the year. It provided, however, that the limit would go back to $275 billion on June 30, 1955.

We have lived within those limits. The $281 billion temporary limit permitted us to do the necessary borrowing to meet the Government's bills during seasonally low tax-collection periods. Moreover, we expect to end up on June 30 with the debt around $273-1/2 billion.

We have lived within the limits, but the basic problems are still with us. They are, in fact, even more acute this year than last. The debt stood at $270.8 billion on June 30, 1954. On June 30 this year, it is expected to be almost $3 billion higher. Thus, the Treasury will have even less elbow room to handle its seasonal borrowing needs in the months ahead under a $281 billion temporary limit than it did last year. Even more crucial will be the problem of getting the debt back to $275 billion by the close of the 1956 fiscal year.

This goal can be accomplished only with the full cooperation of the Congress in giving the most careful consideration to all budget expenditures and rejecting all requests for appropriations that are not absolutely necessary for fully adequate security for the Nation and proper services required for the people. Added expenditures or reductions in income will require further lifting of this proposed debt limit.

Nevertheless, we are currently asking for no more of an increase in the debt limit -- either temporary or permanent -- than the Congress authorized last year. It will be a tight squeeze but we will try to live within it.

We are setting ourselves this very difficult task for very important reasons.

In the first place, having to keep the debt within the $275 billion limit by the end of the year on June 30, 1956, may be helpful to all of us in redoubling our efforts for even greater economy in Government.

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It is also important in a situation like the present that the Federal Government itself set an example of economy and prudence. We believe at this time of great prosperity that all of us -- Government, business, and individuals alike -- should exercise self-restraint in the use of public or private credit and the accumulation of debt.

Today, Americans are enjoying new peaks of prosperity -- of employment, production, and income -- setting new records all along the line. Only a year ago there was reduced activity, and false prophets were predicting that we were heading into a depression. These swings in economic activity should remind us of the need for wisdom and restraint as well as courage in both private and public affairs.

High productivity, more and better jobs, and increasingly higher standards of living for the great mass of all our people can continue if we face the future with confidence tempered with prudence.

These, then, are our goals. It is our firm intention to attempt to live under the present debt limit with this temporary extension. It is also our firm intention to have any temporary increase in debt back to the present limit of $275 billion by the end of the year on June 30, 1956. We want to do next year just what we have successfully done this year, even though it will be harder. If conditions change so that this becomes impossible, we will promptly advise the Congress. But with our present promising business and international outlook, we hope and believe we will succeed.

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RELEASE MORNING NEWSPAPERS,
Tuesday, June 28, 1955.

The Treasury Department announced last evening that the tenders for $1,500,000,000 or thereabouts, of 91-day Treasury bills to be dated June 30 and to mature September 29 1955, which were offered on June 23, were opened at the Federal Reserve Banks on June 2

The details of this issue are as follows:

Total applied for - $2,127,843,000
Total accepted - 1,500,043,000 (includes $183,856,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.646 Equivalent rate of discount approx. 1.401% per annum

Range of accepted competitive bids:

High - 99.659 Equivalent rate of discount approx. 1.349% per annum
Low - 99.630 " " " " " 1.464% " "

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 29,271,000	$ 29,271,000
New York	1,593,601,000	1,015,801,000
Philadelphia	28,008,000	13,008,000
Cleveland	47,308,000	47,308,000
Richmond	12,050,000	12,050,000
Atlanta	15,538,000	15,538,000
Chicago	226,878,000	191,878,000
St. Louis	12,141,000	12,141,000
Minneapolis	11,485,000	11,485,000
Kansas City	54,496,000	54,496,000
Dallas	38,444,000	38,444,000
San Francisco	58,623,000	58,623,000
TOTAL	$2,127,843,000	$1,500,043,000

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 28, 1955.

H-837

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 91-day Treasury bills to be dated June 30 and to mature September 29, 1955, which were offered on June 23, were opened at the Federal Reserve Banks on June 27.

The details of this issue are as follows:

Total applied for - $2,127,843,000
Total accepted - 1,500,043,000 (includes $183,856,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.646 Equivalent rate of discount approx. 1.401% per annum

Range of accepted competitive bids:

High - 99.659 Equivalent rate of discount approx. 1.349% per annum
Low - 99.630 Equivalent rate of discount approx. 1.464% per annum

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Minneapolis	11,485,000	11,485,000
Kansas City	54,496,000	54,496,000
Dallas	38,444,000	38,444,000
San Francisco	58,623,000	58,623,000
TOTAL	$2,127,843,000	$1,500,043,000

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IMMEDIATE RELEASE,
June 27, 1955.

The Treasury announced that as part of its current plans for raising new cash for its seasonal needs in the fiscal year beginning July 1st it ~~is~~ will increas~~ing~~e the weekly issue of Treasury bills to be dated July 7th by $100,000,000 to $1,600,000,000. Tenders for these bills will be opened on Friday, July 1st, because of the Monday, July 4th holiday. There are $1,501,000,000 of Treasury bills which mature on July 7th.

It is expected that details of further financing will be announced during the week beginning July 4th.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, June 27, 1955.

H-838

The Treasury announced that as part of its current plans for raising new cash for its seasonal needs in the fiscal year beginning July 1st it will increase the weekly issue of Treasury bills to be dated July 7th by $100,000,000 to $1,600,000,000. Tenders for these bills will be opened on Friday, July 1st, because of the Monday, July 4th holiday. There are $1,501,000,000 of Treasury bills which mature on July 7th.

It is expected that details of further financing will be announced during the week beginning July 4th.

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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.

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.

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 July 7, 1955 ~~(9)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 7, 1955 ~~(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,

~~Exhibit x~~

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TREASURY DEPARTMENT
Washington

H-839

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, June 28, 1955 ~~(1)~~.

The Treasury Department, by this public notice, invites tenders for $ 1,600,000,000 ~~(2)~~, or thereabouts, of 91 ~~(3)~~ -day Treasury bills, for cash and in exchange for Treasury bills maturing July 7, 1955 ~~(4)~~, in the amount of $ 1,501,001,000 ~~(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 July 7, 1955 ~~(6)~~, and will mature October 6, 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 Daylight Saving/~~Standard~~ time, Friday, July 1, 1955 ~~(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

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, June 28, 1955.

H-839

The Treasury Department, by this public notice, invites tenders for $1,600,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing July 7, 1955, in the amount of $1,501,001,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated July 7, 1955, and will mature October 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 Daylight Saving time Friday, July 1, 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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 7, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 7, 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.

U.S. Treasury Dept.

Press Releases

U.S. Treasury Dept.

AUTHOR

Press Releases

TITLE

DATE LOANED	BORROWER'S NAME	PHONE NUMBER